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MEMORANDUM

Date: December 28, 2022

To: Chairman and Members of the Legislative Commission

From: Brenda Erdoes, LCB Director

Subject: Transmittal of Budgets of Legislative Counsel Bureau and Interim Nevada Legislature

I am seeking approval of the Legislative Commission to transmit a proposed budget for the Legislative Counsel Bureau (LCB) and Interim Nevada Legislature to the Governor's Office of Finance, pursuant to subsection 6 of NRS 353.210, for inclusion in the Executive Budget for the 2023-2025 Biennium. The proposed budget for the LCB and Interim Nevada Legislature calls for appropriations totaling approximately \$47.1 million for fiscal year 2024 and \$47.6 million for fiscal year 2025. This total proposed biennial appropriation of \$94.7 million represents an increase of approximately \$19.8 million (26%) from the appropriation approved for the current 2021-2023 Biennium of \$74.9 million. Included in the aforementioned totals are the budgets for the Interim Nevada Legislature, which call for appropriations totaling approximately \$3.6 million for both fiscal years of the 2023-2025 Biennium.

Preparing a balanced budget that enabled the LCB to adequately function and serve the needs of the Legislature and all its constituents in the 2023-2025 Biennium required that the budgeted appropriations be increased to match budgeted expenditures. Overall, the increase in budgeted expenditures is primarily due to the reclassification of positions within the majority of the LCB's divisions. During the current biennium, the LCB was unable to fill multiple positions that had been vacant for extended periods of time. In addition, certain divisions experienced losses of staff due to employees accepting offers of similar employment with other public entities because of higher levels of compensation offered. Based on these circumstances, and the results of compensation studies performed by the LCB's Human Resources staff, it was determined that certain positions would need to be reclassified in order

to both retain experienced staff and to recruit qualified candidates for open positions and allow for adequate training time before the 2023 legislative session. In total, the reclassification of positions accounted for approximately **65%** of the increased budgeted appropriations for the 2023-2025 Biennium.

Another significant factor contributing to the increase in budgeted appropriations for the 2023-2025 Biennium was the lack of funding from the American Rescue Plan Act (ARPA). During the 2021 session, a portion of the ARPA funds awarded to the State of Nevada was allocated to the LCB to partially offset the reduction in appropriations made necessary by the state's decline in general fund revenues resulting from the COVID-19 pandemic's effects on the state's economy. In total, the LCB received approximately \$2.4 million in ARPA funds that were used to prevent a mandatory furlough for all LCB employees. The lack of ARPA funding in the 2023-2025 Biennium accounted for approximately **12%** of the increased budgeted appropriations.

The remaining increase in budgeted appropriations for the 2023-2025 Biennium (23%) primarily resulted from increases in budgeted operating expenditures that included:

- On May 4, 2022, the Audit Subcommittee awarded a four-year contract to the audit firm Eide Bailly to perform the state's single audit for a fee of \$4.1 million. This fee represented a \$1.7 million increase from the previous four-year contract and the portion of the fee allocated to fiscal years 2024 and 2025 accounts for approximately **3%** of the increase in budgeted appropriations for the 2023-2025 Biennium.
- Significant increases in the cost of utilities, supplies, materials, and amounts charged by vendors required increases in the operating budget of the Facilities Unit of approximately \$760,000 for the 2023-2025 Biennium. Similarly, increases in the operating budget of the Information Technology Services Unit resulting from enhanced system security capabilities, data streaming functionality, and equipment totaled approximately \$2.9 million for the 2023-2025 Biennium. The increases in the operating budgets of these two administrative functions account for approximately **19%** of the increase in budgeted appropriations for the 2023-2025 Biennium.

Administrative Division – LCB

The budget request for the 2023-2025 Biennium includes General Fund appropriations totaling approximately \$19.3 million for FY 2024 and approximately \$19.4 million for FY 2025 for the support of the Administrative Division. The Administrative Division operates and maintains all of the LCB's facilities, provides information technology and accounting services, and includes the Director's Office and Legislative Police.

Audit Division – LCB

The budget request for the 2023-2025 Biennium includes General Fund appropriations totaling approximately \$5.6 million for FY 2024 and approximately \$5.7 million for FY 2025 for the support of the Audit Division.

Fiscal Analysis Division – LCB

The budget request for the 2023-2025 Biennium includes General Fund appropriations totaling approximately \$4.7 million for FY 2024 and approximately \$4.8 for FY 2025 for the support of the Fiscal Analysis Division.

Legal Division – LCB

The budget request for the 2023-2025 Biennium includes General Fund appropriations totaling approximately \$9.5 million for FY 2024 and approximately \$9.7 million for FY 2025 for the support of the Legal Division.

Research Division – LCB

The budget request for the 2023-2025 Biennium includes General Fund appropriations totaling approximately \$5.8 million for FY 2024 and approximately \$5.9 million for FY 2025 for the support of the Research Division.

State Printing Office

Administration of the State Printing Office was moved from the Legal Division to the Director’s Office of the LCB within the Administrative Division. The office’s revenues come primarily from the sale of documents printed at the request of the Legislature and other state and local government entities. The budget request for the State Printing Office includes revenues and expenditures totaling approximately \$3.4 million in Fiscal year 2024 and \$3.1 million in fiscal year 2025.

Legislative Commission

The budget request for the 2023-2025 Biennium includes General Fund appropriations totaling approximately \$411,000 for FY 2024 and approximately \$299,000 for FY 2025 for the support of the Legislative Commission and Legislative Committees.

Interim Nevada Legislature

As indicated previously, the budget request for the 2023-2025 Biennium includes General Fund appropriations totaling approximately \$1.8 million for fiscal year 2024 and \$1.8 million for fiscal year 2025 for support of the Senate and Assembly permanent legislative staff.

Conclusion

This request is not for the approval or support of the amounts in the proposed budget itself, but rather for the authority to transmit the proposed budget of the LCB and Interim Nevada Legislature to the Governor’s Finance Office for inclusion in the

Executive Budget for the 2023-2025 Biennium. During the 2023 Session, the budget will be presented to the money committees for consideration and the appropriate level of funding for the Legislative Branch will be determined.

I would request the Commission's authority to change our budgets as necessary between now and the completion of the Executive Budget to ensure that the compensation of Legislative Branch employees remains commensurate to that of Executive Branch employees, should any changes to compensation occur. I also request that I be authorized to adjust statewide rates as necessary to ensure our budget conforms with the Governor's recommended budget to the extent possible. Finally, I request approval to balance forward appropriations amounts from fiscal year 2024 to fiscal year 2025 as needed to ensure both fiscal years' budgets are in balance when the budget is finalized.