

ASSEMBLY COMMITTEE ON WAYS AND MEANS

**JOINT SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL
RESOURCES, AND TRANSPORTATION
CLOSING REPORT**

OFFICE OF THE MILITARY

The Joint Subcommittee on Public Safety, Natural Resources and Transportation completed its review of the Office of the Military. The closing recommendations of the Subcommittee result in General Fund reductions of \$336,729 in each year of the 2015-17 biennium. The Subcommittee recommended the following closing actions:

Military (101-3650) MILITARY-6: The Subcommittee recommended approving General Fund appropriations totaling \$189,939 over the 2015-17 biennium to fund the Governor's recommendation for one new Accounting Assistant position and one new Accountant Technician position assigned to the fiscal unit of the Office of the Military, including costs associated with the new positions.

The Subcommittee recommended approving the Governor's recommendation for two new Grounds Maintenance Worker positions and associated operating costs to be located at the Nevada Air National Guard Facility and at the Stead Training Center and one new Maintenance Repair Worker position to be located at the Stead Army, Aviation Facility, funded with General Fund appropriations totaling \$22,317 and federal funds totaling \$210,430 over the 2015-17 biennium. The Office of the Military indicates these facilities currently do not have assigned maintenance workers.

The Subcommittee recommended approving a technical adjustment to eliminate a change in the funding source for shift differential and overtime pay from federal funds to General Fund appropriations, resulting in a General Fund savings of \$580,132 over the 2015-17 biennium. The Office of the Military indicates it will be able to secure federal reimbursement for these costs.

Carlin Armory (101-3651) MILITARY-26: The Subcommittee recommended approving General Fund appropriations totaling \$65,249 and federal funds totaling \$16,076 over the 2015-17 biennium to fund the Governor's recommendation for one new Maintenance Repair Worker position to be located at the Carlin Armory to provide support to the Nevada National Guard facilities in Carlin, Winnemucca, Elko and Ely.

Military Patriot Relief Fund (101-3654) MILITARY-42: The Subcommittee recommended approving the Governor's recommendation to eliminate the Servicemen's Group Life Insurance premium reimbursement program, contingent on the passage and approval of Assembly Bill 472. If Assembly Bill 472 is approved by the 2015 Legislature, the elimination of the Servicemen's Group Life Insurance premium reimbursement program would generate General Fund savings of \$15,932 in each year of the 2015-17 biennium. If Assembly Bill 472 is not approved, the agency indicates the General Fund impact could be as high as \$1.5 million in each year if all 4,264 eligible members were to take advantage of this program.

Office of the Military
General Fund Impacts of Subcommittee Closing

Page	Budget	Title	FY 2016	FY 2017
AS CLOSED BY SUBCOMMITTEE:				
MILITARY - 6	101-3650	Military	\$(336,729)	\$(336,729)
MILITARY - 26	101-3651	*Military Carlin Armory	-	-
MILITARY - 42	101-3654	*Military Patriot Relief Fund	-	-
			\$(336,729)	\$(336,729)
* No General Fund impact				

Nevada Legislative Counsel Bureau
 Budget Closing Action Report
 Public Safety, Natural Resources and Transportation Joint
 Subcommittee
 W02 - WORKING VERSION 2

Title: MILITARY
 Account: 101 - 3650

Budget Page: MILITARY-6, Volume III

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
BALANCE FORWARD	(296,356)						
FEDERAL FUND	15,098,640	23,906,718	58.34	22,423,508	(6.20)	19,679,659	(12.24)
GENERAL FUND	2,461,549	2,545,529	3.41	3,941,731	54.85	4,019,534	1.97
INTERAGENCY TRANSFER	18,713						
INTERIM FINANCE	296,356						
OTHER FUND	1,197						
REVERSIONS	(34,890)						
Total Revenues	17,545,209	26,452,247	50.77	26,365,239	(0.33)	23,699,193	(10.11)
Total FTE		126.51		140.51		140.51	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	00	2501	Reduce the General Fund share of costs associated with corrections to utilities in the Utilities category.	(37,371)	(37,371)
B000	00	3500	Increase the Federal Grant authority from the Department of the Defense for the amount of prior year federally funded construction and maintenance projects funded 100 percent with Federal Funds.	3,820,664	1,472,316
B000	00	3500	Reduce the Federal share of costs associated with corrections to utilities in Army Facilities category.	(33,772)	(33,772)
B000	00	3500	Reduce the Federal share of costs associated with corrections to utilities in the Utilities category.	(46,634)	(46,634)
B000	00	3500	Increase the Federal Grant authority from the Department of the Defense to fund the increase cost of the reclassification of an Administrative Assistant position to a Management Analyst, contingent upon approval by the Interim Finance Committee at their April 9, 2015 meeting.	10,857	11,439
M300	00	3500	Increase the Federal Grant authority from the Department of the Defense to fund the increase cost of the reclassification of an Administrative Assistant position to a Management Analyst, contingent upon approval by the Interim Finance Committee at their April 9, 2015 meeting.	21	24
M501	00	3500	Increase Federal Grant authority due to the elimination of Decision Unit M-501 to change the funding source of Shift Differential Pay from Federal Funds to General Fund appropriations.	69,653	69,653
M502	00	2501	Reduce General Fund appropriations due to the elimination of Decision Unit M-502 to change the funding source of Shift Differential Pay from Federal Funds to General Fund appropriations.	(69,653)	(69,653)
M503	00	3500	Decrease the Federal Share for Military Leave. Federal reimbursement for Military Leave is limited.	(322,537)	(322,537)
M504	00	3500	Increase Federal Funds due to the elimination of Decision Unit M-504 to change the funding source of Overtime Pay from Federal Funds to General Fund appropriations.	220,413	220,413
M505	00	2501	Reduce General Fund appropriations due to the elimination of Decision Unit M-505 to change the funding source of Overtime Pay from Federal Funds to General Fund appropriations.	(220,413)	(220,413)
E231	00	3500	Decrease the federal share for construction and maintenance projects funded 100 percent with Federal Funds.	(3,232,667)	(184,941)
E239	00	2501	Decrease the General Fund appropriation for registration fees for Access and Excel classes that were included in the budget twice.	(380)	(380)
E951	00	2501	Decrease the General Fund transfer to reflect the adjusted base	(8,912)	(8,912)

E951	00	3500	utilities correction from the Carlin Armory budget. Decrease the Federal share transfer to reflect the adjusted base utilities correction from the Carlin Armory budget.	(2,228)	(2,228)
Sub-total				147,041	847,004
Line Item Changes to Revenues				147,041	847,004

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	01	5000	Increase salaries for the reclassification of an Administrative Assistant position to a Management Analyst, contingent upon approval by the Interim Finance Committee at their April 9, 2015 meeting.	10,857	11,439
B000	10	7000	Reduce expenditures in the Adjusted Base Budget for utilities for the Army facilities that are funded 100 percent with Federal Funds.	(33,772)	(33,772)
B000	10	7000	Increase expenditures in the Adjusted Base Budget for the Army Facilities category for prior year federal grant awards for construction and maintenance projects funded 100 percent with Federal Funds.	3,820,664	1,472,316
B000	59	7000	Correct the Adjusted Base Budget for utilities.	(84,005)	(84,005)
M300	01	5000	Increase salaries for the changes to fringe benefit rates in Decision Unit M-300 for the reclassification of an Administrative Assistant position to a Management Analyst, contingent upon approval by the Interim Finance Committee at their April 9, 2015 meeting.	21	24
M501	01	5000	Eliminate Decision Unit M-501 to change the funding source of Shift Differential Pay from Federal Funds to General Fund appropriations.	69,653	69,653
M502	01	5000	Eliminate Decision Unit M-502 to change the funding source of Shift Differential Pay from Federal Funds to General Fund appropriations.	(69,653)	(69,653)
M503	01	5000	The intent of Decision Unit M-503 was to change the funding source of Military Leave that exceeds the number of hours eligible for federal reimbursement which are funded with Federal Funds in the Base budget and should be funded with a General Fund appropriation. This adjustment corrects the decision unit to remove the increase to the salary category and to change only the funding source.	(322,537)	(322,537)
M504	01	5000	Eliminate Decision Unit M-504 to change the funding source of Overtime Pay from Federal Funds to General Fund appropriations.	220,413	220,413
M505	01	5000	Eliminate Decision Unit M-505 to change the funding source of Overtime Pay from Federal Funds to General Fund appropriations.	(220,413)	(220,413)
E231	10	7000	Reduce the Army Facilities category to reflect new grant awards for FY 2016 and FY 2017 for construction and maintenance projects funded 100 percent with Federal Funds.	(3,232,667)	(184,941)
E239	30	7000	Reduce the Training category expenditures to eliminate duplicate registration fees.	(380)	(380)
E511	20	7000	Correct the utilities transfer from the Carlin Armory budget and place the corrected adjustment in the correct category for this budget.	11,140	11,140
E511	59	7000	Correct the utilities transfer from the Carlin Armory budget and place the corrected adjustment in the correct category for this budget.	(11,140)	(11,140)
E951	20	7000	Correct the utilities transfer from the Carlin Armory budget.	(11,140)	(11,140)
Sub-total				147,041	847,004
Line Item Changes to Expenditures				147,041	847,004
Total				0	0
Grand Total General Fund Impact of Closing Changes				(336,729)	(336,729)

Overview

The Office of the Military (Office) enlists, organizes, arms, equips, and trains the state's military and National Guard units to defend the Constitution and to protect the lives and property of the public in times of emergency, disorder, or disaster. The federal mission is to provide soldiers and airmen to respond to federal mobilization as directed by the President or Congress. The Adjutant General provides administrative oversight of the Office, which consists of the Army National Guard and the Air National Guard. Funding for the Office is provided primarily through federal funding from the National Guard Bureau (NGB) via a Master Cooperative Agreement (MCA), and State General Fund appropriations.

Major Closing Issues

1. Two New Accounting Positions
2. Three New Maintenance Positions
3. Funding Source Changes

Discussion of Major Closing Issues

1. Two New Accounting Positions (E-225 and E-226, MILITARY-10 and 11): The Governor recommends General Fund appropriations totaling \$189,939 over the 2015-17 biennium to support one new Accounting Assistant and one new Accountant Technician position. According to the Office, accounting staff has not grown over the last 15 years, yet the workload and complexity have increased significantly since that time due to the expansion of facilities, increased budget and increases in personnel. For the 2013-15 biennium, the 2013 Legislature approved a new Management Analyst position for the fiscal unit for the Office of the Military. At the February 13, 2015, budget hearing of the Public Safety, Natural Resources and Transportation Joint Subcommittee, the agency testified that with the Management Analyst position that was approved by the 2013 Legislature and the two additional accounting positions recommended by the Governor, the agency anticipates the fiscal unit would have sufficient staffing through the 2015-17 biennium.

Does the Subcommittee wish to approve the Governor's recommendation to fund one new Accounting Assistant position and one Accountant Technician position and associated operating costs assigned to the accounting unit of the Office of the Military funded with General Fund appropriations totaling \$189,939 over the 2015-17 biennium?

<p>The Subcommittee recommended approving the Governor's recommendation for one new Accounting Assistant position and one Accountant Technician position and associated operating costs.</p>

2. Three New Maintenance Positions (E-228, E-232 and E-234, MILITARY-11 through 14): The Governor recommends General Fund appropriations totaling \$22,317 and federal funds totaling \$210,430 for a combined total of \$232,747 over the 2015-17 biennium to fund three new maintenance positions and associated operating costs. The recommended new positions include two Grounds Maintenance Workers to be located at the Nevada Air National Guard Facility and at the Stead Training Center and one Maintenance Repair Worker would be located at the Stead Army Aviation Facility. The Ground Maintenance Worker positions would be responsible for maintaining the grounds at the facilities including turf and open areas. Duties assigned to the Grounds Maintenance Workers would include mowing, edging, weed abatement, maintaining and repairing irrigation systems, as well as managing watering schedules, pruning, equipment repair, and seasonal snow removal. The Maintenance Repair Worker position would be responsible for providing for facility maintenance for the Army Aviation Support Facility at the Harry Reid Training Center located at Stead. The Army Aviation Support facility at Stead includes 64,000+ square feet of hangar space, five outlying buildings, a fire control pond, associated infrastructure (electrical, plumbing, sewer, etc.), exterior security lighting, helicopter tie down points, eight helicopter pads and 85,000+ square yards of tarmac. The Office indicates these facilities currently do not have assigned maintenance workers.

Does the Subcommittee wish to approve the Governor's recommendation for two Grounds Maintenance Worker positions and one Maintenance Repair Worker and associated operating expenses funded with General Fund appropriations totaling \$22,317 and federal funds totaling \$210,430 over the 2015-17 biennium?

The Subcommittee recommended approving the Governor's recommendation for two Grounds Maintenance Worker positions and one Maintenance Repair Worker position and associated operating expenses.

3. Funding Source Changes (M-501, M-502, M-504 and M-505, MILITARY-8 through 10): The Governor recommends a change in the funding sources for shift differential and overtime pay from federal funds to General Fund appropriations totaling \$580,132 for the 2015-17 biennium. According to the Office, the state may not be reimbursed for shift differential pay for federally-funded employees who are entitled to earn shift differential pay for working a non-standard shift. Per the United States Property & Fiscal Office (USPFO) auditor, any charges that are not specifically stated as allowed charges in the MCA are not eligible for federal reimbursement. The auditor specifically stated that shift differential is an additional special pay that the State of Nevada provides to its employees, which is a benefit and not part of their base pay that is reimbursable.

In addition, the Office indicates a recent review by the National Guard Bureau (NGB) determined that overtime pay for firefighters under certain circumstances might not be reimbursable through the Master Cooperative Agreement (MCA) with the NGB. In accordance with *Nevada Revised Statutes* 284.180, Section 4, overtime pay for firefighters may be paid when paid leave is taken during the week; however, federal reimbursement is not permitted under the MCA when overtime occurs in the same pay period as when paid leave is taken. Per the Office, the USPFO auditor reviewed individual timesheets and a majority of the overtime occurred with other paid leaves in the same pay period. The audit timeframe did not cover FY 2014; however, the Office of the Military has indicated that they submitted 100 percent of the overtime incurred by firefighters for FY 2014 for federal reimbursement because the Office is waiting for NGB's final determination as to whether all overtime is not reimbursable or only overtime that has occurred in the same pay period as when paid leave is taken. The Adjutant General indicated, the USPFO audit could not be released as it was in draft form, and there were items for which the USPFO was awaiting National Guard Bureau's (NGB) determination.

Subsequent to the Joint Subcommittee budget hearing held February 13, 2015, the Office of Military notified Fiscal staff that Decision Units M-501, M-502, M-504 and M-505 are no longer necessary and can be eliminated. The agency indicates that the NGB has agreed to a continuing resolution allowing the Office of the Military to continue business as usual under the existing overtime reimbursement policy with the expectation that the Office of the Military will not exceed its operational budget. **Fiscal staff has included technical adjustments to eliminate Decision Units M-501, M-502, M-504 and M-505, which are reflected in the table at the beginning of this closing document.**

Does the Subcommittee wish to approve the technical adjustments to eliminate Decision Units M-501, M-502, M-504 and M-505, resulting in a General Fund savings of \$580,132 for the 2015-17 biennium?

The Subcommittee recommended approving technical adjustments to eliminate Decision Units M-501, M-502, M-504 and M-505, resulting in a General Fund savings of \$580,132 over the 2015-17 biennium.

Other Closing Items

1. Adjusted Base Budget (BASE, MILITARY-6 and 7): Fiscal staff has included the following technical adjustments to the Adjusted Base Budget in this closing document:

a) Position Reclassification: In FY 2015, the Office of Military submitted a request to the Division of Human Resource Management to reclassify an Administrative Assistant position to a Management Analyst position. The Division of Human Resource Management approved the request to reclassify the position as requested by the agency. The agency indicates the duties of the position have become more complex and technical over the years and it has evolved from an administrative support role to an analyst/management role. Duties include research and analysis of funding trends and departmental operations, including the financial management and support of the federal Civil Engineering budget and administrative support to the base Civil Engineer as well as the agency, the Base Fire Chief and Security Forces.

The reclassification of the Administrative Assistant position to a Management Analyst position, as approved by the Division of Human Resource Management, represents a change from one occupational group to another, and as a result of the occupation change the reclassification requires the approval of the Interim Finance Committee (IFC). The position reclassification will be considered by the IFC on April 9, 2015. The position reclassification would increase the cost of the position by \$10,878 in FY 2016 and \$11,463 in FY 2017, funded 100 percent with federal funds. Fiscal staff asked the agency to explain why the reclassification was not included in The Executive Budget. In response, the agency indicated the reclassification was initiated last year and the agency thought it would have been approved prior to the 2015 Legislative Session. In addition, the agency indicates the employee has been performing the higher-level duties since December 26, 2012.

Fiscal staff has included a technical adjustment in this closing document to increase federal funds by \$10,878 in FY 2016 and \$11,463 in FY 2017 to fund the reclassification of the Administrative Assistant position to a Management Analyst position. If the Interim Finance Committee does not approve the reclassification, Fiscal staff will remove the technical adjustment.

b) Utilities: During the Adjusted Base Budget review process, Fiscal staff identified issues with proposed adjustments for utilities. During FY 2014, the Office did not make 12 months of utilities payments for some utility bills for various facilities throughout the state. Fiscal staff noted at that time that the adjustments to annualize utility costs were not calculated correctly.

A technical adjustment has been included by staff in this closing document to correct the annualization of utilities that were not made prior to finalizing the Governor’s recommended budget. The Office of the Military concurs with the recommended adjustments for utilities.

Category	Original Adjustment Gov Rec		Corrected Adjustment Gov Rec		Proposed Technical Adjustment Each Fiscal Year	
	Federal Funds	General Fund	Federal Funds	General Fund	Federal Funds	General Fund
10 - Army Facilities	\$47,355	\$0	\$13,583	\$0	(\$33,772)	\$0
59 - Utilities	\$77,695	\$49,278	\$31,061	\$11,907	(\$46,634)	(\$37,371)

2. Military Leave (M-503, MILITARY-9): The Governor recommends General Fund appropriations totaling \$645,074 over the 2015-17 biennium to fund additional military leave authorized pursuant to NRS 281.145, as amended by Assembly Bill 364 of the 2013 Legislative Session. Assembly Bill 364

increased the number of compensated military leave days from 15 days to 39 days per calendar year for state employees who work Saturday or Sunday shifts and who are active members of the Nevada National Guard or military reservists. The MCA allows for federal reimbursement for federally-funded state workers for a single 8-hour shift per day and total federal reimbursements of up to 168 hours of paid military leave for firefighters and up to 120 hours for all other state employees per federal fiscal year. The state is responsible for funding the remaining portion of any statutorily allowed paid military leave. The Office employs many state workers (mostly firefighters and security personnel) that work 24-hour shifts and are 100 percent federally-funded.

The Office indicates that it was later determined that paid military leave applies not only to weekend drills and annual training, but also deployments, which increased the agency's paid military leave responsibility beyond what was budgeted. This issue was previously addressed by the Interim Finance Committee on April 10, 2014, when the Committee approved a request for an allocation from the Interim Finance Committee Contingency Account of \$209,443 for FY 2014.

A technical adjustment has been included by staff in this closing document to remove the increase to the salary category of \$322,537 in each fiscal year of the 2015-17 biennium, as this decision unit should only include a change to the funding source (from federal funds to a General Fund appropriation). Military leave, as other types of paid leave (annual and sick leave), is already included in the base salary. The Office of the Military concurs with the recommended adjustment.

With this adjustment, this decision unit appears reasonable.

Assembly Bill 388, which was heard in the Assembly Committee on Governmental Affairs on Monday, April 6, 2015, amends NRS 281.145 and revises provisions governing certain leaves of absence for military duty of public officers and employees. Assembly Bill 388 would amend Section 2 of NRS 281.145, which under existing law, a public officer or employee who is on leave of absence for military duty receives his or her regular compensation and his or her military pay during the period of leave. With respect to a state officer or employee whose work schedule includes a Saturday or Sunday, A.B. 388 would limit the officer's or employee's compensation for those additional 24 working days of leave as follows: for each hour during any such period of leave (1) if the officer's or employee's military pay exceeds his or her regular compensation, the officer or employee receives only his or her military pay and not his or her regular compensation; or (2) if the officer's or employee's military pay does not exceed his or her regular compensation, the compensation is reduced by an amount equal to his or her military pay. If the bill passes and is approved as written, the funding source for Military Leave may need to be adjusted to account for decreases in federal funding as a result of the differential pay adjustment and the General Fund appropriation may need to be adjusted for the differential pay for the state share of the Military Leave which exceeds the maximum number of hours allowed for federal reimbursement under the Master Cooperative Agreement with the National Guard Bureau.

Fiscal staff requests authority to make technical adjustments to this decision unit based on the final language in A.B. 388 and contingent upon passage and approval of A.B. 388 by the 2015 Legislature.

3. Expansion of Uniform Items for Maintenance Personnel (E-227, MILITARY-11): The Executive Budget includes General Fund appropriations of \$5,376 in FY 2016 and \$5,204 in FY 2017 to add cold weather clothing to the uniform allowance for the 43 maintenance positions funded by this budget. According to the agency, the current uniform allowance does not provide adequate clothing for the safety and health of the employees. **This recommendation appears reasonable.**

4. Federally-Funded Construction and Renovation Projects (BASE and E-231, MILITARY-6, 7 and 12): In the Adjusted Base Budget, the Governor Recommends federal funds totaling \$3.6 million each year of the 2015-17 biennium for construction, renovation and maintenance projects in the Army Facilities category. The federal funding in the Adjusted Base Budget for the Army Facilities Category includes funding from federal grant awards from prior federal fiscal years. The amounts budgeted in the Army Facilities category is funded 100 percent with federal funds as approved under the Master Cooperative Agreement with the National Guard Bureau. The federal grant awarded for each federal fiscal year for construction, renovation and maintenance projects are available to the agency for a five-year period.

Based on an analysis completed by the agency, as requested by Fiscal staff, a technical adjustment to the Adjusted Base Budget is included in this closing document to increase the Army Facilities category funded with federal funds totaling \$3.8 million in FY 2016 and \$1.5 million in FY 2017. The technical adjustment to the Adjusted Base Budget would allow the agency to expend prior year federal grant awards totaling \$7.4 million in FY 2016 and \$5.1 million in FY 2017 for construction and maintenance projects that have been approved for federally-funded facilities managed by the Office of the Military at the various sites throughout Nevada.

In addition, The Executive Budget recommends federal funds of \$6.5 million in FY 2016 and \$3.6 million in FY 2017 in Decision Unit E-231 for various statewide construction and renovations projects that are in addition to the projects recommended by the Governor that are included the State Public Works Division Capital Improvement Program (CIP). The Office indicates that projects that require a state match, advance planning, or require State Public Works project management are included in the State Public Works CIP program.

As part of the analysis completed by the agency for amounts included in the Adjusted Base for construction, renovation and maintenance projects funded with prior year federal grant awards; the agency also included in their analysis new federal funding the agency anticipates for projects that can be completed in FY 2016 and FY 2017, which are included Decision Unit E-231.

Fiscal staff has also included a technical adjustment based on the agency's analysis for Decision Unit E-231 for projects the agency anticipates can be completed during the 2015-17 biennium funded with new federal grant awards totaling \$3.2 million in FY 2016 and \$3.4 million in FY 2017, which results in a decrease of federal grant authority in the amount of \$3.2 million in FY 2016 and \$184,941 in FY 2017.

With the technical adjustments, the Adjusted Base Budget and Decision Unit E-231 appear reasonable.

5. Replacement of a Leased Vehicle (E-233, MILITARY-13): The Governor's recommended budget includes General Fund appropriations of \$1,354 in FY 2016 and \$2,709 in FY 2017 to replace a two-seat cargo van, which is leased from the Fleet Services Division, with a leased pickup truck used for the Las Vegas area. According to the Office, the pickup truck would have more seats and allow for greater functionality, which would enhance productivity and efficiency at the facilities within the Las Vegas area. **This recommendation appears reasonable.**
6. Increased Funding for Out-of-State Travel (E-236 and E-237, MILITARY-14): The Governor recommends General Fund appropriations of \$3,710 in FY 2016 and \$8,200 in FY 2017 for the Adjutant General to attend the Adjutants General Association of the United States (AGAUS) conference and other required trips to Washington, D.C; and for the Administrative Services Officer to attend the National Association of State and Military Resource Manager's Symposium in FY 2017. **These recommendations appear reasonable.**

7. Increased Funding for Training (E-238 and E-239, MILITARY-15): The Governor recommends a General Fund appropriation of \$2,402 in FY 2016 for a Facility Supervisor to travel and attend a cathodic protection training class, a technique used to control the corrosion of metal surfaces. The Governor also recommends General Fund appropriations of \$2,459 in FY 2016 and \$2,919 in FY 2017 for six staff members to travel and attend backflow training. According to the Office, this training would allow staff to conduct inspections and repairs in house. In addition, the funding recommended would provide for supervisory training and MS Excel and Access classes for staff.

A technical adjustment has been included by staff in this closing document to eliminate duplicate registration fees of \$380 in each fiscal year for training.

With the technical adjustment noted by staff these recommendations appear reasonable.

8. Funding for Medals (E-240, MILITARY-15 and 16): The Executive Budget recommends a General Fund appropriation of \$300 in each year of the 2015-17 biennium to purchase medals for members of the Nevada National Guard. The 2013 Legislature approved expenditures for medals of \$113 in FY 2014; however, the Office indicates no medals were purchased in FY 2014 as existing medal inventory was utilized. According to the agency, the inventory of medals has been depleted, and it is anticipated that 12 medals per year will be awarded during the upcoming biennium at a cost of \$25 per medal. **This recommendation appears reasonable.**
9. Document Management Services (E-250, MILITARY-16): The Governor recommends federal funding totaling \$150,000 in each year of the 2015-17 biennium for document management services. The Office indicates that this decision unit includes new funding that was added to support administrative services activities for the Nevada National Guard. The appendix included in the MCA, from which this decision unit is funded, has the first priority identified as charges associated with official mail, distribution, and locator management. The second priority was identified as records management, forms, and publications management, and the third priority was identified as high speed duplication electronic printing. **This recommendation appears reasonable.**
10. Maintenance, Safety, Security, and Energy Projects (E-350, E-351, E-352, and E-730, MILITARY-16, 17 and 20): The Executive Budget recommends \$468,550 in General Fund appropriations and \$573,550 in federal funds statewide over the 2015-17 biennium for minor maintenance and refurbishment projects at various military facilities that are not included as part of the Capital Improvement Program. The minor projects include improvements to security controls at several facilities; the maintenance of asphalt pavement in parking lots and road and the maintenance of heating and air conditioning systems for various facilities; the replacement of windows, water heaters, carpet, exterior doors and flooring at several sites; road repairs at the Henderson facility; improvements to the drainage system at the Las Vegas Readiness Center; and the installation of speed bumps at the main gate at the North Las Vegas facility. The funding recommended is in addition to the Office of the Military's annual maintenance budget, which is used for maintaining facilities under the Military's jurisdiction located throughout the state. **These recommendations appear reasonable.**
11. Consolidation of the Carlin Armory Expenditures (E-511, E-514, E-515, E-516, E517, E-951, E-952, E-953, E-954, E-955, E-956, and E-957; MILITARY-18 through 24): The Governor recommends the transfer of all base, maintenance and enhancement decision units totaling \$1.8 million over the 2015-17 biennium (with no change in funding amounts or sources) from the Carlin Armory budget to the primary Military budget to consolidate the revenues and expenditures for all military facilities into a single budget account and place the authority for expenditures into the correct categories within the Military budget. The Governor further recommends the elimination of the Carlin Armory budget. The Carlin Armory is currently the only armory that has a separate budget.

A technical adjustment has been included by staff in this closing document for the correction of the annualization of utilities included the Adjusted Base Budget and included in Decision Unit E-511 and Decision Unit E-951 for category changes and the transfer of the Adjusted Base Budget expenditures from the Carlin Armory budget to the Military budget.

With the technical adjustment noted by staff, these recommendations appear reasonable.

12. Vehicle Replacement (E-710, MILITARY-20): The Executive Budget recommends federal funds totaling \$10,800 over the 2015-17 biennium to replace an agency-owned truck with a leased truck from the Fleet Services Division. The Office indicates the current agency-owned truck has high mileage and that the new leased truck would be used for operating and maintenance functions in the Reno/Carson City area. **This recommendation appears reasonable.**

Staff recommends that all Other Closing Items be closed as recommended by the Governor with the technical adjustments noted by staff and with authority to make other technical adjustments as necessary.

The Subcommittee recommended approving the Other Closing Items as recommended by the Governor, including authority for Fiscal staff to make technical adjustments as noted.

Additional Information - No Action Necessary

1. State Public Works Division CIP Projects for the Office of the Military: The Governor's budget recommends 11 projects as part of the Capital Improvement Program for the Office of the Military totaling \$13.4 million over the 2015-17 biennium funded with a combination of General Fund appropriations (\$2.1 million) and federal funds (\$11.3 million). The projects include the following:
- \$762,114 (\$46,053 state funds and \$716,061 federal funds) for parking lot lighting at the Floyd Edsall Training Center (15-C06)
 - \$228,103 (\$21,149 state funds and \$206,954 federal funds) for security fencing at the Stead Training Center (15-C07)
 - \$8.8 million (\$200,000 state funds and \$8.6 million federal funds) for the construction of a maintenance shop at the Washoe County Armory (15-C79)
 - \$1 million (\$561,439 state funds and \$474,713 federal funds) for the renovation of the central chilled and hot water plant at the Clark County Armory (15-M34)
 - \$213,375 (\$23,758 state funds and \$189,617 federal funds) for the installation of destratification fans at various locations statewide (15-M35)
 - \$218,915 (\$23,801 state funds and \$195,114 federal funds) for the replacement of the domestic hot water heaters at the Nevada National Guard Army Aviation Support Facility in Stead (15-M98)
 - \$485,036 (\$50,734 state funds and \$434,302 federal funds) for the replacement of the domestic water heaters, storage tanks and faucets at the Stead Regional Training Institute (15-M99)
 - \$642,886 (\$642,886 state funds and \$0 federal funds) for the development of schematic designs for a National Guard/Reserve Readiness Center in North Las Vegas (15-P02)
 - \$699,170 (\$371,931 state funds and \$327,239 federal funds) for roofing projects at the Elko Readiness Center and the Henderson Armory (15-S01g)
 - \$74,286 (\$10,172 state funds and \$64,114 federal funds) for a paving project at the Stead Training Center (15-S05g)
 - \$296,007 (\$161,903 state funds and \$134,104 federal funds) for paving projects at the Fallon Readiness Center and the Washoe Readiness Center (15-S05g1)

2. Supplemental Appropriation for Military Leave: The Governor recommends General Fund appropriations totaling \$303,867 for an unanticipated shortfall in FY 2015 for Military Leave that is not eligible for federal reimbursement through the Master Cooperative Agreement. The supplemental appropriation is included in Assembly Bill 439, which was heard in the Committee on Assembly Ways and Means on April 6, 2015. However, the agency has advised Fiscal staff that the supplemental appropriation is no longer needed for FY 2015, as the agency is able to fund the General Fund shortfall with savings from position vacancies and operating and utility expenses funded with General Fund appropriations.

Nevada Legislative Counsel Bureau
 Budget Closing Action Report
 Public Safety, Natural Resources and Transportation Joint
 Subcommittee
 W02 - WORKING VERSION 2

Title: MILITARY CARLIN ARMORY
Account: 101 - 3651

Budget Page: MILITARY-26, Volume III

	2013-14 Actual	2014-15 WP	%	2015-16 GOV REC	%	2016-17 GOV REC	%
Revenues							
BALANCE FORWARD	35,193						
FEDERAL FUND	199,179	201,023	0.93				
GENERAL FUND	861,170	808,314	(6.14)				
REVERSIONS	(65,236)						
Total Revenues	1,030,306	1,009,337	(2.04)				
Total FTE		5.00					

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	00	2501	Reduce the General Fund share of costs associated with corrections to utilities.	(8,912)	(8,912)
B000	00	3500	Reduce the Federal share of costs associated with corrections to utilities.	(2,228)	(2,228)
E951	00	2501	Adjust General Fund transfers to reflect the adjusted base utilities correction.	8,912	8,912
E951	00	3500	Adjust the Federal Share transfers to reflect the adjusted base utilities correction.	2,228	2,228
Sub-total				0	0
Line Item Changes to Revenues				0	0

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	20	7000	Correct the Adjusted Base Budget for utilities.	(11,140)	(11,140)
E951	20	7000	Correct the utilities transfer to the Military budget.	11,140	11,140
Sub-total				0	0
Line Item Changes to Expenditures				0	0
Total				0	0
Grand Total General Fund Impact of Closing Changes				0	0

Overview

This budget supports the operation and maintenance of the Carlin Armory/Readiness Center of the Nevada National Guard. This facility was formerly owned and operated by the Nevada System of Higher Education (NSHE) as the Nevada Fire Science Academy. However, congressional approval and state legislation (Assembly Bill 580, Section 51 of the 2011 Legislative Session) allowed for the transfer of the Carlin facility from NSHE to the Nevada National Guard in FY 2013. Funding for the Carlin Armory/Readiness Center is approximately 80 percent State General Fund and 20 percent federal funds.

Major Closing Issue

New Maintenance Repair Worker Position.

Discussion of Major Closing Issue

New Maintenance Repair Worker Position (E-233, MILITARY-27 and 28): The Governor recommends General Fund appropriations totaling \$65,249 and federal funds totaling \$16,076 (approximately an 80 percent/20 percent split) to fund a new Maintenance Repair Worker position and associated operating costs. The new position would be located at the Carlin Armory. According to the agency, prior to the reorganization to provide more timely support to the rural facilities, the Carlin facility was staffed solely to provide custodial and maintenance support to approximately 15 structures, wastewater treatment facility and grounds at the Carlin Armory. As a result of the reorganization, the staff at the Carlin Armory is responsible for additional Nevada National Guard facilities in Carlin, Winnemucca, Elko, and Ely. Current staffing at the Carlin Armory includes one Facility Supervisor, one Water System Operator, one HVAC Specialist, one Grounds Maintenance Worker and one Custodial Worker. The agency indicates the rural facilities do not have a dedicated Maintenance Repair Worker on staff and a backlog of maintenance work is increasing, as the HVAC Specialist and the Water System Operator are unable to perform all required maintenance work. The agency estimates that the existing maintenance backlog for the facilities located in the Northeastern part of the state would be completed within two years with the recommended new Maintenance Repair Worker position. In addition, the agency advises that the new position would allow for more timely resolution of emergent maintenance needs, which would decrease the number of projects that would be added to the deferred maintenance list.

Does the committee wish to approve the Governor’s recommendation to fund a new Maintenance Repair Worker position and associated operating costs assigned to the Carlin Armory?

The Subcommittee recommended approving the Governor’s recommendation for a new Maintenance Repair Worker position and associated operating costs assigned to the Carlin Armory.

Other Closing Items

1. **Adjusted Base Budget, (BASE, MILITARY-26):** During the adjusted base budget review process, Fiscal staff identified issues with proposed adjustments for utilities. During FY 2014, the office did not make 12 months of utilities payments for some utility bills for various facilities throughout the state. Fiscal staff noted at that time that the adjustments to annualize utility costs were not calculated correctly. However, the corrections to the annualization of utilities were not made prior to finalizing the Governor’s recommended budget. **Fiscal staff has included the proposed technical adjustments outlined in the table below in this closing document. The Office of the Military concurs with the recommended adjustments for utilities.**

Category	Original Adjustment Gov Rec		Corrected Adjustment Gov Rec		Proposed Technical Adjustment	
	Federal Funds	General Fund	Federal Funds	General Fund	Federal Funds	General Fund
20 - Carlin Armory	3,199	12,797	971	3,885	(2,228)	(8,912)

2. **Expansion of Uniform Items for Maintenance Personnel (E-242, MILITARY-28):** The Executive Budget includes General Fund appropriations of \$625 in FY 2016 and \$657 in FY 2017 to add cold weather clothing to the uniform allowance for the five maintenance positions funded by this budget. According to the agency, the current uniform allowance does not provide adequate clothing for the safety and health of the employees. **This recommendation appears reasonable.**

3. Maintenance, Safety, and Security Projects (E-355, MILITARY-28): The Governor recommends a General Fund appropriation of \$51,500 and federal funds totaling \$11,500 in FY 2016 (\$63,000 total) for maintenance, safety, and security projects at the Carlin facility. Identified projects include a roof repair (\$23,000), fire alarm upgrade (\$15,000), and installation of an electronic security system (\$25,000). The office indicates that these projects would improve safety, security, and energy efficiencies at the Carlin facilities. The Office of the Military indicates the estimated costs for maintenance projects included in both Decision Units E-355 and E-356 are completed by project managers employed by the Office of the Military with the same credentials and years of project management experience that are equivalent to the project managers employed by the State Public Works Division. **This recommendation appears reasonable.**

4. Paving Maintenance – Carlin Armory (E-356, MILITARY-29): The Executive Budget recommends a General Fund appropriation of \$200,000 and federal funds totaling \$50,000 in FY 2017 (\$250,000 total) for paving maintenance, which includes slurry sealing and the striping of roadways at the Carlin Armory. **This recommendation appears reasonable.**

5. Replacement Equipment (E-712, MILITARY-29 and 30): The Governor recommends General Fund appropriations totaling \$7,056 and federal funds totaling \$3,024 over the 2015-17 biennium (a 70 percent/30 percent split) to replace an agency-owned pickup with a pickup leased from the Fleet Services Division. According to the office, the current truck has high mileage (157,212) and maintenance costs. **This recommendation appears reasonable.**

6. New Equipment (E-720, MILITARY-30): The Executive Budget recommends General Fund appropriations totaling \$7,056 and federal funds totaling \$3,024 over the 2015-17 biennium (a 70 percent/30 percent split) for a new pickup leased from the Fleet Services Division, for the HVAC Specialist position and for general maintenance. According to the office, the maintenance staff stationed at the Carlin Armory maintains Nevada National Guard facilities located at Carlin, Winnemucca, Elko and Ely, with 269 miles between the furthest facilities. Currently, there is only one road-safe vehicle for the region. The office indicates the new pickup would eliminate travel delays due to only having one vehicle. **This recommendation appears reasonable.**

7. Consolidation of the Carlin Armory Expenditures (E-951, E-952, E-953, E-954, E-955, E-956, and E-957; MILITARY-30 through 33): The Governor recommends the transfer of all base, maintenance and enhancement decision units (with no change in funding amounts or sources) from the Carlin Armory budget to the primary Military budget to consolidate the revenues and expenditures for all military facilities into a single budget account. The Governor further recommends the elimination of the Carlin Armory budget. The Carlin Armory is currently the only armory that has a separate budget. **A technical adjustment has been completed by staff and is included in this closing document for the correction of the annualization of utilities. With the technical adjustment, these recommendations appear reasonable.**

Staff recommends that all Other Closing Items be closed as recommended by the Governor with the technical adjustments noted by staff and requests authority to make other technical adjustments as necessary.

The Subcommittee recommended approving the Other Closing Items as recommended by the Governor, including authority for Fiscal staff to make the noted technical adjustments.

Nevada Legislative Counsel Bureau
 Budget Closing Action Report
 Public Safety, Natural Resources and Transportation Joint
 Subcommittee
 W01 - GOVERNOR RECOMMENDS

Title: MILITARY PATRIOT RELIEF FUND
Account: 101 - 3654

Budget Page: MILITARY-42, Volume III

	2013-14 Actual	2014-15 WP	%	2015-16 GOV REC	%	2016-17 GOV REC	%
Revenues			Chg		Chg		Chg
BALANCE FORWARD	128,967	149,423	15.86	35,309	(76.37)		
GENERAL FUND	100	100		88,743	88643.0	124,062	39.80
					0		
OTHER FUND	1,027	239	(76.73)	10	(95.82)		
REVERSIONS	(100)						
Total Revenues	129,994	149,762	15.21	124,062	(17.16)	124,062	

Total FTE

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
				Gov Rec	Gov Rec
Sub-total				0	0
Line Item Changes to Revenues				0	0

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
				Gov Rec	Gov Rec
Sub-total				0	0
Line Item Changes to Expenditures				0	0

Total

0 0

Grand Total General Fund Impact of Closing Changes

0 0

Overview

The Patriot Relief Account was created by Assembly Bill 580 of the 2005 Legislative Session. Pursuant to NRS 412.1435, funds in the account may only be used to provide: (1) reimbursement to a member of the Nevada National Guard for the cost of premiums on a group life insurance policy; (2) reimbursement to a member of the Nevada National Guard for the cost of textbooks required for a course of study in which the member is enrolled at an institution within the Nevada System of Higher Education; and (3) monetary relief from economic hardships experienced by a member of the Nevada National Guard who has been called into active service. The statute also provides that funds in the Patriot Relief Account do not revert to the General Fund at the end of a fiscal year. The 2005 Legislature approved General Fund appropriations of \$1.0 million for the 2005-07 biennium and the 2007 Legislature appropriated an additional \$316,325 in FY 2009. This cumulative total of \$1.3 million has funded the budget through FY 2015. The table on the next page summarizes program expenditures, by type of assistance, for the last five fiscal years:

Summary of Expenditures by Type of Assistance							
Type of Assistance	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	TOTAL	5-Year Average
Textbooks	\$102,930	\$95,730	\$101,116	\$86,192	\$114,062	\$500,030	\$100,006
Group Life Insurance	\$47,163	\$21,507	\$7,559	\$3,064	\$15,932	\$95,225	\$19,045
Economic Hardships	\$0	\$10,000	\$0	\$0	\$0	\$10,000	\$2,000
Total	\$150,093	\$127,237	\$108,675	\$89,256	\$129,994	\$605,255	\$121,051

Major Closing Issue

Elimination of the Group Life Insurance Premium Program.

Discussion of Major Closing Issue

Elimination of the Group Life Insurance Premium Program (E-227, MILITARY-43): The Governor recommends the elimination of the Servicemen's Group Life Insurance (SGLI) premium reimbursement program, which is based upon actual expenditures in FY 2014, and would result in a General Fund savings of \$15,932 in each year of the 2015-17 biennium.

The office indicates that during FY 2014, 39 out of 4,264 eligible members received SGLI reimbursements through this program. The office estimates that under the Governor's proposed elimination of the SGLI reimbursement program, Nevada National Guard members currently receiving reimbursement would no longer receive, on average, \$29 per month or \$348 per year. The office indicates that while a National Guard member is deployed, the federal government pays the SGLI premium. Currently, pursuant to NRS 412.1435, any Nevada National Guard member can qualify for reimbursement of their SGLI premiums; however, the Office of Military staff does verify that the members being reimbursed by the state are not being reimbursed by the National Guard Bureau (federal). According to the office, if all Nevada National Guard members were to access the benefits of the SGLI program, it would cost the state approximately \$1.5 million annually. As a result, the office has determined that the benefits of the program do not outweigh the potential cost to the state. Fiscal staff notes that average annual expenditures of the SGLI program over the last five years have been approximately \$19,000 (highest year's expenditures totaled \$47,163 in FY 2010 and lowest year totaled \$3,064 in FY 2013).

Assembly Bill 472, referred to the Assembly Committee on Ways and Means on March 23, 2015, amends NRS 412.1435 and eliminates the reimbursement to a member of the Nevada National Guard for premiums paid on a group life insurance policy purchased pursuant to the provisions of 38 U.S. Code § 1965 et seq., commonly known as Servicemembers' Group Life Insurance. A.B. 472 also establishes a limit of \$1,000 per semester, quarter or term, as applicable, on the reimbursement to a member of the Nevada National Guard who is enrolled at an institution with the Nevada System of Higher Education for the cost of textbooks. Decision Unit E-227 is contingent on the passage of A.B. 472 by the 2015 Legislature.

Does the Subcommittee wish to approve the elimination of General Fund appropriations of \$15,932 in each year of the 2015-17 biennium for the Servicemen's Group Life Insurance premium reimbursement program, as recommended by the Governor, contingent upon the passage and approval of A.B. 472?

The Subcommittee recommended approving the Governor's recommendation to eliminate General Fund appropriations of \$15,932 in each year of the 2015-17 biennium for the Servicemen's Group Life Insurance premium reimbursement program, contingent upon the passage and approval of Assembly Bill 472, which eliminates the reimbursement to a member of the Nevada National Guard for premiums paid on a group life insurance policy purchased.

Other Closing Items

1. **Replenish Funding for the Patriot Relief Account (E-225, MILITARY-42):** The Governor is recommending General Fund appropriations of \$94,675 in FY 2016 and \$129,994 in FY 2017 to replenish funding for the Patriot Relief Account. Inclusive of the projected ending fund balance of \$35,309 for FY 2015, and nominal interest earnings in FY 2016, the recommended funding in FY 2016 totals \$129,994. The amounts recommended for each fiscal year are based on actual expenditures for the reimbursement of textbooks and reimbursements of the cost of premiums on group life insurance policies for Nevada National Guard members incurred in FY 2014. **This recommendation appears reasonable.**
2. **Funding for the Economic Hardship Assistance Program (E-226, MILITARY-43):** The Executive Budget recommends General Fund appropriations of \$10,000 in each year of the 2015-17 biennium to provide assistance to members of the Nevada National Guard who experience economic hardships. According to the office, the Nevada National Guard first utilizes federal resources to assist service members who may be experiencing an economic financial hardship as a result of their deployment. The Patriot Relief Account is the last resource used for this purpose. The office has had expenditure authority for this program in each fiscal year since the creation of the Patriot Relief Account in FY 2006; however, it appears no expenditures have been made for economic hardship assistance since FY 2011, when a \$10,000 payment was made to a member of the Nevada National Guard. The office indicates that the \$10,000 recommended by the Governor is based on the last amount paid for hardship assistance relief in FY 2011. The office advises that the need for economic hardship assistance from Nevada National Guard members typically rises when there is a significant increase in the number of members being deployed, which was the case in FY 2011. In discussions with Fiscal staff, the office has indicated that an increase in deployment of Nevada National Guard members is expected over the 2015-17 biennium. **This recommendation appears reasonable.**

Staff recommends that all Other Closing Items be closed as recommended by the Governor and requests authority to make technical adjustments, as necessary.

<p>The Subcommittee recommended approving the Other Closing Items as recommended by the Governor, including authority for Fiscal staff to make technical adjustments as necessary.</p>
