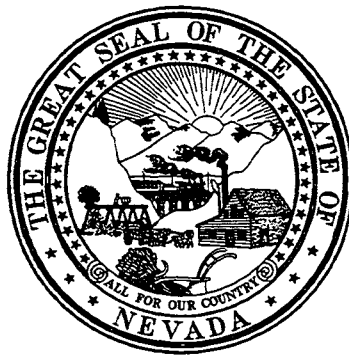


*Study of Establishing
A Legislative Budget Office*



*Legislative Counsel
Bureau*

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95-17*

September 1994

**THE STUDY BY THE COMMITTEE
REVIEWING METHODS OF ESTABLISHING
A LEGISLATIVE BUDGET OFFICE
SENATE CONCURRENT RESOLUTION 46**

BULLETIN NO. 95-17

**LEGISLATIVE COMMISSION
OF THE
LEGISLATIVE COUNSEL BUREAU**

September, 1994

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**REPORT OF THE LEGISLATIVE COMMISSION
TO THE MEMBERS OF THE 68TH SESSION
OF THE NEVADA LEGISLATURE**

I. INTRODUCTION

The following report is submitted in compliance with Senate Concurrent Resolution No. 46 (File No. 165, Statutes of Nevada, 1993) which directed the Legislative Commission to study the most appropriate method of establishing a Legislative budget office. The resolution requires that the results of the study and any recommendations be reported to the 68th Session of the Nevada Legislature (S.C.R. 46 is attached as Appendix A.)

The Legislative Commission appointed a six-member committee to conduct the study. The membership of the committee is outlined below:

Assemblywoman Jan Evans, Chair
Senator Dean Rhoads, Vice-Chair

Senator Raymond Rawson
Senator Matthew Callister

Assemblyman Morse Arberry, Jr.
Assemblyman John Marvel

Legislative Counsel Bureau staff services for the committee were provided by Mark Stevens, Assembly Fiscal Analyst, Daniel Miles, Senate Fiscal Analyst, Kim Morgan, Principal Deputy Legislative Counsel, Eileen O'Grady, Deputy Legislative Counsel, and Secretary Connie Davis of the Fiscal Analysis Division.

This report presents the findings and recommendations of the committee. The supporting information, which relates to the committee's recommendations, is included in the report's narrative or appendices. Minutes of the committee's six meetings are available from the Fiscal Analysis Division of the Legislative Counsel Bureau.

The Legislative Commission, at its meeting on September 14, 1994, accepted this report and directed that the report be transmitted to the members of the 1995 Legislature for consideration and appropriate action.

II. BACKGROUND

The thrust of the SCR 46 interim study was to determine if the formulation of an independently developed Legislative Budget would be a desirable option in addressing the following concerns outlined by members of the money committees during the 1993 Legislative Session:

- A. The increased size and complexity of the biennial budget resulting in the need for additional time to complete review of the budget during the Legislative Session;
- B. Due to the constitutional responsibility of the Legislative Branch to approve appropriations and impose taxes, the Legislature should assume a more active role in the budget process; and
- C. The perception by members of the money committees of an unwillingness by the Executive Budget Office to provide accurate, useful and timely information necessary to allow legislators to make informed budget decisions.

Increased Size and Complexity of the Budget

Analyzing the Executive Budget along with related budgetary issues has become an increasingly difficult process for the money committees each legislative session. A look at the budget document illustrates the increased demands placed on the members of the money committees (Senate Committee on Finance and Assembly Committee on Ways and Means). The budget document has grown from 551 pages in 1969 to 1,734 pages in 1993, while the number of budgets increased from 230 to 435 during this period. Nevada's population has tripled in the past 25 years and that has resulted in corresponding increases in the size and complexity of programs administered by state agencies.

Previous work by two interim study committees authorized by the 1989 (SCR 44) and 1991 (SCR 22) Legislatures has produced several changes in the state budget process. Some major changes initiated based on recommendations made by the SCR 44 and SCR 22 interim study committees include:

- 1. The Legislature adjourns for two weeks early in the session to allow the money committees to work both mornings and afternoons in an effort to speed up the budget review process;
- 2. The Executive Budget includes mission statements and performance indicators for each budget account; and
- 3. The detailed line-item format previously utilized in the Executive Budget was modified by dividing each budget account into three separate components: a base budget component (previous year's actual expense), a maintenance budget component (amount necessary to continue the current level of service), and an enhancement budget component (amount necessary to initiate new programs).

The time required to review the biennial budget and produce the 6 or 7 major budget bills has increased during recent legislative sessions. The 1983 Legislature passed the major budget bills on May 22. The last three Legislatures (1989, 1991, 1993) have passed the major budget bills during the final days in June. One of the goals of the SCR 46 committee was to investigate methods of shortening the time required for budget review by the money committees during the legislative session.

The Constitutional Responsibility of the Legislative Branch to Approve Appropriations and Impose Taxes

The Nevada Constitution requires that "no money shall be drawn from the treasury but in consequence of appropriations made by law" (Article 4, Section 19). In addition, the Legislature is constitutionally required to provide by law for an annual tax sufficient to defray the estimated expenses of the state for each fiscal year (Article 9, Section 2).

Since the Legislature is obligated constitutionally to approve all appropriations and impose taxes sufficient to finance those appropriations, legislators have become increasingly interested in investigating options to enhance the Legislature's role in the budget process.

Unwillingness of the Executive Budget Office to Provide Accurate, Useful and Timely Information

Over the course of the last few legislative sessions, members of the money committees have become increasingly frustrated with the unwillingness of the Budget Division to provide accurate, useful and timely information which is needed by committee members to make informed decisions on the state's biennial budget. This resulted in questions and concerns from money committee members regarding the quality of budgetary information being provided by the Budget Division. Committee members felt that this situation contributed to the length of time required to complete review of the biennial budget. Some complaints cited by money committee members include:

1. Inadequate responses during committee budget hearings to questions regarding the basis from which amounts recommended in the Executive Budget were determined.
2. Inability of agency administrators to speak freely in committee hearings without fear of retribution by the Budget Director.
3. Lack of accurate, useful and timely information. When additional information was requested by committee members, the agency's response was often reviewed and edited by the Budget Division before being provided to the committee members. Often, information developed by an agency at the committee's request was altered or eliminated entirely at the direction of the Budget Division. Committee members increasingly felt that information necessary to make informed decisions was being withheld or manipulated to support an outcome desired by the Budget Division, and the members were not confident that the information received was reflected

accurately. The required review and editing of agency responses also resulted in delays (in some cases substantial delays) in the receipt of information requested by committee members.

4. At times, budget office representatives seemed unresponsive and/or uncooperative when dealing with committee members.

These concerns resulted in a desire for the Legislature to assume a more active role in the budget process and, simultaneously, shorten the time required to review the budget during the legislative session. To accomplish this goal, the SCR 46 Committee was charged with studying methods of establishing a legislative budget office which would allow the Legislature to independently develop a biennial budget for the State of Nevada.

III. COMMITTEE REVIEW PROCESS

The SCR 46 Committee determined that input from a variety of sources was needed to construct a framework from which recommendations could be developed. The committee decided to begin its work with a review of Nevada's current budget process. Committee members were also interested in determining how a number of western states are able to complete legislative review of the state's budget in a much shorter time frame than is the practice in Nevada. A thorough review of western states where the legislative branch assumes a more active role in the budget process was conducted. The question of whether the development of a Legislative Budget would violate the constitutional separation of powers between the executive and legislative branches of government was identified as an important issue which needed to be investigated. The committee also felt it was important to include the executive branch as an active participant in the interim study by soliciting input from the State Budget Director throughout the course of the study.

The committee met a total of six times to accomplish these objectives. The committee's review can be divided into the following seven subject areas:

- A. Review of Nevada's budget process;
- B. Review of western states where the Legislature assumes a more active role in the budget process;
- C. Analysis of whether the development of a Legislative Budget would violate the constitutional principle of separation of powers between the executive and legislative branches of government;
- D. Include the executive branch as an active participant in how to improve the budget process;
- E. Estimate the cost of establishing a Legislative Budget Office;
- F. Review options for use of joint committees/joint subcommittees; and
- G. Development of Committee Recommendations.

NEVADA'S CURRENT BUDGET PROCESS

The biennial budget reviewed by the 1993 Legislature was over 1,700 pages in length. It contained over 400 individual budget accounts and authorized approximately \$6.2 billion in state and other funds for the 1993-95 biennium.

In Nevada, budgets are prepared for two one-year fiscal periods (July 1 - June 30). The biennial budget cycle begins for most agencies in the spring of even-numbered years when data is developed for use in the agency's budget request. The Budget Division develops written budget instructions with the necessary forms for agencies to utilize in submitting their budget request. The budget instructions are usually distributed in May or early June. By statute, all biennial budget requests must be delivered to the Budget Division by September 1 of even-numbered years. A copy of each agency's budget request must also be provided on September 1 of even-numbered years to the Fiscal Analysis Division of the Legislative Counsel Bureau.

Beginning in early October, the Budget Director conducts a series of hearings with state agencies to review the budget requests submitted and to discuss each agency's funding priorities. After consultation with the Governor, the Budget Director makes tentative funding recommendations for each agency. If the initial recommendation is not accepted, another budget hearing is scheduled with the Budget Director. If the agency is still unable to agree with the funding recommendation, a budget hearing is scheduled with the Governor which represents the final executive hearing. By statute, Fiscal Analysis Division staff are invited to all budget hearings except those held with the Governor. However, all information discussed or received during the budget hearings is confidential and may not be shared with any member of the Legislature until the budget is released.

After budget hearings with the Governor are concluded, the budget is finalized and sent to the State Printer. If projections of existing revenue sources are insufficient to support the appropriations recommended by the Governor, revenue enhancements are proposed which, if approved by the Legislature, would balance the budget.

The Executive Budget must be submitted to the Legislature by the tenth day of session. Normally, the budget is submitted during the first week of session and coincides with the Governor's State-of-the-State address to the Legislature.

Once the Executive Budget has been received, legislative review begins. Expenditure review is the responsibility of the Assembly Committee on Ways and Means and the Senate Committee on Finance. If additional revenues are recommended by the Governor, those measures are referred to the Senate and Assembly Taxation Committees.

Budget review is done simultaneously and independently by each of the two money committees; however, the two committees do schedule some meetings jointly to review important issues. The majority of joint meetings are held during the fourth and fifth week of the session when the Legislature is in recess. This two-week recess affords the money committees the opportunity to meet jointly both mornings and afternoons to review the major agency budgets in an effort to speed up review of the Executive Budget.

By March 1, the initial hearings for most agencies have been completed and subcommittees are formed in both houses to review the major agency budgets in greater detail.

In April, both money committees begin making recommendations on how budgets should be funded during the upcoming biennium. By late April, subcommittee chairpersons begin presenting recommendations on major agency budgets to the full committee, and all but a few of the major budgets are closed by mid-May. At this point, the two money committees begin to meet jointly to resolve differences in the way each committee "closed" individual budget accounts. All differences are resolved by early to mid-June.

After all closing differences between the two money committees are resolved, Fiscal Analysis Division staff prepare the six to seven major budget bills for introduction which takes approximately five to six days. Historically, the major budget bills are not amended and are passed by the Legislature based on the recommendations made by the money committees.

In those areas where the Legislature determines that additional or specific direction is necessary, the money committee chairpersons jointly issue documents termed "Letters of Intent" which are provided to state agencies to clarify legislative intent.

The most recent modification involving the budget process was passed by the 1993 Legislature and changes the method of projecting general fund revenues to determine funds available for appropriation.

Previously, the Budget Director and the Fiscal Analysis Division independently forecasted revenues for the current year and two years of the next biennium before the Legislative Session began and updated the revenue forecast during the session. The Legislature, in developing a balanced budget, could choose either revenue estimate or develop a third estimate. No "official" revenue estimate was required, and neither the Governor nor the Legislature was required to follow any particular forecast.

Passage of SB 23 (1993) requires a five-member economic forum of experts from the private sector be established to develop an official revenue forecast that the Governor and the Legislature are required to use in developing the state budget. The Governor appoints three economic forum members and the Senate Majority Leader and the Speaker of the Assembly each nominate one member.

The Economic Forum is required to develop by December 1 in each even-numbered year an official revenue forecast that must be utilized in the development of the Executive Budget. The Economic Forum is required to revisit the projection on or before May 1 during the Legislative Session to update the forecast if necessary. The revision constitutes the final official forecast of revenues available to the Legislature for appropriation.

A complete review of Nevada's budget process is included in Appendix B.

REVIEW OF WESTERN STATES WHERE THE LEGISLATIVE BRANCH ASSUMES A MORE ACTIVE ROLE IN THE BUDGET PROCESS

Committee members were interested in understanding how western states with strong legislative involvement in the budget process were able to complete review of the state budget in a much shorter time frame than is the practice in Nevada. Review of this area was accomplished by requesting staff of the Fiscal Analysis Division and the National Conference of State Legislatures (NCSL) examine the budget processes in the western states and report their findings to the committee. Fiscal Analysis Division staff reviewed the budget processes utilized by the states of Colorado, Idaho and Arizona to determine if any common elements could be identified that assist these states in reducing the time required to review the budget.

Staff of the National Conference of State Legislatures was requested to review some general issues which should be addressed if development of a legislative budget is a viable option in Nevada. These issues included: What is involved in developing a legislative budget? Which state legislatures develop independent budgets? What size and type of committee is used? What is the time frame for budget review? Is the budget completed before or after the session begins? How much additional time would be required by money committee members in Nevada if a legislative budget were developed? What have states done to shorten budget deliberations during the legislative session?

The Budget Processes Utilized by the States of Colorado, Idaho and Arizona

Colorado, Idaho and Arizona represent states with strong legislative involvement in the state's budget process.

Each state's budget process has unique features and similarities. Committee members were interested in analyzing each state's budget process to determine if any common elements could be identified which assist these states in completing the budget review process in an expeditious manner.

A brief description of each state's budget process is outlined below. (See Appendix C for a more detailed description of each state's budget process.)

COLORADO

In Colorado, the budget is reviewed by the Joint Budget Committee (JBC) consisting of three members of each house for a total of six members. Committee members begin budget review in early November and complete initial hearings in mid-December, meeting three days per week and receiving information on agency requests and major budgetary issues from staff. When the legislative session begins in January, much of the work on the operating budget is complete and supplemental appropriation requests are considered. Budgets are closed from February to March, at which time the Long Appropriation Bill is introduced. The bill is reviewed in the respective caucuses. Many amendments are considered but only a few are normally successful. The members of the JBC act as a conference committee to resolve any differences. The appropriation bill is sent to the Governor in mid-April.

IDAHO

Agency budgets are reviewed by the Joint Finance and Appropriations Committee (JFAC), consisting of 20 members - 10 Senators and 10 House members. During the fall, Legislative staff produce the Legislative Budget Book which segregates each agency's budget request into base, maintenance, and enhancement components. The Legislative Budget Book is mailed to committee members before session. The JFAC complies with a very rigid schedule with agency budget hearings beginning the second week of session (mid-January) and lasting about four weeks (mid-February). Budgets are closed over the next 3-4 weeks with approximately 80 appropriation bills being passed in late March.

ARIZONA

Agency budgets are reviewed by the Senate and House appropriation committees; however, the two appropriation committees are divided into four joint subcommittees which schedule agency hearings and make recommendations on all agency budgets to the full committees. Executive budget staff schedule agency hearings in the fall but legislative fiscal staff are not invited to attend. Legislative fiscal staff independently develop a "current services" budget, and after consulting with leadership and the appropriation committee chairs, staff recommendations are developed for all budget accounts. Budget recommendations of the fiscal staff are provided to committee members after the release of the Governor's budget in January. Full committee and joint subcommittee agency hearings last about six weeks and end in late February. From late February to early March subcommittee recommendations are presented to the respective appropriation committees, and the two committees meet to resolve differences in how individual budgets were closed. Appropriation bills are anticipated to be completed and sent to the Governor in mid-March.

Committee members identified several common elements in the budget processes utilized by Colorado, Idaho and Arizona which helped in expediting legislative review of the state budget. Each of these elements is outlined below:

1. Use of Joint Committees or Joint Subcommittees

Each state utilizes joint committees or joint subcommittees to analyze the state budget. Colorado's Joint Budget Committee (JBC) has six members (3 Senators and 3 House members) which is responsible for developing the state budget. In Idaho, a 20-member Joint Finance & Appropriation Committee is responsible for development of the state budget. Arizona utilizes separate budget committees; however, all budgets are assigned to one of four joint subcommittees that develop funding recommendations for all state agencies.

2. Complete As Much Work As Possible in Advance of Session

The committee noted that in all three states a great deal of work is accomplished in advance of the legislative session. In Colorado, the JBC conducts agency budget hearings and completes work on the legislative budget before or soon after the session begins. Legislative budget staff in Idaho audits each agency's base

budget before session which allows the JFAC to concentrate on the enhancement portion of the budget. After consulting with leadership and the appropriation committee chairs, Legislative staff in Arizona develop recommendations on all budget accounts which is provided to committee members within days of the release of the Governor's budget.

The Committee noted that in all three states legislative staff is responsible for a major portion of the work completed in advance of session. With the exception of Colorado, budget committee members are not required to allocate much time before the Legislature convenes and rely on staff for resolution of issues, ranging from proper placement of agency requests in the base budget to staff recommendations on all budget accounts for review by the budget committees. Each of the three states delegates more responsibility to staff than is the practice in Nevada for completion of budgetary tasks which are necessary before the budget committees begin review of major policy issues.

3. Adhere to Strict Timetable for Agency Budget Hearings

A review of the time scheduled by the three states for agency budget hearings indicates that Nevada allocates a much greater amount of time for hearings than other states. Nevada allocates about six weeks to complete agency hearings by the full committee and an additional six weeks for subcommittee review. Colorado completes the majority of agency hearings from early November to mid December in advance of session. Idaho and Arizona provide only a few weeks to complete agency budget hearings. In 1994, Idaho provided about four weeks for agency hearings (January 17 - February 11), while Arizona scheduled approximately six weeks to complete agency hearings (January 15 - February 24).

The timetable for agency budget hearings in these three states is prepared in advance of session and is followed very closely. The amount of time provided for agency budget hearings is much less than is allocated in Nevada.

4. Concentrate Committee Review on Key Budget Areas and Delegate Resolution of Technical Budgetary Issues to Staff

One element that allows these three states to spend less time in reviewing the budget is delegating resolution of technical issues to staff which allows the committee to concentrate on a limited number of key budget issues.

In Colorado, fiscal staff briefs committee members on major budget issues for all agencies. JBC members decide which issues to explore in greater detail. Each agency is scheduled for a budget hearing to discuss these issues, which are provided to the agency in advance of the hearing.

Idaho fiscal staff audits the base budget of all agencies in advance of session. This allows committee members to concentrate their review on the maintenance and enhancement components of each budget.

In Arizona, staff develops recommendations on all budgets which are provided to the budget committees soon after the Legislature convenes. All agencies are reviewed by one of four joint subcommittees. Only the ten largest agencies receive a budget hearing before the two appropriation committees. Each agency is informed of the specific issues to be discussed in advance of the budget hearing.

5. Public Testimony is Structured

Nevada has a long tradition of allowing unlimited public testimony and encouraging citizen participation in the legislative process. In each of the three states reviewed public testimony is much more structured.

All meetings of the JBC in Colorado are open to the public but public testimony is not allowed during agency hearings conducted from early November to mid December. After the session begins in January, public input is scheduled from 7:30 a.m. - 8:30 a.m. on Tuesdays and Thursdays only. In Idaho, no public testimony is accepted during JFAC meetings. Occasionally, special hearings are scheduled for public input. The chairs of the appropriation committees decide when to allow public testimony in Arizona. However, since only a short period of time is allocated for budget review, public input is very limited.

Information on States with a Strong Legislative Budgeting Tradition

Mr. Ron Snell, Fiscal Program Director of the National Conference of State Legislatures (NCSL), was invited to make a presentation to the committee outlining the budget process utilized by states which have strong legislative budgeting traditions. The written information developed by Mr. Snell for use by the committee is included as Appendix D.

Mr. Snell, in his presentation to the committee, indicated that the budget process varies greatly between the states. There are a few states where the Legislature dominates the budget process to the extent of producing a full alternative to the Governor's proposed budget. For example, the legislatures in Colorado and Texas view their Governor's budget as no more than advisory. Arizona and Arkansas are two additional states where the Legislature assumes a strong role in the budget process. Some states utilize small joint budget planning committees such as Colorado's Joint Budget Committee or Texas' Legislative Budget Board. Both of these states also have standing appropriation committees in each House so that the joint committees do not replace the separate committees in each chamber. The size of committees also varies from Colorado's six-member Joint Budget Committee to Arkansas' forty-member Joint Budget Committee. The average size for a Joint Budget Committee is twenty members.

The budget committees in Arkansas, Colorado and Texas begin agency hearings in advance of session, while in Arizona hearings do not begin until the Legislature convenes. Some states such as Arizona, Texas and Colorado complete the budget before or soon after the session begins, although capital improvement decisions are generally made later in the session. Other states, such as Arkansas and Idaho, make budgetary decisions as the session progresses. Mr. Snell outlined the committee organization and budget process utilized in a number of states with a strong tradition of legislative budgeting, including Arizona, Arkansas, Colorado and Texas. Since the budget process utilized by the states of Colorado, Idaho and

Arizona have been reviewed earlier in the report, additional information is provided for the states of Arkansas and Texas.

ARKANSAS

Arkansas' legislators spend more time working on their biennial budget than any other legislators in the country. Hearings involving the Joint Budget Committee, which has 40 members, and the Legislative Council, which has 30 members, begin in early October. While the members of the Joint Budget Committee and the Legislative Council overlap, about 30 legislators regularly attend the hearings scheduled on Tuesday, Wednesday and Thursday from October into January, breaking only at Thanksgiving and Christmas. Subcommittee meetings are held on Monday and Friday when the full committee is not meeting. Presentations on each budget are heard from legislative staff, agency representatives and the Governor. The committee staff then puts together about 100 appropriation bills which are introduced in the General Assembly in January.

TEXAS

Texas' Legislative Budget Board includes the Lieutenant Governor as chair, the Speaker of the House as vice chair, the chairs of the House Appropriations and Ways and Means Committees, the chairs of the Senate Finance and State Affairs Committees and additional legislators from each house. In Texas, the Lieutenant Governor is elected by the Senate and is the presiding officer of the Senate. Texas is a rare example of a state where the executive and legislative branches intersect. The Lieutenant Governor in Texas has traditionally been a powerful figure in the state's fiscal affairs.

The Texas system is centralized and legislators, with the exception of the Lieutenant Governor and the Speaker of the House, are somewhat excluded until the middle of December. The Governor's staff prepares a budget, and the Legislative Budget Board prepares a budget under the direction of the Speaker and Lieutenant Governor. The Governor's budget is understood to be a formality, and it is the Legislative Budget Board's budget which is reported to the appropriations committees. After the budget is prepared by the staff of the Legislative Budget Board, a summary of the budget is presented to the Board in mid-December, and if there are any particularly difficult policy or spending issues, the Board may take several full days to consider the budget. In recent years, legislators have reviewed the budget in one full day or several half days after which the budget is introduced in both chambers simultaneously.

As indicated above, the budget process utilized by other states ranges from the short timetable used by the Texas Budget Board to the lengthy participation of legislators in Arkansas. If Nevada chose to develop a Legislative Budget the additional time required of legislators would depend on the structure chosen. There would be a tradeoff between legislative and staff time required depending on the amount of detail legislators want in the budget. In many states, legislators focus on policy issues while fiscal staff concentrate on collecting information and addressing technical budget issues; therefore, much of the pre-session work is prepared by staff and does not require the regular participation of legislators.

In order to shorten the time required for budget review during the Legislative Session, 14 states have created joint budget committees with six of the states also having separate appropriations committees in the two houses with overlapping memberships. The average size of joint budget committees is twenty members, most commonly with a like number from each house. A few states have separate budget committees but utilize a system of joint subcommittees, with Arizona being the best example. A total of nine states require the Governor's budget to be released in advance of session. However, no formula has been developed to speed up the solution to political disagreements, so budget timetables, to some extent, depend on the difficulty of the issues that have to be addressed.

A number of factors would need to be considered if a decision to develop a Legislative Budget Office in Nevada is recommended. First, a timetable outlining the budget process would need to be developed. Would the budget review process begin in advance of session as is the case in Colorado, or would legislators begin budget review after the start of session like Idaho? When would the budget document be compiled—in advance or during the course of the session? What type and size of committee would be responsible for developing the budget? Would a joint budget committee or a two committees system be utilized? What additional time requirements would be placed on budget committee members and would legislators be able to devote the additional time which may be required to develop a Legislative Budget?

**ANALYSIS OF WHETHER THE DEVELOPMENT OF A LEGISLATIVE BUDGET
WOULD VIOLATE THE CONSTITUTIONAL PRINCIPLE OF SEPARATION OF
POWERS BETWEEN THE EXECUTIVE AND LEGISLATIVE BRANCHES OF
GOVERNMENT**

At the committee's initial meeting, committee members had a number of ideas on how the Legislature could assume a more active role in the budget process including the development of a Legislative Budget. Committee members were unsure to what extent the Legislature could expand its role in the budget process without violating the constitutional separation of powers between the executive and legislative branches of government. Therefore, the committee requested Legislative Counsel prepare a legal opinion which would clearly define the authority of the Legislature concerning its ability to expand its role in the formulation of the state budget without violating the constitutional separation of powers.

Legislative Counsel developed an eight-page legal opinion included as Appendix E. The opinion outlines the Nevada Legislature's authority to determine the process in which the state budget is formulated. An excerpt from the legal opinion states **"the framers of the Nevada Constitution concentrated the legislative power and the appropriations power in the legislative branch. There is no Nevada constitutional provision which commands the Governor to submit a proposed budget or otherwise preserves a major role for him in the budgetary process. The executive branch is directed to "execute" or carry out the directions of the legislative branch. This leaves without support any suggestion by the executive branch that the formation of a budget is a function constitutionally assigned to the executive branch. On the contrary, the formation of a proposed budget has been a task assigned to the executive branch by action of the legislative branch. If the Legislature in its wisdom determines that under present circumstances the assigned tasks should be modified or supplemented by the work of others, the Legislature may codify that determination through the usual legislative action of adopting or amending statutes. The Governor is, of course, able to exercise his constitutional method of "checking and balancing" by vetoing the measure."**

In the legal opinion's conclusion, Legislative Counsel states **"therefore, it is the opinion of this office that the manner in which the state budget is prepared is a statutory matter within the sole discretion of the Nevada Legislature."**

Kim Morgan, Principal Deputy Legislative Counsel, reviewed the legal opinion for the committee and answered questions from committee members. With the legal opinion clearly indicating the manner in which the budget is prepared is a statutory matter controlled by the Legislature, the committee determined the options available to allow the Legislature to assume a more active role in the budget process were not limited and could include a recommendation for the Legislature to develop a budget independent of the executive branch without violating the constitutional separation of powers.

INCLUDE THE EXECUTIVE BRANCH AS AN ACTIVE PARTICIPANT IN HOW TO IMPROVE NEVADA'S BUDGET PROCESS.

One of the alternatives available to allow the legislative branch to assume a more active role in the budget process was to modify Nevada's current process of developing and reviewing the state budget. The committee was also interested in reviewing options which would reduce the time required during the legislative session to complete review of the budget. The committee invited the executive branch to actively participate in the committee's review of procedures which could be implemented prior to and during the 1995 Legislative Session to reduce the length of time required to review the budget. The executive branch was represented by newly appointed Budget Director, John P. Comeaux.

Mr. Comeaux appeared before the SCR 46 committee and indicated that increased and continuing communication between the Budget Division and the Fiscal Analysis Division of the Legislative Counsel Bureau was the key to making improvements to the current budget process. Mr. Comeaux proposed that over the next few months the Budget Division and the Fiscal Analysis Division work together to arrive at a consensus on definitions for the base, maintenance and enhancement components of the budget. Once agreement on the definitions is reached, meetings with the fiscal officers from the various state agencies could be scheduled which would allow everyone involved in the budget process to have a clear understanding of how to apply the definitions when constructing individual agency budgets. Mr. Comeaux indicated that the budget document's basic format, presented in base, maintenance and enhancement components, is desirable because it concentrates attention on decision packages rather than individual line-items within the budget. Mr. Comeaux advised the committee that his job would be to convince the Legislature that the Executive Budget is the best way, but not the only way, to utilize the state's available resources.

Mr. Comeaux indicated that he hoped the following suggestions could be implemented in the upcoming budget cycle:

1. The Budget Division and the Fiscal Analysis Division reach consensus before budget recommendations are finalized on many routine budget items such as: state-owned building rent, inflation factors, caseload forecasts and utility increases.
2. If consensus on many of the above items is achieved, the Budget Division could develop, perhaps by early to mid-December, a base budget with which the Fiscal Analysis Division could agree.
3. The base budget information, coupled with the revenue projections developed by the Economic Forum on or before December 1, could be released to the money committees by early to mid-December and would constitute 60-70% of the budget document.
4. All material released to the money committees would be considered public information and available to anyone interested in reviewing it.

Mr. Comeaux indicated that if the Budget Division and the Fiscal Analysis Division could reach a consensus on the base budget, the money committees would not need to spend as much time reviewing the base budget during the legislative session. This would provide the money committees with an opportunity to save time and concentrate on major budget issues which would be contained in the enhancement component and, to a lesser extent, the maintenance component of the Executive Budget.

Committee members asked Mr. Comeaux a number of questions concerning the current budget process and his suggestions for improving the process for the upcoming legislative session:

1. Release of Budgetary Information in Advance of Session

Was it possible for the money committees to have access to both the base and maintenance components of the budget early in the process which would leave only the enhancement component to review during the Legislative Session?

Mr. Comeaux indicated that early access to the base and maintenance components was possible and that a way to accomplish it could be established. One potential problem is that some decisions are made late in the budget process that might have some impact on the maintenance portion of the budget. Committee members indicated that information on the maintenance component in aggregate form or presented in a realistic range of costs would be very helpful.

2. Improving State Agency Performance Indicators

Does the Budget Division plan to update agency's mission statements and performance indicators?

Mr. Comeaux outlined the Governor's involvement with mission statements through the Strategic Planning Process. Individual budget analysts will begin working with agencies to improve performance indicators, and one of the new analyst positions approved by the Legislature for the Budget Division is experienced at the federal level with performance indicators and performance-based budgeting.

Mr. Comeaux doubted meaningful performance indicators could be developed for each agency in time to be included in the next budget document, and therefore, certain agencies will receive greater attention during this budget cycle. Fiscal Analysis Division staff will be invited to participate in the process.

3. Legislative Requests for Information

Committee members cited examples of past difficulties in obtaining information from state agencies as well as agency administrators being unable to speak candidly before the money committees.

Mr. Comeaux indicated that he was not convinced that in the past information had been withheld or that failure to cooperate had been intentional. He suggested that those types of problems may simply have been due to circumstances. However, he indicated that in the future information requested by the Fiscal Analysis Division would not be required to flow through his office, and instead, a carbon copy of the material supplied from state agencies would be sufficient. Regarding the perception that the Budget Division had "muzzled" state agency staff in terms of requiring support for only the Governor's recommendations, Mr. Comeaux advised the committee that would not be his policy.

The committee commended Mr. Comeaux for his willingness to be an active participant in the committee's work and indicated that the suggestions made today held much promise in improving Nevada's budget process. The committee requested that staff from the Budget Division and the Fiscal Analysis Division meet and jointly develop recommendations on the following issues for review by the SCR 46 Committee: modifications to the current budget format; agencies which should be targeted to receive greater attention in development/revision of performance indicators for inclusion in the 1995-97 Executive Budget; and definitions of the base, maintenance (current services) and enhancement components of the state budget.

Recommended Modifications to the Current Budget Format

At the request of the SCR 46 Committee, the Budget Division and the Fiscal Analysis Division jointly recommended a number of modifications to improve the current budget format and/or budget process. The recommendations included items ranging from increasing the number of revenue line-items displayed in each budget to moving narrative and performance indicator data from the back to the front of each budget account. A complete list of the joint recommendations are included in Appendix F.

It was requested that the proposed changes to the budget format be incorporated into the current budget document so that the committee could better evaluate the value of the budget format changes. In addition, questions arose concerning whether the proposed changes could be made to the current budget document in sufficient time for use by the Budget Division in formulation of the 1995-97 Executive Budget.

Appendix G displays the budget format utilized during the 1993 Legislative Session as well as an example incorporating the proposed changes. Committee members recommended that all the changes to the budget document proposed by the Budget Division and the Fiscal Analysis Division be approved for inclusion in the 1995-97 Executive Budget.

After researching whether the budget document changes could be made in time for use by the 1995 Legislature, the Department of Information Services reported to committee members that all the requested changes would be made for use in the 1995-97 Executive Budget.

Agencies Selected to Receive Greater Attention in the Development/Revision of Performance Indicators

The SCR 46 Committee requested the Budget Division and the Fiscal Analysis Division jointly recommend state agencies which should receive greater attention in the development/revision of performance indicators for inclusion in the 1995-97 Executive Budget. A total of 11 agencies were recommended to the SCR 46 committee. While retaining the total number of state agencies at 11, the SCR 46 committee modified the recommended list of agencies. (The list of the agencies recommended to receive greater attention in development of performance indicators is outlined on page 30 of the report.)

The Committee felt that due to the greater significance of mission statements and performance indicators in the new budget format that all agencies, not just the 11 agencies targeted to receive special attention, should be encouraged to update and improve performance indicators for use during the 1995 Session. This message was conveyed in an all agency memorandum signed by Assemblywoman Jan Evans, Chair of the SCR 46 Committee, encouraging each state agency to improve their mission statements and performance indicators for inclusion in the 1995-97 Executive Budget (see Appendix H).

Definition of Base, Maintenance and Enhancement Components of the Budget

The base budget represents the agency's actual expenditures in the previous year, with allowances provided for certain adjustments. The maintenance component represents the funding required for an agency to maintain the current level of service provided. The enhancement component includes funding for new programs or expansion of current programs requested by an agency.

The definitions of the base, maintenance and enhancement components of the biennial budget are important to ensure proper placement of state agency requests in the budget document. The definitions approved by the SCR 46 Committee for use by state agencies in the development of 1995-97 biennial budget requests is included in Appendix I.

ESTIMATED COST OF ESTABLISHING A LEGISLATIVE BUDGET OFFICE

Among the issues identified by the committee regarding the establishment of a Legislative Budget Office was the additional costs which would be incurred. Fiscal Analysis Division staff was requested to develop a projection of the costs which would be necessary if a Legislative Budget Office was established by the 1995 Legislature.

The major costs involve the additional personnel and related expenses (equipment, travel, etc.), as well as the cost of developing a data processing system to build and ultimately display the budget for use by the legislative money committees.

Personnel and Related Costs

The Fiscal Analysis Division estimated that three analyst positions and one clerical position would need to be added to the Division's staff complement. This would increase the number of professional positions within the Fiscal Division assigned to budgetary matters to a level equal to that of the Budget Division. The estimated cost of the four positions and related costs, assuming funding began on October 1, 1995, is \$152,500 in FY 1995-96 and \$208,500 in FY 1996-97.

Data Processing

Legislative Counsel Bureau Information Services staff initially provided the committee with three options concerning the development of a data processing system necessary to construct a Legislative Budget. These options are outlined below:

1. Modify the legislative mainframe budget system currently utilized by the Fiscal Analysis Division to display and manipulate data contained in the Executive Budget;
2. Adapt the current system utilized by the Budget Division to construct the Executive Budget; or
3. Develop a customized budget system.

Legislative Counsel Bureau Information Services staff ultimately recommended that a customized budget system be developed if the construction of a Legislative Budget is approved. This would be accomplished in two phases. The first phase would be to specify, evaluate and choose an alternative which could be accomplished with little or no outside assistance. The second phase of developing and installing the budget system would probably require the services of an outside contractor. It is estimated that the project would take from 8-12 months to complete and cost between \$200,000 and \$420,000, exclusive of additional equipment and installation.

Estimated Cost Breakdown

	FY 1995-96	FY 1996-97
3 Program Analysts (10/95)	\$ 96,100	\$133,800
1 Management Assistant (10/95)	16,800	23,400
Fringe Benefits (25% + \$2,718/position)	39,100	50,200
Travel	2,200	2,200
Operating	1,800	2,400
Equipment	8,000	
Total Fiscal Division	\$164,000	\$212,000
Data Processing		
Estimated Minimum Cost	\$252,000	\$ 43,000
Estimated Maximum Cost	\$472,000	\$ 83,000
Total		
Estimated Minimum Cost	\$416,000	\$255,000
Estimated Maximum Cost	\$636,000	\$295,000

OPTIONS REVIEWED FOR USE OF JOINT COMMITTEES/JOINT SUBCOMMITTEES

The use of joint committees or joint subcommittees was a common element identified by the SCR 46 Committee in those western states which are able to expedite review of the state budget. Therefore, based on criteria identified by chairperson Jan Evans, staff began developing material for review by the SCR 46 Committee. Two major factors guiding the development of this material included: the use of joint committees/subcommittees to review and develop recommendations on a large portion of the biennial budget; and development of a calendar scheduling agency budget hearings and other money committee responsibilities with the goal of completing budgetary review and passage of the major budget bills in mid-May.

While the SCR 46 Committee was in general agreement concerning the use of joint subcommittees, there was discussion on the number of subcommittees that should be recommended and the budgetary responsibility of each subcommittee. Some members felt that Education and Human Resources budgets should be the responsibility of a single subcommittee due to issues which impacted both education and social services programs. Other members believed that Education and Human Resources issues should be reviewed by more than one joint subcommittee since these two areas represent approximately 80 percent of total General Fund appropriations. Fiscal staff were asked to develop a number of proposals outlining alternatives for the number of joint subcommittees and the budget areas each subcommittee was responsible to review. Fiscal staff developed four alternate plans which would allow joint subcommittees to review and make closing recommendations on 84 percent of all budget accounts, representing 94 percent of General Fund appropriations. These alternative plans were designated Plan A, Plan B-1, Plan B-2 and Plan C. A complete explanation of each alternate plan is provided in Appendix J.

In addition, a calendar of money committee activities was developed which outlined time frames for completion of important tasks. The calendar provides for completion of budgetary review and passage of the major budget bills by May 19. This would trim approximately six weeks from the time required to accomplish these tasks during the past few legislative sessions. The proposed timetable, highlighting key dates in the budget process, and the calendar outlining money committee activities, including scheduling of agency budget hearings and dates allocated for joint subcommittee hearings, is provided in Appendix K.

DEVELOPMENT OF COMMITTEE RECOMMENDATIONS

The committee's deliberations resulted in recommendations which can be divided into five major areas: Legislative Budget Office; Improving the Current Budget Process; Modification of the Current Budget Format; Agencies Targeted to Receive Greater Attention in the Development of Performance Indicators; and Interim Review of Base Budgets.

LEGISLATIVE BUDGET OFFICE

The thrust of the SCR 46 Interim Study was to consider the option of the Legislature independently developing a biennial budget for the State of Nevada. Based on a legal opinion from Legislative Counsel which clearly stated that the manner in which the budget is prepared is a statutory matter controlled by the Legislature, the committee determined that development of a Legislative Budget would not violate the constitutional separation of powers. However, committee members indicated that options to improve the current budget process would be examined with the goal of reducing the time required to review the budget while the Legislature is in session and allowing the Legislature to assume a more active role in the budget process.

The committee invited the executive branch to actively participate and provide input throughout the committee's deliberations. John P. Comeaux, State Budget Director, was commended for his willingness to work with the committee on identifying areas which could improve the current budget process. Committee members felt that a much better working relationship on solving budget issues was forged between the legislative and executive branches of government during the course of the study.

Committee Recommendation:

A bill establishing a legislative budget office should be drafted to allow the issue to be addressed by the 1995 Legislature.

The committee concluded that it was premature to recommend the establishment of a Legislative Budget Office but indicated that this option should be left open and revisited once an analysis could be made on the impact of the committee's recommendations on modifying Nevada's current budget process. Should implementation of a Legislative Budget be desired for use by the 1997 Legislature, however, action would be required during the 1995 Legislative Session due to the 8-12 month time frame required to develop the data processing system necessary to construct a Legislative Budget.

IMPROVING THE CURRENT BUDGET PROCESS

The committee made recommendations on improving Nevada's current budget process in four areas: complete as much work as possible in advance of session; adhere to a strict timetable for agency budget hearings; utilize joint subcommittees to develop recommendations on most budgets; and other budget process issues.

1. Complete as Much Work as Possible in Advance of Session

In the committee's review of the budget processes utilized in other states, several common elements were identified which assisted these states in expediting legislative budgetary review. The committee noted that, compared to Nevada, many states delegate more responsibility to legislative staff for completion of budgetary tasks which are necessary before the budget committees can begin review of major policy issues. The committee concluded that delegating additional responsibilities to staff would assist the committee's goal of completing additional work in advance of session without an additional time commitment by legislators.

The committee considered many alternatives, many of which affected the Executive Budget Office. The committee worked closely with John P. Comeaux, State Budget Director, to ensure that the recommended changes to the budget process would not adversely impact the executive branch.

Committee Recommendations:

A. The Budget Division and the Fiscal Analysis Division should agree on the adjusted base budget for each agency in the Fall of 1994. The Budget Division should submit, by agency, the adjusted base budget for legislative review by December 1, 1994.

To shorten the time required for legislative budget review, money committees must concentrate on major policy issues and allocate less time to technical issues. By having staff of the Budget Division and Fiscal Analysis Division work in advance of session to properly place items in the base budget, the money committees can concentrate their efforts during the legislative session on the enhancement component and, to a lesser extent, the maintenance component of the budget. A bill draft placing this procedure in statute was recommended by the committee for review by the 1995 Legislature.

B. The newly elected members of the Senate Committee on Finance and the Assembly Committee on Ways and Means should meet jointly in advance of the 1995 Session to review the:

- **General Fund revenue forecast developed by the Economic Forum;**
- **The 1995-97 adjusted base budget jointly agreed upon by the Budget Division and the Fiscal Analysis Division; and**

- **Summary information on the maintenance component of the 1995-97 biennial budget including the areas of Education, Human Resources and Corrections.**

The committee felt that an early review of the General Fund revenue projection, the adjusted base budget and maintenance component of the upcoming biennial budget would allow money committees to be better informed on the status of the state's fiscal affairs before the start of the legislative session.

2. Adhere to a Strict Timetable for Agency Budget Hearings

Adhering to a strict timetable for completion of agency budget hearings was a common element in all states reviewed by the committee where legislative review of the budget was completed in an expeditious manner.

Committee Recommendations:

- A. Specific amounts of time should be allocated by the respective money committees to individual budgets in an effort to speed up the review process.**

Of the states reviewed by the committee, Colorado and Arizona complete agency hearings in about six weeks while Idaho allocates approximately four weeks. In Nevada, initial committee hearings last about 6 weeks with an additional 6 weeks allocated for follow-up hearings by the full committee or more in-depth hearings by subcommittees. The committee concluded that the time required for budgetary review during the legislative session could be reduced by the following actions: reducing the number of issues and level of detail examined by the committee; and adopting a shorter timetable for completion of agency budget hearings and not allowing budgetary or non-budgetary issues to extend this deadline.

- B. Budget highlights, developed by staff, should be reformatted and provide less detail except in critical issue areas. Highlights should concentrate on major issues, maintenance/enhancement items and performance indicators.**

By having agreement on items being properly placed in the base budget, budget highlights can be directed to performance indicators, major issues, enhancement units and to a lesser extent, maintenance units. This should eliminate many of the technical issues previously included in the budget highlights and concentrate review on major policy issues. These actions should allow for a more expeditious review of agency budgets by the money committees.

- C. Routine non-budgetary issues of interest to individual legislators should be resolved between the legislator and the agency.**

Currently, all issues raised by committee members are examined by fiscal staff which includes a written response from the agency. This is a time-consuming

process for all parties involved. Substantial time could be saved by resolving routine non-budgetary issues of interest to individual legislators outside the committee process.

3. Utilize Joint Subcommittees to Develop Recommendations on Most Budgets

Many of the states reviewed by the committee utilized a joint budget committee or joint subcommittees to analyze the state budget. This use of joint committees/subcommittees was one of the factors common to each of the states reviewed which the SCR 46 Committee concluded assisted each state in expediting legislative budget review.

Committee Recommendations:

- A. A number of joint subcommittees consisting of the members of the Senate Committee on Finance and the Assembly Committee on Ways and Means should be established. Each joint subcommittee would be responsible for reviewing specific agency budgets in detail before developing closing recommendations for review by the Senate Committee on Finance and the Assembly Committee on Ways and Means.**

The Committee recommended that the following items be submitted to leadership for their consideration prior to the 1995 Legislative Session:

- An additional 3 to 4 days of joint money committee hearings should be scheduled before the beginning of the recess period.
- Full committees should review only major budgets of departments/divisions before a more in-depth review is conducted by one of six subcommittees. Minor agency budgets should be reviewed only in joint subcommittee. Joint subcommittees should develop recommendations, for review by the full committee, on the majority of budget accounts included in the Executive Budget.
- In March, schedule three mornings per week for the joint subcommittees to meet. A total of eight mornings should be allocated to each joint subcommittee with additional morning meetings scheduled for budget closings. If additional time is required, joint subcommittee meetings would be held in the afternoon or evening.
- A total of six joint subcommittees are recommended, as follows:
 - (1) **Education/Natural Resources (79 Budgets - 56% of General Fund Budget)** University and Community College System of Nevada, Western Interstate Commission for Higher Education, Distributive School Account/Class Size Reduction, Department of Education, and the Department of Conservation and Natural Resources.

- (2) **Human Resources (66 budgets - 26% of General Fund Budget)**
Welfare, Child & Family Services, Mental Hygiene/Mental Retardation, Health, and Aging Services.
 - (3) **Public Safety/Transportation (60 Budgets - 11% of General Fund Budget)**
Department of Prisons, Parole & Probation, Department of Motor Vehicles, Department of Transportation.
 - (4) **General Government (130 Budgets - 3% of General Fund Budget)**
Department of Business & Industry, Department of Employment, Training & Rehabilitation, Department of Information Services, Department of Administration, and the Supreme Court.
 - (5) **Capital Improvements (3 Budgets - 0.1% of General Fund Budget)**
Public Works Board and Capital Improvement Program.
 - (6) **Audit**
Review reports on agencies audited during the interim period.
- The first four joint subcommittees (Education/Natural Resources, Human Resources, Public Safety/Transportation, and General Government) should be divided into groups of two. Each group of two subcommittees would work on the same day. On those subcommittees which meet on the same day, membership could not overlap.

While the SCR 46 Committee recommended the use of joint subcommittees there was debate on how many subcommittees should be formed. Some members felt that Education and Human Resources should be combined into one subcommittee with Natural Resources included with Public Safety/Transportation. However, the majority of committee members concluded that this was not preferable since approximately 80 percent of all General Fund appropriations would be reviewed by a single subcommittee if Education and Human Resources were combined.

B. Full committees should review only major budgets of departments and divisions before a more in-depth review is conducted by one of several joint subcommittees. Minor agency budgets should be reviewed only in joint subcommittee.

In an effort to expedite the budget review process, committee members determined that the money committees should review only major budgets and allow minor budgets to be examined in joint subcommittee. Currently, all budgets are reviewed in full committee before subcommittee work begins. This recommendation would reduce the number of budgets and, therefore, the time required for the full committee to complete agency hearings on the Executive Budget.

In the review of budget processes utilized in other states, the committee found that dividing agency hearings between the full committee and subcommittees is

currently practiced in Arizona. Only the ten largest agencies receive a full committee hearing in Arizona; all other agencies are reviewed only in joint subcommittee hearings.

The committee developed a recommended list of budget accounts that should receive a full committee hearing before being reviewed in more detail in subcommittee. The list also outlines those budget accounts recommended to receive only a subcommittee hearing. For example, of the budget accounts within the Education/Natural Resources area, the committee recommended that 35 of 79 budget accounts receive a full committee hearing. The remaining 44 budget accounts would receive only a subcommittee hearing. For a breakdown by joint subcommittee (Education/Natural Resources, Human Resources, Public Safety/Transportation, General Government) of the committee's recommendation on which budget accounts should receive a full committee hearing versus a hearing only by a joint subcommittee, please refer to Appendix L.

4. Other Budget Process Issues

Committee Recommendations:

A. The Executive Branch should submit bill draft requests required to implement the Executive Budget by the end of the third week of session.

Committee members commented on the problem created in past legislative sessions involving issues or potential bill drafts which are only explained in conceptual form until late in the session. Issues such as welfare reform, the facility capacity act and the reorganization of state government were cited as examples in 1993 where bill drafts were not available until well into or very late in the session. The recommendation would require the executive branch submit sufficient detail to enable Legislative Counsel to draft measures required to implement the Executive Budget by the 19th day of session (the Friday preceding the recess period). The committee's action would place this requirement in a bill draft for review by the 1995 Legislature.

B. Legislative leadership should consider modifying the existing schedule of floor sessions early in the 1995 session to allow the money committees to work longer on some mornings.

The committee observed that early in the session the volume of bills is not sufficient to require lengthy floor sessions. During this early part of the session is when the money committees are working very hard to proceed through the large volume of agency budget hearings. The Committee requested that leadership review the time required for floor sessions during the early part of the session to determine if some additional time could be allocated for use by morning committees.

- C. The money committees should not allocate committee time to resolve technical budgetary issues. Fiscal staff should address and make recommendations to resolve technical issues when the budget is closed by the committee.**

The committee noted that other states rely much more heavily on legislative staff to resolve technical, non-policy issues than is the practice in Nevada. This allows the budget committees to concentrate on major budget issues. To speed up the budget review process, the SCR 46 Committee recommended that fiscal staff review the budget document for any technical corrections and that these issues be brought to the committee's attention when the budget is closed, not during agency budget hearings.

- D. To accommodate the increased workload during the legislative session and assist in the additional responsibilities outlined by the committee in advance of session, the Fiscal Analysis Division should be authorized two additional program analysts.**

Due to the additional workload placed on Fiscal staff in advance of session, as recommended by the SCR 46 Committee, as well as the overtime burden placed on existing fiscal staff during the legislative session, the Committee concluded that two additional positions were needed to assist the Fiscal Analysis Division in completing its work without placing unreasonable overtime requirements on its staff.

MODIFICATION OF THE CURRENT BUDGET FORMAT

The use of a new budget format to display the 1993-95 Executive Budget resulted in some confusion that generated a number of suggestions by money committee members during the 1993 Session on how the budget format could be improved. The committee reviewed the format used to display the Executive Budget for use by the 1993 Legislature and determined that the basic format should not be dramatically changed. However, the committee recommended a number of improvements, which are outlined below, to the current budget format designed to make the document more useful to the money committees. (Please see Appendix G for an example of the current and recommended budget format).

Committee Recommendations:

- The number of revenue line items displayed in the Executive Budget should be increased from five to nine. Additional revenue line items include: Reversions, Balance Forward, Licenses/Fees, Other State and Other Non-State.
- Eliminate totals for maintenance/enhancement decision units which contain only one line item. This action would reduce the space utilized in the budget document without loss of detail.
- Include only the cost of new mandates and court orders in the M-600 decision unit with existing costs placed in the base budget. A separate report should be provided to the Legislature by the Budget Division outlining the total cost of federal mandates and court orders.
- Include an itemized revenue and expenditure category summary for each budget account.
- Move budget narrative and performance indicator data from the back to the front of each budget account.
- The Budget Division should expand narrative descriptions contained in the Executive Budget, especially for each decision unit.
- Approved the definitions for the allocation of funds to the adjusted base, maintenance and enhancement sections of the 1995-97 Executive Budget. (See Appendix I for a complete list of definitions). In addition, the committee recommended maintenance of facilities and replacement equipment be included within the enhancement portion of each agency's budget.
- Detailed payroll information should continue to be provided for use by Fiscal Analysis Division staff by budget account on each position authorized.

AGENCIES TARGETED TO RECEIVE GREATER ATTENTION IN THE DEVELOPMENT OF PERFORMANCE INDICATORS

Due to the change in budget format and the money committees' desire to concentrate on maintenance and enhancement items, the development of quality mission statements and performance indicators is critical to allow analysis of each agency's performance. While an effort to improve mission statements and performance indicators for all agencies will be made, the Committee recommended that the Budget Division concentrate on eleven agencies to ensure that quality mission statements and performance indicators for those agencies will be available for inclusion in the 1995-97 Executive Budget.

Committee Recommendation:

The Budget Division should concentrate on the following eleven agencies in the development and revision of performance indicators for inclusion in the 1995-97 Executive Budget.

- a) Rehabilitation Division**
- b) Division of Mental Health/Mental Retardation**
- c) Welfare Division**
- d) Division of Child and Family Services**
- e) Health Division (Maternal Child Health and Special Children's Clinic only)**
- f) Department of Administration (Risk Management, Internal Audit and Motor Pool only)**
- g) Department of Information Services**
- h) Department of Taxation**
- i) Division of Wildlife**
- j) Department of Transportation**
- k) Division of Parole and Probation**

INTERIM REVIEW OF THE BASE BUDGET

One of the goals of the SCR 46 Committee was to shorten the time required for budget review during the legislative session. One of the committee's recommendations to accomplish this goal was for Budget Division and Fiscal Analysis Division staff to agree on the base budget in advance of the session. This would allow the money committees to concentrate their review on the maintenance and enhancement units contained within each budget, and therefore, very little of the money committees' time would be devoted to the agency's base budget.

Committee members determined that some mechanism should be established to review an agency's base budget. Since time would not be available during the legislative session, this review could be conducted during the interim period between sessions.

Committee Recommendation:

A bill should be drafted to establish a program to review the base budgets of state agencies during the interim period between legislative sessions.

The SCR 46 Committee made the following recommendations related to review of the base budget.

- 1. The Majority Leader of the Senate and the Speaker of the Assembly shall appoint one or more subcommittees to conduct a fundamental budget review of selected agencies during the interim period between legislative sessions.**
- 2. The majority of members on each subcommittee would be appointed from the Interim Finance Committee, although members of policy committees could also be appointed.**
- 3. Agencies selected for a fundamental budget review should be included in a resolution and passed by the Legislature before the session adjourns. The Interim Finance Committee would have the authority to modify the agencies selected for review.**
- 4. The level of review would vary by agency. Subcommittees may want to conduct a very thorough review of certain agencies, while conducting a less intensive review of other agencies.**
- 5. Reports based on the subcommittee's fundamental budget review would be submitted to the Interim Finance Committee in advance of the legislative session.**

APPENDIX A

Senate Concurrent Resolution No. 46 (1993)

Senate Concurrent Resolution No. 46—Committee on Taxation

FILE NUMBER.....

SENATE CONCURRENT RESOLUTION—Directing the Legislative Commission to conduct an interim study concerning the most appropriate method of establishing a Legislative Budget Office.

WHEREAS, The Constitution of the State of Nevada provides that money may be drawn from the treasury only by appropriations made by the Legislature; and

WHEREAS, Budget approval is the process whereby the Legislature exercises its constitutional obligation to reflect the needs and wishes of the residents of this state in the allocation of its financial resources; and

WHEREAS, There is currently no opportunity for the Legislature to review the budget proposals of the Governor before the beginning of the legislative session; and

WHEREAS, A Legislative Budget Office is necessary to facilitate the process of budget approval; and

WHEREAS, There are several ways to establish and operate such an office; now, therefore, be it

RESOLVED BY THE SENATE OF THE STATE OF NEVADA, THE ASSEMBLY CONCURRING, That the Legislative Commission is hereby directed to conduct an interim study concerning the method of establishing a Legislative Budget Office; and be it further

RESOLVED, That the study include:

1. An evaluation of the options which are available for establishing and operating a Legislative Budget Office;
2. A recommendation of the most appropriate option;
3. An evaluation of any necessary changes in state law; and
4. A proposed schedule for the establishment of the Legislative Budget Office;

and be it further

RESOLVED, That the results of the study and any recommended legislation be reported to the 68th session of the Nevada Legislature.

APPENDIX B

The Budget Process in Nevada

THE BUDGET PROCESS IN NEVADA

The biennial budget reviewed by the 1993 Legislature was over 1,700 pages in length, contained over 400 individual budget accounts and authorized over \$6.2 billion in state and other funds to finance the operation of Nevada state government for fiscal years 1993-94 and 1994-95.

To assist in development and analysis of Nevada's biennial budget, professional staff support is provided to the Governor by the Budget Division of the Department of Administration. Staff assistance is provided to the Legislature by the Fiscal Analysis Division of the Legislative Counsel Bureau with 11 professional staff and 4 support staff and is responsible for analysis and recommendations on budgetary and taxation issues as well as maintenance of a data base on local government budgets.

In the past 5 or 6 years efforts have been made to improve the budget process in Nevada. These efforts include development of a new budget format which divides agency budgets into base, maintenance and enhancement areas and includes performance indicators which provide decision makers information on how well agencies are performing their mission. This paper is designed to provide a brief overview of the existing state budget process. For the purposes of this discussion, the budget process has been divided into 5 phases:

1. Budget Request Preparation
2. Budget Analysis and Recommendations
3. Legislative Review and Approval
4. Budget Implementation
5. Post Audit Review

Budget Request Preparation

In Nevada, budgets are prepared for two one-year periods (July-June 30). The biennial budget cycle begins for most agencies in the spring of even numbered years when data is developed for use in the agency's budget request. The Budget Division develops written budget instructions with the necessary forms for agencies to utilize in submitting their budget request. The budget instructions are usually distributed in May or early June. By statute, all biennial budget requests must be delivered to the Budget Division by September 1 of even numbered years. A copy of each agency's budget request is provided to the Fiscal Analysis Division.

Budget Analysis and Recommendations

During the fall, the Budget Director conducts a series of hearings with state agencies to review the budgets submitted and to discuss each agency's funding priorities. After consultation with the Governor, the Budget Director makes tentative funding

recommendations for each agency. If the funding recommendation is accepted by the agency, their budget is finalized. If the initial funding recommendation is not accepted by the agency, another hearing is scheduled with the Budget Director. This hearing usually results in a second funding recommendation. If the agency is still unable to agree with the funding recommended by the Budget Director, a hearing with the Governor is scheduled which represents the final executive hearing. By statute, Fiscal Analysis Division staff are invited to all budget hearings except those held with the Governor. However, all information discussed or received during the budget hearings is confidential until the budget is released.

When the final budget hearings with the Governor are concluded, all budget decisions have been made and the budget can be finalized. In essence the Governor's policies are translated into financial terms and are presented to the Legislature in the form of The Executive Budget. If existing revenues are estimated by the Budget Director to be insufficient to support the appropriations recommended by the Governor, revenue enhancements are also recommended which, if approved by the Legislature, would balance the budget.

Legislative Review and Approval

The Governor presents The Executive Budget to the Legislature prior to the tenth day of session. Normally the budget is submitted during the first week of session and coincides with the presentation of the Governor's state-of-the-state address to the Legislature. However, the submission of the budget to the Legislature does not represent an end of the Executive Branch's involvement in the budget process. The Administration maintains an active role in Legislative review of The Executive Budget. The staff of the Budget Division attend every meeting of the money committees to help guide the budget through the Legislative process, explaining the basis on how the budget is constructed, answering questions and providing additional information requested by committee members and Fiscal Analysis Division staff.

Once The Executive Budget has been received, Legislative review begins. Expenditure review is the responsibility of the Assembly Committee on Ways and Means and the Senate Committee on Finance which meet Monday - Friday from 8:00 a.m. - 10:45 a.m. If additional revenues are recommended by the Governor, these measures are referred to the Senate and Assembly Taxation Committees.

Budget review is done simultaneously and independently by each of the two money committees. However, the two committees do schedule some meetings jointly to review important issues. The majority of joint meetings are held during the fourth and fifth week of the session when the Legislature is in recess. This two-week recess affords the money committees the opportunity to meet jointly both mornings and afternoons to review the major state agency budgets in an effort to speed review of The Executive Budget. Fiscal Analysis Division staff provide daily budget analysis which assists committee members with the major issues concerning the agency being reviewed each day.

By March 1 the initial hearings for most state agencies have been completed, and subcommittees are formed to review the major agency budgets in greater detail. In March, one and sometimes two mornings, the money committees do not meet to allow for subcommittee hearings. The remainder of the subcommittees work is done in the afternoon.

In April, both money committees begin making recommendations on how budgets should be funded during the upcoming biennial period. By late April subcommittee chairpersons begin presenting recommendations on major agency budgets to the full committee and all but a few of the major budgets are closed by mid May. At this point the two money committees begin to meet jointly to resolve differences in the way each committee "closed" individual budget accounts. All differences are usually resolved by early to mid June.

After all the closing differences between the two money committees are reconciled, Fiscal Analysis Division staff prepare the 6 to 7 major budget bills for introduction which takes approximately 5 to 6 days. Historically, the major budget bills are not amended and are passed by the Legislature based on the recommendations made by the money committees. The budget bills were passed in late June during the 1991 and 1993 Legislative Sessions.

Budget Implementation

Appropriations Report

After the close of the Legislative session, the Fiscal Analysis Division prepares an Appropriations Report which outlines the financial actions taken by the Legislature. This report provides information on revenue estimates and new revenue sources approved by the Legislature, outlines operating and capital improvement appropriations and provides an explanation of how appropriated amounts for each major state agency were determined.

In those areas where the Legislature determines that additional or specific direction is required, the money committee chairpersons jointly issue documents called "Letters of Intent" which are provided to state agencies to clarify Legislative intent.

Budget Execution

On July 1 of each year the Budget Division develops each agency's work program (operating budget) for the fiscal year which represents the Legislatively approved budget allocated by category (salary, travel, operating, equipment, etc.)

A transfer of funds between categories within an individual budget account can be made if the amount is less than \$2,000 or represents less than 10 percent of the category amount or \$25,000 whichever is lower. If the amount to be transferred exceeds these thresholds, the approval of the Budget Division on behalf of the Governor and the Interim Finance Committee is required.

The members of the Senate Committee on Finance and the Assembly Committee on Ways and Means make up the membership of the Interim Finance Committee which is responsible for a variety of financial matters during the interim period between legislative sessions. The Interim Finance Committee meets for one day about every 6 to 8 weeks during the interim period.

If a state agency has a funding shortfall that cannot be satisfied through a transfer of funds between categories, the agency can approach the State Board of Examiners (Governor, Attorney General, Secretary of State) for an allocation from the contingency fund. If approved by the Board of Examiners, the request is forwarded to the Interim Finance Committee (IFC) for review. The IFC may approve or reject the request for additional funds and is not bound by the amount of funding recommended by the Board of Examiners. The contingency fund can only be utilized when the Legislature is not in session and normally has an \$8 million balance at the close of the legislative session.

If general fund revenues fall short of amounts estimated, the Governor has authority (NRS 353.225) to reserve amounts appropriated to state agencies. This action was taken by the Governor after the 1991 Legislature adjourned due to revenues not meeting estimated levels. Budget reductions of approximately \$173 million in state funds were outlined which represented about 8.7 percent of total appropriations in fiscal years 1991-92 and 1992-93.

Post Audit Review

The post auditing of state agencies is the responsibility of the Legislative Auditor in the Legislative Counsel Bureau. This office employs professional staff who periodically audit state agencies for compliance with applicable laws and regulations, determine if effective internal controls have been established, ensure resources are safeguarded against waste and determine if appropriate goals and objectives have been met.

Final audit reports are presented to the Legislative Commission and include a summary of findings and recommendations. The agency's reply to the audit is also a part of the report. Within 6 months of the audit's release, state agencies are required to submit a report outlining the progress made on the recommendations contained in the audit report.

Other Budget Process Issues

Revenue Projections

The 1993 Legislature, through passage of Senate Bill 23, dramatically changed how general fund revenues will be projected for use by the Governor and the Legislature.

Previously, the Budget Division and the Fiscal Analysis Division independently forecast state revenues for the current year and the two years of the next biennium. The Legislature, in developing a balanced budget, chose which estimate to utilize or developed a third estimate. No "official" estimate was required and neither the Governor or Legislature were required to follow any particular forecast.

Official state revenue forecasts are required in 32 states and in those states all agencies must use that forecast in preparing their budgets. In many states the Legislature has significant involvement in the revenue forecasting process. A number of states utilize a separate independent board of experts to help develop the official state revenue forecast.

Senate Bill 23 establishes a five-member economic forum of experts from the private sector to develop an official state forecast that the Governor and the Legislature will be required to use in developing the state's budget. The Governor appoints three economic forum members and the Senate Majority Leader and Speaker of the Assembly each choose one member.

The Economic Forum is required to develop by December 1 of each even-numbered year (just before the Legislative session but while the Governor is developing his budget proposal) an official state forecast of revenues which must be utilized in development of The Executive Budget. The Economic Forum is required to revisit the projection on or before May 1 during the Legislative Session to determine if any adjustment in the original forecast is required. This revision would constitute the final official forecast of revenues available to the Legislature on which to base the budget.

To assist the Economic Forum, S.B. 23 establishes a technical advisory committee comprised of the Senate and Assembly Fiscal Analysts, the Budget Director, the Chief Researcher from the Division of Employment Security, the Vice Chancellor for Finance from the University and Community College System, the State Demographer and the Chairperson of the Local Government Advisory Committee. This committee will provide whatever technical support is required by the Economic Forum. It is anticipated that this group would act much as they have individually in the past in developing state revenue projections and would actually calculate the estimates based on guidelines established by the Economic Forum.

APPENDIX C

The Budget Processes

Utilized in Colorado, Idaho & Arizona

The Budget Processes Utilized in Colorado, Idaho and Arizona

COLORADO

Make-up of Budget Committee

- Agency budgets are reviewed by the Joint Budget Committee (JBC) consisting of 6 members, 3 from the Senate and 3 from the House.
- Taxation issues are reviewed by separate Senate and House Finance (Tax) Committees.

Length of Legislative Session

- Meets Annually - Legislative session limited to 120 days.

Budget Cycle - The following budget schedule was used during the 1993 Legislative Session.

August to

early October Budget requests are reviewed by Office of State Planning and Budgeting (OSPB). The Governor, through OSPB staff, review budgets and issue limits on budget amounts for departments. Departments then prepare budgets for submission to JBC.

September

Capital construction requests are submitted by the OSPB to the Capital Development Committee.

October to

November Capital Development Committee holds hearings with departments on capital construction requests.

November

Statutory deadline for agencies to submit budgets to JBC.

November to

December The JBC holds staff briefings and conducts hearings with state agencies.

For each agency, staff members review with the committee the major issues and budget amounts requested. The JBC discuss which issues to explore further which may be issues presented by staff or initiated through committee discussion. Each agency is scheduled for a hearing to discuss the issues outlined by the committee which are provided to the agency in advance. Time is also allotted for the agency to discuss its funding priorities.

December

The Capital Development Committee prioritizes requests for capital projects. Recommendations forwarded to the JBC.

January

Supplemental appropriation requests are recommended by OSPB and reviewed by the Joint Budget Committee.

February
to March

The JBC makes decisions on the Long Appropriations Bill.

Staff analysts review funding recommendations and the committee votes on closing each budget. After all budgets are closed, adjustments are made, if necessary, to align appropriations with the official revenue forecast.

Late
March/April

The Long Appropriations Bill is introduced and reviewed by the respective party caucuses. All changes adopted by the caucuses are drafted as amendments for consideration during floor debate. The JBC members have historically acted as the conference committee to resolve any differences between the two houses.

Mid April

Appropriations Bill to Governor.

IDAHO

Make-up of Budget Committee

- Budgets are reviewed by the Joint Finance and Appropriations Committee. The committee consists of 20 members - 10 Senators and 10 House members (co-chairmen). Subcommittees are not generally used but can be for special areas/issues.
- The joint budget committee meets during the interim but does not adjust budgets. Rather it meets to review agency operations and audit reports.
- Taxation matters are reviewed by separate committees in the Senate and House. All tax measures must originate in the House.

Length of Legislative Session

- No limit - usually lasts about 80 days (early April).
- Meets annually.
- In 1994, plan to have all budgets jointly closed by March 9.

Budget Cycle - The following schedule was planned for the 1994 session.

September 7 Budget requests are due. All budget requests go both to the Legislative Budget Office and Governor's Budget Office.

September to
November 29

Legislative Budget Office Staff conduct budget analysis, agency meetings and data entry to create data base and Legislative Budget book (Format uses base, maintenance and enhancements).

<u>December</u>	Budget hearing schedule is finalized and agencies notified. Budget update (newsletter) sent to all Legislators.
<u>January 10</u>	First day of Session.
<u>January 11</u>	First meeting of joint budget committee.
<u>January 12</u>	Governor's message and Governor's budget is submitted. Prepare budget workbook which compares agency request (Legislative Budget book) with Governor's recommendations (takes about 5 days).
<u>January 17 to February 11</u>	Agency budget hearings. All budgets heard on pre-arranged schedule.
<u>February 14 to March 9</u>	Budgets are closed. First few days devoted to supplemental appropriations.
<u>Late March</u>	80 appropriation bills drafted and processed. Last session 2 bills were amended on the floor.

ARIZONA

Make-up of Budget Committees

- Agency budgets are reviewed by the Senate Appropriations Committee and House Appropriations Committee. Both committees have 15 members. Each committee is divided into four joint subcommittees which review all agency budgets.
- A Joint Legislative Budget Committee of 16 members has responsibility for fiscal matters during the interim period.
- Taxation issues are reviewed by separate Senate and House Tax Committees.

Length of Legislative Session

- Meets Annually - Legislative rules limit session to 100 days.
- Appropriation Bill was sent to Governor 65 days after the start of 1993 session.

Budget Cycle - The following schedule was utilized for the 1993 Legislative Session.

<u>September 1</u>	Budget requests are due. Extensions can be granted to October 15. Joint Legislative Budget Committee (JLBC) staff are provided a copy of all budget requests.
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September to
December

Executive Budget staff hold agency hearings and develop budget based on Governor's priorities. JLBC staff not included in budget hearings.

JLBC staff independently develop a "current services" budget. After consultation with appropriation chairs and leadership, staff recommendations are developed for all budget accounts.

January

Governor submits budget within 5 days of beginning of session. JLBC staff deliver recommendations on state budget (Budget Book) to appropriation committees.

January/
February
(6 weeks)

Senate and House Appropriations committees are divided into four separate subcommittees (4 House - 4 Senate) which schedule agency hearings and make recommendations on all budgets to full committee. Senate and House subcommittees meet jointly on many occasions. Full Appropriation Committee hearings are scheduled for only the largest 10 agencies (K-12, Higher Ed, Human Resources, etc.) before subcommittee work begins.

Late February
(7-10 days)

Senate and House Subcommittee work is completed and recommendations are presented separately to Senate and House Appropriation Committees.

Early March

Senate and House Appropriations committees meet to resolve differences.

Mid March

Appropriations Bill to Governor.

APPENDIX D

Written Material Prepared for the Committee by Ron
Snell, National Conference of State Legislatures



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PRESIDENT, NCSL

MEMORANDUM

TO: Committee of the Nevada State Legislature reviewing methods of
establishing a legislative budget office

FROM: Ron Snell, Fiscal Program Director

SUBJECT: State legislative budgeting processes

DATE: January 27, 1994

JOHN TURCOTTE
DIRECTOR, JOINT P.E.E.R. COMMITTEE
MISSISSIPPI
STAFF CHAIR, NCSL

WILLIAM POUND
EXECUTIVE DIRECTOR

This memorandum responds to the Committee's request for more information about state legislatures which have a strong legislative budgeting tradition. It is divided into three main sections that look at these issues:

- I. What is involved in developing a legislative budget?
- II. How do legislatures get access to budget information before legislative sessions begin?
- III. What have other states done to shorten budget deliberations during the legislative session?

I. What is involved in developing a legislative budget?

The following discussion looks at these questions:

- A. Which state legislatures develop independent budgets?
- B. What size and type of committee is used?
- C. What is the timetable?
- D. Is the budget completed before the session begins?
- E. How much additional time would be required by money committee members in Nevada if a legislative budget were developed?

A. Which state legislatures develop independent budgets?

There are a few states where the legislature dominates the budget process to the extent of producing a full alternative to the governor's proposed budget. For example, the legislatures in Texas and Colorado view the governor's budget as no more than advisory. Arizona and Arkansas are two more states where the legislature's role is very strong. But in most states political and fiscal conditions shift control back and forth, so that it is impossible to characterize them once and for all as strong legislative states or strong governor states. The example of Tennessee is instructive:

- Under the previous governor of Tennessee, Lamar Alexander (a Republican), the Democratically-controlled General Assembly advanced its power over the budget. When Alexander was replaced seven years ago by the current governor, Ned McWherter, a Democrat and former Speaker of the House, his popularity in the legislature allowed him effectively to take control of budgeting. The legislature has at least temporarily reversed its course.

There are 15 states in which the legislature prepares and drafts the introduced version of the budget legislation (see Appendix A). This does not necessarily mean that such a legislature controls the policymaking process. In one southwestern state, for example, the legislature considers only appropriation bills that are sponsored by the chairs of the two appropriations committees, although the language of bills that the governor has filed may be identical.

This section focuses on the four states mentioned above that have a strong legislative budgeting tradition—Arizona, Arkansas, Colorado, and Texas.

The differences among these states make it clear that strong legislative budgeting is possible in many different environments. Arkansas has a biennial budget and biennial legislative sessions with special sessions being very rare. Texas, with a biennial session calendar and biennial budget, tends to have numerous special sessions. Arizona and Colorado have annual sessions and annual budgets.

Arkansas and Texas have continued traditional Southern one-party Democratic politics into the present: Democrats control both houses and the governor's office in both states. Although both houses and the governor's office in Arizona are now under Republican control, the Democratic party sometimes controls one or more of them. Colorado in recent years has had Republican majorities in both houses of the General Assembly and a Democratic governor.

B. What size and type of committee is used?

Arizona, Colorado, and Texas make use of small, powerful joint budget planning bodies—the Arizona Joint Legislative Budget Committee (JLBC), the Texas Legislative Budget Board (LBB), and the Colorado Joint Budget Committee (JBC). In addition, each of those

states also has a standing committee in each house that reviews the work of the joint budget planning body. Arkansas has a joint budget committee without separate committees in each house.

The size of these committees is shown in table 1 (also see Appendix B).

	<u>House of Representatives</u>	<u>State Senate</u>
Arizona appropriations committees	17	15
Joint Legislative Budget Committee	8	8
Arkansas Joint Budget Committee	20	20
Colorado appropriations committees	11	9
Joint Budget Committee	3	3
Texas appropriations committees	23	13
Legislative Budget Board	5	5
Source: NCSL compilation		

In general terms, the responsibilities of the JLBC, the LBB, and the JBC are similar with regard to the state budget: each prepares a proposed budget for committee consideration. In each of those three states, the membership of the joint body overlaps with that of the separate committees in the two chambers.

- The JLBC in Arizona consists of the chairs of the House and Senate appropriations committees, who chair JLBC in rotation, the finance committee chairs from each house, the majority leaders from each house, and five other members of the appropriations committee of each house.
- The Texas LBB includes the lieutenant governor as chair, the speaker of the House as vice chair, the chairs of the House appropriations and ways and means committees, the chairs of the Senate finance and state affairs committees, and two additional members from each house.
- In Colorado, the JBC consists of the chairs of the House and Senate appropriations committees, one additional majority member, and one minority member from each of the two appropriations committees.

Although the joint bodies in those three states do not act as committees of reference, the overlapping chairmanships and the use of the same staff preserves close ties between the

two. In Arkansas the tie is even closer, as the members of the joint committee serve as the committee of reference in each chamber.

C. What is the timetable for the budget?

The amount of time that statutes and legislative rules allow for legislatures to consider a budget varies from less than 10 weeks in Arizona, Florida, Kentucky, Utah, and Virginia to six months in Arkansas (see Appendix C). Such limits express intentions and cannot always be met. In 1991, disagreements over how to solve state fiscal problems prevented a record number of states from completing budgets before the new fiscal year began. There is no formula to speed up the solution of political disagreements, so that state budget timetables to some extent depend on the difficulty of the issues that have to be addressed.

In Oklahoma, the House of Representatives holds pre-session budget hearings although the Senate does not. Throughout the 1980s the Oklahoma legislature began consideration of the budget in the first week in January and ended it about June 30. A recent constitutional amendment moved the date the legislature convenes to early February and required an earlier adjournment than before, thereby shortening the time available for budget review from 25 weeks to 16. The House of Representatives has responded by holding formal committee hearings on the budget in December and in January before convening in February. Some legislators feel that the new schedule has improved the budget process by allowing them to focus on budget issues with fewer distractions than under the former schedule.

These are the practices in Arizona, Arkansas, Colorado, and Texas:

- Arizona Joint Legislative Budget Committee staff begin analysis of agency budget requests when the requests are submitted to the governor on September 1 each year in order to draft a full budget for submission to the legislature in early January.
- The Arkansas Joint Budget Committee and the Legislative Council hold joint hearings on agency requests and governor's recommendations beginning in October in even-numbered years and continuing into January. (Arkansas has a biennial budget.)
- The Joint Budget Committee in Colorado, which has an annual budget, begins its hearings about November 1 in order to draft a budget by early February.
- The Texas Legislative Budget Board hearings begin in August of the year before the biennial budget will be taken up in the legislature, with the goal of completing a budget by December 15.

D. Is the budget completed before the session begins?

In Arizona, Arkansas, and Texas, the practice is to submit a complete legislative budget to the legislature, in the form of bills for introduction and in some cases in the form of a budget book. The Arizona budget, for example, is embodied in a budget book that provides historical data, a comparison of the legislative recommendations with the governor's recommendations, and discussion of issues.

The practice in Colorado is for the Joint Budget Committee to prepare the budget act, known as the Long Bill, for introduction in late January or early February, a few weeks after the legislature has convened. The period before introduction of the Long Bill is used to consider requests for supplemental appropriations.

E. How much additional time would be required by money committee members in Nevada if a legislative budget were developed?

There's no way to provide an absolute answer to that question before the fact. Partly it depends on the division of labor between the staff and the legislators, as the examples below indicate. It's unlikely that any other legislators in the country spend as much time on budgeting as those in Arkansas, and the case of Texas indicates that the amount of time legislators need to devote to pre-session hearings can be quite small, when central direction and staff participation are extensive.

- The practice in Arizona is for staff to prepare the budget in consultation with the co-chairs of the JLBC and the leadership of the two chambers. They receive the governor's budget two weeks before it will be released to the legislature in order to allow them to compare the numbers and comment on its recommendations. There are no committee hearings on the budget before session begins.

- Colorado's process is almost equally time consuming for the six legislators who make up the Joint Budget Committee. The committee begins hearings about the first of November in non-election years and soon after the election in election years. It meets all day, four days a week in November and December. Staff brief the committee on agency budget requests and send the committee's questions in writing to agencies. The agencies respond a few days later with written and oral testimony.

- The Texas system is highly centralized and takes up a relatively small amount of legislators' time before session. The staff of the Legislative Budget Board (LBB) and the governor's budget staff hold joint hearings with agencies, starting in August. Then the LBB staff prepares a budget under the direction of the speaker and the lieutenant governor (the presiding officer of the Senate). A summary of the budget is presented to the LBB, which includes the speaker, the lieutenant governor, and four more members from each house. The LBB meetings may take one full day, or

three or four half-days. The budget is then introduced in both chambers simultaneously.

II. How do legislatures get access to budget information before legislative sessions begin?

In 37 states, legislatures have access to agency budget requests before the executive budget is prepared, meaning that in practice they have access to the same documents as the governor (Appendix D). Only nine states receive the governor's budget before the session begins. Of those nine, Florida and Mississippi require the budget 45 days or more before session begins. In general, budgets are due within one or two weeks after session begins, although a few states allow longer: the Illinois budget is due in March, for example (see Appendix E).

Other essential information is usually readily available. This includes current expenditure and revenue reports, audits, any agency performance reviews, any recent sunset reviews, and other material that reports how efficiently and effectively state agencies are performing. In states that have been developing strategic plans for state government, it is important to know how an agency or department is supposed to fit into the plan.

It appears likely that the Nevada legislature has access to as much information about agency budget requests as most legislatures before the governor's budget is released. Arizona legislative staff are in the unusual position of receiving the governor's budget proposals before the legislature, in order to allow them to comment on it. That is exceptional. Even Colorado's Joint Budget Committee has to await the formal release of the governor's budget to respond to its contents, except to the extent a governor leaks budget initiatives ahead of time.

III. What have other states done to shorten budget considerations during the legislative session?

- A. How many states utilize a joint budget committee? What is the typical size of the committee? How much time is spent by the joint committee before the session begins? How are problems with the election cycle dealt with?

Fourteen states have joint budget committees, and six of those 14 also have separate budget committees in the two houses (Appendix B). When there are separate committees, their membership overlaps with or is identical to that of the joint committee. In Georgia, South Dakota, and Virginia, the two chambers have separate budget committees that hold joint hearings.

In the states with joint budget committees, the average membership is 20: 12 from the lower house, and 8 from the upper house. However, the general rule is for the two houses to have equal representation on the joint budget committee—eight of the 14 states do so.*

*These numbers omit consideration of North Carolina and Utah: 106 of the 170 North Carolina legislators are members of the appropriations committees; in Utah, there are 10 joint appropriations committees which among them include all legislators.

Pre-session committee meetings appear to be rare, partly because of the election cycle, which JLBC staff in Arizona and Oklahoma Senate Fiscal Staff specified as the reason that pre-session committee meetings have been abandoned.

In North Dakota, the two chambers' budget committees meet in December before the session to organize, hear a revenue forecast, and to receive the governor's budget. The Washington legislature receives the governor's budget in early December, but holds no committee hearings until January. The newly-revised process in Utah now calls for an executive committee of the budget committees (which include all legislators) to meet in December to adopt a revenue estimate, allocate available revenue among the 10 joint budget committees, and lay down some general policy guidelines.

In all these states, and in Idaho as well, the legislative or budget committee leadership directs extensive staff analysis of agency budget requests before session. Such work is designed to brief legislators, to point out policy initiatives that appear in agency budgets, highlight inconsistencies between agency budgets and legislative intent as previously expressed, and so on. This provides a basis for the evaluation of governors' proposals when they are released.

- B. How many states don't have a joint budget committee but utilize joint House/Senate subcommittees for most budgets?

This practice is followed in Arizona. Michigan has a joint subcommittee for capital outlays. North Carolina makes use of joint subcommittee meetings. And, as noted above, in Georgia, South Dakota, and Virginia, the two chambers have separate budget committees that hold joint hearings.

- C. Do any states use only one committee to review appropriations and tax issues?

Fifteen states have committees with combined jurisdiction in one or both houses; generally, if there is such a committee in the lower house, there is also one in the upper house. The California Assembly has such a committee although the Senate does not, and the Texas Senate has a combined-jurisdiction committee although the House of Representatives does not.

In addition, the Wisconsin Joint Finance Committee is a combined revenue and budget committee, the only example in the 50 states of a joint committee with combined jurisdiction.

- D. Do some states review certain but different agencies in more detail each session while spending less time on the remaining agencies?

Arizona seems to have worked out this practice more carefully than any other state. In Arizona, which is an annual-budget state, some 90 or so relatively small agencies receive budget attention only every other year, while the 10 agencies which receive 90 percent of

appropriations undergo annual budget reviews. In addition, the smaller agency budgets may be heard only by a subcommittee and receive virtually no attention in the full budget committees. This practice saves time for an annual-budget state, but it is difficult to see how to adapt it for a state with a biennial budget.

- E. How many states require the executive budget to be released in advance of the legislative session?

Nine states do so, as shown in Appendix E. In effect, Arkansas does so as well, at least with regard to the governor's recommendations for individual agency budgets (policy initiatives and revenue recommendations can come later).

- F. Do any states restrict the number of committees that appropriations committee members can be appointed to?

In most states, including the three strong legislative budget states of Arizona, Arkansas, and Texas, members of the joint budget committees may serve on other standing committees. Members of Colorado's Joint Budget Committee serve on the House and Senate appropriations committees but not on any other standing committees. Thirteen lower houses do not allow appropriation committee members to serve on other standing committees; five state senates have a similar prohibition (see Appendix B).

- G. How do states that utilize short budget review timetables accommodate public testimony?

I have asked that question of legislative staff in about one dozen states. Their responses have been either that the amount of public testimony does not cause delays long enough to be a problem or that public testimony is not allowed. Budget hearings in Idaho, for example, are scheduled far in advance and follow a tight schedule. The public is not allowed to talk. Criticism of the practice, according to staff, has come from legislators who contend that advocates of public spending (that is, state agencies) get to talk but opponents (the taxpayers) do not. Reportedly such comments have been rare. In Arizona, on the other hand, public comment is acceptable, but, staff note, tends to be extensive in substantive committees, like Human Services and Corrections, rather than the appropriations committees.

APPENDIX A

Entity That Prepares "As Introduced" Version of Major Appropriations Bill(s)					
	Executive Branch	House Appropriations Committee Staff	Senate Appropriations Committee Staff	Joint Appropriations Committee Staff	Other
Alabama	x				
Alaska	x				
Arizona				x (1)	
Arkansas					x (2)
California	x			x	
Colorado					x (3)
Connecticut					x (4)
Delaware	x				
Florida		x (5)	x (5)		
Georgia	x				
Hawaii (NR)					
Idaho				x (6)	
Illinois	x				
Indiana (NR)					
Iowa		x (7)	x (7)		
Kansas	x				
Kentucky	x (8)				
Louisiana	x				
Maine					
Maryland	x				
Massachusetts	x				
Michigan	x				
Minnesota					
Mississippi		x (9)	x (9)		
Missouri	x				
Montana	x				
Nebraska					
Nevada		x	x		
New Hampshire		x (11)			
New Jersey		x (12)	x (12)		
New Mexico	x				
New York	x				
North Carolina					x (13)
North Dakota	x				
Ohio					x (14)
Oklahoma	x (15)				
Oregon	x				
Pennsylvania					x (16)
Rhode Island	x				
South Carolina		x			
South Dakota					
Tennessee	x			x	
Texas					x (17)
Utah (NR)					
Vermont		x			
Virginia (NR)					
Washington	x				
West Virginia	x				
Wisconsin					x (18)
Wyoming				x	

NR = no response

Source: NCSL survey of legislative fiscal officers, Fall 1992

Notes:

- (1) Arizona: Staff of the Joint Legislative Budget Committee prepares "as introduced" version of major appropriations bills.
- (2) Arkansas: At the direction of the Legislative Council, currently Legislative Council staff.
- (3) Colorado: Joint Budget Committee staff.
- (4) Connecticut: Executive branch in conjunction with Legislative Bill Drafting.
- (5) Florida: Each house introduces its own copy of spending bill.
- (6) Idaho: Joint Committee staff translates motions into approximately 100 bills (one per agency).
- (7) Iowa: The governor must submit the budget bills to the legislature. The Joint Appropriations subcommittee rewrites the bills, incorporating their recommendations.
- (8) Kentucky: Executive drafts proposed act for executive branch, chief justice for judicial branch, and the Legislative Research Commission for legislative branch.
- (9) Mississippi: Half of the appropriations bills are prepared by the staff of House Appropriations and half by the staff of Senate Appropriations.
- (10) Nebraska: Governor also introduces budget bills, but the appropriations bills prepared by the Appropriations Committee (unicameral legislature) receive the legislature's attention. Selected governor's bills may be amended and advanced to the floor.
- (11) New Hampshire: By custom. However, there is no prohibition against the Senate introducing the operating budget bill.
- (12) New Jersey: The Senate and Assembly Appropriations Committees each act to revise governor's appropriation recommendations and Office of Legislative Services drafts separate bills for introduction in each house, per the chairmen.
- (13) North Carolina: Executive branch in conjunction with Legislative Bill Drafting.
- (14) Ohio: Executive branch controls content, but bill is actually drafted by the Legislative Service Commission.
- (15) Oklahoma: By law, the governor must submit the budget bills to House and Senate presiding officers. Most bills are filed on the first day of a session. In some cases, however, the legislature has asked the legislative staff to rewrite the bills and the revised bills are introduced in lieu of the governor's.
- (16) Pennsylvania: Governor's office drafts bills; either the House or the Senate may introduce.
- (17) Texas: The Legislative Budget Board, a 10-member board with the lieutenant governor as chair, speaker as vice-chair, four senators, and four other House members.
- (18) Wisconsin: Executive branch controls content but bill is actually drafted by the Legislative Reference Bureau.

APPENDIX B

Appropriations Standing Committees—Structure and Size

	Appropriations Committees		Joint Appropriations Committee		Also Serve on Other Standing Committees	
	House	Senate	House	Senate	House	Senate
Alabama	17-C	27-C			x	x
Alaska	11-C	7-C			x	x
Arizona	17	15	8	8	x	x
Arkansas			20	20	x	x
California	23 (C)	24 (1)			x	x
Colorado	11 (2)	9 (3)	3	3	x (3)	x (3)
Connecticut			35	8	x	x
Delaware	6	6	6 (5)	6 (5)	x	x
Florida	38	17			x	x
Georgia	50 (6)	28			x	x
Hawaii	16-C	12-C			x	x
Idaho			10	10	x	x
Illinois	23	27 (7)				
Indiana	21-C	18-C			x	x
Iowa	25	21			x	x
Kansas	23	11			x	x
Kentucky	23-C	9-C			x	x
Louisiana	17	9	17 (8)	9 (8)	x	x
Maine			10	3		x
Maryland	30	13-C (9)			x	x
Massachusetts	31-C	17-C			x	x
Michigan	24	13				x
Minnesota	38	28			x	x
Mississippi	33	26			x	x
Missouri	31	12			x	x
Montana	18	19			x	x
Nebraska		9 (11)				
Nevada	15 (12)	7 (12)			x	x
New Hampshire	23	9 (V)				x
New Jersey	11-C	7-C	(13)	(13)	x	x
New Mexico	19	18	8	8	x	x
New York	28-C	24-C			x	x
North Carolina			69 (14)	37	x	x
North Dakota	23	14				x
Ohio	28	11			x	x
Oklahoma	35	31			x	x
Oregon			8	8		x
Pennsylvania	29	20			x	x
Rhode Island	17-C	17-C				x
South Carolina	25-C	18-C			x	x
South Dakota	9 (16)	9 (16)				
Tennessee	30-C	9-C			x	x
Texas	23	13-C			x	x
Utah			75	29	x	x
Vermont	11	7				x
Virginia	20 (19)	15 (19)			x	x
Washington	27-C(21)	24-C			x	x
West Virginia	25-C	17-C				x
Wisconsin			8-C (22)	8-C (22)		
Wyoming	7	5	7	5		

C = combined appropriations and revenue jurisdiction

Source: NCSL survey of legislative fiscal officers, Fall 1992, updated October 1993

Notes:

- (1) California: There are two committees: Budget and Fiscal Review, and Appropriations. Each committee has 12 members for a total of 24.
- (2) Colorado: The Joint Budget Committee (JBC) is the principal deliberating body on the budget. The JBC has the budget for approximately four months; the appropriations committees and party caucuses review the budget bill for approximately two weeks. The major activity of the appropriations committees is the review of new legislation with fiscal impacts.
- (3) Colorado: Members of the Joint Budget Committee (JBC) also serve on the respective House or Senate Appropriations Committee, but do not serve on other standing committees. Non-JBC members of the appropriations committees do serve on other standing committees.
- (4) Connecticut: Joint hearings with other committees on federal block grants; legislative leaders are ex-officio, non-voting members.
- (5) Delaware: On major budget bill and grants-in-aid only.
- (6) Georgia: Committees meet jointly for hearings only.
- (7) Illinois: The Illinois Senate has two appropriations committees with a total of 34 positions on both committees; seven individuals serve on both committees (i.e., there are just 27 people on both committees in total).
- (8) Louisiana: Louisiana has an appropriations committee in both the House and Senate; these two committees combine to form the Joint Committee on the Budget.
- (9) Maryland: Senate Finance Committee (eight members) also considers revenue bills.
- (10) Missouri: As non-voting members.
- (11) Nebraska: Unicameral legislature.
- (12) Nevada: Committees meet jointly after deliberations to work out differences.
- (13) New Jersey: The Senate Budget and Appropriations Committee and the Assembly Appropriations Committee conduct independent review of governor's budget recommendations and each committee reports on annual appropriations bill. Differences between bills are reconciled by amendment or substitute bill after the committees have completed the review. A Joint Budget Oversight Committee (6 members) is established in Joint Rules to approve transfers of appropriations during the fiscal year and other responsibilities as required by law or rule.
- (14) North Carolina: However, House and Senate committees may vote independently.
- (15) North Dakota: Just for hearings.
- (16) South Dakota: Senate and House committees meet jointly for agency hearings and construction of the General Appropriations Act.
- (17) Texas: Not as voting members.
- (18) Utah: All members of the legislature are on the Appropriations Committee.
- (19) Virginia: Committees meet jointly for hearings only.
- (20) Virginia: Twice a year, members of the House Finance Committee (taxation) meet jointly with the House Appropriations and Senate Finance Committees.
- (21) Washington: House has two appropriations subcommittees, one for the operating budget (30 members) and one for the capital budget (15 members).
- (22) Wisconsin: The Joint Committee on Finance handles both appropriations bills and revenue bills.

APPENDIX C

Amount of Time Legislature/Committee Has to Consider Budget		
	Number of Weeks Legislature Has to Consider Budget (from time governor submits budget until the end of legislative session/fiscal year)	Number of Weeks Appropriations/Finance Committee Has to Consider the Budget
Alabama	15	N/A
Alaska	Varies (1)	(2)
Arizona	8-10	6-8
Arkansas	26	12
California	20	20 (3)
Colorado	No limit	(4)
Connecticut	Odd year-17; even year-13	Odd year-12; even year-9
Delaware	22	6
Florida	9	15
Georgia	7 (5)	5-6
Hawaii	15	9
Idaho	No limit	No limit
Illinois	No requirement 16-18	No requirement 9-14
Indiana	14	3
Iowa	13-15 (6)	(7)
Kansas	No limit	Varies (8)
Kentucky	8	5-6
Louisiana	No limit	4 (9)
Maine	(10)	(11)
Maryland	10	5
Massachusetts	26	15-20
Michigan	37	24
Minnesota	15-16	15-16 (12)
Mississippi	16 (13)	15 (14)
Missouri	16	16
Montana	20	11 (15)
Nebraska	14	12
Nevada	No limit	No limit
New Hampshire	20	Varies
New Jersey	20	16-18 (16)
New Mexico	Odd year-8.5; even year-5	Odd year-8; even year-3
New York	10	10
North Carolina	20	20
North Dakota	Varies (17)	Varies (18)
Ohio	20-22	8-10
Oklahoma	16	12-14
Oregon	New governor-24; incumbent-32	New governor-24; incumbent-26
Pennsylvania	18	18
Rhode Island	14	10-12
South Carolina	22	4-8
South Dakota	12	6-7
Tennessee	12-16	3
Texas	(19)	No limit (20)
Utah	6	5
Vermont	No limit	House 8-10; Senate 10-12
Virginia	8.5	6
Washington	18	12
West Virginia	No limit	No limit
Wisconsin	22 (21)	12-16
Wyoming	12	10 (22)

Source: NCSL survey of legislative fiscal officers, Fall 1992

Notes:

- (1) Alaska: Budget to be submitted December 15; legislature convenes second or third Monday in January; regular session limited to 120 days.
- (2) Alaska: Theoretically, the entire session, but recent practice is for the first body to pass the General Appropriations Bill for the operating budget by the 90th day of the session.
- (3) California: Fiscal committees have jurisdiction over budget bills from time of introduction (January 10) until time of House (floor) action, usually early June. Conference Committee exercises jurisdiction from time of floor action until constitutional deadline for budget bill passage (June 15) or later, depending upon progress of budget negotiations.
- (4) Colorado: The Joint Budget Committee begins budget considerations in early or mid-November and introduces a budget bill several weeks prior to the end of the legislative session. This occurs in late March or early April.
- (5) Georgia: This includes a one-week recess for budget hearings.
- (6) Iowa: Until the end of the session; even years—late April, odd years—early May.
- (7) Iowa: Technically, from the time the governor delivers the budget message until the end of session.
- (8) Kansas: Consideration of "regular" appropriations bills is subject to self-imposed schedule and varies accordingly. The budget, as a whole, is typically considered throughout the session and the wrap-up or omnibus bill is often the last or nearly last bill to be enacted.
- (9) Louisiana: Typically, both House and Senate committees have approximately 4 weeks each.
- (10) Maine: In each legislature's first regular session (odd-numbered years) until mid-June. Current Services budget is usually passed by April.
- (11) Maine: In first regular session, Appropriations Committee receives Current Services and Supplemental budgets in January. Each must be finalized by mid-June (statutory adjournment).
- (12) Minnesota: Conference committee can and does meet until day of adjournment in odd-numbered budget years.
- (13) Mississippi: In the first year of a four-year administration. In the second, third, and fourth years, the legislature has 12 weeks to consider.
- (14) Mississippi: In the first year of a four-year administration. In the second, third, and fourth years, the committee has 11 weeks to consider.
- (15) Montana: Eight weeks in joint subcommittee; three weeks additional to complete in House Appropriations Committee.
- (16) New Jersey: Sixteen to 18 weeks available, but committees typically use 10 to 12 weeks for formal deliberation.
- (17) North Dakota: The governor submits his proposed budget to the Legislative Assembly at its 2- to 3-day organizational session in December of even years. The legislature goes into session the first Tuesday in January of odd years. The 1991 session completed its work on April 11, 1991–97 calendar days.
- (18) North Dakota: The first house usually has until the 31st legislative day to consider the budget. The second house usually has until the 48th legislative day to consider the budget. Conference committees made up of members from both houses often work on the budget to the last legislative day.
- (19) Texas: The regular session is limited to 140 calendar days, beginning the second Tuesday in January of odd-numbered years. The fiscal year begins on September 1. If the budget is not adopted in regular session, the governor calls a special session (30-day limit).
- (20) Texas: No specific limit, but the House and Senate usually have passed their bills by the 15th week (105 days) to allow four or five weeks for the work of the conference committee and final passage of the general appropriations bill.
- (21) Wisconsin: Until June 30 or upon passage of budget.
- (22) Wyoming: Generally, hearings are held for four weeks prior to the start of the session. A fifth week is spent in hearings, review of budget action already taken, and finalizing appropriations for preparation of appropriations bills.

APPENDIX D

Timing of Legislative Receipt of Agency Budget Requests			
	Before Executive Budget Prepared	After Budget Prepared but Before Submission	After Budget Submitted to Legislature
Alabama	x		
Alaska	x		
Arizona	x (1)		
Arkansas	x		
California	Legislature only receives executive budgets, not individual agency requests		
Colorado	x (2)	x	
Connecticut	x (3)		
Delaware	x		
Florida	x (4)		
Georgia	x		
Hawaii			
Idaho	x		
Illinois	Legislature only receives executive budgets, not individual agency requests		
Indiana			
Iowa	x		
Kansas	x		
Kentucky	x		
Louisiana	x		
Maine			
Maryland	x		
Massachusetts	x		x
Michigan	x		
Minnesota			
Mississippi	x		
Missouri	x		
Montana	x		
Nebraska	x		
Nevada	x		
New Hampshire	x		
New Jersey	x		
New Mexico	x		
New York	x		
North Carolina			
North Dakota	x		x
Ohio			
Oklahoma	x		
Oregon	x		
Pennsylvania			
Rhode Island	x		x
South Carolina	x		
South Dakota	x		
Tennessee	x		
Texas	x		
Utah			
Vermont		x	
Virginia			
Washington	x (5)		
West Virginia	x		
Wisconsin	x		
Wyoming		x	

Source: NCSL survey of legislative fiscal officers, Fall 1992

Notes:

- (1) Arizona: To governor by September 1, with up to 45-day extension; courtesy copy given to Joint Legislative Budget Committee.
- (2) Colorado: If the director of an agency is a member of the governor's cabinet, that agency's budget request is reviewed first by the executive. Other agency budgets are submitted directly to the Joint Budget Committee.
- (3) Connecticut: By statute, the legislature receives requests on or before September 1.
- (4) Florida: Budgets are submitted to the governor's budget office by September 1. The governor submits recommended spending plan to legislature at least 45 days prior to session (approximately December 19). The legislature and the governor receive agency budget requests at the same time.
- (5) Washington: Agency requests are received following executive review for accuracy.

APPENDIX E

Deadline for Submission of Governor's Budget to the Legislature and Legal Source of Deadline							
State	Legal Source		Submission Date Relative to Convening Date				
	Constitu- tional	Statutory	Prior to Session	Within 1 Week	Within 2 Weeks	Within 1 Month	Over 1 Month
Alabama	x			x			
Alaska		x	x or	x			
Arizona		x		x			
Arkansas		x					
California	x						x x (1)
Colorado	x (2)				x (3)		
Connecticut		x				x (4)	
Delaware		x				x	
Florida		x	x (5)				
Georgia		x		x			
Hawaii							
Idaho		x		x			
Illinois		x					x
Indiana							
Iowa		x				x	
Kansas		x			x (6)		
Kentucky		x			x (7)		
Louisiana		x		x			
Maine							
Maryland	x				x		
Massachusetts	x						
Michigan		x				x	
Minnesota						x (8)	
Mississippi		x	x (9)				
Missouri	x					x	
Montana		x		x			
Nebraska		x			x (10)		
Nevada		x			x		
New Hampshire		x					x
New Jersey		x				x (11)	
New Mexico		x		x (12)			
New York	x				x		
North Carolina	Other			x (13)			
North Dakota		x	x (14)				
Ohio							
Oklahoma		x		x (15)			
Oregon		x	x (16)				
Pennsylvania		x				x (17)	
Rhode Island		x					
South Carolina		x	x				x
South Dakota		x	x (18)				
Tennessee		x				x	
Texas		x		x			
Utah							
Vermont		x				x	
Virginia							
Washington		x	x (19)				
West Virginia	x			x (20)			
Wisconsin		x			x (21)		
Wyoming		x	x (22)				

Source: NCSL survey of legislative fiscal officers, Fall 1992

Notes:

- (1) California: Because of biennial session, legislature *convenes* first Monday in December of each year—budget submission is no later than January 10th; legislature *reconvenes* in January of odd-numbered years—budget submission is still no later than January 10.
- (2) Colorado: Date of the governor's budget is constitutional. By statute, agency budget requests must be submitted to Joint Budget Committee by November 1.
- (3) Colorado: Date listed is for final submission. Agency budgets are due November 1.
- (4) Connecticut: In even years, a status report on the budget is due on the first day of the session (early February).
- (5) Florida: Budget must be submitted to the legislature at least 45 days prior to regular session.
- (6) Kansas: On or before eighth calendar day except in the session following election of a new governor, in which case budget must be submitted on or before the 21st calendar day.
- (7) Kentucky: Budget must be submitted by tenth legislative day; newly elected governor submits by fifteenth legislative day.
- (8) Michigan: This deadline is extended to 60 days after the legislature reconvenes when a new governor is elected.
- (9) Mississippi: The governor's budget must be submitted to the legislature by November 15, except in first year of a governor's term, when the deadline is January 31.
- (10) Nebraska: On or before January 15 of each odd-numbered year. Governor in first year of term has until February 1 to submit budget.
- (11) New Jersey: New governor allowed one month or more.
- (12) New Mexico: Statutes provide later date (twenty-fifth legislative day); however, legislature traditionally receives budget on first day or at pre-session conference of standing finance committee.
- (13) North Carolina: By custom: no statutory or constitutional provision.
- (14) North Dakota: Budget submitted to Legislative Assembly during its two- to three-day organizational session in early-December.
- (15) Oklahoma: Budget must be submitted on the first day of session in February.
- (16) Oregon: Budget must be submitted on December 1; if new governor, February 1.
- (17) Pennsylvania: First week in February; if new governor, first week in March.
- (18) South Dakota: Not later than the first Tuesday after the first Monday of December.
- (19) Washington: By December 20 prior to January's annual session; 20 days prior to any supplemental session.
- (20) West Virginia: Within ten days, odd-numbered years; first day of session, even-numbered years.
- (21) Wisconsin: Convening date is determined by scheduling resolution while budget submission date is statutory (usual time difference is about two weeks).
- (22) Wyoming: On or before December 1 of the year preceding the year the legislature convenes in budget session.

APPENDIX F

Subcommittees of Appropriations—Number, Size, and Hearings

	Subcommittees of Appropriations						Subcommittees Hold Hearings?	Full Committees Also Hold Hearings on Same Subject?
	House		Senate		Joint			
	No.	Size	No.	Size	No.	Size		
Alabama	V	V	V	V	V	5-20	Yes	Yes
Alaska	V	4-7	V	3-7			Yes	Yes
Arizona	4	(1)	4	3-4			Yes	Yes
Arkansas							Yes	Yes
California	5	4-5	5	3			Yes	Yes
Colorado	No appropriations subcommittees							
Connecticut					12	6-10	Yes (2)	Yes
Delaware	No appropriations subcommittees							
Florida	4	12-14	4	5			Yes	No
Georgia (3)	8-10	3-5	4-6	3-5			Yes	Yes
Hawaii	V	V					No	Yes
Idaho (4)	No appropriations subcommittees							
Illinois	6	5	V(5)				Yes	Yes
Indiana	1	9	3	5			Yes	Yes
Iowa					9	14	Yes	No
Kansas	7	3-5	5	2-3			Yes	No
Kentucky	6	7					Yes	
Louisiana	V	V					Yes	Yes
Maine					V	V	Varies	Yes
Maryland (6)	2	15	2	6	x	x	Yes	No
Massachusetts	20(7)	3					Yes	Yes
Michigan (8)	16	7	16	3	1	12	Yes	Yes
Minnesota	4	10-11	4	6-8	1	6	Yes	No
Mississippi (9)	V	5	V	3			Yes	Varies
Missouri	5(10)	16-25					Yes	Yes
Montana					6	6-7	Yes	Yes
Nebraska	No appropriations subcommittees							
Nevada	V	V	V	V			Yes	Yes
New Hampshire	6	3-5	6	1-3			Varies	Varies
New Jersey(11)	3	4					Yes	Yes
New Mexico	5	3-7	V	1-3			Yes	Yes
New York			10	3-4			No	
North Carolina(12)					5	19	Varies	Varies
North Dakota	3	6-8					Yes	Yes(13)
Ohio	3	8-10	V	3			Yes	Yes
Oklahoma	6	5-6	6	5-6			Yes	No
Oregon					6-8	4-6	Yes	No
Pennsylvania	3						No	
Rhode Island	5	4	5	3			Yes	No
South Carolina	6	4	4	4-5			Yes(14)	Yes(14)
South Dakota					2(15)	10	Yes	Varies
Tennessee(16)	V	3-5	6	3-5			Yes	Yes
Texas(17)	19	5					Yes	Yes
Utah					9	7-19	Yes	No
Vermont					1(18)	10	Yes	No
Virginia	8	7	V	V			Yes	Yes
Washington							Yes	Varies
West Virginia	V	V	V	V			Yes	Varies
Wisconsin	No appropriations subcommittees(19)							
Wyoming					V(20)	V	No	No

V = varies

Source: NCSL survey of legislative fiscal officers, Fall 1992

Notes:

- (1) Arizona: Some joint meetings.
- (2) Connecticut: Subcommittees have meetings with agency and budget staff but do not hold formal hearings.
- (3) Georgia: Assigned responsibilities at time appointed.
- (4) Idaho: No formal subcommittees used; rather, information groupings are established in interest areas by committee members.
- (5) Illinois: Illinois Senate has no regular standing subcommittees.
- (6) Maryland: Senate divides into two subcommittees for certain agencies and programs. Full committee will hold hearings on some areas of the budget.
- (7) Massachusetts: Each member of House Ways and Means is a chairman of a subcommittee's entire operation. Each subcommittee covers a number of agencies and the entire state operation.
- (8) Michigan: Both houses. Michigan has 17 major budget bills and a subcommittee is assigned to each one, including a joint subcommittee on capital outlay.
- (9) Mississippi: In both houses, subcommittees are appointed by the respective appropriations committees as deemed necessary by each chairman. No formal subcommittees continue beyond their specific assignment and new subcommittees are usually appointed with each legislative session.
- (10) Missouri: These are not actually subcommittees but in fact standing appropriations committees, although the Missouri House does have a Budget Committee that considers and approves the recommendations of the standing appropriations committees.
- (11) New Jersey: Subcommittees in General Assembly are (1) Economy, (2) Government Operations, and (3) Ways and Means.
- (12) North Carolina: House and Senate appropriations subcommittees often work together as joint subcommittees.
- (13) North Dakota: Subcommittees meet with agency representatives whose budgets they are considering. Full committee may also meet with agency representatives.
- (14) South Carolina: Subcommittees meet with agency representatives whose budgets they are considering. Full committees may also meet with agency representatives.
- (15) South Dakota: Each subcommittee is assigned specific state agencies; small groups are established within each subcommittee to hold more in-depth hearings.
- (16) Tennessee: House—specific proposed legislation; Senate—various departmental bodies. Subcommittees meet jointly (for hearings) with related substantive committees.
- (17) Texas: These are subcommittees of standing committees, not of the Appropriations Committee. They are called Subcommittees on Budget and Oversight and are responsible for preparing funding recommendations for the Appropriations Committee.
- (18) Vermont: Joint Fiscal Committee accepts grants, gifts, loans, or any other thing of value approved by governor when legislature is not in session.
- (19) Wisconsin: Joint Finance Committee has no subcommittees, but uses informal discussion groups to review certain issues or agencies that merit more detailed review.
- (20) Wyoming: House and Senate committees sit in joint sessions to review the executive budget, conduct hearings, and compose the appropriations bill that is introduced.

APPENDIX G

Caucus Procedure					
	Open	Closed	Finance Staff Attends?	Binding Caucus Vote?	Caucuses Not Used
Alabama			Upon request		x
Alaska	x		Upon request	No	
Arizona	x		Upon request	Sometimes	
Arkansas					
California		x	Upon request	Sometimes	x
Colorado	x		Sometimes	(1)	
Connecticut	Varies	Varies	Upon request	Rarely	
Delaware		x	Upon request	No	
Florida					
Georgia					x
Hawaii		x	No	Yes	
Idaho		x	Upon request	No	
Illinois		x	Yes	Rarely	
Indiana		x	No	No	
Iowa	Varies	Varies	Upon request	No	
Kansas	x		Upon request	No	
Kentucky		x	Upon request	No	
Louisiana					
Maine	x		Upon request	No	x
Maryland					x
Massachusetts		x	Yes	No	
Michigan	x (2)		Upon request	No	
Minnesota	x (3)		No	No	
Mississippi					
Missouri		x	Upon request	No	x
Montana		x	Upon request	No	
Nebraska					
Nevada	x		Upon request	No	x
New Hampshire		x	No	No	
New Jersey		x	Yes	No	
New Mexico		x	Upon request	No	
New York		x	Yes	No	
North Carolina	x		No	No	
North Dakota	x		No	No	
Ohio		x	No		
Oklahoma		x	Upon request	Sometimes	
Oregon		x	Upon request	No	
Pennsylvania		x	Yes	No	
Rhode Island	x (6)		Upon request	No	
South Carolina					
South Dakota		x	No	No	x
Tennessee	x		Upon request	No	
Texas					
Utah	x (7)		Upon request	Sometimes	x
Vermont	x		No	No	
Virginia	x		Upon request	No	
Washington		x	Upon request	No	
West Virginia		x	In special situations	No	
Wisconsin	x		Yes	No (8)	
Wyoming		x	Upon request	No	

Source: NCSL survey of legislative fiscal officers, Fall 1992

Notes:

All states *except* Maine, Montana, and Utah organize their caucuses by house and party. The three exceptions use joint House/Senate caucuses.

- (1) Alaska: Caucus open unless specifically closed.
- (2) Colorado: Binding caucus vote prohibited by constitution.
- (3) Michigan: Caucus open unless specifically closed.
- (4) Minnesota: Caucus open unless specifically closed.
- (5) Rhode Island: Caucus open unless specifically closed.
- (6) Utah: Caucus open unless specifically closed.
- (7) Wisconsin: A "test" vote may be taken in the regular majority caucus on the tentative caucus approved budget prior to final floor debate.

APPENDIX E

**Legislative Counsel's Opinion Concerning the
Constitutional Principle of Separation of Powers
between the Executive and Legislative Branches of
Government**

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December 1, 1993

Assemblywoman Jan Evans, Chair
Legislative Commission's Committee to Study
Methods of Establishing a Legislative
Budget Office (SCR 46)
Legislative Building
Carson City, Nevada 89710

Dear Mrs. Evans:

The following is a response to the Committee's general inquiry into the scope of the Legislature's constitutional authority to expand its role in the formation of the state budget in light of the constitutional doctrine regarding the separation of powers. For ease in consideration, the issue has been divided into separate subheads.

General Background on Separation of Powers Doctrine

The framers of Nevada's Constitution expressly provided for separation of the powers of the various departments of state government. The provision is contained in section 1 of article 3 and reads:

The powers of the Government of the State of Nevada shall be divided into three separate departments, - the Legislative, -the Executive and the Judicial; and no persons charged with the exercise of powers properly belonging to one of these departments shall exercise any functions, appertaining to either of the others, except in the cases herein expressly directed or permitted.

Although not exclusively an American phenomenon, the separation of governmental powers into three branches is a hallmark of the American system of government. President George Washington, in his farewell address, described the problem which is addressed by the Separation of Powers Doctrine when he said:

The spirit of encroachment [of one branch of government into the functions of another] tends to consolidate the powers of all the departments in one, and thus to create, whatever the form of government, a real despotism.

XIII, *Writings of George Washington*, 277, 306 (Ford ed., N.Y., 1892).

The Separation of Powers Doctrine finds its philosophical support in the writings of a number of political philosophers who influenced the development of government in the United States. Montesquieu, the father of the doctrine, articulated the concept by writing:

Here then is the fundamental constitution of the government we are treating of. The legislative body being composed of two parts, they check one another by the mutual privilege of rejecting. They are both restrained by the executive power, as the executive is by the legislative.

1 Montesquieu, *The Spirit of Laws*, Book XI, Chapter VI, 159 (1823).

Despite the pervasiveness of the doctrine in the American system, the degree to which legislative, executive and judicial power are to be confined to those branches of government has never been totally clarified. The United States Supreme Court seems to vacillate between the "formalist" view and the "functionalist" view. In the classic confrontation between Justices Sutherland and Holmes in *Springer v. Government of the Phillippine Islands*, 48 S. Ct. 480 (1928), Justice Sutherland, writing for the majority, argued for strict lines of demarcation between the branches of government "unless otherwise expressly provided or incidental to the powers delegated to each branch." Justice Holmes, in dissent, countered that "however we may disguise it by veiling words, we do not and cannot carry out the distinction between the legislative and executive branches with mathematical precision and divide the branches into watertight compartments * * *."

Over time, the Holmes view has prevailed and courts generally hold that the constitutional command is not an absolute, does not preclude cooperation between the branches, and is basically designed to insure the existence of a system of checks and balances to prevent excessive concentration of power in one branch of government.

Issues concerning the separation of governmental powers tend to fall into categories involving either the usurpation of power by one branch of government by another or attempts by one branch to delegate its power to another. The main issue before the Legislative Commission's Committee to Study Methods of Establishing a Legislative Budget Office is to what extent an expansion of the Nevada Legislature's role in the preparation of a state budget would usurp the power of the executive branch. The answer lies in an analysis of the powers which are constitutionally assigned to each branch.

The Power of the Legislative Branch

The power vested by the Nevada Constitution in the legislative branch of government is set forth in section 1 of article 4:

The Legislative authority of this State shall be vested in a Senate and Assembly which shall be designated "The Legislature of the State of Nevada" and the sessions of such Legislature shall be held at the seat of government of the State.

In 1869, the Nevada Supreme Court held that all political power is inherent in the people. Certain specific powers have been vested in the Federal Government pursuant to the United States Constitution. The remaining powers are retained by the people and are exercised through state governments. The legislative power of the people of the State of Nevada is vested in the state legislature and "except where limited by Federal or State Constitutional provisions, that power is practically absolute." *Gibson v. Mason*, 5 Nev. 283 (1869). In 1967, the Nevada Supreme Court defined the legislative authority conferred by section 1 of article 4 of the Nevada Constitution as the power of lawmaking representative bodies to frame and enact laws, and to amend or repeal laws. *Galloway v. Truesdell*, 83 Nev. 13 (1967).

There is probably no more definitive statement of the purpose of this legislative power than that of Oliver Wendell Holmes, Jr. When sitting as

Circuit Justice in *Johnson v. United States*, 163 F. 30 (1st Cir. 1908) he said, "The Legislature has the power to decide what the policy of the law shall be."

Section 19 of article 4 of the Constitution of the State of Nevada reads:

No money shall be drawn from the treasury but in consequence of appropriations made by law.

While the Nevada Supreme Court has not ruled on this section of the Nevada Constitution, the Supreme Court of Kentucky has interpreted an identical provision in the Kentucky Constitution. The court held that the purpose of this constitutional provision is to prevent the expenditure of the state's money without the consent of the legislature. The court stated that the budget, which provides the revenue for the State and which determines how that revenue shall be spent, is fundamentally a legislative matter. The final action on the enactment or adoption of the budget is a legislative matter. *Com. Ex Rel. Armstrong v. Collins*, 709 S.W.2d 437 (1986).

In addition, while not specifically set forth in the Nevada Constitution, a legislative body may inquire into any matter upon which it may legislate. "Information is essential to the wise exercise of legislative authority." *McGrain v. Daugherty*, 47 S.Ct. 319 (1926). The power to compel information and impose sanctions for contempt or perjury has long been held a necessary implication of the legislative power to investigate.

The Power of the Executive Branch

Section 1 of article 5 of the Nevada Constitution provides that:

The supreme executive power of this State, shall be vested in a Chief Magistrate who shall be Governor of the State of Nevada.

Article 5 goes on to set forth some specific executive functions including the power to fill certain vacancies, control the state's militia and exercise the power of clemency. In addition, sections 6 and 7 of article 5 provide that:

Sec: 6. He shall transact all executive business with the Officers of the Government Civil and Military; and may

require information in writing, from the Officers of the Executive Department, upon any subject relating to the duties of their respective Offices.

Sec: 7. He shall see that the laws are faithfully executed.

In 1967, the Nevada Supreme Court held that the executive department enforces laws enacted by the legislative department and, except where there is constitutional limitation, the legislative department may direct which acts the executive department shall or may not perform. *Galloway v. Truesdell*, 83 Nev. 13 (1967). This holding was most recently acknowledged in 1992 in the case of *SNEA v. Daines*, 108 Nev. 15. The Court held that the State Board of Examiners and the Governor had no authority to defer a salary increase for state employees which the Legislature had appropriated and the Governor had not vetoed.

It is important to note that, unlike several other state constitutions, the Nevada Constitution does not contain a provision that requires the Governor to submit a budget to the Legislature. For example, section 9 of article VI of the Montana Constitution commands that the Governor:

* * * submit to the legislature at a time fixed by law, a budget for the ensuing fiscal period setting forth in detail for all operating funds the proposed expenditures and estimated revenue of the state.

Notwithstanding this provision, when the Montana Legislature enacted a law which required the agencies of the executive branch to submit to the legislative fiscal analysts information regarding budget requests and the preliminary budget, the Montana Supreme Court held that "the budget in Montana is a legislative budget not an executive budget" because the Legislature has the power to adjust and finalize the budget. "Given that power and responsibility the Legislature * * * may require such information from the other branches of government as is reasonably necessary to form a rational basis for its budget determinations." The court dismissed as being of "little substance" the Governor's assertion that this required disclosure of information was an infringement on the executive branch and stated that "should the executive branch withhold from the legislature * * * any information reasonably necessary for budget decisions, [the executive branch] would be interfering

with the legislature to the extent of violating the separation of powers doctrine." *State of Montana v. Legislative Finance Committee*, 543 P.2d 1317 (1975).

Standard for Judicial Review

If the statutory creation of a legislative budget office or other related action by the Legislature which expands the role of the Legislature in the formation of the state budget is challenged, the standard for judicial review to determine whether the legislation violates the Separation of Powers Doctrine will be to focus the inquiry on the extent to which the legislation prevents the executive branch from accomplishing its constitutionally assigned function. *United States v. Nixon*, 94 S.Ct. 2777, 3109 (1977). The framers of the Nevada Constitution concentrated the legislative power and the appropriations power in the legislative branch. There is no Nevada constitutional provision which commands the Governor to submit a proposed budget or otherwise preserves a major role for him in the budgetary process. The executive branch is directed to "execute" or carry out the directions of the legislative branch. This leaves without support any suggestion by the executive branch that the formation of a budget is a function constitutionally assigned to the executive branch. On the contrary, the formation of a proposed budget has been a task assigned to the executive branch by action of the legislative branch. If the Legislature in its wisdom determines that under present circumstances the assigned tasks should be modified or supplemented by the work of others, the Legislature may codify that determination through the usual legislative action of adopting or amending statutes. The Governor is, of course, able to exercise his constitutional method of "checking and balancing" by vetoing the measure.

It is axiomatic that a court should not substitute its views of proper legislative policy for the views of the legislature on that subject. Consistent with this theory of restraint is its corollary that a court should only declare a law unconstitutional if it clearly fails to pass constitutional muster. Again Justice Oliver Wendell Holmes, Jr. has expressed this concept vividly by stating that a judge's disagreement with even a "shocking" law should not affect the outcome as to its constitutionality. Rather, the inquiry should be whether "a rational and fair man would [find that the law violated] fundamental principles as they have been understood by our people and our law." Neither the "calculus of effects, the manner in which a particular law reverberated in a society nor the financial consequences of legislation" are,

absent constitutional infirmity, the business of the courts. Such issues are properly the responsibility of the legislature. *Lochner v. New York*, 25 S.Ct. 539 (1905).

In upholding the Montana Legislature's authority to require the production of budget information, the Supreme Court of Montana was perhaps less eloquent than Justice Holmes but more directly addressed the issue at hand:

While an apparent unnecessary duplication of effort in the preparation of two budgets and an apparent lack of cooperation may exist between the executive and the legislature in this matter, which results in a waste of taxpayers' money, these are insufficient grounds upon which to find a legislative enactment constitutionally invalid.

Montana v. Legislative Finance Committee, 543 P.2d at 1323.

Conclusion

The framers of the Nevada Constitution specifically created three departments of state government. As briefly stated by the Nevada Supreme Court in *Galloway*, the allotment of the powers of the respective departments is as follows. The **legislative branch** has extremely broad authority to enact, amend and repeal the laws. This authority is limited only by specific expressions of the Federal or State Constitutions. The **executive branch** carries out and enforces the laws enacted by the Legislature. Except where there is a constitutional mandate or limitation, the Legislature may state which actions the executive has a duty to perform or is prohibited from performing. However, the legislative branch is prohibited from interfering in the manner in which a law, once adopted, is carried into effect by the executive branch. The **judicial branch** construes the laws and enforces valid judgments.

Alexander Hamilton's observation in *The Federalist No. 78* is equally applicable in Nevada: the Legislature commands the "power of the purse." With regard to that power, the language of the Nevada Constitution is plain. The lawmaking power vests solely in the Legislature and public funds may be expended only by legislative authority. The Legislature, in the exercise of its lawmaking power, establishes state policies and priorities and, through the

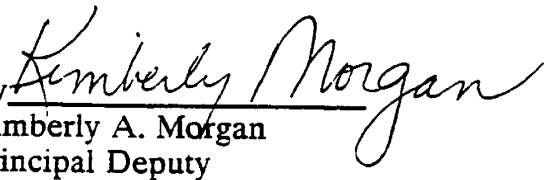
Assemblywoman Evans
December 1, 1993
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appropriation power, gives those policies and priorities effect. Budget decisions clearly set the state's policy by determining which social values prevail. The Constitution of the State of Nevada leaves that kind of policy decision solely to the legislative branch.

Therefore, it is the opinion of this office that the manner in which the state budget is prepared is a statutory matter within the sole discretion of the Nevada Legislature.

Very truly yours,

Lorne J. Malkiewich
Legislative Counsel

By 
Kimberly A. Morgan
Principal Deputy

KAM:iam
pc: All members of SCR 46 Committee

APPENDIX F

Budget Format Modifications Jointly Recommended by the Budget Division and Fiscal Analysis Division

Recommended Modifications to the Current Budget Format

The Budget Division and Fiscal Analysis Division were requested by the SCR 46 Committee to jointly recommend modifications to the current budget format in an effort to make agency budgets easier to analyze by money committee members. Each of the following budget format changes were adopted by the SCR 46 Committee for use in the 1995-97 Executive Budget.

1. Increase the number of revenue line items displayed for each budget.

The current format provides very few revenue line items - General Fund, Highway Fund, Federal Funds, Agency Transfers and Other. The many revenue items placed in "Other" generated numerous questions during budget hearings. One major problem involved funds balanced forward being included in "Other" which produced negative amounts in the FY 1991-92 Actual Year. This was confusing to members of the money committees and was a continual problem.

It is recommended that the number of revenue line items designated in the budget format be increased to nine.

Revenue Line Items

<u>1993 Session</u>	<u>1995 Session</u>
General Fund	General Fund
Highway Fund	Highway Fund
	Reversions
	Balance Forward
Federal Funds	Federal Funds
	Licenses/Fees
Agency Transfers	Agency Transfers
Other	
	Other State
	Other - Non-State

2. Combine certain maintenance items to reduce space allocated for these items in the Executive Budget.

The 1993-95 Executive Budget included maintenance items M 100 for inflation and M 400 for fringe benefit increases in each budget containing payroll costs. Each maintenance item was at least one-third of a page in length. Combining these routine maintenance items would save space in the budget which could be allocated for other format changes without a significant loss of budget detail.

3. Maintenance decision unit M 600 to include costs of new federal mandates and court orders with existing costs in these areas to be placed in the base budget.
The goal of placing the total cost of federal mandates and court orders in the M 600 decision unit proved to be a very difficult task for agencies. In addition, if an agency is currently expending funds for federal mandates, it is felt that those costs should be reflected in the base budget. Therefore, it is recommended that decision unit M 600 contain only the additional cost of federal mandates/court orders, and existing costs be placed in the base budget. However, the total cost of federal mandates/court orders is recommended to be calculated by state agencies and provided to the Legislature in a separate report. The requirement that the total cost of federal mandates be determined will be included in the budget instructions provided to state agencies outlining how budget requests should be constructed.
4. Eliminate totals for those maintenance/enhancement decision units which only contain one line.

For each maintenance/enhancement decision unit, the current format provides revenue and expenditure totals. While this is necessary for decision units with multiple revenues or expenditure categories, it appears redundant for those decision units with only one revenue and one expenditure category. By eliminating totals for those decision units containing only one revenue or expenditure category, valuable page space can be saved and the budget will be easier to read.

5. Include an itemized revenue and expenditure category total for each budget account.

The current format provides a budget summary at the end of each budget account which adds the base, maintenance and enhancement areas and displays each individual revenue requested and/or recommended. However, no budget summary is provided which adds the base, maintenance and enhancements for expenditure categories. A modification in the budget format is recommended which would provide a budget summary listing individual revenue and expenditure categories which total the sum of all base, maintenance and enhancement areas.
6. Move budget narrative/performance indicator data to the front of each budget account.

Currently, the program description/mission statement and any additional budgetary narrative along with the performance indicators are located at the end of each agency's budget. It may be helpful for money committee members to review the narrative/performance indicator information before proceeding into the budgetary data of each account. This may also result in the committee allocating more time to the performance indicators developed by each agency.

7. Expand narrative descriptions contained in the Executive Budget.

In an effort to save space in the budget document, narrative descriptions of what is recommended by the Governor have been dramatically reduced. This action has made it more difficult for committee members to easily determine what is or is not recommended in a particular budget. While it is recognized that the budget document should not be significantly increased in size, it is also important to provide basic information on what is being recommended in each budget account.

8. Fiscal Analysis Division to review budget instructions before release to state agencies.

The budget instructions provided to state agencies outlining how budgets should be constructed and what backup information is to be provided is a critical link in how well the agencies' budget requests are developed. Agencies must also have a clear idea of what items must be included in the base, maintenance and enhancement areas of the budget. With the Budget Division and the Fiscal Analysis Division agreeing to the instructions provided to state agencies on the 1995-97 budget, this action should assist both offices in agreeing on the base budget amounts for each budget as early as possible in the fall of 1994.

9. Fiscal Analysis Division and Budget Division to jointly agree to routine budgetary items early in the budget process.

Some basic components of building the biennial budget need to be determined early in the budget building process. These areas could include state and non-state owned building rents, utility and medical inflation as well as other areas which are being considered but have not been finalized. Agreeing to these basic budget components early in the budget process should reduce the number of questions raised during the Legislative Session.

10. Detail payroll information should continue to be provided for use by Fiscal Analysis Division staff on each position authorized by budget account.

APPENDIX G

Budget Format Utilized by the 1993 Legislature and
Budget Format with Changes Recommended by the
Budget Division and Fiscal Analysis Division for Use by
the 1995 Legislature

The mission of the Senior Services Program is to defer the need for long-term care for Nevada's elderly through provision of in-home health care.

PERFORMANCE INDICATORS:

	Projected FY 92	Actual FY 92	Projected FY 93	Projected FY 94	Projected FY 95
1. Number of care givers trained by Aging Services;	310	175	190	330	290
2. Number of participants in home-based care(CHIPS);	5,380	4,709	5,560	6,975	8,075
3. Number of patients deflected from ICF care because of CHIP;	152	171	192	297	272
4. Number of seniors being assisted by the division trained care givers; and	480	479	365	650	555
5. Dollars saved as a result of patients deflected from ICF/LT care.	\$3,874,360	\$3,833,068	\$4,170,000	\$5,231,250	\$6,056,250

	1991-92 Actual	1992-93 Work Pgm	----- Agency Req	1993-94 Gov Rec	----- Leg App	----- Agency Req	1994-95 Gov Rec	----- Leg App
BASE								
RESOURCES:								
General Fund	\$448,835	\$448,445	\$306,439	\$78,401		\$332,976	\$70,002	
Other-State	(\$122,396)	\$34,099						
Balance Forward	\$910	\$9,882						
Federal Funds	\$2,130,543	\$2,758,094	\$2,441,865	\$2,620,683		\$2,445,167	\$2,645,469	
License/Fees	\$25,293	\$23,975	\$25,293	\$25,293		\$25,293	\$25,293	
Agency Transfers	\$23,002	\$30,359						
TOTAL RESOURCES:	\$2,506,187	\$3,304,854	\$2,773,597	\$2,724,377		\$2,803,436	\$2,740,764	

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	1991-92	1992-93	-----	1993-94	-----	-----	1994-95	-----
	Actual	Work Pgm	Agency Req	Gov Rec	Leg App	Agency Req	Gov Rec	Leg App
EXPENDITURES:								
Personal Services	\$690,688	\$931,752	\$988,987	\$940,636		\$1,015,524	\$953,805	
Out of State Travel		\$795	\$0	\$0		\$0	\$0	
In State Travel	\$27,229	\$37,219	\$32,674	\$32,674		\$32,674	\$32,674	
Operating	\$90,608	\$119,152	\$115,211	\$110,944		\$118,460	\$112,357	
Equipment	\$6,771	\$6,394	\$0	\$0		\$0	\$0	
Dependent Care	\$23,866	\$40,241	\$0	\$0		\$0	\$0	
Computer Operating	\$11,408	\$2,702	\$1,158	\$1,158		\$1,211	\$1,211	
Purchase of Service	\$1,625,567	\$1,914,529	\$1,625,567	\$1,628,965		\$1,625,567	\$1,630,717	
Caregiver Training	\$10,000	\$10,000	\$10,000	\$10,000		\$10,000	\$10,000	
Reserve for Reversion	\$0	\$242,070						
TOTAL EXPENDITURES:	\$2,486,137	\$3,304,854	\$2,773,597	\$2,724,377		\$2,803,436	\$2,740,764	
EXISTING POSITIONS:		26.00	26.00	26.00		26.00	26.00	

MAINTENANCE

100 INFLATION/FRINGE BENEFITS

The amount recommended provides for increased insurance assessments, and fringe benefit costs as explained in the definitions.

RESOURCES:

GENERAL FUND		\$3,305	\$10,908
FEDERAL FUNDS		\$1,451	\$2,215
TOTAL RESOURCES		\$4,756	\$13,123

EXPENDITURES:

PERSONNEL EXPENSES		\$3,305	\$10,908
OPERATING EXPENSES		\$1,451	\$2,215
TOTAL EXPENDITURES		\$4,756	\$13,123

BUDGET FORMAT UTILIZED BY THE 1993 LEGISLATURE

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	1991-92 Actual	1992-93 Work Pgm	----- Agency Req	1993-94 Gov Rec	----- Leg App	----- Agency Req	1994-95 Gov Rec	----- Leg App
MAINTENANCE								
200 DEMOGRAPHICS/CASELOAD CHANGES								
The recommendation for personnel expenses is for 3.5 new positions in fiscal year 1994 and 2 positions in fiscal year 1995. Allowances for increased travel, equipment and operating supplies are being recommended to support the additional positions. Also, increase for purchase of service expenses is being recommended to support the transfer of seniors from nursing homes into the community pursuant to the Adult Group Care Facility waiver.								
RESOURCES:								
GENERAL FUND			\$33,791	\$0		\$36,764	\$0	
FEDERAL FUNDS			\$957,254	\$739,495		\$1,148,555	\$924,458	
OTHER			\$1,915	\$1,915		\$851	\$851	
TOTAL RESOURCES			\$992,960	\$741,410		\$1,186,170	\$925,309	
EXPENDITURES:								
PERSONNEL EXPENSES			\$111,169	\$85,904		\$184,731	\$180,780	
OUT OF STATE TRAVEL			\$1,912	\$1,912		\$2,436	\$2,436	
IN STATE TRAVEL			\$3,811	\$3,811		\$5,989	\$5,989	
OPERATING EXPENSES			\$6,460	\$6,723		\$9,259	\$9,403	
EQUIPMENT			\$9,963	\$9,963		\$4,398	\$4,398	
PURCHASE OF SERVICE			\$859,645	\$633,097		\$979,357	\$722,303	
TOTAL EXPENDITURES			\$992,960	\$741,410		\$1,186,170	\$925,309	
NEW POSITIONS		0.00	3.50	2.75		5.50	5.50	
300 OCCUPATIONAL STUDIES								
The funds needed to implement the Fiscal Management and Staff Services Occupational Group Study.								
RESOURCES:								
FEDERAL FUNDS				\$23,347			\$8,492	
EXPENDITURES:								
PERSONNEL EXPENSES				\$23,347			\$8,492	

BUDGET FORMAT UTILIZED BY THE 1993 LEGISLATURE

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	1991-92	1992-93	----- 1993-94 -----			----- 1994-95 -----		
	Actual	Work Pgm	Agency Req	Gov Rec	Leg App	Agency Req	Gov Rec	Leg App
MAINTENANCE								
525 AMERICANS WITH DISABILITIES ACT								
The recommendation provides for equipment and operating supplies to comply with the Americans with Disabilities Act.								
RESOURCES:								
GENERAL FUND			\$5,678	\$3,249		\$1,196	\$598	
EXPENDITURES:								
OPERATING EXPENSE			\$4,412	\$2,616		\$1,196	\$598	
EQUIPMENT			\$1,266	\$633				
TOTAL EXPENDITURES			\$5,678	\$3,249		\$1,196	\$598	

ENHANCEMENT

700 GENERAL INCREASES

Computer operating expense increase is being recommended to purchase hardware for the continued enhancement of the data processing system.

RESOURCES:

FEDERAL FUNDS	\$16,773	\$16,773	\$13,400	\$13,400
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EXPENDITURES:

COMPUTER OPERATING	\$16,773	\$16,773	\$13,400	\$13,400
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BUDGET SUMMARY:

GENERAL FUND	\$448,835	\$448,445	\$345,908	\$84,955	\$370,936	\$81,508
OTHER - STATE	(\$122,396)	\$34,099				
BALANCE FORWARD	\$910	\$9,882				
FEDERAL FUNDS	\$2,130,543	\$2,758,094	\$3,415,892	\$3,401,749	\$3,607,122	\$3,594,034
LICENSE/FEES	\$25,293	\$23,975	\$27,208	\$27,208	\$26,144	\$26,144
AGENCY TRANSFERS	\$23,002	\$30,359				
TOTAL RESOURCES	\$2,506,187	\$3,304,854	\$3,789,008	\$3,513,912	\$4,004,202	\$3,701,686

BUDGET FORMAT UTILIZED BY THE 1993 LEGISLATURE

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	1991-92	1992-93	-----	1993-94	-----	-----	1994-95	-----
	Actual	Work Pgm	Agency Req	Gov Rec	Leg App	Agency Req	Gov Rec	Leg App
BUDGET SUMMARY:								
PERSONNEL EXPENSES	\$690,688	\$931,752	\$1,100,156	\$1,053,192		\$1,200,255	\$1,153,985	
OUT OF STATE TRAVEL		\$795	\$1,912	\$1,912		\$2,436	\$2,436	
IN STATE TRAVEL	\$27,229	\$37,219	\$36,485	\$36,485		\$38,663	\$38,663	
OPERATING EXPENSES	\$90,608	\$119,152	\$126,083	\$121,734		\$128,915	\$124,573	
EQUIPMENT	\$6,771	\$6,394	\$11,229	\$10,596		\$4,398	\$4,398	
DEPENDENT CARE GRANT	\$23,866	\$40,241	\$0	\$0		\$0	\$0	
COMPUTER OPERATING	\$11,408	\$2,702	\$17,931	\$17,931		\$14,611	\$14,611	
PURCHASE OF SERVICES	\$1,625,567	\$1,914,529	\$2,485,212	\$2,262,062		\$2,604,924	\$2,353,020	
CAREGIVER TRAINING	\$10,000	\$10,000	\$10,000	\$10,000		\$10,000	\$10,000	
RESERVE FOR REVERSION	\$0	\$242,070	\$0	\$0		\$0	\$0	
TOTAL EXPENDITURES	\$2,486,137	\$3,304,854	\$3,789,008	\$3,513,912		\$4,004,202	\$3,701,686	

AGENCY BALANCE:	0	0	0	0	0	0
PERCENTAGE CHANGE:		32.9%	14.6%	6.3%	5.7%	5.3%

POSITIONS:

EXISTING FTE:	26.00	26.00	26.00	26.00	26.00
NEW FTE:	0.00	3.50	2.75	5.50	5.50
TOTAL POSITIONS	26.00	29.50	28.75	31.50	31.50

BUDGET FORMAT UTILIZED BY THE 1993 LEGISLATURE

The mission of the Senior Services Program is to defer the need for long-term care for Nevada's elderly through provision of in-home health care.

PERFORMANCE INDICATORS:	Projected FY 92	Actual FY 92	Projected FY 93	Projected FY 94	Projected FY 95
1. Number of care givers trained by Aging Services;	310	175	190	330	290
2. Number of participants in home-based care(CHIPS);	5,380	4,709	5,560	6,975	8,075
3. Number of patients deflected from ICF care because of CHIP;	152	171	192	297	272
4. Number of seniors being assisted by the division trained care givers; and	480	479	365	650	555
5. Dollars saved as a result of patients deflected from ICF/LT care.	\$3,874,360	\$3,833,068	\$4,170,000	\$5,231,250	\$6,056,250

99

	1991-92 Actual	1992-93 Work Pgm	----- Agency Req	1993-94 ---- Gov Rec	----- Leg App	----- Agency Req	1994-95 ---- Gov Rec	----- Leg App
=====	=====	=====	=====	=====	=====	=====	=====	=====
BASE								
RESOURCES:								
General Fund	\$448,835	\$448,445	\$306,439	\$78,401		\$332,976	\$70,002	
Other-State	(\$122,396)	\$34,099						
Balance Forward	\$910	\$9,882						
Federal Funds	\$2,130,543	\$2,758,094	\$2,441,865	\$2,620,683		\$2,445,167	\$2,645,469	
Licenses & Fees	\$25,293	\$23,975	\$25,293	\$25,293		\$25,293	\$25,293	
Agency Transfers	\$23,002	\$30,359						
	-----	-----	-----	-----	-----	-----	-----	-----
TOTAL RESOURCES:	\$2,506,187	\$3,304,854	\$2,773,597	\$2,724,377		\$2,803,436	\$2,740,764	

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	1991-92 Actual	1992-93 Work Pgm	----- Agency Req	1993-94 ---- Gov Rec	----- Leg App	----- Agency Req	1994-95 ---- Gov Rec	----- Leg App
EXPENDITURES:								
Personal Services	\$690,688	\$931,752	\$988,987	\$940,636		\$1,015,524	\$953,805	
Out of State Travel		\$795	\$0	\$0		\$0	\$0	
In State Travel	\$27,229	\$37,219	\$32,674	\$32,674		\$32,674	\$32,674	
Operating	\$90,608	\$119,152	\$115,211	\$110,944		\$118,460	\$112,357	
Equipment	\$6,771	\$6,394	\$0	\$0		\$0	\$0	
Dependent Care	\$23,866	\$40,241	\$0	\$0		\$0	\$0	
Computer Operating	\$11,408	\$2,702	\$1,158	\$1,158		\$1,211	\$1,211	
Purchase of Service	\$1,625,567	\$1,914,529	\$1,625,567	\$1,628,965		\$1,625,567	\$1,630,717	
Caregiver Training	\$10,000	\$10,000	\$10,000	\$10,000		\$10,000	\$10,000	
Reserve for Reversion	\$0	\$242,070						
TOTAL EXPENDITURES:	\$2,486,137	\$3,304,854	\$2,773,597	\$2,724,377		\$2,803,436	\$2,740,764	

EXISTING POSITIONS: 26.00 26.00 26.00 26.00

MAINTENANCE

100 INFLATION/FRINGE BENEFITS

The amount recommended provides for increased insurance assessments, and fringe benefit costs as explained in the definitions.

RESOURCES:

GENERAL FUND				\$3,305			\$10,908	
FEDERAL FUNDS				\$1,451			\$2,215	
TOTAL RESOURCES				\$4,756			\$13,123	

EXPENDITURES:

PERSONNEL EXPENSES				\$3,305			\$10,908	
OPERATING EXPENSES				\$1,451			\$2,215	
TOTAL EXPENDITURES				\$4,756			\$13,123	

*BUDGET FORMAT RECOMMENDED BY THE BUDGET DIVISION
AND FISCAL ANALYSIS DIVISION FOR USE BY THE 1995 LEGISLATURE*

SENIOR SERVICES PROGRAM

Page 935

101-3146

	1991-92	1992-93	-----	1993-94	----	-----	1994-95	----	-----
	Actual	Work Pgm	Agency Req	Gov Rec	Leg App	Agency Req	Gov Rec	Leg App	

MAINTENANCE

200 DEMOGRAPHICS/CASELOAD CHANGES

The recommendation for personnel expenses is for 3.5 new positions in fiscal year 1994 and 2 positions in fiscal year 1995. Allowances for increased travel, equipment and operating supplies are being recommended to support the additional positions. Also, increase for purchase of service expenses is being recommended to support the transfer of seniors from nursing homes into the community pursuant to the Adult Group Care Facility waiver.

RESOURCES:

GENERAL FUND			\$33,791	\$0		\$36,764	\$0	
FEDERAL FUNDS			\$957,254	\$739,495		\$1,148,555	\$924,458	
LICENSES & FEES			\$1,915	\$1,915		\$851	\$851	
	-----	-----	-----	-----	-----	-----	-----	-----
TOTAL RESOURCES			\$992,960	\$741,410		\$1,186,170	\$925,309	

EXPENDITURES:

PERSONNEL EXPENSES			\$111,169	\$85,904		\$184,731	\$180,780	
OUT OF STATE TRAVEL			\$1,912	\$1,912		\$2,436	\$2,436	
IN STATE TRAVEL			\$3,811	\$3,811		\$5,989	\$5,989	
OPERATING EXPENSES			\$6,460	\$6,723		\$9,259	\$9,403	
EQUIPMENT			\$9,963	\$9,963		\$4,398	\$4,398	
PURCHASE OF SERVICE			\$859,645	\$633,097		\$979,357	\$722,303	
	-----	-----	-----	-----	-----	-----	-----	-----
TOTAL EXPENDITURES			\$992,960	\$741,410		\$1,186,170	\$925,309	

NEW POSITIONS		0.00	3.50	2.75		5.50	5.50	
---------------	--	------	------	------	--	------	------	--

300 OCCUPATIONAL STUDIES

The funds needed to implement the Fiscal Management and Staff Services Occupational Group Study.

RESOURCES:

FEDERAL FUNDS				\$23,347			\$8,492	
---------------	--	--	--	----------	--	--	---------	--

EXPENDITURES:

PERSONNEL EXPENSES				\$23,347			\$8,492	
--------------------	--	--	--	----------	--	--	---------	--

*BUDGET FORMAT RECOMMENDED BY THE BUDGET DIVISION
AND FISCAL ANALYSIS DIVISION FOR USE BY THE 1995 LEGISLATURE*

SENIOR SERVICES PROGRAM

Page 936

101-3146

	1991-92	1992-93	-----	1993-94	-----	-----	1994-95	-----	-----
	Actual	Work Pgm	Agency Req	Gov Rec	Leg App	Agency Req	Gov Rec	Leg App	
=====	=====	=====	=====	=====	=====	=====	=====	=====	
MAINTENANCE									
525 AMERICANS WITH DISABILITIES ACT									
The recommendation provides for equipment and operating supplies to comply with the Americans with Disabilities Act.									
RESOURCES:									
GENERAL FUND			\$5,678	\$3,249		\$1,196	\$598		
EXPENDITURES:									
OPERATING EXPENSE			\$4,412	\$2,616		\$1,196	\$598		
EQUIPMENT			\$1,266	\$633					
	-----	-----	-----	-----	-----	-----	-----	-----	
TOTAL EXPENDITURES			\$5,678	\$3,249		\$1,196	\$598		
ENHANCEMENT									
700 GENERAL INCREASES									
Computer operating expense increase is being recommended to purchase hardware for the continued enhancement of the data processing system.									
RESOURCES:									
FEDERAL FUNDS			\$16,773	\$16,773		\$13,400	\$13,400		
EXPENDITURES:									
COMPUTER OPERATING			\$16,773	\$16,773		\$13,400	\$13,400		
=====	=====	=====	=====	=====	=====	=====	=====	=====	
BUDGET SUMMARY:									
GENERAL FUND	\$448,835	\$448,445	\$345,908	\$84,955		\$370,936	\$81,508		
OTHER - STATE	(\$122,396)	\$34,099							
BALANCE FORWARD	\$910	\$9,882							
FEDERAL FUNDS	\$2,130,543	\$2,758,094	\$3,415,892	\$3,401,749		\$3,607,122	\$3,594,034		
LICENSES & FEES	\$25,293	\$23,975	\$27,208	\$27,208		\$26,144	\$26,144		
AGENCY TRANSFERS	\$23,002	\$30,359							
	-----	-----	-----	-----	-----	-----	-----	-----	
TOTAL RESOURCES	\$2,506,187	\$3,304,854	\$3,789,008	\$3,513,912		\$4,004,202	\$3,701,686		

*BUDGET FORMAT RECOMMENDED BY THE BUDGET DIVISION
AND FISCAL ANALYSIS DIVISION FOR USE BY THE 1995 LEGISLATURE*

SENIOR SERVICES PROGRAM

Page 937

101-3146

	1991-92	1992-93	-----	1993-94	-----	-----	1994-95	-----
	Actual	Work Pgm	Agency Req	Gov Rec	Leg App	Agency Req	Gov Rec	Leg App
=====								
BUDGET SUMMARY:								
PERSONNEL EXPENSES	\$690,688	\$931,752	\$1,100,156	\$1,053,192		\$1,200,255	\$1,153,985	
OUT OF STATE TRAVEL		\$795	\$1,912	\$1,912		\$2,436	\$2,436	
IN STATE TRAVEL	\$27,229	\$37,219	\$36,485	\$36,485		\$38,663	\$38,663	
OPERATING EXPENSES	\$90,608	\$119,152	\$126,083	\$121,734		\$128,915	\$124,573	
EQUIPMENT	\$6,771	\$6,394	\$11,229	\$10,596		\$4,398	\$4,398	
DEPENDENT CARE GRANT	\$23,866	\$40,241	\$0	\$0		\$0	\$0	
COMPUTER OPERATING	\$11,408	\$2,702	\$17,931	\$17,931		\$14,611	\$14,611	
PURCHASE OF SERVICES	\$1,625,567	\$1,914,529	\$2,485,212	\$2,262,062		\$2,604,924	\$2,353,020	
CAREGIVER TRAINING	\$10,000	\$10,000	\$10,000	\$10,000		\$10,000	\$10,000	
RESERVE FOR REVERSION	\$0	\$242,070	\$0	\$0		\$0	\$0	
	-----	-----	-----	-----	-----	-----	-----	-----
TOTAL EXPENDITURES	\$2,486,137	\$3,304,854	\$3,789,008	\$3,513,912		\$4,004,202	\$3,701,686	
AGENCY BALANCE:	0	0	0	0		0	0	
PERCENTAGE CHANGE:		32.9%	14.6%	6.3%		5.7%	5.3%	
POSITIONS:								
EXISTING FTE:		26.00	26.00	26.00		26.00	26.00	
NEW FTE:		0.00	3.50	2.75		5.50	5.50	
TOTAL POSITIONS		26.00	29.50	28.75		31.50	31.50	

BUDGET FORMAT RECOMMENDED BY THE BUDGET DIVISION
AND FISCAL ANALYSIS DIVISION FOR USE BY THE 1995 LEGISLATURE

APPENDIX H

All Agency Memo from the Chair of the SCR 46 Committee Encouraging All Agencies to Update Mission Statements and Performance Indicators



Nevada Legislature

SIXTY-SEVENTH SESSION

JAN EVANS
ASSEMBLYWOMAN
District No. 30

June 3, 1994

COMMITTEES:
Chair
Health and Human Services
Member
Ways and Means
Elections and Procedures

MEMORANDUM

TO: ALL AGENCY ADMINISTRATORS *Jan*

FROM: ASSEMBLYWOMAN JAN EVANS, CHAIR
LEGISLATIVE COMMITTEE STUDYING METHODS
OF ESTABLISHING A LEGISLATIVE BUDGET OFFICE
(SCR 46)

SUBJECT: MISSION STATEMENTS/PERFORMANCE INDICATORS

In 1993 The Executive Budget was dramatically improved for use by the Legislature. One of the significant changes in the budget format was the inclusion of mission statements and performance indicators for each agency. While members of the money committees, in 1993, realized this was the first attempt to include this type of information for use in reviewing the Executive Budget, most members felt that agency mission statements and performance indicators were inadequate.

Mission statements and performance indicators have become a more important part of the budget document as the Legislature moves toward greater programmatic budget review and analysis. In order to begin to improve the information utilized to measure program effectiveness, eleven pilot agencies have been selected to receive a thorough review of mission statements and performance indicators by the Budget Division. Once this review is completed, updated mission statements and performance indicators for each pilot agency will be included in The Executive Budget for review by the 1995 Legislature. The eleven pilot agencies selected for this review include:

1. Rehabilitation Division.
2. Mental Health/Mental Retardation Division.
3. Welfare Division.
4. Division of Child and Family Services.
5. Health Division - Maternal Child Health and Special Children's Clinic only.
6. Department of Administration - Risk Management, Internal Audit and Motor Pool only.
7. Department of Information Services.
8. Department of Taxation.

DISTRICT OFFICE:

3250 Wilma Drive, Sparks, Nevada 89431 • (702) 356-7122

LEGISLATIVE BUILDING:

401 S. Carson Street, Carson City, Nevada 89710 • (702) 687-3665 or 687-5739 • Fax No. (702) 687-5962

ALL AGENCY ADMINISTRATORS

June 3, 1994

Page 2

9. Division of Wildlife.
10. Department of Transportation.
11. Division of Parole and Probation.

While non-pilot agencies are not the focus of special attention, a thorough review of each agency's performance indicators is very important. The Legislative Subcommittee Studying Methods of Establishing a Legislative Budget Office has gone on record encouraging non-pilot agencies to also improve their mission statements and performance indicators for inclusion in The 1995-97 Executive Budget. Proposals for modifying non-pilot agency performance indicators must be received by the Budget Division no later than July 15, 1994.

APPENDIX I

Recommended Definitions for Development of Base Maintenance and Enhancements for Use in the 1995-97 Biennial Budget

DEFINITIONS

Adjusted Base Budget

Actual Year Expenditures

- *Annualize part-year expenses, i.e.,
 - building rents begun in month later than July;
 - worker driven costs for employees phased in over the actual year;
 - other costs justified as only part-year expenditures.
- *Adjust for contractual obligations, i.e, cpi increases built into existing lease agreements.
- * Add expenses required every other year, but not included in actual year expenses, i.e., printing of biennial reports, etc.
- One-time expenditures
 - *Less all equipment expenses from actual year.
 - *Other one-time expenses, i.e, printing requirement one-year only, etc.
- + Annualize salaries
- + Merit Salary Increases
- + Across-the-Board Pay Increases (including triggers)
- + Differences in pay periods
-
- + New Legislative Programs or Deletions
 - - *Annualize programs legislatively approved for an effective date later than July 1.
 - *Delete programs legislatively mandated for deletion.
 - *Annualize programs approved by the Interim Finance Committee during the actual year.
- + Transfers In/Out
 - *Budgetary Transfers (should be automatically included in actual year expenses)
- + Supplemental Appropriations
 - *Add expenses to appropriate category where a supplemental appropriation is requested to accommodate actual year expense obligations.

Program Maintenance

M100 Series

- + - Inflation Factors
 - * CPI increases/decreases
 - * Inflationary increases/decreases provided in the form of additional/reductions in federal funds, i.e., increases in per pupil federal allocations, SSI increases in Welfare budgets, etc.

M200 Series

+ - Demographics/Caseload Changes

- * Expenses associated with caseload changes, increases or decreases.
- * Expenses associated with population changes, increases or decreases
- * Expenses include the addition of new staff, operating, equipment, etc. directly associated with caseload/population changes.

M300 Series

+ Occupational Studies

-

- * Incremental costs associated with results of personnel occupational studies of positions.

M400 Series

+ Rate Adjustments for Fringe Benefits

-

- * Incremental costs associated with changes in personnel fringe benefits.

M600 Series

+ Federal Mandates

-

- * All additional expenses associated with a particular program mandated by the Federal Government.
- * Existing costs are placed in the Base component; additional costs are placed in M600. (See note below.)

+ Court Orders and Consent Decrees

-

- * All additional expenses associated with a particular court order.
- * All additional expenses associated with a particular consent decree.
- * Existing costs are placed in the Base component; additional costs are placed in M600. (See note below)

(Includes the addition of a new eligible group, rate increases, addition to or expansion of existing program if federally mandated or required under court order or consent decree, but must be separated into separate decision units within the M600 series for definition).

NOTE:

Agencies will be requested to provide a separate report outlining existing costs of federal mandates, court orders and consent decrees that have been included in the base component of the budget. Both the Executive and Legislative branches need to know the total cost of the mandate.

Enhancements

M700 Series - CRITICAL ISSUES

+ Changes in level of service directly applicable to the State's identified critical issues (separately identified decision units)

-

- *Build in a separate decision unit for each enhancement decision.
- *Includes increases in rates, i.e, welfare caseload increases would be built into a maintenance decision unit, but increases in the grant rate would be an enhancement decision.
- *New programs.
- *Expansion of, or additions to existing programs.

E800 Series - OTHER

+ Changes in level of service not directly applicable to the State's identified critical issues (separately identified decision units).

- *Expenses associated with maintenance of existing facilities/programs, i.e., replacement equipment, routine maintenance of buildings/facilities.

NOTE: Analysts will need to work closely with their assigned agencies to reach agreement on the placement of expenditure units, i.e., where an expense appears to be maintenance to one and an enhancement to another.

APPENDIX J

Options Considered to Utilize Joint Subcommittee to Review and Develop Recommendations on Agency Budgets

SCR 46 - Legislative Budget Office Recommendations for Review

UTILIZE JOINT SUBCOMMITTEES TO DEVELOP RECOMMENDATIONS ON MOST BUDGETS PLAN A

- * The majority of the Executive Budget would be reviewed by 4 major subcommittees. Full committees would review only major budgets of departments/divisions before a more in-depth review is conducted by 1 of 6 joint subcommittees. Minor agency budgets to be reviewed only in joint subcommittee. Joint subcommittees to develop recommendations on most budgets.
- * In March, schedule 3 mornings per week for joint subcommittees to meet. A total of 8 mornings to be allocated to each joint subcommittee with an additional 3 morning meetings scheduled for each subcommittee to close budgets. If additional time is required, joint subcommittee meetings to be held in the afternoon or evening.
- * A total of six joint subcommittees are recommended:
 - 1) **EDUCATION / NATURAL RESOURCES (79 Budgets - 56% of Gen Fund Appropriations)**
UCCSN, WICHE, DSA/Class Size, Dept of Education, and the Dept of Conservation.
 - 2) **HUMAN RESOURCES (66 Budgets - 25% of Gen Fund Appropriations)**
Welfare, Child & Family Services, MH/MR, Health, and Aging Services.
 - 3) **PUBLIC SAFETY / TRANSPORTATION (60 Budgets - 11% of Gen Fund Appropriations)**
Dept of Prisons, Parole & Probation, Dept of Motor Vehicles, Dept of Transportation.
 - 4) **GENERAL GOVERNMENT (130 Budgets - 3% of Gen Fund Appropriations)**
Dept of Business & Industry, Dept of Employment, Training, and Rehabilitation,
Dept of Information Services, Dept of Administration, and the Supreme Court.
 - 5) **CAPITAL IMPROVEMENTS (3 Budgets - 0.1% of General Fund Appropriations)**
Public Works Board, Capital Improvement Program
 - 6) **AUDIT**
Review reports on agencies audited during the interim period.

Membership on joint subcommittees could not overlap on Education/Natural Resources and Human Resources, or Public Safety/Transportation and General Government which allows more than one subcommittee to work at the same time. Joint subcommittees would make closing recommendations on approximately 84 percent of all budget accounts representing approximately 94% of General Fund appropriations.

SCR 46 - Legislative Budget Office Recommendations for Review

PLAN B-1 DIFFERENCES BETWEEN PLAN A and PLAN B-1

- * Five joint subcommittees would be formed, one less than proposed in Plan A. Three major subcommittees would review the majority of the Executive Budget. Education and Human Resource agencies would be reviewed by a single joint subcommittee. Natural Resources would be combined with Public Safety/Transportation. Agencies reviewed by the General Government subcommittee would be unchanged from Plan A.
- * **The Senate Finance Committee would need to be expanded to 9 members to ensure membership on the three major joint subcommittees would not overlap. This is necessary to allow adequate time for the Education/Human Resources subcommittee to complete its work**
- * A total of five joint subcommittees are recommended:
 - 1) EDUCATION / HUMAN RESOURCES (115 Budgets - 80% of Gen Fund Appropriations)**
 - 2) PUBLIC SAFETY / TRANSPORTATION / NATURAL RESOURCES
(90 Budgets - 12% of Gen Fund Appropriations)**
 - 3) GENERAL GOVERNMENT (130 Budgets - 3% of Gen Fund Appropriations)**
 - 4) CAPITAL IMPROVEMENTS (3 Budgets - 0.1% of General Fund Appropriations)**
 - 5) AUDIT**
- * A total of 16 mornings would be allocated to the Education/Human Resources subcommittee with 8 mornings each provided to the Public Safety/Transportation/ Natural Resources and General Government subcommittees. A total of 3 mornings would be scheduled for each subcommittee to close budgets. If additional time is required, joint subcommittee meetings to be held in the afternoon or evening.

Membership on joint subcommittees could not overlap on Education/Human Resources, Public Safety/Transportation/Natural Resources, or General Government. Joint subcommittees would make closing recommendations on approximately 84 percent of all budget accounts representing approximately 94% of General Fund appropriations.

**SCR 46 - Legislative Budget Office
Recommendations for Review**

**PLAN B-2
DIFFERENCES BETWEEN PLAN A and PLAN B-2**

- * Five joint subcommittees would be formed. The subcommittees would be identical to PLAN B-1.
- * The Senate Finance Committee would remain at 7 members. Membership on the 3 major joint subcommittees would overlap. This would not allow more than 8 morning meetings to be allocated to the Education/Human Resources subcommittee without reducing mornings allocated to other subcommittees, if the time frame established in PLAN A were to be followed. However, additional mornings could be allocated to the Education/Human Resources subcommittee by extending the projected date for completion of work on the budget. (Completion date of May 19 utilized in PLAN A).
- * A total of five joint subcommittees are recommended:
 - 1) **EDUCATION / HUMAN RESOURCES (115 Budgets - 80% of Gen Fund Appropriations)**
 - 2) **PUBLIC SAFETY / TRANSPORTATION / NATURAL RESOURCES
(90 Budgets - 12% of Gen Fund Appropriations)**
 - 3) **GENERAL GOVERNMENT (130 Budgets - 3% of Gen Fund Appropriations)**
 - 4) **CAPITAL IMPROVEMENTS (3 Budgets - 0.1% of General Fund Appropriations)**
 - 5) **AUDIT**

Joint subcommittees would make closing recommendations on approximately 84 percent of all budget accounts representing approximately 94% of General Fund appropriations.

SCR 46 - Legislative Budget Office Recommendations for Review

PLAN C DIFFERENCES BETWEEN PLAN A and PLAN C

- * PLAN A and PLAN C would utilize the same 6 joint subcommittees. However, PLAN C would schedule the Education and Human Resources subcommittees on different days which would allow some overlap in membership between the two subcommittees.
- * In March, schedule 3 mornings per week for joint subcommittees to meet. A total of 8 mornings to be allocated to each joint subcommittee with an additional 3 morning meetings scheduled for each subcommittee to close budgets. If additional time is required, joint subcommittee meetings to be held in the afternoon or evening.
- * A total of six joint subcommittees are recommended:
 - 1) EDUCATION / NATURAL RESOURCES (79 Budgets - 56% of Gen Fund Appropriations)**
UCCSN, WICHE, DSA/Class Size, Dept of Education, and the Dept of Conservation.
 - 2) HUMAN RESOURCES (66 Budgets - 25% of Gen Fund Appropriations)**
Welfare, Child & Family Services, MH/MR, Health, and Aging Services.
 - 3) PUBLIC SAFETY / TRANSPORTATION (60 Budgets - 11% of Gen Fund Appropriations)**
Dept of Prisons, Parole & Probation, Dept of Motor Vehicles, Dept of Transportation.
 - 4) GENERAL GOVERNMENT (130 Budgets - 3% of Gen Fund Appropriations)**
Dept of Business & Industry, Dept of Employment, Training, and Rehabilitation,
Dept of Information Services, Dept of Administration, and the Supreme Court.
 - 5) CAPITAL IMPROVEMENTS (3 Budgets - 0.1% of General Fund Appropriations)**
Public Works Board, Capital Improvement Program
 - 6) AUDIT**
Review reports on agencies audited during the interim period.

Membership on joint subcommittees could not overlap on Education/Natural Resources and General Government, or Human Resources and Public Safety/Transportation which allows more than one subcommittee to work at the same time. Joint subcommittees would make closing recommendations on approximately 84 percent of all budget accounts representing approximately 94% of General Fund appropriations.

APPENDIX K

Recommended Budget Timetable and Calendar
Developed for Agency Hearings before the Money
Committees during the 1995 Session

SCR 46 - Legislative Budget Office Recommendations for Review

BUDGET TIMETABLE

- December 1 -** Adjusted base budget for each agency provided by the Budget Division for Legislative review.
- Early January -** Joint meeting of the Senate Committee on Finance and Assembly Committee on Ways and Means. Fiscal Analysis Division and Budget Division to review revenue forecast developed by the Economic Forum, the adjusted base budget, and provide summary information on the maintenance component of the 1995-97 budget.
- January 16 -** Start of Session.
- January 19 -** Budget hearings begin (Dependent on State of the State message)
- February 3 -** Deadline for BDR's necessary to implement the Executive Budget to be received by the Legal Division.
- February 6-17** Recess Period - Joint money committee hearings scheduled for 8:00-11:30AM and 1:30-5:00PM.
- February 24 -** Joint subcommittee meetings begin.
- Month of March -** Three days each week are scheduled for joint subcommittee meetings. A total of eight morning meetings are allocated for each subcommittee before budget closings begin. If more meetings are necessary, afternoon or evening meetings will be required. Additional mornings have been allocated for joint subcommittee closings.
- March 9 -** First round budget hearings in full committee are completed.
- April 11-26** Two mornings per week are scheduled for joint subcommittee closings.
- April 17 -** First joint meeting scheduled to resolve budget closings between the Senate Committee on Finance and Assembly Committee on Ways and Means.
- May 8 -** Last joint meeting scheduled to resolve closing differences.
- May 19 -** Budget Bills Passed.

SCR 46 - LEGISLATIVE BUDGET OFFICE
POTENTIAL MONEY COMMITTEE HEARINGS SCHEDULE
JANUARY 1995

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
2	3	4	5	6	7
9	10	11	12	13	14
16	17	18	19	20	21
FIRST DAY OF SESSION	Committee Organization	Budgeting 101 Revenue Estimates State of the State	Exec Budget Overview (JOINT)	Governor Controller Treasurer	
23	24	25	26	27	28
Personnel Administration Motor Pool Printing Purchasing Admin Services	Dept of Museums, Library, & Arts	Budget & Planning Internal Audit Taxation	Gaming PSC Nuclear Waste	Attorney General Sec of State Victims of Crime	
30	31				
(JOINT) Bus & Industry Admin Insurance Consumer Affairs Financial Inst	Military Veterans Fire Marshall Hazard Materials				

SCR 46 - LEGISLATIVE BUDGET OFFICE
POTENTIAL MONEY COMMITTEE HEARINGS SCHEDULE
FEBRUARY 1995

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
		1	2	3	4
		(JOINT) Conservation Directors Office Forestry Parks Lands Water	(JOINT) Conservation TRPA Enviro Protect Wildlife	Lt. Governor Dir - Human Res Hearings & Appeals	
6	7	8	9	10	11
<u>Morning 8-11:30</u> Public Works Build & Grounds CIPS <u>Afternoon 1:30-5</u> CIPS Aging Services	<u>Morning 8-11:30</u> MH/MR <u>Afternoon 1:30-5</u> Health	<u>Morning 8-11:30</u> Welfare Provider Tax <u>Afternoon 1:30-5</u> Child & Family	<u>Morning 8-11:30</u> UCCSN <u>Afternoon 1:30-5</u> UCCSN WICHE Finish at 3PM	<u>Morning 8-11:30</u> Reserve for LV Subcomm Hearin <u>Afternoon 1:30-5</u> Reserve for LV Subcomm Hearing	
13	14	15	16	17	18
<u>Morning 8-11:30</u> NDOT DMV-Motor Veh <u>Afternoon 1:30-5</u> DMV-Pub Safety	<u>Morning 8-11:30</u> DSA Class Size <u>Afternoon 1:30-5</u> Dept of Ed - -	<u>Morning 8-11:30</u> Information Serv Risk Management <u>Afternoon 1:30-5</u> Employ&Training Rehab, Admin, & Equal Rights	<u>Morning 8-11:30</u> <u>Afternoon 1:30-5</u> SIIS DIR	<u>Morning 8-11:30</u> Prison <u>Afternoon 1:30-5</u> Parole&Probation Parole Board Public Defender	
20	21	22	23	24	25
BILLS	Business & Industry Real Estate Unclaim Property EMRB	Washington Office Econ Develop Tourism	Employ & Train ESD JTPA DMV Emer Manage SERC	JOINT SUBCOMMITTEE Meeting 1 Education / Nat Res Human Resources	
27	28				
BILLS	Agriculture Minerals Dairy Comm Athletic Comm Nev Att - Injured				

SCR 46 - LEGISLATIVE BUDGET OFFICE
POTENTIAL MONEY COMMITTEE HEARINGS SCHEDULE
MARCH 1995

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
		1	2	3	4
		JOINT SUBCOMMITTEE	JOINT SUBCOMMITTEE	Courts	
		Meeting 1 Public Safety/Trans General Gov	Meeting 2 Education / Nat Res Human Resources		
6	7	8	9	10	11
BILLS	JOINT SUBCOMMITTEE	JOINT SUBCOMMITTEE	LCB PERS	JOINT SUBCOMMITTEE	
	Meeting 2 Public Safety/Trans General Gov	Meeting 3 Education / Nat Res Human Resources		Meeting 3 Public Safety/Trans General Gov	
13	14	15	16	17	18
BILLS	JOINT SUBCOMMITTEE	JOINT SUBCOMMITTEE		JOINT SUBCOMMITTEE	
	Meeting 4 Education / Nat Res Human Resources	Meeting 4 Public Safety/Trans General Gov		Meeting 5 Education / Nat Res Human Resources	
20	21	22	23	24	25
BILLS	JOINT SUBCOMMITTEE	JOINT SUBCOMMITTEE		JOINT SUBCOMMITTEE	
	Meeting 5 Public Safety/Trans General Gov	Meeting 6 Education / Nat Res Human Resources		Meeting 6 Public Safety/Trans General Gov	
27	28	29	30	31	
BILLS	JOINT SUBCOMMITTEE	JOINT SUBCOMMITTEE		JOINT SUBCOMMITTEE	
	Meeting 7 Education / Nat Res Human Resources	Meeting 7 Public Safety/Trans General Gov		Meeting 8 Education / Nat Res Human Resources	

SCR 46 - LEGISLATIVE BUDGET OFFICE
POTENTIAL MONEY COMMITTEE HEARINGS SCHEDULE
APRIL 1995

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
					1
3	4	5	6	7	8
BILLS	JOINT SUBCOMMITTEE				
	Meeting 8 Public Safety/Trans General Gov				
10	11	12	13	14	15
BILLS	JOINT SUBCOMMITTEE CLOSINGS	JOINT SUBCOMMITTEE CLOSINGS			
17	18	19	20	21	22
FIRST JOINT COMMITTEE MEETING	JOINT SUBCOMMITTEE CLOSINGS	JOINT SUBCOMMITTEE CLOSINGS			
BUDGET CLOSINGS					
24	25	26	27	28	29
BILLS	JOINT SUBCOMMITTEE CLOSINGS	JOINT SUBCOMMITTEE CLOSINGS			

SCR 46 - LEGISLATIVE BUDGET OFFICE
POTENTIAL MONEY COMMITTEE HEARINGS SCHEDULE
MAY 1995

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
1	2	3	4	5	6
BILLS					
8	9	10	11	12	13
LAST JOINT COMMITTEE MEETING					
BUDGET CLOSINGS					
15	16	17	18	19	20
				BUDGET BILLS PASSED	
22	23	24	25	26	27
29	30	31			

APPENDIX L

Recommended Breakdown of Budget Accounts to Receive Full Committee Review vs Joint Subcommittee Review Only

SCR 46 - LEGISLATIVE BUDGET OFFICE
POTENTIAL JOINT SUBCOMMITTEES
1995 SESSION

**RECOMMENDED BREAKDOWN OF BUDGETS
TO RECEIVE FULL COMMITTEE REVIEW
VERSUS JOINT SUBCOMMITTEE REVIEW ONLY**

Education/Natural Resources (79 budgets)

Full Committee and Joint
Subcommittee Review

Joint Subcommittee
Review Only

K-12 Education

Distributive School Account
Class Size Reduction

Education State Programs
Ed of Handicapped (NRS 395)
Occupational Education
Proficiency Education
Professional Standards Comm
School Improvement Program
ECIA - Chapter 2
Education Support Services

Drug Abuse Education
Student Incentive Grants
Teacher Training - ESL
School Health Ed - AIDS
Education - JTPA
Adult Basic Education
Nutrition Education
Educational Personnel Testing
Other State Programs
Early Childhood Education
Education Gift Fund
Title II - EESA
Discretionary Grants
ECIA - Chapter I
Ed for Handicapped Act
Ed for Handicapped-Teacher Train

University and Community College System

Chancellors Office
System Computing Center
University of Nevada, Reno
University of Nevada, Las Vegas
CCSN
TMCC
WNCC
NNCC
School of Medicine
Desert Research Institute

University Press
Intercollegiate Athletics - UNLV
Intercollegiate Athletics - UNR
Special Projects
Statewide Programs - UNR
Statewide Programs - UNLV
Agriculture Experiment Station
Cooperative Extension Service
Radiation Safety Board
Business Center South
Business Center North
National Direct Student Loan

SCR 46 - LEGISLATIVE BUDGET OFFICE
Education/Natural Resources (79 budgets)

Full Committee and Joint
Subcommittee Review

Joint Subcommittee
Review Only

WICHE

WICHE Administration
WICHE Loan & Stipend

Dept of Conservation

Director's Office
Enviro Protection-Admin
Division of Water Planning
Division of State Parks
Division of State Lands
Division of Forestry
Forest Fire Suppression
Forestry Intergov Agreements
Division of Wildlife
TRPA
High Level Nuclear Waste

Nevada Natural Heritage
State Environmental Comm
Conservation Districts
Heil Wild Horse Bequest
Nevada TRPA
Carey Act - State Lands
State Climatologist
Enviro Protection:
 Air Quality Division
 Water and Mining Division
 Waste Management Division
Forestry Honor Camps
Forestry Nurseries
Mining Cooperative Fund
Colorado River Commission:
 CRC Federal Pumping Facilities
 CRC Research & Development
 Power Marketing Fund
 Fort Mohave Development Fund
 Alfred Smith Water Treatment

SCR 46 - LEGISLATIVE BUDGET OFFICE
POTENTIAL JOINT SUBCOMMITTEES
1995 SESSION

**RECOMMENDED BREAKDOWN OF BUDGETS
TO RECEIVE FULL COMMITTEE REVIEW
VERSUS JOINT SUBCOMMITTEE REVIEW ONLY**

Human Resources (66 Budgets)

**Full Committee and Joint
Subcommittee Review**

**Joint Subcommittee
Review Only**

Director's Office

Dept of Human Res - Admin

Purchase of Social Services
Health Resources Cost Review
Community Services Block Grant

Welfare Division

Welfare Admin
Aid to Dependent Children
Child Support Enforcement
Aged and Blind
Employment & Training
Food Stamps
Medicaid

Homemaking Services
Energy Assistance
Petroleum Overcharge
Weatherization
Homeless Grants

Health Division

State Health Officer
Consumer Health Protection
Community Health Services
Communicable Disease Control
Immunization
Laboratory and Research
Children's Health Services
Special Children's Clinic
WIC

Vital Statistics
Cancer Control Registry
Health Aid to Counties
Radiological Health
Radioactive Material Disposal
Bureau of Health Facilities
Family Planning
Sexually Transmitted Disease
Emergency Medical Services

SCR 46 - LEGISLATIVE BUDGET OFFICE

Human Resources (66 Budgets)

Full Committee and Joint
Subcommittee Review

Joint Subcommittee
Review Only

Division of Child & Family Services

Child & Family Services-Admin
Youth Community Services
North Nev Child & Adolescent
South Nev Child & Adolescent
Child Care Services Bureau
Youth Corrections (Parole)
Youth Alternative Placements
Nevada Youth Train Center
Caliente Youth Center
Chapter I - Special Ed

Victims of Domestic Violence
Child Abuse & Neglect
Child Welfare Trust
Children's Trust Account
Farm Account - NYTC
Chapter I & II - NYTC

Division of Mental Health/Mental Retardation

MH/MR Administration
South Nevada Adult MH Services
Mental Health Institute
Lakes Crossing
Rural Clinics
Southern Nevada MR Services
Northern Nevada MR Services

MH/MR Regional Training
Southern Nevada Food Services
MH/MR Home Care
Community Training Centers
Residential Placement

Aging Services

Division of Aging Services
Senior Services Program

Other Agencies

Public Defender

Indian Commission

SCR 46 - LEGISLATIVE BUDGET OFFICE
POTENTIAL JOINT SUBCOMMITTEES
1995 SESSION

**RECOMMENDED BREAKDOWN OF BUDGETS
TO RECEIVE FULL COMMITTEE REVIEW
VERSUS JOINT SUBCOMMITTEE REVIEW ONLY**

Public Safety/Transportation (60 Budgets)

Full Committee and Joint
Subcommittee Review

Joint Subcommittee
Review Only

Department of Prisons

Dept of Prisons - Admin	Prison Warehouse Fund
Prison Medical Care	Offenders Store Fund
Restitution Center South	Inmate Welfare Account
Southern Nevada Corr Center	Destitute Prisoners fund
Southern Desert Corr Center	Restitution Center North
Ely State Prison	Prison Industry
Nevada State Prison	Prison Dairy
Northern Nevada Corr Center	Pioche Honor Camp
Nevada Women's Corr Center	Humboldt Honor Camp
Indian Springs Honor Camp	Ely Honor Camp
Stewart Honor Camp	Jean Honor Camp
Tonopah Honor Camp	Silver Springs Honor Camp
Wells Honor Camp	Carlin Honor Camp

Department of Transportation

Dept of Transportation - Admin

SCR 46 - LEGISLATIVE BUDGET OFFICE
Public Safety/Transportation (60 Budgets)

Full Committee and Joint
Subcommittee Review

Joint Subcommittee
Review Only

Department of Motor Vehicles

Director's Office
Administrative Services
Drivers License Division
Motor Carrier
Registration Division
Verification of Insurance
Highway Patrol
Highway Patrol Special Fund
Hazardous Materials
Criminal History Repository
Investigations Division
Peace Officers Standards & Train
Parole & Probation
Parole Board
Division of Emer Management
State Emergency Response Comm
Fire Marshall
Hazardous Material Training
Veterans Affairs

Forfeitures-Registration Div
Commercial Drivers License
Salvage Wreckers/Body Shops
Records Search
Traffic Safety
Highway Safety Plan & Admin
Bicycle Safety Program
Motorcycle Safety Program
Crimes Against Children
Narcotics Control Grants
Forfeitures - Law Enforcement
Justice Assistance Act
Emer Management Assistance
Emer Management - Fed Grants

SCR 46 - LEGISLATIVE BUDGET OFFICE
POTENTIAL JOINT SUBCOMMITTEES
1995 SESSION

**RECOMMENDED BREAKDOWN OF BUDGETS
TO RECEIVE FULL COMMITTEE REVIEW
VERSUS JOINT SUBCOMMITTEE REVIEW ONLY**

General Government (130 Budgets)

**Full Committee and Joint
Subcommittee Review**

**Joint Subcommittee
Review Only**

Department of Business & Industry

Directors Office
Insurance Regulation
Insurance Fraud Section
Insurance Examiners Fund
Dept of Industrial Relations
Preventative Safety
Financial Institutions
Real Estate Administration
Consumer Affairs
Consumer Aff - Telemarketing
Unclaimed Property
Employee Manage Relations Board
Labor Commission

Nat Association-Insurance Comm
Insurance Cost Stabilization
Self Insured-Workmans Comp
Comm for Hospital Patients
Insurance Ed and Research
Insurance Insolvency Fund
Insurance Recovery
Prepaid Funeral and Cemetery
DIR - Enforce for Industrial Safety
DIR - Mine Inspection
Financial Inst - Investigation
Financial Inst - Audit Program
Real Estate Ed & Research
Real Estate Investigative Fund
Real Estate Recovery Fund
Manufactured Housing Fund
Mobile Home Parks
Lot Rent Subsidy
Manufactured Housing Education
Consumer Aff - Restitution
Housing Division
Low Income Housing Trust Fund
Rural Housing
Post Secondary Education
Taxicab Authority
Office of Protection & Advocacy
Mentally Ill Individuals Program
ALL Professional Boards & Comm

SCR 46 - LEGISLATIVE BUDGET OFFICE
General Government (130 Budgets)

Full Committee and Joint
Subcommittee Review

Joint Subcommittee
Review Only

Department of Business & Industry (Continued)

Plant Industry Fund	Grade & Cert of Ag Products
Livestock Inspection	Alfalfa Seed Research
Veterinary Medical Services	Agriculture Registration & Enforce
Gas Pollution Standards	Apiary Inspection
Division of Minerals	Insect Abatement
Dairy Commission	Predatory Animal & Rodent Control
Athletic Commission	Rural Rehab Trust Fund
Nev Attorney-Injured Workers	Grazing Control
	Woolgrowers Predatory Control
	Sheep Certification
	High School Rodeo
	Nevada Beef Council
	Junior Livestock Show Board

Dept of Employment, Training and Rehabilitation

Directors Office	Social Security-Vocational Rehab
Rehabilitation Admin	Hearing Devices Program
Vocational Rehabilitation	Community Based Services
Services to the Blind	Blind Business Enterprise Program
Financial Assist-Physically Disabled	Developmental Disabilities
Traumatic Head Injury Program	Disability Adjudication
State Job Training Office	Alcohol Tax Program
Job Training Partnership Act	Claimant Employment Fund
Employment Security Division	Employment Security Special Fund
Equal Rights Commission	SOICC
Equal Employment Opportunity	Comm to Hire Handicapped
Drug Commission	

Dept of Information Services

Directors Office
Planning & Research Division
Systems & Programming
Computer Facility
Telecommunications
Communications Board

SCR 46 - LEGISLATIVE BUDGET OFFICE
General Government (130 Budgets)

Full Committee and Joint
Subcommittee Review

Joint Subcommittee
Review Only

Dept of Administration (except Public Works Board)

Budget & Planning Division	State Employees Worker's Comp
Internal Audit Division	Retired Employee Group Insure
Benefit Services Fund (Group Insure)	Supplemental Fund - Indigents
State Printing Office	Indigent Accident Fund
Motor Pool	Printing Office Equip Purchase
Purchasing	Records Management - Micrographic
Admin Services Division	Motor Pool Vehicle Purchase
Buildings & Grounds	Commodity Food Program
Insurance and Loss Prevention	Purchasing - Equipment
Hearings and Appeals Division	Surplus Property
Victims of Crime	Capitol Police
	Clear Creek Youth Center
	Marlette Lake
	Carson Water Treatment Plant
	Worker's Comp Hearings Reserve
	Deferred Compensation

Supreme Court

Supreme Court	Board of Pardons
Justices & Widows Pensions	Uniform System of Judicial Records
Judges & Widows Pensions	District Judges Salary
Law Library	Law Library Trustees
Admin Office of the Courts	District Judges Travel
Judicial Discipline	Judicial Education
	Judicial Selection

SCR 46 - LEGISLATIVE BUDGET OFFICE
POTENTIAL JOINT SUBCOMMITTEES
1995 SESSION

**RECOMMENDED BREAKDOWN OF BUDGETS
TO RECEIVE FULL COMMITTEE REVIEW
VERSUS JOINT SUBCOMMITTEE REVIEW ONLY**

Capital Improvements (3 Budgets)

Full Committee and Joint
Subcommittee Review

Joint Subcommittee
Review Only

Capital Improvement Program
Public Works Board
Public Works Board - Inspection

APPENDIX M 1.

Recommended Legislation

BDR 17-457 provides for fundamental review of
budgets of state agencies by legislature.

SUMMARY--Provides for fundamental review of base budgets of state agencies by legislature. (BDR 17-457)

FISCAL NOTE: Effect on Local Government: No.

Effect on the State or on Industrial Insurance: Yes.

AN ACT relating to the state budget; providing for the creation of one or more legislative committees for the fundamental review of the base budgets of state agencies; providing the duties and powers of such a committee; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Chapter 218 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 8, inclusive, of this act.

Sec. 2. *As used in sections 2 to 7, inclusive, of this act, "committee" means a legislative committee for the fundamental review of the base budgets of state agencies.*

Sec. 3. 1. If:

(a) The legislature, by concurrent resolution, during a regular legislative session; or

(b) The interim finance committee, by resolution, while the legislature is not in regular session,

determines that the performance of a fundamental review of the base budget of a particular agency is necessary, the legislative commission shall create a legislative committee for the fundamental review of the base budgets of state agencies. The legislative commission may create more than one such committee if the number of agencies designated for review warrants additional committees. If more than one such committee is created, the legislative commission shall determine which agencies are to be reviewed by the respective committees.

2. Each such committee must consist of an equal number of members of the senate and the assembly. The majority leader of the senate and the speaker of the assembly shall appoint the members of a committee. At least a majority of the members of a committee must be members of the interim finance committee. The legislative commission shall designate the chairman of a committee.

3. Any member of a committee who is not a candidate for reelection or who is defeated for reelection continues to serve until the next session of the legislature is convened.

4. Vacancies on a committee must be filled in the same manner as original appointments.

5. A majority of the members appointed to a committee constitutes a quorum.

6. The director of the legislative counsel bureau shall assign employees of the legislative counsel bureau to provide such technical, clerical and operational assistance to a committee as the functions and operations of the committee may require.

Sec. 4. 1. *The members of a committee shall meet throughout each year at the times and places specified by a call of the chairman or a majority of the committee. The director of the legislative counsel bureau or a person he has designated shall act as the nonvoting recording secretary.*

2. *Except during a regular or special session of the legislature, members of a committee are entitled to receive the compensation provided for a majority of the members of the legislature during the first 60 days of the preceding regular session for each day or portion of a day during which he attends a meeting of the committee or is otherwise engaged in the business of the committee plus the per diem allowance provided for state officers and employees generally and the travel expenses provided pursuant to NRS 218.2207.*

3. *The salaries and expenses of a committee must be paid from the legislative fund.*

Sec. 5. 1. *A committee shall, during the legislative interim, perform a fundamental review of the base budget of each state agency assigned to it for review.*

2. *A committee may request the state agency under review and any other agency to submit information, analyses and reports which are pertinent to the reviews conducted pursuant to this section. Each agency of the state shall cooperate fully and provide the material requested within the period specified by a committee.*

3. *A committee shall, before the convening of the next regular session of the legislature, transmit a report of each review conducted pursuant to this section, and any related recommendations, to the legislative commission.*

Sec. 6. 1. *In conducting the investigations and hearings of a committee:*

(a) *The secretary of the committee or, in his absence, any member designated by the committee may administer oaths.*

(b) *The secretary or chairman of the committee may cause the deposition of witnesses, residing either within or outside of the state, to be taken in the manner prescribed by rule of court for taking depositions in civil actions in the district courts.*

(c) *The chairman of the committee may issue subpoenas to compel the attendance of witnesses and the production of books and papers.*

2. *If any witness refuses to attend or testify or produce any books and papers as required by the subpoena, the chairman of the committee may report to the district court by petition, setting forth that:*

(a) *Due notice has been given of the time and place of attendance of the witness or the production of the books and papers;*

(b) *The witness has been subpoenaed by the committee pursuant to this section; and*

(c) *The witness has failed or refused to attend or produce the books and papers required by the subpoena before the committee which is named in the subpoena, or has refused to answer questions propounded to him,*

Flusit and asking for an order of the court compelling the witness to attend and testify or produce the books and papers before the committee.

3. *Upon such a petition, the court shall enter an order directing the witness to appear before the court at a time and place to be fixed by the court in its order, the time to be not more than 10 days after the date of the order, and to*

show cause why he has not attended or testified or produced the books or papers before the committee. A certified copy of the order must be served upon the witness.

4. If it appears to the court that the subpoena was regularly issued by the committee, the court shall enter an order that the witness appear before the committee at the time and place fixed in the order and testify or produce the required books or papers. Failure to obey the order constitutes contempt of court.

Sec. 7. Each witness who appears before a committee by its order, except a state officer or employee, is entitled to receive for his attendance the fees and mileage provided for witnesses in civil cases in the courts of record of this state. The fees and mileage must be audited and paid upon the presentation of proper claims sworn to by the witness and approved by the secretary and chairman of the committee.

Sec. 8. 1. Except as otherwise provided in subsection 2, the interim finance committee may exercise the powers conferred upon it by law only when the legislature is not in regular or special session.

2. During a regular session the interim finance committee may also perform the duties imposed on it by subsection 5 of NRS 284.115, subsection 3 of NRS 328.480, subsection 1 of NRS 341.145, NRS 353.220, 353.224 and 353.335, paragraph (b) of subsection 4 of NRS 407.0762, NRS 428.375, subsection 6 of NRS 445.700 and NRS 538.650. In performing those duties, the senate standing committee on finance and the assembly standing committee on ways and means may meet separately and transmit the results of their respective votes to the

chairman of the interim finance committee to determine the action of the interim finance committee as a whole.

3. If the interim finance committee determines that a fundamental review of the base budget of a state agency is necessary, it shall, by resolution, notify the legislative commission of that finding for assignment of the review to a legislative committee for the fundamental review of the base budgets of state agencies established pursuant to section 3 of this act.

Sec. 9. NRS 218.610 is hereby amended to read as follows:

218.610 As used in NRS 218.610 to 218.735, inclusive, *and section 8 of this act*, "agency of the state" includes all offices, departments, boards, commissions or institutions of the state, and the state industrial insurance system.

Sec. 10. NRS 218.6825 is hereby amended to read as follows:

218.6825 1. There is hereby created in the legislative counsel bureau an interim finance committee composed of the members of the assembly standing committee on ways and means and the senate standing committee on finance during the current or immediately preceding session of the legislature. The immediate past chairman of the senate standing committee on finance is the chairman of the interim finance committee for the period ending with the convening of each even-numbered regular session of the legislature. The immediate past chairman of the assembly standing committee on ways and means is the chairman of the interim finance committee during the next legislative interim, and the chairmanship alternates between the houses of the legislature according to this pattern.

2. If any regular member of the committee informs the secretary that he will be unable to attend a particular meeting, the secretary shall notify the speaker of the assembly or the majority leader of the senate, as the case may be, to appoint an alternate for that meeting from the same house and political party as the absent member.

3. [The interim finance committee, except as otherwise provided in subsection 4, may exercise the powers conferred upon it by law only when the legislature is not in regular or special session.] The membership of any member who does not become a candidate for reelection or who is defeated for reelection continues until the next session of the legislature is convened.

4. [During a regular session the interim finance committee may also perform the duties imposed on it by subsection 5 of NRS 284.115, subsection 3 of NRS 328.480, subsection 1 of NRS 341.145, NRS 353.220, 353.224 and 353.335, paragraph (b) of subsection 4 of NRS 407.0762, NRS 428.375, subsection 6 of NRS 445.700 and NRS 538.650. In performing those duties, the senate standing committee on finance and the assembly standing committee on ways and means may meet separately and transmit the results of their respective votes to the chairman of the interim finance committee to determine the action of the interim finance committee as a whole.

5.] The director of the legislative counsel bureau shall act as the secretary of the interim finance committee.

[6.] 5. A majority of the members of the assembly standing committee on ways and means and a majority of the members of the senate standing

committee on finance, jointly, may call a meeting of the interim finance committee if the chairman does not do so.

[7.] 6. In all matters requiring action by the interim finance committee, the vote of the assembly and senate members must be taken separately. [An action must not] *No action may* be taken unless it receives the affirmative vote of a majority of the assembly members and a majority of the senate members.

[8.] 7. Except during a regular or special session of the legislature, each member of the interim finance committee and appointed alternate is entitled to receive the compensation provided for a majority of the members of the legislature during the first 60 days of the preceding regular session for each day or portion of a day during which he attends a committee meeting or is otherwise engaged in committee work plus the per diem allowance provided for state officers and employees generally and the travel expenses provided pursuant to NRS 218.2207. All such compensation must be paid from the contingency fund in the state treasury.

Sec. 11: This act becomes effective July 1, 1995.

APPENDIX M 2.

Recommended Legislation

BDR 17-458 creates legislative budget office within
legislative counsel bureau

SUMMARY--Creates legislative budget office within legislative counsel bureau.

(BDR 17-458)

FISCAL NOTE: Effect on Local Government: No.

Effect on the State or on Industrial Insurance: Yes.

AN ACT relating to the legislature; providing in skeleton form for the creation of the legislative budget office in the legislative counsel bureau; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Chapter 218 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 5, inclusive, of this act.

Sec. 2. 1. *The legislative budget director must have 4 years of responsible experience and education in accounting, public budget administration, governmental research, or in a related position involving administrative or financial responsibility, or any equivalent combination of experience or training.*

2. *The legislative budget director must be selected with special reference to his training, experience, capacity and interest in the activities involved in preparing a budget for the state government. His knowledge and abilities must include the following:*

(a) A comprehensive knowledge of the principles and practices of public budgeting and governmental accounting, and a working knowledge of statistical methods.

(b) An extensive knowledge of the organization and operations of the departments, institutions and agencies of state government, and of statutes and regulations governing state budgeting and accounting.

(c) An extensive knowledge of principles of public organization and administration.

(d) Administrative ability in the direction of staff analyses of state budgetary and other operations, and in the maintenance of effective working relationships with all state officers concerned with budget administration.

(e) The ability to organize and present clearly oral and written reports of findings and recommendations.

Sec. 3. 1. The legislative budget office shall prepare the legislative proposal for the budget for the state government for each biennium for presentation to the legislature for its consideration not later than the second day of each regular session of the legislature.

2. The legislative proposal for the budget must include:

(a) A complete financial plan for the next 2 fiscal years;

(b) All proposed expenditures for the administration, operation and maintenance of the departments, institutions and agencies of the state government, including those operating on money designated for specific purposes by the constitution or otherwise;

(c) All interest and debt redemption charges during the next 2 fiscal years;

(d) All expenditures for capital projects to be undertaken and executed during the next 2 fiscal years; and

(e) The anticipated revenue of the state government and any other additional means of financing the expenditures proposed for the next 2 fiscal years.

Sec. 4. *The legislative proposal for the budget for each fiscal year of the biennium must include three parts:*

1. Part 1 must consist of a statement which outlines the financial plan of the state government for the next 2 fiscal years and describes the important features of the financial plan. It must also include a general summary of the budget, setting forth the aggregate figures of the budget in such a manner as to show the balanced relations between the total proposed expenditures and the total anticipated revenues, together with the other means of financing the budget for the next 2 fiscal years, as contrasted with the corresponding figures for the last completed fiscal year and fiscal year in progress. The general summary of the budget must be supported by explanatory schedules or statements and include a classification of the expenditures contained in the budget by organizational units, objects and funds and the income by organizational units, sources and funds.

2. Part 2 must include detailed budgetary estimates of expenditures and revenues. It must also include statements of the bonded indebtedness of the state government, showing the requirements for the redemption of debt, the debt authorized and unissued, and the condition of the sinking funds, and any statements concerning the financial plan which may be required by the legislature.

3. Part 3 must include a general appropriation bill authorizing, by departments, institutions and agencies, and by funds, all expenditures of the state government for the next 2 fiscal years, and may include complete drafts of such other bills as may be required to provide the income necessary to finance the budget and to give legal sanction to the financial plan if adopted by the legislature.

Sec. 5. 1. The legislative budget office may request any officer or employee of the executive or judicial branch of the state government or any other entity which receives money from a legislative appropriation to provide or prepare any record, document, report or other information which the legislative budget office determines is necessary to carry out its duties.

2. Any such officer or employee who receives a request pursuant to subsection 1 shall provide or prepare any information requested by the legislative budget office within the period specified in the request.

3. Notwithstanding any other specific statute, the information requested by the legislative budget office may include information considered confidential for other purposes.

Sec. 6. NRS 218.085 is hereby amended to read as follows:

218.085 1. The legislative fund is hereby created as a special revenue fund for the use of the legislature, and where specifically authorized by law, for the use of the legislative counsel bureau.

2. Support for the legislative fund must be provided by legislative appropriation from the state general fund.

3. Expenditures from the legislative fund may be made for:

- (a) The payment of necessary operating expenses of the senate;
- (b) The payment of necessary operating expenses of the assembly;
- (c) The payment of the necessary improvements to the legislative building and its grounds;
- (d) The payment of expenses for the interim operation of the legislature; and
- (e) The payment of necessary operating expenses of, but not limited to:
 - (1) The legislative commission;
 - (2) The legal division;
 - (3) The research division;
 - (4) The audit division;
 - (5) The fiscal analysis division; [and]
 - (6) The administrative division [,] ; and
 - (7) *The legislative budget office,*

flush of the legislative counsel bureau.

4. Expenditures from the legislative fund for purposes other than those specified in subsection 3 or authorized specifically by another statute may be made only upon the authority of a concurrent resolution regularly adopted by the senate and assembly.

5. All money in the legislative fund must be paid out on claims approved by the director of the legislative counsel bureau or his designee as other claims against the state are paid.

Sec. 7. NRS 218.620 is hereby amended to read as follows:

218.620 1. There is hereby created the legislative counsel bureau, which consists of a legislative commission, an interim finance committee, a director, an audit division, a fiscal analysis division, a legal division, a research division, [and] an administrative division [.] *and a legislative budget office.*

2. The legislative auditor is chief of the audit division. The legislative counsel is chief of the legal division. The research director is chief of the research division. *The legislative budget director is the chief of the legislative budget office.* The director shall designate from time to time one of the fiscal analysts to be responsible for the administration of the fiscal analysis division.

3. The legislative commission shall:

(a) Appoint the director.

(b) Fix the compensation of the director, each of the other division chiefs, *the legislative budget director* and each fiscal analyst.

4. The director shall appoint the fiscal analysts , *the legislative budget director* and the chiefs of the other divisions with the approval of the legislative commission, and may serve as the chief of any division [.] *or office.*

5. The director may, with the consent of the legislative commission, designate one of the [other division] chiefs *of the other divisions or office* or an employee of the legislative counsel bureau as deputy director, who shall serve as deputy director without additional compensation.

APPENDIX M 3.

Recommended Legislation

BDR 31-459--Makes various changes regarding
preparation of governmental budgets.

SUMMARY--Makes various changes regarding preparation of governmental budgets. (BDR 31-459)

FISCAL NOTE: Effect on Local Government: No.

Effect on the State or on Industrial Insurance: No.

AN ACT relating to governmental budgets; revising deadlines for the submission of certain budgetary information; broadening the scope of budgetary information provided to the fiscal division of the legislative counsel bureau by the budget division of the department of administration; providing a deadline for the governor to submit sufficiently detailed requests for legislative measures to carry out the state budget; creating a budget subcommittee of the legislative commission; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. NRS 353.185 is hereby amended to read as follows:

353.185 The powers and duties of the chief are:

1. To appraise the quantity and quality of services rendered by each agency in the executive department of the state government, and the needs for such services and for any new services.

2. To develop plans for improvements and economies in organization and operation of the executive department, and to install such plans as are approved by the respective heads of the various agencies of [such] *the executive* department, or as are directed to be installed by the governor or the legislature.

3. To cooperate with the state public works board in developing comprehensive, long-range plans for capital improvements and the means for financing them.

4. To devise and prescribe the forms [of operation] *for* reports *on the operations of the agencies in the executive department* to be required periodically from the several agencies in the executive department, and to require the several agencies to make such reports.

5. To prepare the executive budget report for the governor's approval and submission to the legislature.

6. To prepare a *proposed* budget for the executive department of the state government for the next 2 fiscal years, which *proposed* budget [shall:] *must*:

(a) Present a complete financial plan for the next 2 fiscal years;

(b) Set forth all proposed expenditures for the administration, operation and maintenance of the departments, institutions and agencies of the executive department of the state government, including those operating on funds designated for specific purposes by the constitution or otherwise;

(c) Set forth all interest and debt redemption charges during the next 2 fiscal years;

(d) Set forth all expenditures for capital projects to be undertaken and executed during the next 2 fiscal years; and

(e) Set forth the anticipated revenues of the state government, and any other additional means of financing the expenditures proposed for the next 2 fiscal years.

7. To examine and approve work programs and allotments to the several agencies in the executive department, and changes therein.

8. To examine and approve statements and reports on the estimated future financial condition and the operations of the agencies in the executive department of the state government and the several [budget] *budgetary* units, *which have been prepared by those agencies and budgetary units*, before any such reports are released to the governor, to the legislature, or for publication .
[, which have been prepared by such agencies and budget units.]

9. To receive and deal with requests for information as to the [budget] *budgetary* status and operations of the executive agencies of the state government.

10. To prepare such statements of unit costs and other [cost] statistics *relating to costs* as may be required from time to time, or requested by the governor or the legislature.

11. To do and perform such other and further duties relative to the development and submission of an adequate *proposed* budget for the executive department of the state government of the State of Nevada as the governor may require.

Sec. 2. NRS 353.205 is hereby amended to read as follows:

353.205 The [state] *proposed* budget for the executive department of the state government for each fiscal year must be set up in three parts:

1. Part 1 must consist of a [budget] *budgetary* message by the governor which outlines the financial policy of the executive department of the state government for the next 2 fiscal years, describing in connection therewith the important features of the financial plan. It must also embrace a general [budget] *summary of the proposed budget* setting forth the aggregate figures of the *proposed* budget in such a manner as to show the balanced relations between the total proposed expenditures and the total anticipated revenues, together with the other means of financing the *proposed* budget for the next 2 fiscal years, contrasted with the corresponding figures for the last completed fiscal year and fiscal year in progress. The general [budget] *summary of the proposed budget* must be supported by explanatory schedules or statements, classifying the expenditures contained therein by organizational units, objects and funds, and the income by organizational units, sources and funds.

2. Part 2 must embrace the detailed [budget] *budgetary* estimates both of expenditures and revenues as provided in NRS 353.150 to 353.246, inclusive. The information must be presented in a manner which sets forth separately the cost of continuing each program at the same level of service as the current year and the cost, by [budget] *budgetary* issue, of any recommendations to enhance or reduce that level of service. Revenues must be summarized by type and expenditures must be summarized by category of expense. Part 2 must include a mission statement and measurement indicators for each program. It must also include statements of the bonded indebtedness of the state government,

showing the requirements for redemption of debt, the debt authorized and unissued, and the condition of the sinking funds, and any statements relative to the financial plan which the governor may deem desirable, or which may be required by the legislature.

3. Part 3 must include the general appropriation bill authorizing, by departments, institutions and agencies, and by funds, all expenditures of the executive department of the state government for the next 2 fiscal years, and may include complete drafts of such other bills as may be required to provide the income necessary to finance the *proposed* budget and to give legal sanction to the financial plan if adopted by the legislature.

[As] *Except as otherwise provided in NRS 353.211, as soon as each part is prepared, a copy of the part must be transmitted to the fiscal analysis division of the legislative counsel bureau for confidential examination and retention.*

Sec. 3. NRS 353.210 is hereby amended to read as follows:

353.210 1. Except as otherwise provided in subsection [3,] 6, on or before September 1 of each even-numbered year, all departments, institutions and other agencies of the executive department of the state government, and all agencies of the executive department of the state government receiving state money, fees or other money under the authority of the state, including those operating on money designated for specific purposes by the constitution or otherwise, shall prepare, on blanks furnished them by the chief, and submit to the chief estimates of their expenditure requirements, together with all anticipated income from fees and all other sources, for the next 2 fiscal years

compared with the corresponding figures of the last completed fiscal year and the estimated figures for the current fiscal year.

2. The chief shall direct that one copy of the [completed forms,] *forms submitted pursuant to subsection 1*, accompanied by every supporting schedule and any other related material, be delivered directly to the fiscal analysis division of the legislative counsel bureau on or before September 1 of each even-numbered year.

3. The *budget division of the department of administration shall give advance notice to the* fiscal analysis division of the legislative counsel bureau [must be given advance notice] of any conference between the budget division of the department of administration and personnel of other state agencies regarding budget estimates . [, and a] A fiscal analyst of the legislative counsel bureau or his designated representative may attend any such conference.

[2. The expenditure]

4. *The estimates of expenditure requirements submitted pursuant to subsection 1* must be classified to set forth the data of funds, [organization] *organizational* units, and the character and objects of expenditures, and must include a mission statement and measurement indicators for each program. The [organization] *organizational* units may be subclassified by functions and activities, or in any other manner at the discretion of the chief.

5. If any department, institution or other agency of the executive department of the state government, whether its money is derived from state money or from other money collected under the authority of the state, fails or neglects to submit estimates of its expenditure requirements as provided in this

section, the chief may . from any data at hand in his office or which he may examine or obtain elsewhere, make and enter [an arbitrary] *a proposed* budget for the department, institution or agency in accordance with [such data.

3.] *the data.*

6. Agencies, bureaus, commissions and officers of the legislative department, the public employees' retirement system, the state industrial insurance system and the judicial department of the state government shall submit to the chief for his information in preparing the *proposed* executive budget the budgets which they propose to submit to the legislature.

Sec. 4. NRS 353.211 is hereby amended to read as follows:

353.211 1. On or before November 15 of each even-numbered year, the chief shall provide to the fiscal analysis division of the legislative counsel bureau [computerized] :

(a) *Computerized* budget files containing the actual [revenue and expenditure] data *regarding revenues and expenditures* for the previous year [, the] ;

(b) *The* work programs for the current year [and each] ; *and*

(c) *Each* agency's requested budget for the next 2 *fiscal* years.

2. [As soon as practicable after receipt of the budget files pursuant to subsection 1.] *The chief shall provide to the fiscal analysis division:*

(a) *On or before December 1 of each even-numbered year, each agency's adjusted base budget by budgetary account for the next 2 fiscal years; and*

(b) *On or before December 15 of each even-numbered year, an estimated range of the costs for:*

- (1) *Continuing the operation of state government; and*
- (2) *Providing elementary, secondary and higher public education,*
at the current level of service.
- 3. *The information provided to the fiscal analysis division pursuant to subsections 1 and 2 is open for public inspection.*
- 4. *As soon as practicable after receipt of the material provided pursuant to subsections 1 and 2, the fiscal analysis division shall provide a synopsis of the information to the members of the [senate standing committee on finance and the assembly standing committee on ways and means for the ensuing session of the legislature.] budget subcommittee of the legislative commission. The synopsis must include the levels of requested expenditures of all of the departments , institutions and agencies, major [budget] budgetary issues, approximate available revenues, historical data and any other information the fiscal analysts deem appropriate.*

Sec. 5. NRS 353.213 is hereby amended to read as follows:

353.213 1. In preparing the [state] *proposed budget for the executive department of the state government* for each biennium, the chief shall not exceed the limit upon total proposed expenditures for purposes other than construction from the state general fund calculated pursuant to this section. The base for each biennium is the total expenditure, for the purposes limited, from the state general fund appropriated and authorized by the legislature for the biennium beginning on July 1, 1975.

2. The limit for each biennium is calculated as follows:

(a) The amount of expenditure constituting the base is multiplied by the percentage of change in population for the current biennium from the population on July 1, 1974, and this product is added to or subtracted from the amount of expenditure constituting the base.

(b) The amount calculated under paragraph (a) is multiplied by the percentage of inflation or deflation, and this product is added to or subtracted from the amount calculated under paragraph (a).

(c) Subject to the limitations of this paragraph:

(1) If the amount resulting from the calculations under paragraphs (a) and (b) represents a net increase over the base biennium, the chief may increase the proposed expenditure accordingly.

(2) If the amount represents a net decrease, the chief shall decrease the proposed expenditure accordingly.

(3) If the amount is the same as in the base biennium, that amount is the limit of permissible proposed expenditure.

The proposed budget for each fiscal year of the biennium must provide for a reserve of not less than 5 percent nor more than 10 percent of the total of all proposed general fund operating appropriations and authorizations for that fiscal year for all departments, institutions and agencies of the state government.

3. The revised estimate of population for the state issued by the United States Department of Commerce as of July 1, 1974, must be used, and the governor shall certify the percentage of increase or decrease in population for each succeeding biennium. The Consumer Price Index published by the United

States Department of Labor for July preceding each biennium must be used in determining the percentage of inflation or deflation.

4. The chief may exceed the limit to the extent necessary to meet situations in which there is a threat to life or property.

Sec. 6. NRS 353.230 is hereby amended to read as follows:

353.230 1. The chief shall review the estimates, altering, revising, increasing or decreasing the items of the estimates as he may deem necessary in view of the needs of the various departments, institutions and agencies in the executive department of the state government and the total anticipated income of the state government and of the various departments, institutions and agencies [thereof] *of the executive department* during the next fiscal year. In performing the duties required by this subsection, the chief shall use the projections and estimates prepared by the economic forum pursuant to NRS 353.228.

2. [A] *The chief shall meet with a fiscal analyst of the legislative counsel bureau or his designated representative [shall meet with the chief and participate in the budget review and shall have] and personnel of the various departments, institutions and agencies of the executive department to discuss:*

(a) The budgetary requests of each department, institution and agency; and

(b) The budgetary recommendations of the budget division for each department, institution and agency,
for the next 2 fiscal years. The chief shall allow the fiscal analyst of the legislative counsel bureau or his designated representative full access to all materials connected with the review.

3. The chief shall then prepare a *final version of the proposed* budget, in accordance with NRS 353.150 to 353.246, inclusive, and shall deliver it to the governor. *The final version of the proposed budget must include the adjusted base budget for each department, institution and agency of the executive department, the costs for continuing each program at the current level of service and the costs, if any, for new programs, recommended enhancements of existing programs or reductions for the departments, institutions and agencies of the executive department for the next 2 fiscal years.* All [revenue] projections of revenue and any other information concerning future state revenue contained in the *proposed* budget must be based upon the projections and estimates prepared by the economic forum pursuant to NRS 353.228.

4. The governor shall transmit the *proposed* budget to the legislature not later than the 10th day of the regular legislative session. The governor shall simultaneously submit, as a separate document:

(a) An analysis of any new programs or enhancements of existing programs being recommended; and

(b) Any increase in or new revenues which are being recommended in the *proposed* budget.

The document must specify the total cost by department , *institution* or agency of new programs or enhancements, but need not itemize the specific costs. All [revenue] projections *of revenue* and any other information concerning future state revenue contained in the document must be based upon the projections and estimates prepared by the economic forum pursuant to NRS 353.228.

[4.] 5. *On or before the 19th calendar day of the regular legislative session, the governor shall submit to the legislative counsel a request for each legislative measure which will be necessary to carry out the final version of the proposed budget. These requests must contain sufficient detailed information to enable the legislative counsel to prepare the necessary legislative measures.*

6. During the consideration of the general appropriation bill, the special appropriation bills and the bills authorizing budgeted expenditures by the departments, institutions and agencies operating on money designated for specific purposes by the constitution or otherwise, submitted by the governor with the *proposed* budget, the governor or his representative have the right to appear before and be heard by the appropriation committees of the legislature in connection with the appropriation bill or bills, and to render any testimony, explanation or assistance required of him.

Sec. 7. NRS 353.235 is hereby amended to read as follows:

353.235 1. [Neither house may consider any appropriation, except an emergency appropriation for the immediate expense of the legislature, until after the delivery of the budget to the presiding officer of each house.

2.] Every appropriation in addition to that provided for in the *proposed* budget must be embodied in a separate [act] *bill* and must be limited to some single work, object or purpose [therein stated.

3.] *stated in the bill.*

2. A supplementary appropriation is not valid if it exceeds the amount in the state treasury available for the appropriation, unless the legislature making the appropriation provides the necessary revenue to pay the appropriation by a

tax, direct or indirect, to be laid and collected as directed by the legislature. The tax must not exceed the rates permitted under the constitution of the State of Nevada. This provision does not apply to appropriations to suppress insurrections, defend the state, or assist in defending the United States in time of war.

[4.] 3. An appropriation of money must not be made or a level of salary or other expenditure established which is contingent upon the attainment, during the biennium in which the money is to be expended or the salary or level of expenditure is to be effective, of a specified balance in the state general fund.

[5.] 4. The revenues and other resources of any fund are subject to legislative authorization or appropriation and legislative review for each fiscal period except where that procedure conflicts with the constitution or an express provision of statute.

Sec. 8. NRS 353.240 is hereby amended to read as follows:

353.240 1. The governor shall submit to his successor in office:

(a) A detailed record of all expenditures made in the preceding fiscal year by each of the departments of the state government supported by public funds.

(b) A record of fund balances, the income to each fund in the state treasury, and the record of the sources of income to each fund in the state treasury from or during the preceding fiscal year.

(c) A statement of the bonded debt and of the obligations and assets of the state as of the close of the preceding fiscal year.

2. The records and statements required by subsection 1 [shall] *must* be submitted in such form as to permit the entry of the items in the [state budget.] *proposed budget for the executive department of the state government.*

Sec. 9. NRS 353.246 is hereby amended to read as follows:

353.246 1. Except as otherwise provided in subsection 2 of this section and subsection [3] 6 of NRS 353.210, the provisions of NRS 353.150 to 353.245, inclusive, do not apply to agencies, bureaus, commissions and officers of the legislative department, the public employees' retirement system, the state industrial insurance system and the judicial department of the state government.

2. The legislative department, the public employees' retirement system, the state industrial insurance system and the judicial department of the state government shall submit their budgets to the legislature in the same format as the *proposed* executive budget unless otherwise provided by the legislative commission. All [revenue] *projections of revenue* and any other information concerning future state revenue contained in those budgets must be based upon the projections and estimates prepared by the economic forum pursuant to NRS 353.228.

Sec. 10. Chapter 218 of NRS is hereby amended by adding thereto a new section to read as follows:

1. *There is hereby created a budget subcommittee of the legislative commission.*

2. *The chairman of the legislative commission shall appoint to the subcommittee the persons designated by the speaker designate of the assembly to*

be members of the assembly standing committee on ways and means and the persons designated by the majority leader designate of the senate to be members of the senate standing committee on finance for the next ensuing session of the legislature.

3. The budget subcommittee shall hold its initial meeting on or before January 5 of each odd-numbered year and shall conclude its activities before the next regular legislative session is convened.

4. The budget subcommittee shall:

(a) Review the synopsis of the state budget prepared by the fiscal analysis division of the legislative counsel bureau pursuant to NRS 353.211; and

(b) Consider other fiscal issues that may require consideration by the legislature at the next ensuing session.

Sec. 11. NRS 218.272 is hereby amended to read as follows:

218.272 1. The fiscal analysis division shall obtain a fiscal note on:

(a) Any bill which makes an appropriation or increases any existing appropriation;

(b) Any bill or joint resolution which creates or increases any fiscal liability or decreases any revenue which appears to be in excess of \$2,000; and

(c) Any bill or joint resolution which increases or newly provides for a term of imprisonment in the state prison or makes release on parole or probation [therefrom] *from the state prison* less likely,

before [it] *the bill or joint resolution* is considered at a public hearing of a committee of the assembly or the senate, or before any vote is taken [thereon] *on it* by the committee. The fiscal note must contain a reliable estimate of the

anticipated change in appropriation authority, fiscal liability or state revenue under the bill or joint resolution, including, to the extent possible, a projection of such changes in future biennia.

2. Except as otherwise provided in NRS 218.272 to 218.2758, inclusive, or in the joint rules of the senate and assembly, the estimates must be made by the agency receiving the appropriation or collecting the revenue.

3. The fiscal note is not required on any bill or joint resolution relating exclusively to the *proposed* executive budget.

Sec. 12. NRS 361.425 is hereby amended to read as follows:

361.425 1. Nothing in NRS 361.420 or in any remedy provided therein [shall prevent] *prevents* the distribution or apportionment of the taxes paid under the provisions of NRS 361.420 into the various funds of the state and county. In the event of judgment in favor of the person bringing the suit to recover taxes claimed to be paid unjustly [under] *pursuant to* NRS 361.420, the amount of the judgment plus the interest thereon, as may be fixed and determined by the court, [shall] *must* be paid out of the general funds of the state and county by the proper officers thereof as the respective liability of the state and county may appear.

2. In making tax settlements with the state, the county treasurer shall notify the state controller of the amount of state [tax moneys] *taxes* paid under protest, and *then* an amount equivalent [thereto] *to the amount of taxes paid under protest* plus a reasonable amount of interest thereon, not exceeding 6 percent per annum after the date of [such] *the* payment to the county treasurer, shall be deemed to be and hereby is appropriated for the purpose of

satisfying any judgment therefor recovered against the state in a suit under the provisions of NRS 361.420.

3. When a judgment is secured under the provisions of NRS 361.420 and there [shall not be] *is not* sufficient money in the general fund of the county affected by [such] *the* judgment to satisfy the [same,] *judgment*, the board of county commissioners of [such county forthwith] *the county* shall *immediately* levy and provide for the collection of a sufficient tax upon all the taxable property within the county, exclusive of the property of the person securing [such] *the* judgment, to satisfy [such] *the* judgment and [such interest thereon] *any interest on the judgment* as may have been fixed and determined [therein] by the court.

4. Annually, the boards of county commissioners of the respective counties shall provide in their respective budgets a reasonable amount of money and shall levy a tax [therefor] to provide for the payment of interest *required* in NRS 361.420 with respect to judgments which may be secured against [such] *the* counties.

5. The governor shall include in the biennial *proposed* executive budget of the state a reasonable amount of money to provide for the payments of interest required in NRS 361.420 with respect to judgments which may be secured against the state. If at the time a final judgment secured against the state [under] *pursuant to* NRS 361.420 is presented for satisfaction there is not sufficient money in the state treasury set apart for the satisfaction of [any such] *the* judgment, the state treasurer shall satisfy [such] *the* judgment from [moneys] *money* then in the general fund of the state.

Sec. 13. NRS 387.303 is hereby amended to read as follows:

387.303 1. Not later than [November] *October* 15 of each year, the board of trustees of each school district shall submit to the superintendent of public instruction a report which includes the following information:

(a) For each fund within the school district, including , without limitation, the school district's general fund and any special revenue fund which receives state money, the total number and salaries of licensed and nonlicensed persons whose salaries are paid from the fund and who are employed by the school district in full-time positions or in part-time positions added together to represent full-time positions. Information must be provided for the current school year based upon the school district's final budget, including any amendments and augmentations thereto, and for the preceding school year. An employee must be categorized as filling an instructional, administrative, instructional support or other position.

(b) The count of pupils computed pursuant to paragraph (a) of subsection 1 of NRS 387.1233.

(c) The average daily attendance for the preceding school year and the estimated average daily attendance for the current school year of part-time pupils enrolled in courses which are approved by the department as meeting the requirements for an adult to earn a high school diploma.

(d) The school district's actual expenditures in the fiscal year immediately preceding the report.

(e) The school district's proposed expenditures for the current fiscal year.

(f) The [salary] schedule *of salaries* for licensed employees in the current school year and a statement of whether [salary] *the negotiations regarding salaries* for the current school year have been completed. If [salary] *the negotiations* have not been completed at the time the [salary] schedule *of salaries* is submitted, the board of trustees shall submit a supplemental report to the superintendent upon completion of negotiations or the determination of an arbitrator concerning the negotiations that includes the [salary] schedule *of salaries* agreed to or required by the arbitrator.

(g) The number of employees eligible for health insurance within the school district for the current and preceding fiscal years and the amount paid for health insurance for each such employee during those years.

(h) The rates for fringe benefits, excluding health insurance, paid by the school district for its licensed employees in the preceding and current fiscal years.

(i) The amount paid for extra duties, supervision of extracurricular activities and supplemental pay, and the number of employees receiving that pay in the preceding and current fiscal years.

2. On or before November [25] 10 of each year, the superintendent of public instruction shall submit to the department of administration and the fiscal analysis division of the legislative counsel bureau, in a format approved by the director of the department of administration, a compilation of the reports made by each school district pursuant to subsection 1.

3. The superintendent shall, in the compilation required by subsection 2, reconcile the revenues and expenditures of the school districts with the

apportionment received by those districts from the state distributive school account for the preceding year.

Sec. 14. NRS 388.700 is hereby amended to read as follows:

388.700 1. Except as otherwise provided in subsections 2 and 3, after the last day of the first month of the school year, the ratio in each school district of pupils per class in kindergarten and grades 1, 2 and 3 per licensed teacher designated to teach those classes full time must not exceed 15 to 1 in classes where core curriculum is taught. In determining this ratio, all licensed educational personnel who teach kindergarten or grade 1, 2 or 3 must be counted except teachers of art, music, physical education or special education, counselors, librarians, administrators, deans and specialists.

2. A school district may, within the limits of any plan adopted pursuant to NRS 388.720, assign a pupil whose enrollment in a grade occurs after the last day of the first month of the school year to any existing class regardless of the number of pupils in the class.

3. The state board may grant to a school district a variance from the limitation on the number of pupils per class set forth in subsection 1 for good cause, including the lack of available financial support specifically set aside for the reduction of pupil-teacher ratios.

4. The state board shall, on or before February 1 of each odd-numbered year, report to the legislature on:

(a) Each variance granted by it during the preceding biennium, including the specific justification for the variance.

(b) The data reported to it by the various school districts pursuant to subsection 2 of NRS 388.710, including an explanation of that data, and the current pupil-teacher ratios per class in kindergarten and grades 1, 2 and 3.

5. The department shall, on or before [~~December~~] *November* 15 of each year, report to the chief of the budget division of the department of administration and the fiscal analysis division of the legislative counsel bureau:

(a) The number of teachers employed;

(b) The number of teachers employed in order to attain the ratio required by subsection 1;

(c) The number of pupils enrolled; and

(d) The number of teachers assigned to teach in the same classroom with another teacher or in any other arrangement other than one teacher assigned to one classroom of pupils,
during the current school year in kindergarten and grades 1, 2 and 3 for each school district.