

**GENERAL GOVERNMENT
JOINT SUBCOMMITTEE
CLOSING LIST #5
May 6, 2015**

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Nevada Legislative Counsel Bureau
 Budget Closing Action Report
 General Government Joint Subcommittee
 W10 - WORKING VERSION 10

Title: SUPREME COURT
 Account: 101 - 1494

Budget Page: JUDICIAL-14, Volume I

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
BALANCE FORWARD	(13,519)	8,875	(165.65)				
GENERAL FUND	4,726,541	4,800,021	1.55	4,563,834	(4.92)	4,459,627	(2.28)
INTERAGENCY TRANSFER		28,860					
INTERIM FINANCE	9,969	444,250	4356.31				
OTHER FUND	6,076,469	6,307,592	3.80	6,362,167	0.87	6,425,160	0.99
REVERSIONS	(244,273)						
Total Revenues	10,555,187	11,589,598	9.80	10,926,001	(5.73)	10,884,787	(0.38)
Total FTE		79.51		79.51		79.51	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	00	2501	Increase General Fund appropriations for operating and maintenance costs at the Regional Justice Center (RJC).	5,469	12,315
B000	00	2501	Reduce General Fund appropriations for an Executive Assistant position transferred to the Court of Appeals budget effective April 13, 2015.	(82,374)	(82,143)
M100	00	2501	Increase General Fund appropriations for bond and tort costs for an Executive Assistant position transferred to the Court of Appeals budget effective April 13, 2015.	5	6
M220	00	2501	Decrease General Fund appropriations for operating and maintenance costs of the Foreclosure Mediation Program (FMP) at the RJC.	(331)	(1,995)
M300	00	2501	Decrease General Fund appropriations for fringe benefit rates for an Executive Assistant position transferred to the Court of Appeals budget effective April 13, 2015.	(624)	(315)
Sub-total				(77,855)	(72,132)
Line Item Changes to Revenues				(77,855)	(72,132)

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	01	5000	Salary and benefit costs for an Executive Assistant position transferred to the Court of Appeals budget effective April 13, 2015.	(82,251)	(82,020)
B000	04	7000	Adjustments for operating and maintenance costs at the RJC.	5,469	12,315
B000	04	7000	Bond and tort costs associated with an Executive Assistant position transferred to the Court of Appeals budget effective April 13, 2015.	(123)	(123)
M100	04	7000	Bond and tort rate adjustments for an Executive Assistant position transferred to the Court of Appeals budget effective April 13, 2015.	5	6
M220	04	7000	Adjustments for operating and maintenance costs of the FMP at the RJC.	(331)	(1,995)
M300	01	5000	Fringe benefit adjustments for an Executive Assistant position transferred to the Court of Appeals budget effective April 13, 2015.	(624)	(315)
Sub-total				(77,855)	(72,132)
Line Item Changes to Expenditures				(77,855)	(72,132)
Total				0	0
Grand Total General Fund Impact of Closing Changes				(77,855)	(72,132)

Overview

The Supreme Court is the highest court of record in Nevada's court system. The Supreme Court reviews appeals of judgments or orders from the state's district courts, provides admittance to the legal profession in Nevada, and provides administrative oversight of Nevada's court system. The Supreme Court consists of seven justices, chambers staff, the Office of the Court Clerk, central legal staff, the Law Library, and the Administrative Office of the Courts. The budget is funded primarily through a combination of General Fund appropriations and administrative court assessments. The recommended reduction in General Fund appropriations noted in the first table on the previous page is primarily attributable to the transfer of eight staff to the new Court of Appeals budget, during FY 2015. An additional position, an Executive Assistant, was transferred by the Judicial Branch effective April 13, 2015, which is reflected in the Adjustments to Revenues and Adjustments to Expenditures tables on the front page. Additional information regarding these position transfers is included in the Court of Appeals budget.

Major Closing Issue

1. Position Classification Changes
2. Increased Settlement Judge Fees and Expenses

Discussion of Major Closing Issues

1. Position Classification Changes (BASE, JUDICIAL-14): The Executive Budget includes the reclassification of all unclassified positions within the Judicial Branch (excluding the Judicial Discipline Commission budget) to non-classified positions. The reclassification is included in the base decision unit and is not included in a separate enhancement decision unit for the Subcommittee's consideration.

Currently, salaries for unclassified positions in the Judicial Branch are established by the Legislature in the Pay Bill. However, salaries for non-classified positions are set at the discretion of the appointing authority. Therefore, the establishment of existing unclassified positions by the Judicial Branch as non-classified employees would remove position compensation oversight by the Legislature. While there appears to be no fiscal impact in the 2015-17 biennium, it should be noted that once positions are removed from the Pay Bill and placed into the non-classified service, salaries could be modified by the Judicial Branch without Legislative review or approval.

During the Legislative Commission's Budget Subcommittee hearing on January 20, 2015, the Judicial Branch testified that it had experienced a loss of staff attorney and other professional positions to other branches of government as a result of compensation inequity. In response to Fiscal staff inquiries, the Judicial Branch reported that of the eight professional level positions it lost from July 1, 2013, to January 30, 2015, four professional positions transferred to federal, county, city, private industry, or self-employment. The remaining four professional positions transferred to classified service and only two individuals of the eight positions cited pay as a factor for leaving.

Fiscal staff notes that the 2013-15 biennial budget request from the Judicial Branch included the reclassification of all unclassified positions to non-classified positions. The request was not approved by the 2013 Legislature.

The Subcommittee may wish to consider the following options:

1. **Approve the reclassification of all unclassified positions within the Judicial Branch, excluding the Judicial Discipline Commission budget, to non-classified positions as included in The Executive Budget.**
2. **Do not approve the reclassification of all unclassified positions within the Judicial Branch to non-classified positions.**

2. Increased Settlement Judge Fees and Expenses (E-228, JUDICIAL-17): The Executive Budget includes General Fund appropriations of \$146,978 over the 2015-17 biennium to increase the hourly rate and expenses paid to settlement judges. The Supreme Court's Settlement Program is an alternative dispute resolution program, which utilizes mediation to resolve cases. Settlement judges, appointed by the Supreme Court, do not decide the outcome of a case, but assist parties in communicating their positions and interests. The Judicial Branch indicates settlement judge pay is set by court order and was last increased to \$85 per hour in 2007. Additionally, settlement judges are reimbursed for expenses such as postage, parking, travel, secretarial support, telephone and document copies. The rate for expenses of \$35 per case has been set since 2003. Settlement judge pay is capped at ten hours per case plus expenses for a maximum of \$885 per case.

The Judicial Branch recommends increasing the hourly rate paid to settlement judges from \$85 to \$100 per hour and expenses of \$35 to \$50 per case, for a maximum of \$1,050 per case. By way of comparison, the Judicial Branch indicates district court arbitrators are paid a flat rate of \$1,000 per case and can request additional pay in certain circumstances; mediators for the Foreclosure Mediation Program (FMP) are paid \$100 per hour up to four hours per case; and hearing officers for the Human Resource Management Division are paid \$100 per hour. The Judicial Branch indicates it currently pays the lowest hourly rate for settlement judges. Fiscal staff notes that in Fiscal Years 2012 through 2014, the Judicial Branch did not utilize the full funding legislatively approved for settlement conference expenses. If approved, these increases would equate to 6 percent growth in settlement fees and expenses as compared to the amount legislatively approved for the 2013-15 biennium. The following table provides a brief history of the legislatively approved amounts for settlement judge pay and expenditures.

Settlement Judge Pay									
	FY 2012			FY 2013			FY 2014		
	Leg Approved	Actual Paid	Differences	Leg Approved	Actual Paid	Differences	Leg Approved	Actual Paid	Differences
Settlement Pay Fees	\$457,992	\$371,960	\$ 86,032	\$476,397	\$306,099	\$ 170,298	\$397,437	\$325,184	\$ 72,253
Expenses	\$ 17,489	\$ 12,786	\$ 4,703	\$ 18,192	\$ 10,210	\$ 7,982	\$ 13,662	\$ 11,467	\$ 2,195
Travel Expenses	\$ 1,552	\$ 2,679	\$ (1,127)	\$ 1,552	\$ 602	\$ 950	\$ 2,678	\$ 2,210	\$ 468
	\$477,033	\$387,425	\$ 89,608	\$496,141	\$316,911	\$ 179,230	\$413,777	\$338,861	\$ 74,916

Source: BASN reports and Data Warehouse of Nevada

Does the Subcommittee wish to approve General Fund appropriations of \$146,978 over the 2015-17 biennium to increase the hourly rate and expenses paid to settlement judges?

Other Closing Items

1. Building Operation and Maintenance Costs, Technical Adjustment (BASE and M-220, JUDICIAL-14 and 15): The Judicial Branch was notified on March 5, 2015, of a decrease to the building operating and maintenance costs for the Regional Justice Center (RJC) in Las Vegas. **Fiscal staff has included the adjustments on the first page of this closing document.**
2. Foreclosure Mediation Program (FMP) Shared Costs (M-220, JUDICIAL-15): The Executive Budget includes a decrease in General Fund appropriations of \$194,419 over the 2015-17 biennium to remove costs shared with the FMP. If the FMP is approved for continuation, the FMP would assume its shared costs. **Fiscal staff will ensure the closing actions taken by the Subcommittee in the Foreclosure Mediation budget regarding the continuation of the Foreclosure Mediation Program are accurately reflected in the Supreme Court budget.**

3. Courtroom Sound System (E-226, JUDICIAL-16): The Executive Budget includes a General Fund appropriation of \$26,902 in FY 2016 to support sound system improvements to the Supreme Court's courtroom in Carson City. The Judicial Branch indicates that the general public and courtroom participants have difficulty in hearing the justices and other parties in the courtroom. **This decision unit appears reasonable.**
4. Case Management Security Enhancement (E-227, JUDICIAL-16 and 17): The Executive Budget includes a General Fund appropriation of \$11,088 in FY 2016 to enhance security features of the court's case management system, C-Track. The enhancement would restrict case and material review to certain staff to maintain confidentiality. **This decision unit appears reasonable.**
5. Training Cost Transfers (E-500 and 900, JUDICIAL-17 and 20): The Executive Budget includes General Fund appropriations of \$82,204 over the 2015-17 biennium to support the transfer of training costs from the Judicial Education budget. Training cost transfers are more fully discussed in the Judicial Education budget. **Fiscal staff will ensure the closing actions taken by the Subcommittee in the Judicial Education budget regarding the transfer of training costs are accurately reflected in the Supreme Court budget.**
6. Replacement Computer Equipment and Software
 - Computer Equipment (E-710, JUDICIAL-18): The Executive Budget includes General Fund appropriations of \$107,997 over the 2015-17 biennium for the replacement of 41 desktop computers, 51 flat panel monitors, 5 laptop computers and docking stations, a server for the door security system, 30 printers, and 20 uninterrupted power supply devices. **This decision unit appears reasonable.**
 - Computer Software (E-712, JUDICIAL-18 and 19): The Executive Budget includes General Fund appropriations of \$129,877 over the 2015-17 biennium for the replacement of server and personal computer software. **This decision unit appears reasonable.**
7. New Computer Software (E-720, JUDICIAL-19): The Executive Budget includes a General Fund appropriation of \$4,450 in FY 2017 for Crystal Reports and server software to create an environment for testing case management system reports. **This decision unit appears reasonable.**
8. Unclassified Position Salary Increase (E-813, JUDICIAL-19): The Executive Budget includes General Fund appropriations of \$13,287 over the 2015-17 biennium to support a salary increase for the unclassified Reporter of Judicial Decisions (RJD) position. The Judicial Branch indicates the area of responsibility and number of staff reporting to this position has increased. The RJD supervises 12 employees, oversees the editorial review of all decisions, and is responsible for publication decisions. Fiscal staff notes the current pay of \$118,156 for the RJD is commensurate with a Chief Deputy Attorney General position, which supervises an average of 17 positions, and the Department of Business and Industry, Division Administrator for the Attorney for Injured Workers, which supervises 30 positions.

The Judicial Branch indicates it is unable to provide competitive salaries to staff and that it has instituted a compensation schedule, which includes salary ranges for its unclassified positions. Fiscal staff notes that although the RJD position has had three incumbents since 2001, the position has never been vacant.

The decision regarding salaries of unclassified positions will be determined at a later date in conjunction with the Pay Bill. Staff seeks authority to make adjustments to this budget that may be necessary based on the salaries approved.

Fiscal staff recommends the Other Closing Items be closed as included in The Executive Budget, with the adjustment as noted on the front page of this closing document. Fiscal staff requests authority to make other technical adjustments, as needed.

Informational Items

Legislation

- **Supreme Court (INTRODUCTION-19):** The Executive Budget includes a General Fund supplemental appropriation of \$555,001 due to an anticipated administrative court assessment revenue shortfall. Administrative court assessment revenues are more fully discussed in the Administrative Office of the Courts budget. Fiscal staff was notified February 23, 2015, of a proposed amendment to this supplemental appropriation, to increase the total to \$588,000. Senate Bill 469 which would make the supplemental appropriation, was passed by the Senate on April 20, 2015, and referred to the Assembly Committee on Ways and Means on April 21, 2015, and was heard on May 5, 2015.
- **Senate Bill 431:** Authorizes the Supreme Court to enter into a long-term lease for office space in Clark County, which extends beyond the 2015-17 biennium. If approved, the Judicial Branch would relocate from the Regional Justice Court to a new facility near the U.S. District Court in Las Vegas. Senate Bill 431 was referred to the Senate Committee on Finance on March 24, 2015, and read on April 22, 2015.

Nevada Legislative Counsel Bureau
 Budget Closing Action Report
 General Government Joint Subcommittee
 W10 - WORKING VERSION 10

Title: COURT OF APPEALS
 Account: 101 - 1489

Budget Page: JUDICIAL-22, Volume I

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
BALANCE FORWARD							
GENERAL FUND				2,122,645		2,117,723	(0.23)
INTERAGENCY TRANSFER		997,088					
Total Revenues		997,088		2,122,645	112.88	2,117,723	(0.23)
Total FTE		18.00		18.00		18.00	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	00	2501	Increase General Fund appropriations to include annual membership costs to the Council of Chief Judges of the State Court of Appeals.	5,500	5,500
B000	00	2501	Increase General Fund appropriations for an Executive Assistant position transferred from the Supreme Court budget to the Court of Appeals budget effective April 13, 2015.	82,614	82,389
M100	00	2501	Decrease General Fund appropriations for bond and tort costs for an Executive Assistant position transferred from the Supreme Court budget to the Court of Appeals budget effective April 13, 2015.	(6)	(6)
M300	00	2501	Increase General Fund appropriations for fringe and benefit rates for an Executive Assistant position transferred from the Supreme Court budget to the Court of Appeals budget effective April 13, 2015.	625	316
Sub-total				88,733	88,199
Line Item Changes to Revenues				88,733	88,199

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	01	5000	Salary and benefit costs for an Executive Assistant position transferred from the Supreme Court budget to Court of Appeals budget effective April 13, 2015.	82,491	82,266
B000	04	7000	Council of Chief Judges of the State Court of Appeals annual membership costs.	5,500	5,500
B000	04	7000	Bond and tort costs for an Executive Assistant position transferred from the Supreme Court budget to the Court of Appeals budget effective April 13, 2015.	123	123
M100	04	7000	Bond and tort rate adjustments for an Executive Assistant position transferred from the Supreme Court budget to the Court of Appeals budget effective April 13, 2015.	(6)	(6)
M300	01	5000	Fringe benefit adjustments for an Executive Assistant position transferred from the Supreme Court budget to the Court of Appeals budget effective April 13, 2015.	625	316
Sub-total				88,733	88,199
Line Item Changes to Expenditures				88,733	88,199
Total				0	0
Grand Total General Fund Impact of Closing Changes				88,733	88,199

Overview

Approved by the 2013 Legislature (Senate Joint Resolution [SJR] 14), and ratified by the voters in the 2014 General Election, the Nevada Court of Appeals (NCoA) was created in January 2015. Cases received by the Supreme Court are screened and assigned on a case-by-case basis to the NCoA. By Supreme Court Rule, the NCoA evaluates appeals from petitions for judicial review of administrative agency decision; appeals from petitions for post-conviction relief, except in cases involving a death sentence; and fast track criminal appeals. Additionally, the NCoA evaluates original proceedings challenging a ruling in a criminal case, except in cases that involve the death penalty. Three judges were initially appointed to the NCoA by the Governor. After the initial two-year appointment, the judges of the NCoA are subject to a general election for a term of six years. Staff and operating expenditures are funded by the NCoA budget, while the three NCoA judges are paid from the State Judicial Elected Officials budget.

Major Closing Issues

Membership Dues, Budget Amendment

Discussion of Major Closing Issues

Membership Dues, Budget Amendment (Base, JUDICIAL-22): The Executive Budget Office submitted Budget Amendment A150031489 on March 24, 2015. Through the amendment, The Executive Budget increases General Fund appropriations by \$11,000 over the 2015-17 biennium to support an annual membership of the Chief Judge for the Nevada Court of Appeals to the Council of Chief Judges of the State Court of Appeals (CCJSCA). Membership to the CCJSCA, a national association, would provide the Chief Judge access to a database containing reference materials, white papers, and discussions regarding administrative topics shared by chief judges of appellate courts. Adjustments to include membership dues to the CCJSCA are included on the first page of this closing document.

Does the Subcommittee wish to approve additional General Fund appropriations of \$11,000 over the 2015-17 biennium to support an annual national association membership for the Chief Judge of the Nevada Court of Appeals, as included in Budget Amendment A150031489?

Other Closing Items

1. Replacement Computer Hardware and Software (E-710 and E-712, JUDICIAL-24): The Executive Budget includes General Fund appropriations of \$9,175 over the 2015-17 biennium to replace a desktop computer and flat panel monitor, four printers and computer software. **These decision units appear reasonable.**
2. Training Cost Transfers (E-500 and E-906, JUDICIAL-23 and 25): The Executive Budget includes General Fund appropriations of \$3,130 over the 2015-17 biennium to support the transfer of training costs from the Judicial Education budget. Training cost transfers are more fully discussed in the Judicial Education budget. **Fiscal staff will ensure the closing actions taken by the Subcommittee in the Judicial Education budget regarding the transfer of training costs are accurately reflected in the Court of Appeals budget.**

Fiscal staff recommends the Other Closing Items be closed as included in The Executive Budget, and requests authority to make technical adjustments, as needed.

Technical Adjustment

Nevada Court of Appeals Resources (Base, JUDICIAL-22): The Interim Finance Committee (IFC), originally approved nine support staff for this new budget through a Contingency Account request on December 8, 2014. Subsequently, the Judicial Branch added a non-classified Chief Assistant Clerk position and transferred eight existing positions consisting of a law clerk, five staff attorneys, and two

supervisory staff attorney positions from the Supreme Court budget to the NCoA budget. Effective April 13, 2015, the Judicial Branch transferred an Executive Assistant position from the Supreme Court budget to the NCoA budget for a total position count of 19 (effective FY 2015). Adjustments to include the transfer of the Executive Assistant position from the Supreme Court budget are included on the first page of this closing document. As previously stated, this budget does not include the three new appellate court judge positions, which are paid from the State Judicial Elected Officials budget.

Does the Subcommittee wish to approve the technical adjustment to recognize the Executive Assistant position transfer as reflected on the front page of this closing sheet?

Title: JUDICIAL EDUCATION
 Account: 101 - 1487

Budget Page: JUDICIAL-58, Volume I

	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
Revenues							
BALANCE FORWARD	24,574	947,730	3756.64	623,178	(34.25)	404,333	(35.12)
OTHER FUND	817,890	781,894	(4.40)	774,404	(0.96)	766,904	(0.97)
Total Revenues	842,464	1,729,624	105.31	1,397,582	(19.20)	1,171,237	(16.20)
Total FTE		4.00		4.00		4.00	

Adjustments to Revenue

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

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16 Gov Rec	2016-17 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

Fiscal staff is responsible for developing closing recommendations for this budget, which has not been previously reviewed by the Subcommittee.

The Judicial Education program provides for the continuing education of Supreme Court Justices, District Court Judges, Justices of the Peace, and Municipal Court Judges. In addition, the Judicial Education program provides educational and training opportunities to court administrators, staff of the Nevada court system, senior judges, and hearing masters. This budget is funded primarily by administrative court assessments.

Major Closing Issues

There are no major closing issues.

Other Closing Items

1. Replacement Computer Equipment (E-710 and E-712, JUDICIAL-60 and 61): The Executive Budget includes reductions to reserves of \$3,378 over the 2015-17 biennium to replace two printers, four uninterruptable power supply units, two uninterruptable power supply batteries, and associated software. **These decision units appear reasonable.**

2. Training Cost Transfers (E-900, E-901, E-902, E-903, E-904, and E-906, JUDICIAL-61-63): The Executive Budget includes training cost transfers from the Judicial Education budget to six operating budgets within the Judicial Branch. During the budget hearing of March 11, 2015, the Judicial Branch testified that it recommends transferring training costs to the operating budgets where each position resides because administrative court assessment revenues are projected to decline. Fiscal staff notes that prior to FY 2011, the Judicial Branch budgeted for training costs in its individual operating budgets rather than in the Judicial Education budget. Budgeting training costs in this budget reduces the need for General Fund appropriations in those Judicial Branch operating budgets supported by General Fund appropriations. The table below provides the budgets included in The Executive Budget to fund judicial education, the corresponding training costs, and the impacts to the General Fund.

Training Cost Transfers from the Judicial Education Budget and General Fund Impact				
Budget Title	Transfer Amount	General Fund Impact	Decision Unit	Judicial Page
Supreme Court	\$ 82,204	\$ 82,204	E-500/E-900	17 & 20
Court of Appeals	\$ 3,130	\$ 3,130	E-500/E-906	23 & 25
Law Library	\$ 6,376	\$ 6,376	E-500/E-902	33 & 35
Administrative Office of the Courts	\$ 97,102	\$ -	E-500/E-901	39, 40 & 43
Judicial Programs and Services Division	\$ 482	\$ 482	E-500/E-904	47 & 49
Uniform System of Judicial Records	\$ 14,148	\$ -	E-500/E-903	54 & 56
	\$ 203,442	\$ 92,192		

Pursuant to NRS 176.059, not less than 51 percent of the revenue from administrative court assessment revenues received by the State Controller must be distributed to the Administrative Office of the Courts for allocation among the various Judicial Branch budgets based on percentages defined in statute. Of the total administrative court assessments distributed to the Judicial Branch by the State Controller, NRS 176.059(8) provides that the Office of the Court Administrator must distribute the funding as follows:

- 36.5 percent for:
 - a. The administration of the courts (budget 1483);
 - b. The development of a uniform system for judicial records (budget 1486); and
 - c. Continuing judicial education (budget 1487);
- 48 percent to the Supreme Court (budget 1494);
- 3.5 percent for the services of retired justices and retired district judges (budget 1496); and
- 12 percent for specialty court programs (budget 1495).

In response to Fiscal staff inquiries, the Judicial Branch indicated that distribution of the 36.5 percent is determined based on an analysis of reserve levels in each of the three budgets that share that portion of the administrative court assessments. The Judicial Branch indicates that the optimal level of reserves for both the Administrative Office of the Courts budget and the Uniform System of Judicial Records is 90 days. The optimal level of reserve funding in the Judicial Education budget is 45 days. Further, the Judicial Branch indicated that education expenses are more discretionary in nature. Fiscal staff notes that transferring training costs to the six operating budgets would maintain a 45-day reserve level in the Judicial Education budget.

As provided in the table below, the Judicial Education budget, with the exception of FY 2011, has expended more than the revenues than it has received, resulting in reduced reserve levels.

JUDICIAL EDUCATION BUDGET REVENUE AND EXPENDITURE HISTORY								
	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17
	Actual	Actual	Actual	Actual	Actual	Leg Approved	Included in Gov Rec	Included in Gov Rec
Total Revenue	\$ 1,471,680	\$ 1,044,901	\$ 838,991	\$ 927,983	\$ 817,890	\$ 856,194	\$ 774,404	\$ 766,904
Total Expenditures	\$ 1,815,675	\$ 1,044,802	\$ 1,076,758	\$ 951,288	\$ 842,464	\$ 1,102,262	\$ 993,249	\$ 965,456
Revenue - Expenditures	\$ (343,995)	\$ 99	\$ (237,767)	\$ (23,305)	\$ (24,574)	\$ (246,068)	\$ (218,845)	\$ (198,552)
Reserves	\$ 358,840	\$ 360,840	\$ 302,649	\$ 305,307	\$ 323,726	\$ 377,506	\$ 351,538	\$ 356,176

Sources: Data Warehouse of Nevada (DAWN) and Budget Analysis System of Nevada (BASN)

Fiscal staff notes that a similar request to transfer training costs from the Judicial Education budget to operating budgets for the 2007-09 biennium was not approved since those operating budgets were funded with General Fund appropriations.

Does the Subcommittee wish to approve the transfer of training costs from the Judicial Education budget to six operating budgets within the Judicial Branch at a General Fund cost of \$92,192 over the 2015-17 biennium?

3. Training Cost Reclassification (E-905, JUDICIAL-63): The Executive Budget includes a reclassification of training costs of \$7,966 over the 2015-17 biennium from the Supreme Court and Administrative Office of the Courts Education category to a new Training category to isolate costs for the Judicial Education staff. **This decision unit appears reasonable.**

Fiscal staff recommends the Other Closing Items 1 and 3 be closed as included in The Executive Budget, and requests authority to make technical adjustments as needed.

Title: ADMINISTRATIVE OFFICE OF THE COURTS
 Account: 101 - 1483

Budget Page: JUDICIAL-37, Volume I

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
BALANCE FORWARD	114,944	2,120,946	1745.20	1,762,593	(16.90)	1,329,089	(24.59)
OTHER FUND	3,245,434	3,062,869	(5.63)	3,498,782	14.23	3,487,641	(0.32)
Total Revenues	3,360,378	5,183,815	54.26	5,261,375	1.50	4,816,730	(8.45)

Total FTE	2014-15 32.00	2015-16 32.00	2016-17 32.00
Total FTE	32.00	32.00	32.00

Adjustments to Revenue

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

Adjustments to Expenditures

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

Total	2015-16 Gov Rec	2016-17 Gov Rec
Total	0	0

Grand Total General Fund Impact of Closing Changes	2015-16 Gov Rec	2016-17 Gov Rec
Grand Total General Fund Impact of Closing Changes	0	0

Overview

The Administrative Office of the Courts (AOC) serves as the Office of the Court Administrator and provides payroll, personnel, budget, accounting, and information technology support to the Nevada Supreme Court. The AOC also provides support to the statewide court system by managing the judicial education program, statewide court statistics, and trial courts' technology grants and loan programs. Pursuant to NRS 1.360, the AOC is responsible for recommending operational improvements in the trial courts to the Supreme Court. This budget is funded primarily by administrative court assessments collected pursuant to NRS 176.059. Other funding sources include photocopy service charges and reimbursement from the Foreclosure Mediation Program for support services.

Major Closing Issue

Administrative Court Assessments

Discussion of Major Closing Issue

Administrative Court Assessments: Pursuant to NRS 176.059, not less than 51 percent of the administrative court assessment revenues received by the State Controller must be distributed to the Administrative Office of the Courts for allocation among the various Judicial Branch budgets based on percentages defined in statute. Not more than 49 percent of the administrative court assessment revenues must be allocated to various Executive Branch budget accounts to the extent of the legislative authorization. For each year of the 2015-17 biennium, 56.5 percent of the projected administrative court assessments are allocated to the Judicial Branch budgets and just over 40 percent of the projected administrative court assessments are allocated to the Executive Branch accounts. The remaining portion of the projected administrative court assessments is currently unallocated.

Administrative court assessments represent a significant portion of total funding for the Judicial Branch. Currently, six budgets within the Judicial Branch are supported with administrative court assessments. The table below illustrates the distribution of administrative court assessments included in The Executive Budget for both the Judicial and the Executive branches.

ADMINISTRATIVE COURT ASSESSMENTS									
Budget Title	FY 2013 Actual	FY 2014 Actual	Percent Change	FY 2015 Leg Appr	Percent Change	FY 2016 Gov Rec	Percent Change	FY 2017 Gov Rec	Percent Change
Administrative Office of the Courts	\$ 3,213,856	\$ 3,165,990	-1.5%	\$ 3,294,152	4.0%	\$ 3,435,551	4.3%	\$ 3,425,106	-0.3%
Uniform System of Judicial Records	\$ 837,509	\$ 577,335	-31.1%	\$ 607,847	5.3%	\$ 594,482	-2.2%	\$ 655,327	10.2%
Judicial Education	\$ 919,217	\$ 808,020	-12.1%	\$ 848,824	5.0%	\$ 760,034	-10.5%	\$ 757,534	-0.3%
Supreme Court	\$ 6,536,656	\$ 5,985,330	-8.4%	\$ 6,247,659	4.4%	\$ 6,299,267	0.8%	\$ 6,362,260	1.0%
Specialty Court	\$ 1,634,164	\$ 1,496,332	-8.4%	\$ 1,561,915	4.4%	\$ 1,574,817	0.8%	\$ 1,590,565	1.0%
Senior Justice & Senior Judge Program	\$ 476,631	\$ 436,430	-8.4%	\$ 455,558	4.4%	\$ 459,321	0.8%	\$ 463,914	1.0%
Judicial Branch Totals:	\$ 13,618,033	\$ 12,469,438	-8.4%	\$ 13,015,955	4.4%	\$ 13,123,472	0.8%	\$ 13,254,706	1.0%
Executive Branch Budgets	\$ 8,965,414	\$ 9,469,340	5.6%	\$ 9,751,106	3.0%	\$ 9,516,944	-2.4%	\$ 9,481,911	-0.4%
Uncommitted Balance to the General Fund	\$ 4,118,579	\$ 2,511,100	-39.0%	\$ 2,759,246	9.9%		-100.0%		
Executive Branch Totals:	\$ 13,083,993	\$ 11,980,440	-8.4%	\$ 12,510,352	4.4%	\$ 9,516,944	-23.9%	\$ 9,481,911	-0.4%
*Unallocated:						\$ 586,969		\$ 723,042	
Grand Totals:	\$ 26,702,026	\$ 24,449,878	-8.4%	\$ 25,526,307	4.4%	\$ 23,227,385	-9.0%	\$ 23,459,659	1.0%
Judicial Branch Share	51%	51%		51%		56.50%		56.50%	
Executive Branch Share	34%	39%		38%		40.97%		40.42%	
Unallocated						2.53%		3.08%	
Total Percentage	85%	90%		89%		100.00%		100.00%	

*Unallocated figures for the 2015-17 biennium are pursuant to the Budget Division and not included in The Executive Budget as was the previous practice as shown on the Uncommitted Balance to the General Fund line.

The Executive Budget includes a 3.5 percent increase in administrative court assessments allocated to the Judicial Branch over the 2015-17 biennium, when compared to the 2013-15 biennium as shown in the table below:

Administrative Court Assessment Distributions							
Budget Title	FY 2014 Actual	FY 2015 Leg Appr	2013-15 Total	FY 2016 Gov Rec	FY 2017 Gov Rec	2015-17 Total	Percent Change
Administrative Office of the Courts	\$ 3,165,990	\$ 3,294,152	\$ 6,460,142	\$ 3,435,551	\$ 3,425,106	\$ 6,860,657	6.2%
Uniform System of Judicial Records	\$ 577,335	\$ 607,847	\$ 1,185,182	\$ 594,482	\$ 655,327	\$ 1,249,809	5.5%
Judicial Education	\$ 808,020	\$ 848,824	\$ 1,656,844	\$ 760,034	\$ 757,534	\$ 1,517,568	-8.4%
Supreme Court	\$ 5,985,330	\$ 6,247,659	\$ 12,232,989	\$ 6,299,267	\$ 6,362,260	\$ 12,661,527	3.5%
Specialty Court	\$ 1,496,332	\$ 1,561,915	\$ 3,058,247	\$ 1,574,817	\$ 1,590,565	\$ 3,165,382	3.5%
Senior Justice & Senior Judge Program	\$ 436,430	\$ 455,558	\$ 891,988	\$ 459,321	\$ 463,914	\$ 923,235	3.5%
	\$ 12,469,437	\$ 13,015,955	\$ 25,485,393	\$ 13,123,472	\$ 13,254,706	\$ 26,378,178	3.5%

Sources: Data Warehouse of Nevada (DAWN) and Budget Analysis System of Nevada (BASN)

The Judicial Branch provided revised administrative court assessments for FY 2015 on February 18, 2015, which includes a projected reduction of 10 percent from the actual amount collected in FY 2014, or approximately 3 percent less than the legislatively approved amount of \$45.7 million for the 2013-15 biennium. Based on the revised administrative court assessments by the Judicial Branch,

Judicial Branch budget revenues would be \$1.4 million short of the amount needed to fund the expenditures included in *The Executive Budget* for the 2015-17 biennium. Although the reasons for the decline in administrative court assessments are not known, the Judicial Branch surmises that fewer traffic tickets have been written, possibly due to furloughs required of Nevada Highway Patrol troopers and law enforcement determinations that traffic violations are low priority matters. The table below shows the impact to the Judicial Branch budgets due to the revised administrative court assessment projections.

Revised Administrative Court Assessment Distribution									
Budget Title	FY 2016 Gov Rec	Revised FY 2016	Difference	FY 2017 Gov Rec	Revised FY 2017	Difference	Additional General Funds Recommended by the Judicial Branch	Decrease to Reserves Recommended by the Judicial Branch	2015-17 Biennium Impact to the Judicial Budgets
Administrative Office of the Courts	\$ 3,435,551	\$ 3,299,733	\$ (135,818)	\$ 3,425,106	\$ 3,289,838	\$ (135,268)		\$ 271,086	\$ (271,086)
Uniform System of Judicial Records	\$ 594,482	\$ 478,192	\$ (116,290)	\$ 655,327	\$ 535,966	\$ (119,361)		\$ 235,651	\$ (235,651)
Judicial Education	\$ 760,034	\$ 760,034	\$ -	\$ 757,534	\$ 757,534	\$ -			\$ -
Supreme Court	\$ 6,299,267	\$ 5,967,727	\$ (331,540)	\$ 6,362,260	\$ 6,027,404	\$ (334,856)	\$ 666,396		\$ (666,396)
Specialty Court	\$ 1,574,817	\$ 1,491,932	\$ (82,885)	\$ 1,590,565	\$ 1,506,851	\$ (83,714)		\$ 166,599	\$ (166,599)
Senior Justice & Senior Judge Program	\$ 459,321	\$ 435,146	\$ (24,175)	\$ 463,914	\$ 439,498	\$ (24,416)	\$ 48,591		\$ (48,591)
	\$13,123,472	\$12,432,764	\$ (690,708)	\$13,254,706	\$12,557,091	\$ (697,615)	\$ 714,987	\$ 673,336	\$ (1,388,323)

To address the revised decline in administrative court assessments, the Judicial Branch recommends increases to General Fund appropriations of \$714,987 and decreases to reserve funding of \$673,336 over the 2015-17 biennium to fund the expenditures included in *The Executive Budget* as a result of the revised projections.

The Subcommittee may wish to consider the following options:

1. Approve administrative court assessments of \$26.4 million over the 2015-17 biennium for the Judicial Branch, as included in The Executive Budget.
2. Approve administrative court assessments of \$25.8 million as revised by the Judicial Branch, and increase General Fund appropriations of \$714,986 and decreases in reserve funding of \$673,336 over the 2015-17 biennium, as recommended by the Judicial Branch.

Other Closing Items

1. Foreclosure Mediation Program Shared Costs (M-220, JUDICIAL-38): The Executive Budget includes a transfer from the Foreclosure Mediation Program budget of \$83,412 over the 2015-17 biennium to reimburse the AOC for support services. **Fiscal staff will ensure the closing actions taken by the Subcommittee in the Foreclosure Mediation Program budget regarding the continuation of the program are accurately reflected in the Administrative Office of the Courts budget.**
2. Additional Audit Travel (E-225, JUDICIAL-39): The Executive Budget includes a reduction in reserves of \$16,734 over the 2015-17 biennium to support additional travel for the Audit Unit. According to the Judicial Branch, four justice/municipal court combination courts and three additional courts will be replacing their case management systems during the 2015-17 biennium. To assure internal controls and financial calculations are accurately reported, the Audit Unit would review the courts' accounting standards and case management systems. **This decision unit appears reasonable.**
3. Training Cost Transfers (E-500 and E-901, JUDICIAL-39 and 43): The Executive Budget includes a reduction in reserves of \$97,102 over the 2015-17 biennium to support the transfer of training costs from the Judicial Education budget. **Fiscal staff will ensure closing actions taken by the Subcommittee in the Judicial Education budget regarding the transfer of training costs are accurately reflected in the Administrative Office of the Courts budget.**

4. Replacement Equipment and Computer Software

- Computer Equipment (E-710, JUDICIAL-40): The Executive Budget includes a reduction in reserves of \$151,744 over the 2015-17 biennium for the replacement of 8 desktop computers, 10 flat panel monitors, a laptop computer and docking station, a printer/scanner/fax machine, 8 printers, a network switch, 2 network storage devices, 14 uninterruptable power supply units, 48 uninterruptable batteries, 2 main domain controller servers and 2 server blades. **This decision unit appears reasonable.**
- Video Conference System (E-711, JUDICIAL-41): The Executive Budget includes a reduction in reserves of \$10,878 in FY 2017 for the replacement of a videoconferencing system in the AOC's Carson City conference room. The Judicial Branch indicates the videoconferencing system has reached its useful life and is no longer supported by the vendor. The videoconferencing system is utilized between the Carson City office and outside locations. **This decision unit appears reasonable.**
- Software Upgrades (E-712, JUDICIAL-41): The Executive Budget includes a reduction in reserves of \$40,936 over the 2015-17 biennium to upgrade server software. The Judicial Branch indicates vendor support will terminate April 2016. **This decision unit appears reasonable.**
- Email Archiving System (E-713, JUDICIAL-41): The Executive Budget includes a reduction in reserves of \$12,425 in FY 2016 to replace the email archiving system. The Judicial Branch indicates the current system is eight years old and is out-of-date. The replacement system would allow the Judicial Branch to better archive and retrieve email, and reduce incidences of lost communication. **This decision unit appears reasonable.**

5. New Equipment and Software

- Disaster Recovery Software (E-720, JUDICIAL-42): The Executive Budget includes a reduction in reserves of \$10,272 in FY 2016 to fund software that would allow for the automatic shift from virtual servers to a disaster recovery site. **This decision unit appears reasonable.**
- Virtual Servers (E-721, JUDICIAL-42): The Executive Budget includes a reduction in reserves of \$18,607 in FY 2017 for the creation of unlimited virtual servers without necessitating a purchase of hardware. The Judicial Branch indicates existing hardware does not have the capability to add virtual servers installed without the addition of physical space. **This decision unit appears reasonable.**
- Virtual Server Software (E-722, JUDICIAL-42 and 43): The Executive Budget includes a reduction in reserves of \$5,263 in FY 2016 to manage the virtual servers in the perimeter network area to eliminate the need to shut down service to the public, the Supreme Court, the trial courts' e-payment system, and the e-filing system during routine service. **This decision unit appears reasonable.**
- Network Switch (E-723, JUDICIAL-43): The Executive Budget includes a reduction in reserves of \$8,441 in FY 2017 to support a network switch. The Judicial Branch indicates the new network switch would allow server connection at a faster speed, assist users in performing daily tasks, and prevent bottlenecks when multiple users access information at the same time. **This decision unit appears reasonable.**

Fiscal staff recommends the Other Closing Items be closed as included in The Executive Budget, and requests authority to make technical adjustments, as needed.

Title: STATE JUDICIAL ELECTED OFFICIALS
 Account: 101 - 1490

Budget Page: JUDICIAL-27, Volume I

	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
Revenues							
BALANCE FORWARD	(8,218)						
GENERAL FUND	21,073,223	21,378,512	1.45	21,730,016	1.64	21,968,076	1.10
INTERIM FINANCE	155,783	331,088	112.53				
Total Revenues	21,220,788	21,709,600	2.30	21,730,016	0.09	21,968,076	1.10
Total FTE		92.00		92.00		92.00	

	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
Revenues							
BALANCE FORWARD	(8,218)						
GENERAL FUND	21,073,223	21,378,512	1.45	21,730,016	1.64	21,968,076	1.10
INTERIM FINANCE	155,783	331,088	112.53				
Total Revenues	21,220,788	21,709,600	2.30	21,730,016	0.09	21,968,076	1.10
Total FTE		92.00		92.00		92.00	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16 Gov Rec	2016-17 Gov Rec
Sub-total				0	0
Line Item Changes to Revenues				44,816	48,830

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16 Gov Rec	2016-17 Gov Rec
Sub-total				0	0
Line Item Changes to Expenditures				44,816	48,830

Total				0	0
Grand Total General Fund Impact of Closing Changes				0	0

Overview

Fiscal staff is responsible for developing closing recommendations for this budget, which has not been previously heard by the Subcommittee.

This budget account funds the annual base salaries, longevity, and fringe benefit costs of the Supreme Court justices, Court of Appeals judges, and district court judges pursuant to NRS 2.050, 2A.080, 3.030, and 213.015. Currently, there are 7 Supreme Court Justices, 3 Court of Appeals judges, and 82 District Court judge positions. This budget is funded entirely with General Fund appropriations.

Major Closing Issues

There are no major closing issues.

Other Closing Item

Salary and Benefit Adjustments (Base, JUDICIAL-27): The Judicial Branch notified Fiscal staff on March 6, 2015, of a district judge that was elected in the November 2014 general election that had eight years of previous jurist experience. Pursuant to NRS 3.030, a judge that has served at least four years is entitled to an additional salary of 2 percent of his or her annual base salary for each year of service, not to exceed 22 percent of the annual base salary. Included in The Executive Budget is a salary of \$160,000 for each year of the 2015-17 biennium for this position. Since the incumbent is entitled to a salary of \$187,200 in FY 2016 and \$190,400 in FY 2017 when the additional 2 percent annual salary increase is included, the Judicial Branch recommends additional General Fund appropriations of \$27,200 and \$30,400 in FY 2016 and FY 2017, respectively. The Judicial Branch also recommends additional General Fund appropriations of \$14,446 over the 2015-17 biennium for benefit costs related to this position. In total, this recommendation equates to additional General Fund appropriations of \$72,046 over the 2015-17 biennium.

On April 22, 2015, Fiscal staff was notified that a newly appointed district court judge chose to remain in the Public Employees' Retirement System (PERS). Individuals first enrolled in the PERS then elected to judicial office may choose to stay in the PERS or transfer to the Judicial Retirement System. Including this individual, 6 of the 92 judicial elected officials have chosen to stay in the PERS. As a result of the retirement choice, the Judicial Branch recommends additional General Fund appropriations of \$21,600 over the 2015-17 biennium.

The table below provides a brief history of the General Fund appropriations approved and reverted for this budget. Fiscal staff notes that reversions in Fiscal Years 2011, 2012 and 2013 exceed the additional General Fund appropriations of \$93,646 over the 2015-17 biennium as recommended by the Judicial Branch for these position adjustments.

General Fund Reversion History				
	*FY 2011 Leg Approved	FY 2012 Leg Approved	FY 2013 Leg Approved	**FY 2014 Leg Approved
Revenues	\$ 17,934,766	\$ 20,772,925	\$ 21,230,151	\$ 21,229,006
Expenditures	\$ 17,744,393	\$ 20,401,804	\$ 20,887,286	\$ 21,220,789
Reverted to the General Fund	\$ 190,373	\$ 371,121	\$ 342,865	\$ 8,217
*Expenditures include \$249,364 reverted to the General Fund due to internal service fund rate reductions.				
**This budget received IFC Contingency funding of \$155,783 to support payment of an unbudgeted state share of Medicare tax withholding.				

In response to Fiscal staff inquiries, the Judicial Branch indicated that the prior year reversions were due to judicial seats vacated unexpectedly or were a result of turnover due to an election.

Does the Subcommittee wish to approve additional General Fund appropriations totaling \$93,646 over the 2015-17 biennium for position adjustments, as requested by the Judicial Branch?

Fiscal staff requests authority to made technical adjustments, as needed.

Title: JUDICIAL SELECTION
 Account: 101 - 1498

Budget Page: JUDICIAL-29, Volume I

	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
Revenues							
GENERAL FUND	18,270	18,270		15,349	(15.99)	15,349	
INTERIM FINANCE		7,162					
REVERSIONS	(16,740)						
Total Revenues	1,530	25,432	1562.22	15,349	(39.65)	15,349	

Total FTE

Adjustments to Revenue

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

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16 Gov Rec	2016-17 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

Fiscal staff is responsible for developing closing recommendations for this budget, which has not been previously heard by the Subcommittee.

The Commission on Judicial Selection was created by Article 6, Section 20, of the Nevada Constitution. For any judicially elected or appointed vacancy that occurs before the expiration of any term of office in the Supreme Court, the Court of Appeals, or among the district court judges, the Commission receives applications to fill the vacancy and selects three nominees to present to the Governor. This budget is entirely funded with General Fund appropriations. The Executive Budget includes funding for two judicial selection processes in each year of the 2015-17 biennium.

Major Closing Issues

There are no major closing issues.

Other Closing Items

There are no other closing items.

Fiscal staff recommends this budget be closed as included in The Executive Budget, and requests authority for Fiscal staff to make adjustments, as needed.

Title: SENIOR JUSTICE & SENIOR JUDGE PROGRAM
 Account: 101 - 1496

Budget Page: JUDICIAL-30, Volume I

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
BALANCE FORWARD	(36,422)						
GENERAL FUND	967,995	966,600	(0.14)	967,329	0.08	962,727	(0.48)
INTERIM FINANCE	36,422						
OTHER FUND	504,610	525,381	4.12	525,321	(0.01)	529,914	0.87
REVERSIONS	(71,835)						
Total Revenues	1,400,770	1,491,981	6.51	1,492,650	0.04	1,492,641	(0.00)

Total FTE

Adjustments to Revenue

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

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16 Gov Rec	2016-17 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

Fiscal staff is responsible for developing closing recommendations for this budget, which has not been previously heard by the Subcommittee.

Pursuant to Article 6, Section 19, of the Nevada Constitution, the Chief Justice is authorized to recall to active service any retired justice or judge of the Nevada court system who consents to such recall, and who has not been removed or retired for cause, and may assign him to appropriate temporary duty within the court system. The Senior Justice and Senior Judge Program budget funds the costs associated with recalling former justices and judges to expedite judicial business, to assist in districts with congested calendars, and to act for those who are disqualified or unable to perform for any reason. This budget is supported with General Fund appropriations, filing fees pursuant to NRS 19.0335, and administrative court assessments.

Major Closing Issues

There are no major closing issues.

Other Closing Items

There are no other closing items.

Fiscal staff recommends this budget be closed as included in The Executive Budget, and requests authority for Fiscal staff to make adjustments, as needed.

Title: JUDICIAL RETIREMENT SYSTEM STATE SHARE
 Account: 101 - 1491

Budget Page: JUDICIAL-71, Volume I

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
GENERAL FUND	2,037,650	2,037,650		1,815,862	(10.88)	1,971,801	8.59
INTERIM FINANCE		24,241					
Total Revenues	2,037,650	2,061,891	1.19	1,815,862	(11.93)	1,971,801	8.59

Total FTE

Adjustments to Revenue

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

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16 Gov Rec	2016-17 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

Fiscal staff is responsible for developing closing recommendations for this budget, which has not been previously heard by the Subcommittee.

Pursuant to NRS 1A.160, the Judicial Retirement System State Share budget is an actuarial reserve system administered in a separate trust fund by the Public Employees' Retirement System (PERS). This budget serves as a pass-through budget to PERS for amounts legislatively appropriated to fund the unfunded liability portion of the Judicial Retirement System.

Major Closing Issues

There are no major closing issues.

Other Closing Items

There are no other closing items.

Fiscal staff recommends this budget be closed as included in The Executive Budget, and requests authority for Fiscal staff to make technical adjustments, as needed.

Title: JUDICIAL SUPPORT, GOVERNANCE AND SPECIAL EVENTS
 Account: 101 - 1493

Budget Page: JUDICIAL-69, Volume I

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
BALANCE FORWARD	(67,369)	674,539	(1101.26)	123,714	(81.66)	285,694	130.93
OTHER FUND	387,151	346,500	(10.50)	342,000	(1.30)	342,000	
Total Revenues	319,782	1,021,039	219.29	465,714	(54.39)	627,694	34.78

Total FTE

Adjustments to Revenue

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

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16 Gov Rec	2016-17 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

Fiscal staff is responsible for developing closing recommendations for this budget, which has not been previously heard by the Subcommittee.

The Judicial Support, Governance and Special Events budget supports the travel and expenses of district court judges, senior justices and judges in the performance of their judicial duties. This budget also funds the various Judicial Branch committees and commissions. This budget is funded from preemptory challenge fees of \$450 collected pursuant to Supreme Court Rule 48.1.

Major Closing Issues

There are no major closing issues.

Other Closing Item

There are no other closing items.

Informational Item

Senate Bill 431 authorizes the Supreme Court to enter into a long-term lease for office space in Clark County. Senate Bill 431 was referred to Senate Committee on Finance on March 24, 2015, and read on April 22, 2015. The Judicial Branch indicates it has set aside funding of \$450,000 for leased building space, moving costs and new furnishings for the new Las Vegas office, and that it anticipates collecting an additional \$250,000 during the 2015-17 biennium for this purpose. If S.B. 431 is not approved, the funding would be utilized for architectural efforts in the Regional Justice Center, where the Judicial Branch is currently located.

Fiscal staff recommends this budget be closed as included in The Executive Budget, and requests authority for Fiscal staff to make technical adjustments, as needed.

Title: JUDICIAL PROGRAMS AND SERVICES DIVISION
 Account: 101 - 1484

Budget Page: JUDICIAL-45, Volume I

	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
Revenues							
BALANCE FORWARD							
FEDERAL FUND	540,754	434,321	(19.68)	391,391	(9.88)	391,391	
GENERAL FUND	679,636	697,022	2.56	712,288	2.19	735,081	3.20
OTHER FUND	26,664	27,425	2.85	26,662	(2.78)	26,662	
REVERSIONS	(80,192)						
Total Revenues	1,166,862	1,158,768	(0.69)	1,130,341	(2.45)	1,153,134	2.02
Total FTE		10.00		10.00		10.00	

Adjustments to Revenue

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

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16 Gov Rec	2016-17 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

Fiscal staff is responsible for developing closing recommendations for this budget, which has not been previously reviewed by the Subcommittee.

The Judicial Programs and Services Division manages programs and projects to assist trial courts in providing access to justice throughout the Nevada Court System. The division certifies court interpreters and manages the Court Interpreter Program (NRS 1.500-1.570, NRS 50.050-50.0545); assists rural courts with requests relating to forms, grants, and security assessments; tracks and monitors felony bond forfeitures submitted to the state (NRS 178.508, NRS 178.512 and NRS 178.514); collects, analyzes, and reports statewide court and judicial statistics for the Uniform System of Judicial Records (NRS 1.360 and NRS 38.255); and, administers the federal Court Improvement Program (CIP) grant, which allows state courts to assess and improve the handling of proceedings relating to foster care and adoption. This budget is funded with a combination of General Funds, federal grants, and court interpreter fees.

Major Closing Issues

There are no major closing issues.

Other Closing Items

1. **Education and Training Funds (E-225, JUDICIAL-47):** The Executive Budget includes General Fund appropriations of \$5,054 over the 2015-17 biennium to support training for Research and Statistics staff to attend a National Center for State Courts statistical collection model training, and a Court Services Analyst position to attend a juvenile justice conference. **This decision unit appears reasonable.**
2. **Replacement Equipment and Software (E-710 and E-712, JUDICIAL-48):** The Executive Budget includes General Fund appropriations of \$10,932 and federal State Court Improvement Program funds of \$1,184 over the 2015-17 biennium for the replacement of four desktop computers, four flat-panel monitors, four uninterruptable power supply units, and associated software. **These decision units appear reasonable.**
3. **Training Cost Transfers (E-500 and E-904, JUDICIAL-47 and 49):** The Executive Budget includes training costs transferred from the Judicial Education budget. These decision units are supported with General Fund appropriations of \$482 over the 2015-17 biennium. **Fiscal staff will ensure the closing actions taken by the Subcommittee in the Judicial Education budget regarding the transfer of training costs are accurately reflected in the Judicial Programs and Services Division budget.**

Fiscal staff recommends this budget be closed as included in The Executive Budget, and requests authority for Fiscal staff to make technical adjustments, as needed.

Title: UNIFORM SYSTEM OF JUDICIAL RECORDS
 Account: 101 - 1486

Budget Page: JUDICIAL-51, Volume I

	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
Revenues							
BALANCE FORWARD	(43,622)	2,679,820	(6243.28)	1,660,657	(38.03)	966,865	(41.78)
OTHER FUND	1,031,358	944,708	(8.40)	960,982	1.72	1,021,827	6.33
Total Revenues	987,736	3,624,528	266.95	2,621,639	(27.67)	1,988,692	(24.14)
Total FTE		11.00		11.00		11.00	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	00	2511	Increase balance forward of Nevada Court System User (NCSU) fees as reprojected by the Judicial Branch.		41,833
B000	00	3601	Increase NCSU fees as reprojected by the Judicial Branch.	41,833	28,000
Sub-total				41,833	69,833
Line Item Changes to Revenues				41,833	69,833

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	86	9000	Increase reserves as reprojected by the Judicial Branch.	41,833	69,833
Sub-total				41,833	69,833
Line Item Changes to Expenditures				41,833	69,833

Total 0 0

Grand Total General Fund Impact of Closing Changes 0 0

Overview

The Uniform System of Judicial Records (USJR) is responsible for the standardization and implementation of technology to assist the Supreme Court and the state's 76 trial courts in managing their caseloads, judicial records, and the reporting of court and judicial statistics. The USJR also helps produce the *Annual Report of the Nevada Judiciary*, which provides statistical information about caseloads throughout the Nevada Court System (NCS). Funding in this budget is also used for the development of standards and the purchase and development of information technology systems that meet those standards. The USJR manages two major systems, the NCS and the Multi-County Integrated Justice Information System (MCIJIS). This budget is funded primarily by administrative court assessments, filing fees, and user charges.

Major Closing Issues

There are no major closing issues.

Other Closing Items

1. Retention of a Vacant Information Technology Position (Base, JUDICIAL-51): As noted during the March 11, 2015, budget hearing, an information technology position assigned to the NCS has been vacant in excess of two years. According to the Judicial Branch, the position has been held vacant due to a decline in revenue and the limited need for system programming tasks. According to the

Judicial Branch, the new CMS (Major Issue 2) is constructed to allow for more flexibility at the administrative configuration level to address common needs while allowing for specific program needs of each court. According to the Judicial Branch, the skill sets necessary to complete the construction of the CMS are different from the skill sets that exist with the current staff, which would initiate the project. The CMS project will be initiated with the Sparks municipal court, which has limited case types. As the CMS develops, it will be expanded to the justice courts and then finally to the district courts, which have more complex case types and needs. The Judicial Branch reports that existing staff have absorbed the programming needs for the CMS and will be responsible for the initial project implementation. However, as the CMS develops, the Judicial Branch indicates it would need specialized skill sets that current staff do not possess. Finally, the Judicial Branch indicates it would recruit for this vacant position based on the special skill sets necessary to fully implement the CMS for those courts with more complex cases and needs during FY 2017.

Fiscal staff notes that the information technology position has not been recommended for elimination. Instead, the position is retained in 2016, but not funded. In FY 2017, reserve funding of \$86,529 for the information technology position is included in The Executive Budget. Generally, positions that are vacant for an extended period are eliminated or are requested for continuation in an enhancement decision unit. **This appears reasonable.**

2. System Modifications to the Multi-County Integrated Justice Information System (E-225, JUDICIAL-53): The Executive Budget includes a reduction in reserves of \$38,000 in FY 2016 to fund system enhancements for the Multi-County Integrated Justice Information System (MCIJIS). The MCIJIS is an electronic data exchange system that allows court and governmental computers, including law enforcement, to interact while allowing each participating entity to maintain control of its own information and to decide what data to share with other entities. Electronic citations were piloted in 2012 through the Nevada Department of Public Safety, Office of Traffic Safety, and expanded in 2013 to the Nevada Highway Patrol (NHP). According to the Judicial Branch, there are currently six courts receiving NHP citations electronically. The Judicial Branch anticipates an increase in MCIJIS system traffic and additional justice partners planning to use the MCIJIS. During the March 11, 2015, budget hearing, the Judicial Branch indicated that 72 justice agencies are projected to be utilizing the MCIJIS at the end of the 2015-17 biennium. Enhancements are recommended to enable additional functionality and maintain the current service levels. The modifications include the addition of case types, the ability to resubmit warrant transactions due to error or loss of communication with outside systems, and reduced system downtime. **This decision unit appears reasonable.**
3. Nevada Court System Meeting and Travel Funding (E-226 and E-227, JUDICIAL 53 and 54): The Executive Budget includes a reduction in reserves of \$13,495 in FY 2016 to support a meeting of NCS participant courts with USJR staff (E-226). A reduction in reserves of \$39,133 is also recommended over the 2015-17 biennium for USJR staff to travel to courts across Nevada to implement a modern web-based case management system (CMS) (E-227). The NCS is a CMS that enables the Supreme Court to standardize the reporting of case information by participating courts. Trial courts that utilize the NCS pay a user fee to offset the costs of the system. As recommended by the Judicial Branch, the Legislature approved using reserves totaling \$870,000 in FY 2014 for the migration of the NCS to a replacement system. At that time, the Judicial Branch estimated implementation of the replacement system within 18 months of the contract execution, which would occur upon agreement by the lower courts of the new system. The Judicial Branch indicates that in September 2014, a contract was signed to migrate to a new web-based CMS. According to the Judicial Branch, 34 of the 76 Nevada trial courts participate in the NCS program. In response to Fiscal staff inquiries, the Judicial Branch has revised its Nevada Court System user fees to include updated participant fee projections. The adjustments are noted on the first page of this closing document. **These decision units appear reasonable.**

4. Training Cost Transfers (E-500 and E-903, JUDICIAL-54 and 56): The Executive Budget includes a reduction in reserves of \$14,148 over the 2015-17 biennium to support the transfer of training costs from the Judicial Education budget. **Fiscal staff will ensure the closing actions taken by the Subcommittee in the Judicial Education budget regarding the transfer of training costs are accurately reflected in the Uniform System of Judicial Records budget.**

5. Replacement Equipment and Computer Software
 - Computer Hardware (E-710, JUDICIAL-55): The Executive Budget includes a reduction in reserves of \$17,411 over the 2015-17 biennium for the replacement of four flat panel monitors, two laptop computers and docking stations, six uninterruptable power source units, a trial courts domain controller server, and three printers. **This decision unit appears reasonable.**

 - Replacement Software (E-711 and E-713, JUDICIAL-55 and 56): The Executive Budget includes a reduction in reserves of \$84,227 in FY 2017 for the replacement of server software, computer software and software maintenance. **These decision units appear reasonable.**

 - Software Upgrades (E-712, JUDICIAL-55): The Executive Budget includes a reduction in reserves of \$6,512 over the 2015-17 biennium to upgrade office professional software. **This decision unit appears reasonable.**

6. New Computer Software (E-720, JUDICIAL-56): The Executive Budget includes a reduction in reserves of \$4,450 in FY 2017 for software to create an environment for testing case management system reports. **This decision unit appears reasonable.**

Fiscal staff recommends the Other Closing Items be closed as included in The Executive Budget, and requests authority to make technical adjustments as needed.

Title: SPECIALTY COURT
 Account: 101 - 1495

Budget Page: JUDICIAL-65, Volume I

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
BALANCE FORWARD	358,563	2,357,345	557.44	1,650,427	(29.99)	894,534	(45.80)
FEDERAL FUND	183,781	15,833	(91.38)				
GENERAL FUND				3,000,000		4,431,160	47.71
OTHER FUND	5,178,040	5,039,006	(2.69)	4,866,229	(3.43)	4,913,879	0.98
Total Revenues	5,720,384	7,412,184	29.57	9,516,656	28.39	10,239,573	7.60

Total FTE

Adjustments to Revenue

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

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16 Gov Rec	2016-17 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

Specialty Court programs are judicial problem-solving processes designed to address the root causes that contribute to criminal involvement. Nevada’s Specialty Court programs facilitate testing, treatment, and oversight of certain persons over whom the court has jurisdiction and who the court has determined suffer from a mental illness, alcohol or drug abuse, or other addictions or behaviors. The Administrative Office of the Courts (AOC) administers the funding of Specialty Court programs through the Specialty Court Funding Committee, which is comprised of Supreme Court Justices, Specialty Court Judges, and general/limited jurisdiction judges. The Specialty Court Funding Committee meets quarterly to review budgets, set standards, and recommend funding levels for the Specialty Court programs. The Specialty Court budget is supported by three funding sources: a \$7 administrative assessment fee for misdemeanor convictions in a justice or municipal court (NRS 176.0613); the allocation of 12 percent of the Judicial Branch’s share of administrative court assessment revenue collected pursuant to NRS 176.059; and 10 percent of the revenue collected from bail bond forfeitures (NRS 178.518). During the 2013-15 biennium, this budget also received fees for misdemeanor and felony convictions of driving under the influence (DUI) (NRS 484C.515). In FY 2014 actual collections totaled \$217,213, and as of this writing, \$478,308 has been received in FY 2015. The DUI fees expire by limitation June 30, 2015. Fiscal staff is not aware of any legislation for the continuation of this fee.

Major Closing Issues

1. Increase Availability of Specialty Court Services
2. Stabilization Funding

Discussion of Major Closing Issues

1. Increase Availability of Specialty Court Services (E-351, JUDICIAL-67): The Executive Budget includes General Fund appropriations of \$3.0 million in each year of the 2015-17 biennium to serve an additional 800-900 participants in specialty court programs and to meet existing requests from specialty court programs to provide treatment, drug testing, and participant oversight. This budget has not previously been funded with General Fund appropriations. Budgets not funded with appropriations are not eligible to access the Interim Finance Committee Contingency Fund (NRS 353.268).

Recommended funding for the Specialty Courts is vetted through the Specialty Court Funding Committee, which is comprised of Supreme Court justices, specialty court program judges, and general/limited jurisdiction judges from all areas of the state. Specialty court requests are received and approved annually. The Judicial Branch reports that the Specialty Court Funding Committee received specialty court funding requests totaling \$8.9 million, \$8.9 million, and \$9.6 million for Fiscal Years 2014, 2015 and 2016 respectively. This budget expended \$5.7 million in FY 2014, and the Specialty Court Funding Committee has approved \$5.5 million for FY 2015 and \$4.7 million for FY 2016. The Judicial Branch reports that new programs have not been funded for the last four years because of declining revenues, which has impacted the waiting period for participants to enter into specialty court programs.

Fiscal staff notes there were 44 specialty court programs in FY 2013, 43 in FY 2014, and 41 specialty court programs are currently funded by the \$7 administrative assessment fee for misdemeanor convictions in a justice, municipal court pursuant to NRS 176.0613, administrative court assessments, and bail bond forfeitures. The Judicial Branch reports the reduction in the number of programs from FY 2013 to FY 2014 is due to the reorganization of a program after the loss of key personnel, for which Specialty Court funding has not been requested. Additionally, the Judicial Branch indicates it projects 45 programs in FY 2015, but that projection may be optimistic since one program halted operations in FY 2014 due to a lack of participants. Fiscal staff notes that Nevada has 14 programs that are self-funded, grant, or city/county funded.

Fiscal staff notes this budget has expended more than the revenue it receives since 2013. This practice has resulted in a reduction to reserves from the \$2.9 million in FY 2012 to the \$1.6 million included in *The Executive Budget* for FY 2017. The following table provides a brief history of the revenues and expenditures for this budget.

Specialty Courts Revenue and Expenditure History						
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
	Actual	Actual	Actual	Leg Appr	Gov Rec	Gov Rec
<u>Revenues</u>						
Fee & Federal Revenue	\$ 5,631,309	\$ 5,412,715	\$ 5,361,822	\$ 5,263,184	\$ 4,866,229	\$ 4,913,879
General Fund Appropriations					\$ 3,000,000	\$ 4,431,160
Total Revenues	\$ 5,631,309	\$ 5,412,715	\$ 5,361,822	\$ 5,263,184	\$ 7,866,229	\$ 9,345,039
<u>Expenditures</u>						
Specialty Court Expenditures	\$ 4,217,965	\$ 5,627,449	\$ 5,720,384	\$ 6,147,219	\$ 5,622,122	\$ 5,622,122
Criminal Justice Reform Efforts (E-351)					\$ 3,000,000	\$ 3,000,000
Total Expenditures	\$ 4,217,965	\$ 5,627,449	\$ 5,720,384	\$ 6,147,219	\$ 8,622,122	\$ 8,622,122
Revenues Minus Expenditures	\$ 1,413,344	\$ (214,734)	\$ (358,562)	\$ (884,035)	\$ (755,893)	\$ 722,917
<u>Reserves</u>						
Reserve	\$ 2,630,639	\$ 2,415,906	\$ 2,057,344	\$ 855,771	\$ 594,534	\$ 1,317,451
Reserve-Contingency	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000
Total Reserves	\$ 2,930,639	\$ 2,715,906	\$ 2,357,344	\$ 1,155,771	\$ 894,534	\$ 1,617,451

The following table provides a brief history of specialty court new participant/admission and graduate statistics.

Specialty Court Statistics						
	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Projected	FY 2016 Projected	FY 2017 Projected
New Participants/Admissions	2,643	2,780	2,919	3,782	3,836	3,890
Graduates	1,541	1,368	1,421	1,446	1,471	1,497
Sources: <i>Annual Report of the Nevada Judiciary</i> , Fiscal Years 2012, 2013, and 2014; and the Expanded Program Narrative.						

During the budget hearing of March 11, 2015, the Subcommittee expressed concern regarding the funding of the Specialty Court budget. The Judicial Branch reported that the Specialty Court Funding Committee met on April 3, 2015, and that no action was taken on establishing guidelines for future funding of specialty court programs. Instead, the Specialty Court Funding Committee will address funding guidelines after the Legislature makes its determination regarding General Fund appropriations for this budget.

Does the Subcommittee wish to approve General Fund appropriations of \$3.0 million in each year of the 2015-17 biennium to serve an additional 800-900 participants in specialty court programs and to meet existing requests from specialty court programs?

2. Stabilization Funding (E-350, JUDICIAL-66): Quarterly, the Judicial Branch transfers funding to specialty courts throughout the state based on expenditure plans approved by the Specialty Court Funding Committee. To stabilize the budget and ensure sufficient funding for the first quarter of FY 2018, The Executive Budget includes a General Fund appropriation of \$1.4 million in FY 2017. As noted in the overview on the first page of this closing document, a major source of revenue for this budget is administrative court assessments. The Judicial Branch projects a continued decline in administrative court assessments, which is based on recent trends. By policy, this budget retains reserve funds of \$300,000 so that in the event of a revenue shortfall, funding is available to continue transfers to the specialty courts to avoid the need to reduce specialty court programs. Since implementation of this policy in FY 2010, the Judicial Branch has not accessed the \$300,000 held in reserve. The Judicial Branch indicates that due to projected declines in revenue, it has implemented a policy change, which requires a reduction to the distribution of a specialty court based on that specialty courts' expenditures and funding remaining in the prior fiscal year. On April 24, 2015, the Judicial Branch reported that it anticipates an additional \$300,000 would be reduced from the specialty courts distributions for FY 2016 based on anticipated remaining funding in FY 2015 from the specialty court programs.

Nevada Revised Statutes (NRS) 353.253 requires, with certain exceptions, that funds remaining at the end of a fiscal year must revert to the source of funding. If the source of funding is federal money or is a source of revenue that is restricted by statute, any balance at the end of a fiscal year does not revert to the source of funding, but is authorized for expenditure in a subsequent fiscal year. The Judicial Branch is requesting authority to retain the General Fund appropriation of \$1.4 million in FY 2017 for use in the first quarter of FY 2018. Nevada Revised Statutes 231.151 and NRS 231.1573 provide an exception for the Nevada Catalyst Fund (incentivizes the expansion or relocation of businesses) and the Knowledge Account (incentivize research and the commercialization of that research) budgets and allows both budgets to retain any remaining funding at the end of each fiscal year, which may be expended in a subsequent fiscal year. Additionally the Appropriations Act, Assembly Bill 507 (2013), requires any remaining funding in the Nevada Catalyst Fund and the

Knowledge Fund budget, including appropriations, be carried forward for expenditure in a subsequent fiscal year. Appropriating General Funds in FY 2017 that would not revert and could be carried forward into FY 2018 would deviate from the provisions of NRS 353.253. If the Subcommittee wishes to approve the General Fund appropriation, Fiscal staff recommends the Subcommittee direct the Judicial Branch to expend the General Fund appropriation in FY 2017. Doing so would allow the Judicial Branch to accumulate the fees it collects to establish the proposed stabilization reserve for use in subsequent fiscal years without deviating from the provisions of NRS 353.253.

The Subcommittee may wish to consider the following options:

- 1. Do not approve a General Fund appropriation of \$1.4 million in FY 2017 to stabilize the Specialty Court budget and distribution for the first quarter in FY 2018 to specialty courts throughout Nevada.**
- 2. Approve a General Fund appropriation of \$1.4 million in FY 2017 to stabilize the Specialty Court budget and direct the Judicial Branch to expend the General Fund appropriation in FY 2017.**
- 3. Approve a reduced General Fund appropriation of \$1.1 million in FY 2017 to stabilize the Specialty Court budget, since the Judicial Branch anticipates an additional \$300,000 at the end of FY 2015, and direct the Judicial Branch to expend the General Fund appropriation in FY 2017.**

Other Closing Items

There are no other closing items.

Fiscal staff requests authority to make technical adjustments, as needed.

Title: LAW LIBRARY
 Account: 101 - 2889

Budget Page: JUDICIAL-32, Volume I

	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
Revenues							
BALANCE FORWARD							
GENERAL FUND	1,615,920	1,634,197	1.13	1,744,778	6.77	1,857,354	6.45
INTERAGENCY TRANSFER	750	22,425	2890.00	750	(96.66)	750	
OTHER FUND	2,007	3,348	66.82	1,947	(41.85)	1,947	
REVERSIONS	(22,284)						
Total Revenues	1,596,393	1,659,970	3.98	1,747,475	5.27	1,860,051	6.44
Total FTE		6.00		6.00		6.00	

Adjustments to Revenue

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

Adjustments to Expenditures

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

Total	0	0
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Grand Total General Fund Impact of Closing Changes	0	0
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Overview

Fiscal staff is responsible for developing closing recommendations for this budget, which has not been previously heard by the Subcommittee.

The Supreme Court Law Library (Library) serves as a comprehensive, current resource for legal research performed by the staff of the Supreme Court and the Court of Appeals, and supplements the in-house legal resources of the Office of the Attorney General, the Legislature, local area governments, and the private bar. The Library's resources are also available to the general public. The collections of the Library are widely available through a web-based catalog of holdings and the Library cooperates with other libraries in participating in interlibrary loans statewide. This budget is primarily supported through General Fund appropriations.

Major Closing Issues

There are no major closing issues.

Other Closing Items

1. Training Cost Transfers (E-500 and E-902, JUDICIAL-33, 34 and 35): The Executive Budget includes training costs transferred from the Judicial Education budget. These decision units are supported with General Fund appropriations of \$6,376 over the 2015-17 biennium. **Fiscal staff will ensure the closing actions taken by the Subcommittee in the Judicial Education budget regarding the transfer of training costs are accurately reflected in the Law Library budget.**
2. Replacement Computer Equipment and Software (E-710, E-711 and E-712, JUDICIAL-34 and 35): The Executive Budget includes General Fund appropriations of \$38,799 over the 2015-17 biennium to replace six desktop computers, six flat panel monitors, six uninterruptable power supply units, and associated software and maintenance. Included in the E-711 decision unit is \$25,953 in FY 2017 for a video conference system, which is used to video conference to the Las Vegas office and various other locations. The Judicial Branch indicates that the video conferencing system is no longer supported by the vendor and has reached its end of life. **These decision units appear reasonable.**

Fiscal staff recommends this budget be closed as included in The Executive Budget, and requests authority for Fiscal staff to make adjustments, as needed.

Title: FORECLOSURE MEDIATION PROGRAM
 Account: 101 - 1492

Budget Page: JUDICIAL-74, Volume I

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
BALANCE FORWARD	839,554	1,018,117	21.27	571,266	(43.89)	868,851	52.09
GENERAL FUND	100						
OTHER FUND	1,087,844	799,372	(26.52)	2,161,878	170.45	657,919	(69.57)
Total Revenues	1,927,498	1,817,489	(5.71)	2,733,144	50.38	1,526,770	(44.14)
Total FTE		6.00		6.00		6.00	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	00	2511	Adjustment to balance forward revenues for operating and maintenance costs at the Regional Justice Center (RJC).		(662)
M220	00	2501	Increase General Fund appropriations for operating and maintenance costs at the RJC.	331	1,995
E225	00	2501	Decrease General Fund appropriations for operating and maintenance costs at the RJC.	(331)	(1,995)
E225	00	4622	Increase National Mortgage Settlement fund transfers for operating and maintenance costs at the RJC.	331	2,657
Sub-total				331	1,995
Line Item Changes to Revenues				331	1,995

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	04	7000	Adjustments for operating and maintenance costs at the RJC.	662	
B000	86	9000	Adjust reserves for operating and maintenance costs at the RJC.	(662)	(662)
M220	04	7000	Adjustments for operating and maintenance costs at the RJC.	331	1,995
E225	86	9000	Adjust reserves for operating and maintenance costs at the RJC.		662
Sub-total				331	1,995
Line Item Changes to Expenditures				331	1,995

Total 0 0

Grand Total General Fund Impact of Closing Changes 0 0

Overview

The 2009 Legislature passed legislation (NRS 107.080, 107.085, 107.086) that provides homeowners in default the right to mediation under which the homeowner may receive a loan modification. In response to this legislation, the Administrative Office of the Courts (AOC) created the Foreclosure Mediation Program (FMP) in FY 2010. To carry out the provisions, the FMP creates rules, certifies mediators, and develops training programs and is open only to homeowners of owner-occupied homes who receive a foreclosure notice filed on or after July 1, 2009. Assembly Bill 273 (2013) transitioned the enrollment process from voluntary to presumed enrollment after a notice of default (NOD) has been filed. However, homeowners are automatically dis-enrolled if their portion of the fees are not paid. Funded primarily by Notice of Default and Election to Sell fees collected pursuant to NRS 107.080, the FMP also collects a \$400 Mediation Service fee, which is shared equally by the homeowner requesting mediation and the lender for payment of mediation services pursuant to NRS 107.086. Assembly Bill 273 (2013) also appropriated General Funds of \$100, providing this budget access to the Interim Finance Contingency Account during the 2013-15 biennium.

Major Closing Issues

1. Continuation of the Foreclosure Mediation Program
2. Electronic Case Management Portal

Discussion of Major Closing Issues

1. Continuation of the Foreclosure Mediation Program (M-220 and E-225, JUDICIAL-75 and 76): Due to declining revenues for the FMP, funding and reserves to continue the program were projected by the Judicial Branch to be depleted by March 2016 (FY 2016). As a result, The Executive Budget eliminates existing positions and related costs in the base decision unit. To continue the FMP, The Executive Budget includes a transfer of National Mortgage Settlement Funds of \$798,632 from the Office of the Attorney General, and continuation of Mediation Service Fees of \$522,400, Notice of Default Fees of \$386,145, and Photocopy Service Charge fees of \$50 over the 2015-17 biennium. According to the settlement agreement, the National Mortgage Settlement Funds may be used to avoid preventable foreclosure. In response to Fiscal staff inquiries, the Judicial Branch indicates unanticipated revenues were received during the third quarter of FY 2015. The Judicial Branch has re-projected the depletion of revenues and reserves for this budget and indicates the FMP may be able to continue operations into May 2016. However, revenues to support the FMP are uncertain, making projections difficult.

The FMP collects two different fees for the program: Notice of Default (NOD) fees and Mediation Service fees. Pursuant to NRS 107.080, the FMP retains approximately \$44 of the \$45 NOD fees collected, which is the primary fee for the FMP operating expenses. Mediation Service fees totaling \$400 per case are collected equally from the homeowner and the lender pursuant to NRS 107.086. Mediation Service fees are used as a pass-through revenue source to pay for mediation services. During its first year of operation, FY 2010, the FMP collected total revenue of just over \$7.0 million. A decline in NOD fees began in October 2011, and in response, the FMP eliminated 14 of the 20 positions originally legislatively approved for the FMP. The Judicial Branch indicates that the program has compensated for the loss of state positions through improved manual processes, automation and temporary workers, which are utilized on an as-needed basis. The table below summarizes revenue and expenditures, including reserve levels, for the FMP since it was established in FY 2010 and projected through FY 2017. Fiscal staff notes that expenditures were often in excess of the fees collected, which reduced the reserve category.

Foreclosure Mediation Program Revenues and Expenditure Summary								
	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Leg Appr	FY 2016 Gov Rec	FY 2017 Gov Rec
Mediation Services Fee \$400	\$ 3,146,620	\$ 3,102,237	\$ 1,246,850	\$ 996,400	\$ 565,200	\$ 654,400	\$ 433,200	\$ 378,400
Notice of Default Fee \$45*	\$3,903,732	\$ 2,709,808	\$ 745,501	\$ 829,564	\$ 511,744	\$ 604,530	\$ 320,027	\$ 279,469
Total Fees:	\$7,050,352	\$ 5,812,045	\$ 1,992,351	\$ 1,825,964	\$1,076,944	\$1,258,930	\$ 753,227	\$ 657,869
Expenditures:	\$3,404,865	\$ 5,728,079	\$ 4,026,209	\$1,808,705	\$1,927,498	\$1,820,826	\$ 1,864,293	\$1,333,750
Fees Minus Expenditures	\$3,645,487	\$ 83,966	\$ (2,033,858)	\$ 17,259	\$ (850,554)	\$ (561,896)	\$ (1,111,066)	\$ (675,881)
Reserve	\$3,775,486	\$ 3,859,451	\$ 1,825,698	\$1,857,669	\$1,018,016	\$ 803,958	\$ 878,851	\$ 193,020

*Effective July 1, 2011, NOD fees reduced from \$50 to \$45 pursuant to A.B. 259 of the 2011 Legislature

Fiscal staff notes with the recommended transfer of mortgage settlement funds, reserves are nearly depleted in FY 2017 and the program does not generate sufficient funding to sustain itself beyond the 2015-17 biennium.

Assembly Bill 273 (2013) transitioned the mediation enrollment process from voluntary to presumed enrollment after a Notice of Default (NOD) has been filed. Effective October 1, 2013, all eligible owner-occupants of residential property are presumably enrolled in the FMP. However as mentioned above, homeowners are automatically dis-enrolled if their portion of the fees are not paid. The FMP revised forms and changed its case management system to automatically accept NOD filing data from lenders, and modified its website to provide better access to information and documentation. The Judicial Branch reports these changes improved the processing of cases and reduced the time required to schedule mediations. Assembly Bill 273 also required the FMP to track all residential NODs for timely processing. Prior to the change in the law, the FMP tracked only the cases where the homeowner elected to participate in the program. The FMP is also tasked with the issuance of certificates of foreclosure, which must be issued in order that lenders may proceed with a sale of the property. Fiscal staff notes that 16 states have a foreclosure mediation program, and of those, 3 have automatic or presumed enrollment. As provided by the Judicial Branch, FMP statistical information is reflected in the following table.

Foreclosure Mediation Program Statistics								
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
	Actual	Actual	Actual	Actual	Actual	Projected	Projected	Projected
Number of NODs reported by Nevada counties	82,393	55,152	16,646	18,655	11,558	8,493	7,720	6,305
Number of mediations requested	8,738	8,133	3,310	2,752	2,752	1,274	1,083	946
Number of mediations completed by the FMP*	4,200	7,558	4,803	1,411	1,894	892	758	662
Percent of mediations not ending in foreclosure (includes homeowners retention)	89%	84%	56%	44%	38%	40%	40%	40%
Percent of homeowners who retained their homes after participating in mediation	40%	26%	11%	15%	14%	15%	15%	15%
Number of certificates issued	38,904	21,771	21,676	10,600	14,646	6,022	4,332	3,783

* The Number of mediations completed by the FMP, for FY 2015 was projected to be 3,000 for the 2013-15 biennial budget and reprojected to 892 by the Judicial Branch on February 6, 2015.

Sources: Expanded Program Narrative 2015-17 Biennium, and Responses to Follow-up Questions from the Legislative Commission's Budget, Subcommittee meeting of January 20, 2015.

The table above reflects that the number of FMP mediations completed has been steadily declining, from a high of 7,558 in FY 2011 to a projected low of 662 in FY 2017. Additionally, the effectiveness of the program has decreased, with the percent of homeowners who retained their homes after participating in mediation declining from 40 percent in FY 2010 to a projected 15 percent in FY 2017. And finally, as provided in the table below, the cost per mediation completed by the FMP has increased significantly, from a low of \$153 in FY 2010 to a projected high of \$840 in FY 2016. The FMP operation costs are tied to the collection of a \$44 fee payable by trustees at the filing of the NOD. The Judicial Branch indicates that program expenditures have increased as the program has developed and more responsibilities were placed with the FMP due to changes in laws.

Fiscal Year	2010	2011	2012	2013	2014	2015	2016	2017
Cost Per Mediation	\$ 153	\$ 158	\$ 222	\$ 266	\$ 386	\$ 476	\$ 840	\$ 531
Cost per Certificate	\$ 6	\$ 10	\$ 25	\$ 25	\$ 22	\$ 72	\$ 125	\$ 113

Source: Judicial Branch Memorandum April 3, 2015.

According to the Judicial Branch, if the Foreclosure Mediation Program is not recommended for continuation, an estimated six to nine months would be required to terminate the operations of the FMP. Efforts to terminate operations would begin July 1, 2015, and residual funding would be utilized to complete any cases in process. Additionally, as discussed in the Supreme Court budget (BASE and M-200, JUDICIAL 14 and 15), if the FMP is not recommended for continuation, the Judicial Branch recommends additional General Fund appropriations of \$196,745 over the 2015-17 biennium to assume shared cost expenditures.

The Subcommittee may wish to consider the following options:

1. Approve National Settlement Administration funds transfers of \$798,632 from the Office of the Attorney General, continuation of Mediation Service Fees of \$522,400, Notice of Default Fees of \$386,145, and Photocopy Service Charge fees of \$50 over the 2015-17 biennium to continue the Foreclosure Mediation Program, as included in The Executive Budget.
2. Do not approve National Settlement Administration funds transfers of \$798,632 from the Office of the Attorney General, reinstatement of Mediation Service Fees of \$522,400, Notice of Default Fees of \$386,145, and Photocopy Service Charge fees of \$50 over the 2015-17 biennium to continue the Foreclosure Mediation Program. This option would discontinue the Foreclosure Mediation Program.

Nevada Revised Statutes 107.080(11) requires \$150 of the \$200 NOD fee be deposited to the General Fund. If the Subcommittee recommends the discontinuation of the FMP, a projected \$2.7 million over the 2015-17 biennium would not be deposited to the General Fund. If the Legislature recommends discontinuation of the FMP, staff would recommend a bill draft request to amend statute to reflect the discontinuation of the FMP.

Fiscal staff notes that the National Settlement Administration budget within the Office of the Attorney General was heard by the Senate Committee on Finance on April 27, 2015, and by the Assembly Committee on Ways and Means on April 29, 2015. The decision regarding the transfer of National Mortgage Settlement Funds from the National Settlement Administration budget is contingent upon the final decisions of the Subcommittee and Full Committees regarding the Foreclosure Mediation Program. Fiscal staff will ensure the closing actions taken by the Subcommittee and the Full Committees are accurately reflected in the National Settlement Administration budget.

2. Electronic Case Management Portal (E-228, JUDICIAL-77 and 78): The Executive Budget includes National Mortgage Settlement Funds transfers of \$595,997 in FY 2016 for a web-based electronic case management system portal for electronic filing and payment. The Judicial Branch indicates the portal will improve performance through automation and the electronic filing of documents, reduce data input errors, allow for the sharing of information between parties and programs, and reduce costs. In FY 2014, the case management system was modified to allow the automatic creation of cases and provide efficiencies. Currently, filing data is largely submitted using an XML data sheet, which requires staff interaction to convert and verify the data for use in the case management system. In the existing system only NOD data is included in the XML submission, which requires manual entry of other case file information including homeowner, attorney, and mediator contact information, scheduling, and mediation statement and billing information. The proposed portal would allow trustees and homeowners to enter data directly into the system, which would automatically compile the case information and electronically receive funds.

In response to Fiscal staff inquiries, the Judicial Branch indicated that it anticipates the request for proposal (RFP) process to take one to two months to complete, then six to nine months to implement a portal. An additional four to six months would be necessary to train homeowner representatives, attorneys, trustees and lenders. Once fully operational, the Judicial Branch anticipates a reduction to state positions and temporary staff during FY 2017. The state positions would not be reduced until the majority of known stakeholders are fully acclimated to the portal. The Judicial Branch anticipates expenditure reductions of \$225,000 as included in the table on the following page. Fiscal staff notes this decision unit does not contain reductions to staff positions or temporary staff. If the projected cost savings were to be realized, the net increase to the FMP would be \$370,997.

Potential Expenditure Reductions			
	FY 2016	FY 2017	Totals
State Positions (1 Manager and 1 Clerk)	\$ -	\$ 132,000	\$ 132,000
Temporary Staff	\$ 31,000	\$ 62,000	\$ 93,000
Totals	\$ 31,000	\$ 194,000	\$ 225,000

According to the Judicial Branch, as of April 3, 2015, the intake of cases was 378 cases. Additionally, the Judicial Branch indicates the backlog for case offsite storage preparation consisted of approximately 8,000 cases, which the FMP estimates would take approximately two months to review and scan. The Judicial Branch indicates the backlog of intake cases and storage are not impacting compliance with statutory timelines.

If the Subcommittee approved the continuation of Foreclosure Mediation Program, the Subcommittee may wish to consider the following options:

- 1. Approve National Mortgage Settlement Funds transfers from the Office of the Attorney General of \$595,997 in FY 2016 for a web-based electronic case management system portal for electronic filing and payment.**
- 2. Approve a web-based electronic case management system portal for electronic filing and payment, and reduce the National Mortgage Settlement Funds transferred from the Office of the Attorney General by \$225,000 to \$370,997 based on anticipated expenditure reductions.**
- 3. Do not approve transfers of National Mortgage Settlement Funds from the Office of the Attorney General for a web-based electronic case management system portal for electronic filing and payment.**

Other Closing Items

- 1. Building Operation and Maintenance Costs (BASE, M-220 and E-225, JUDICIAL-74, 75, and 76): The Judicial Branch was notified on March 5, 2015, of an increase to the building operating and maintenance costs for the Regional Justice Center (RJC) in Las Vegas. **Fiscal staff has included the adjustments on the first page of this closing document.****
- 2. Replacement Computer Hardware and Software (E-226, E-227, E-710, E-712, JUDICIAL-77, 78 and 79): The Executive Budget includes transfers of National Mortgage Settlement Funds of \$67,997 in FY 2016 for the replacement of two laptop computers and docking stations, four desktop computers, eight flat-panel monitors, two servers purchased in FY 2010, and associated software. **These decision units appear reasonable.****
- 3. Reduction of Computer Hardware and Software (E-229, JUDICIAL-78): The Judicial Branch recommends reductions of National Mortgage Settlement Funds of \$54,025 in FY 2016 and elimination of two servers and related software recommended in E-710 and E-712 if E-228 is approved. **This decision unit appears reasonable.****

Does the Subcommittee wish to approve the Other Closing Items with the technical adjustments noted by staff, with authority for Fiscal staff to make adjustments based on the closing actions taken on the Major Closing Issues, and include authority to make other technical adjustments as needed?

Nevada Legislative Counsel Bureau
 Budget Closing Action Report
 General Government Joint Subcommittee
 W02 - WORKING VERSION 2

Title: DEPARTMENT OF TAXATION
Account: 101 - 2361

Budget Page: TAXATION-9, Volume I

	2013-14 Actual	2014-15 WP	%	2015-16 GOV REC	%	2016-17 GOV REC	%
Revenues			Chg		Chg		Chg
BALANCE FORWARD	(397,643)	61,287	(115.41)				
GENERAL FUND	25,431,173	26,261,393	3.26	29,996,965	14.22	29,710,149	(0.96)
INTERAGENCY TRANSFER	229,208	231,935	1.19	248,843	7.29	255,193	2.55
INTERIM FINANCE	520,412	24,779	(95.24)				
OTHER FUND	746,165	761,940	2.11	658,803	(13.54)	657,671	(0.17)
Total Revenues	26,529,315	27,341,334	3.06	30,904,611	13.03	30,623,013	(0.91)
Total FTE		336.00		364.00		364.00	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
E227	00	2501	Decrease General Fund appropriations as a result of savings from the elimination of the contract with UNR for the State Demographer and adding a new State Demographer position within the Department of Taxation per Budget Amendment A150862361.	(9,390)	(17,522)
E710	00	2501	Decrease General Fund appropriations as a result of the decrease for equipment costs based on quotes provided by the Department.		(35,132)
E720	00	2501	Decrease General Fund appropriations as a result of the decrease for equipment costs based on quotes provided by the Department.	(250)	(495)
Sub-total				(9,640)	(53,149)
Line Item Changes to Revenues				(9,640)	(53,149)

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
E227	01	5000	Increase the Personnel category to add a new unclassified Demographer position for the Department of Taxation.	123,193	121,875
E227	04	7000	Increase the Operating Expenses category for operating costs for the new State Demographer position.	2,953	3,806
E227	05	8000	Add office equipment for the new State Demographer position.	4,846	
E227	21	6000	Increase the Demographic Surveys category for travel costs for the new State Demographer position.	8,000	8,000
E227	21	7000	Decrease the Demographic Surveys category to eliminate the contract expenditures line item for UNR, which will be used to fund the new State Demographer position.	(186,186)	(186,186)
E227	21	7000	Increase the Demographic Surveys category for the operating costs for the new State Demographer position.	34,742	34,742
E227	26	7000	Add computer software for the new State Demographer position.	352	
E227	26	7000	Increase the Information Services category for the operating costs for the new State Demographer position.	236	241
E227	26	8000	Add computer hardware for the new State Demographer position.	2,474	
E710	26	8000	Decrease Equipment costs based on quotes provided by the Department.		(35,132)
E720	26	8000	Decrease Equipment costs based on quotes provided by the Department.	(250)	(495)
Sub-total				(9,640)	(53,149)
Line Item Changes to Expenditures				(9,640)	(53,149)
Total				0	0
Grand Total General Fund Impact of Closing Changes				(9,640)	(53,149)

Overview

The Department of Taxation (Department) administers the majority of the state's non-gaming tax laws, as well as the Local Government Budget Act. The Department is also responsible for developing annual population estimates of the state, counties, cities, towns and townships. The Department is comprised of four major divisions: Administrative Services/Fiscal, Information Technology, Compliance, and Local Government Services. The Department's main office is located in Carson City, with district offices in Las Vegas, Henderson, and Reno.

The Department is currently authorized for 336 full-time positions, of which one was approved by the Interim Finance Committee during the 2013-15 Interim. The Department received an allocation from the Interim Finance Committee Contingency Account in both fiscal years of the 2013-15 biennium to fund a new Tax Examiner position and programming modifications to the Department's Unified Tax System to implement the new excise tax imposed by Senate Bill 374, Section 24.4 of the 2013 Legislative Session. The legislation imposes a new excise tax of 2 percent on each wholesale sale of marijuana, edible marijuana products and marijuana-infused products between medical marijuana establishments; and on the retail sale of marijuana and such products from a medical marijuana dispensary to an end user. The new excise tax is in addition to the state and local sales and use taxes that are otherwise imposed on the sale of tangible personal property. The new Tax Examiner position was assigned to the Department's Compliance Division to provide taxpayer assistance and to provide oversight of account maintenance to ensure the proper distribution of funds received by the Department and the accuracy of all tax returns and payment of those returns for the excise tax.

Major Closing Issues

1. Restructuring of the State Business License Fee
2. Four New Positions
3. Reclassification of Nine Auditor Positions
4. New State Demographer Position (Budget Amendment A150862361)

Discussion of Major Closing Issues

1. **Restructuring of the State Business License Fee (E-230, TAXATION-13):** The Executive Budget, under "Additional Revenue Reforms" (Volume I - INTRODUCTION 8), recommends the restructuring of the Business License Fee (BLF) to a tiered structure based on company size as determined by revenues. The current BLF function is managed by the Secretary of State's Office. The restructured BLF would be paid quarterly based upon the businesses prior year's revenue, with an annual reconciliation on March 15 of each year. Senate Bill (S.B.) 252, amended and passed in the Senate on April 21, 2015, would implement this initiative. In conjunction with this proposal, the Governor recommends General Fund appropriations of \$3.8 million over the 2015-17 biennium to implement the recommendation to restructure the BLF. The \$3.8 million recommended would fund the following:

- 24 new positions (3 Management Analysts, 4 Accounting Assistants, 5 Tax Examiners, 10 Revenue Officers, 1 Information Technology (IT) Professional and 1 IT Technician) with associated operating costs, including but not limited to, computer hardware and software, furnishings, non-state owned building rent for a new office space located in Henderson, a new phone system for the new office space and in-state travel for the 10 new Revenue Officer positions for a total cost of \$815,254 in FY 2016 and \$1.3 million in FY 2017. The IT Professional position is recommended to start July 1, 2015, and the IT Technician position is recommended to start October 1, 2015. The 3 Management Analyst positions, the 4 Accounting Assistant positions, and the 5 Tax Examiner positions are recommended to start January 1, 2016, and the 10 Revenue Officer positions are recommended to start on January 1, 2017. The Department indicates that of the 24 positions recommended, 17 positions would be located at a new office located in Henderson and 7 positions would be located at the Carson City office. The Department indicates it used an effective date of

January 1, 2016, for the Business License Fee, with the first returns expected in mid-May. Costs in the Governor's recommended budget were based upon these dates. The Department indicates because the majority of Administrative Services and IT staff are located in Carson City, the Department would place the additional Administrative Services and IT staff recommended in Decision Unit E-230 in Carson City. Additionally, the Department notes because the majority of Nevada businesses are located in Clark County, the Department plans to locate the majority of Compliance staff in Southern Nevada. The Compliance staff would have front office and field contact directly with taxpayers and soon-to-be licensees.

For the 2015-17 biennium, the Department has not included positions to perform audits of the Business License Fee. The Department indicates audits of the Business License Fee would be conducted on the gross revenue of a business and the associated apportionment of Nevada revenue versus other state's revenue. These audits would be conducted by Auditor positions, but the Department notes that these positions would not be needed until the 2017-19 biennium. Based on the estimated number of the Business License Fee accounts, the Department indicates for the 2017-19 biennium it anticipates that ten new Auditor positions (seven in Southern Nevada and three in Northern Nevada) to audit the Business License Fee program would be requested.

- Contracted programming costs through a Master Services Agreement (\$1.2 million in FY 2016) to update the Online Tax system to accept payments and returns for the new tax type, to update the Tax Administration System for the new tax type, and contract services to match Internal Revenue Service records to the Tax Administration system. The Department indicates the current online system was written almost ten years ago, and it is almost at the end of its useful life. In order to add new features to the online system, The Department advises the current online system needs to be upgraded.

To estimate the contract programming costs, the Department indicates it broke down the current online system into major achievable components, and further divided the project into multiple phases using the waterfall model. The Department's IT staff created a high-level work break down structure for each phase, developed high level estimates, and assigned different types of resources for each of the smallest work elements. This process provided labor hours to complete the work for the online system.

- Lockbox services totaling \$358,719 in FY 2016 and \$17,936 in FY 2017. Lockbox services include the processing and depositing of taxpayer payments, data capture, imaging and indexing of all transactions. In addition, the Department indicates this service facilitates the Department's compliance of *Nevada Revised Statutes* (NRS) 353.250(3), which states in part that "on any day if the money accumulated for deposit is \$10,000 or more, a deposit must be made no later than the next working day." In addition, the service provided ensures the distribution of monies as provided by state law to the State General Fund and local government entities within Nevada. The Department indicates the FY 2016 Lockbox costs were initially estimated by taking current lockbox volume and applying potential future Business License Fee receipts on an annual rate. The Department indicates it initially assumed that half of Business License Fee filers would send the returns and payments to the lockbox and the other half would be processed in-house. The recommended Accounting Assistant positions would support the in-house processing functions as well as the temporary clerical services. In FY 2017, estimated costs for Lockbox services are less as the Department anticipates having the new Business License Fee program in the Department's online filing system implemented.

- Temporary clerical services (\$65,144 in FY 2016 and \$21,705 in FY 2017) include three full-time positions for nine months in FY 2016 and three months in FY 2017 for the initial processing of returns. The Department indicates ten as the data transfer is processed with the Secretary of State's Office in the first few months of the Business License Fee transition, active Business License holder's information would need to be fed into the Unified Tax System. Additionally, the Department indicates the temporary clerical staff would provide support for tax return and payment processing. The Department notes 75 percent of the temporary clerical services is recommended in FY 2016 as the Department expects peak activity during this period and implementation of the online filing functionality is not expected until early in FY 2017. The remaining 25 percent of the temporary clerical services would be used in FY 2017 to transition the duties to permanent staff.

Fiscal Staff notes S.B. 252 was amended and passed on March 31, 2015, by the Senate Revenue and Economic Development Committee. Among other things, the amendment (No. 221) for S.B. 252 changed the effective date of the new Business License Fee from October 1 to July 1, 2015. Based on the amended bill, the Department has modified its fiscal note, which increases the Department's anticipated costs to manage the proposed Business License Fee as outlined in S.B. 252.

Since the March 5, 2015, budget hearing, the Department indicates it has completed its analysis of the provisions and the fiscal impact of S.B. 252. The Department has revised its estimated costs to implement S.B. 252, based on the amendment to the bill. The Department indicates it originally based Decision Unit E-230 on a start date of January 2016 and on a general understanding of how the fee would function, and it did not know how many businesses would be impacted. Since that time, the Department was able to collect information from the Secretary of State's Office on how many licensees are currently registered. In addition, the Department was able to obtain more accurate quotes from lockbox vendors and for operating costs. Based on S.B. 252 as written with amendment 221, the fiscal note attached to the bill includes starting positions in FY 2015 to prepare for the start date of July 1, 2015. The fiscal note also includes an increase in the number of positions needed for the 2015-17 biennium from 24 positions to 28 positions. The Department is projecting additional costs in the FY 2015 totaling \$584,382 and an increase over the amounts recommended in *The Executive Budget* in Decision Unit E-230 for both years of the 2015-17 biennium. The cost for FY 2016 is estimated to increase from \$2.5 million as recommended in Decision Unit E-230 to \$2.7 million; and the cost for FY 2017 is estimated to increase from \$1.3 million to \$2.7 million, for a total estimated cost increase of \$1.6 million over the 2015-17 biennium over the amount recommended in this decision unit. Fiscal staff notes that a budget amendment increasing General Fund appropriations has not been received by the Executive Budget Office.

The Subcommittee may wish to consider the following options:

- Approve the Governor's recommendation of General Fund appropriations totaling \$3.8 million over the 2015-17 biennium to implement the recommendation to restructure the Business License Fee under the Department of Taxation, including authority for Fiscal staff to make technical adjustments contingent upon the final passage of Senate Bill 252 by the 2015 Legislature, including additional staff and increases to operating expenses, if necessary.**
- Do not approve the Governor's recommendation of General Fund appropriations totaling \$3.8 million over the 2015-17 biennium to implement the recommendation to restructure the Business License Fee under the Department of Taxation, but instead approve the recommendation to include General Fund appropriations totaling \$3.8 million over the 2015-17 biennium for the implementation of the restructuring of the Business License Fee in the back language of the appropriations act contingent upon the passage and approval of Senate Bill 252.**

2. Four New Positions (E-225 and E-226, TAXATION-11 and 12): In addition to the 24 new positions recommended by the Governor to implement the proposed restructuring of the BLF, The Executive Budget recommends an additional 4 new positions over the 2015-17 biennium. This brings the total new positions recommended in The Executive Budget for the 2015-17 biennium to 28 new positions, which would increase the Department's position count from 336 full-time positions to 364 full-time positions. The 4 new recommended positions are as follows:

- Information Technology Professional and Information Technology Technician Positions (E-225, TAXATION-11 and 12): The Governor recommends General Fund appropriations of \$466,477 over the 2015-17 biennium for one IT Professional, which would serve as the Department's Information Security Officer and one IT Technician to provide onsite support to Southern Nevada offices.

The Department indicates the recommended IT Professional/Security Officer position would enable the Department's IT Technical Services section to address regular security patching, security auditing and review of exceptions logs. The new position would advise the Technical Services section on security matters and ensure that security issues are addressed promptly and security policies are implemented and adhered to. In addition, the full-time dedicated Information Security Officer would allow the Department to allocate adequate staffing to the essential function of securing taxpayer information collected and stored by the Department.

According to the Department, the recommended IT Technician position would provide desktop support for the Las Vegas and Henderson offices, which is currently provided by technicians based in Carson City. The Department indicates 92 users are located in Southern Nevada and would be better served by having a locally-based IT Technician who can respond to problems requiring physical access to the desktop. The Department indicates it currently sends technicians from Carson City to Southern Nevada approximately once a quarter to address user needs, and for urgent tasks, the Department uses PC Technicians under a Master Services Agreement. This position would also provide support for other offices using remote management capabilities from Southern Nevada. In addition, The Executive Budget recommends a net reduction of in-state travel for the Carson City-based technicians totaling \$2,181 for each year of the 2015-17 biennium. The Department indicates that more than 80 percent of the IT Technician's time would be focused supporting Southern Nevada offices. The Department further indicates a total of \$193 was expended in the last three fiscal years for a PC Technician hired under a Master Services Agreement to support the needs of users in Southern Nevada.

In addition to the two new positions, the funding recommended includes associated operating costs and \$214,200 in FY 2017 for Oracle Data Masking software; Data Partitioning software; and Advanced Database Security Encryption software. The Oracle Data Masking software allows advanced masking of production data as it is moved between production and development; allows developers to verify data while masked; and prevents unauthorized viewing of sensitive data. The Data Partitioning software allows the ability to transparently split the storage of a table into manageable sizes, which creates a performance boost for large tables. The Advanced Database Security Encryption software provides transparent encryption for data at rest including both table space and column level, and masking of viewed data by user function and allows for third-party directory management (active directory) for user management. The Department indicates it would still require the Advanced Database Security software, and the Oracle Data Masking and Oracle Data Partitioning software regardless of whether or not the two new positions recommended in this decision unit are approved.

- **Does the Subcommittee wish to approve the Governor’s recommendation to fund one new IT Professional position, which would serve as the Department’s Information Security Officer and one new IT Technician position to provide onsite support to Southern Nevada offices and associated operating expenses funded with General Fund appropriations totaling \$252,277 over the 2015-17 biennium and \$214,200 in FY 2017 for new Oracle Data Masking software; Data Partitioning software; and Advanced Database Security Encryption software?**
- Management Analyst and Auditor Positions (E-226, TAXATION-12): The Executive Budget recommends General Fund appropriations of \$260,085 over the 2015-17 biennium for one new Management Analyst position to perform statistical analyses related to revenue forecasting and one new Auditor position to be the team lead for the Net Proceeds of Minerals audits.

Management Analyst Position

The Department indicates the new Management Analyst position is needed due to increased responsibilities created by legislative mandates, which require statistical analysis for revenue forecasting, development of fiscal notes and tracking and analyzing various kinds of abatements. In addition, other state agencies have increased their requests for data and analysis, including the Department of Education, the Department of Health and Human Services, the Executive Budget Office and the State Treasurer. The Department provided additional information regarding the duties of the recommended Management Analyst positions as follows:

- The position would coordinate the collection of data necessary to project property tax revenue after application of abatements for local governments pursuant to NRS 361.4535(2). Coordinating the efforts of county treasurers to produce pro forma reports on projected property tax revenues assuming certain tax rates; analyzing the data for consistency and accuracy, and preparing projections of revenue based on the information provided, and providing a variety of scenarios depending on certain growth assumptions. These forecasts are currently also requested by the Budget Division and the Legislative Counsel Bureau.
- *Nevada Revised Statutes* 362.115(2) requires the Department to prepare estimates of net proceeds of minerals taxes for use by local governments. This position would coordinate the collection of industry data as reported to the Division of Local Government Services; and will also require additional research and analysis of price and production of minerals.
- *Nevada Revised Statutes* 360.690(9) and (10) require the Department to prepare revenue estimates for Consolidated Tax Distribution (CTX). This position would work closely with other divisions within the Department which supply data, and then apply forecasting techniques to project future revenue.
- *Nevada Revised Statutes* 365.550(11) requires the Committee on Local Government Finance (CLGF) to monitor the fiscal impact of the motor vehicle fuel taxes apportionment. The Department serves as staff to CLGF. In compliance with this statute, and as a courtesy to local governments, the Department also includes motor vehicle fuel tax estimates in the revenue projections required by NRS 360.690(9) and (10). As necessary, this position would work with current staff to coordinate the collection of this information and work to update current forecasting techniques.
- *Nevada Revised Statutes* 428.285 requires counties to remit an ad valorem tax to the state an amount of money determined by the Director of Health and Human Services (HHS). The Department of Taxation works with Health and Human Services from this tax source. This position would work with representatives of HHS to collect necessary data and project revenue available for those programs.

- Senate Bill 522 (2013) requires the Department to provide the State Superintendent of Public Instruction the certified total of ad valorem taxes to be received by each school district. The position would work with Department employees to coordinate this effort.
- The position would coordinate with county treasurers and assessors to obtain data necessary to produce the “Top Ten Taxpayers Report,” as well as produce several schedules of information regarding property and sales taxes that become part of the bond issue report.
- *Nevada Revised Statutes* 701A.110(4) requires the Department to publish fiscal notes on the fiscal impact of the partial abatements of property taxes granted to green buildings, which is disseminated to local governments. This position would analyze each application and prepare the estimated fiscal impact required for local governments.

As outlined in the class specifications, a Management Analyst position performs technically complex assignments critical to agency operations. The position would conduct more complex, sensitive, investigative and analytical studies that may involve any aspect of the agency's operations such as planning, research, policy development, budgeting and legislative drafting.

In analyzing the recommendation for a new Management Analyst position and comparing the proposed duties of the position with other class specifications, it appears the proposed duties would align closer to an Economist position, as indicated in the following paragraph.

As outlined in the class specifications, an Economist position would prepare and conduct research, analysis and studies of economic, social, fiscal and other factors in relation to topic of study. Conduct research and analysis of economic, social, industrial and/or employment factors in order to identify trends and/or possible implications on the state. Collect, analyze and interpret data such as labor market trends, population projections, and industrial activity in order to produce economic forecasts and/or to be used by other state agencies in forecasting budgetary and service delivery levels. Provide technical assistance to state and local officials by providing and interpreting data and analysis and assisting in strategic planning based upon analysis. Make presentations to community groups regarding national and state economic trends and resulting implications. Produce reports containing graphs, tables, and written analysis of statistical and economic data for internal use, submission to the state and federal government, or publication and distribution to local governments and the general public.

Based on the proposed duties provided by the Department for the Management Analyst position, Fiscal staff would recommend an Economist position instead of the Management Analyst position, which would cost approximately 4 percent more than the amount recommended by Governor for the Management Analyst position (increase of approximately \$1,931 in FY 2016 and \$2,673 in FY 2017).

Relating to the Management Analyst position, the Subcommittee may wish to consider the following options:

- Approve one new Management Analyst position, as recommended by the Governor.**
- Approve one new Economist position, which appears to be more closely aligned with the duties proposed by the Department, which would require additional General Fund appropriations totaling \$1,931 in FY 2016 and \$2,673 in FY 2017.**

Auditor Position

The Executive Budget also recommends one Auditor position to act as a team lead position for the Net Proceed of Minerals Tax (NPMT) audits. Due to the complex nature of the NPMT audits, the Department believes that staff effectiveness and efficiency would be further enhanced with a team lead to provide supervision for this area of audits. The Department indicates the recommended Auditor/Team Leader would be expected to have an in-depth knowledge of the net proceeds taxation and the minerals industry in order to provide assistance to the lower-level auditors with more difficult questions and situations, as well as to improve the audit penetration rate.

As background, the Audit section of the Division of Local Government Services (LGS) under the Department was created in October 2012. The Audit section is responsible for four programs: (1) Net Proceeds of Minerals Tax audits per NRS 362.200, (2) Performance Audits of the Property Tax System per NRS 360.720 thru 736, (3) Real Property Transfer Tax (RPTT) Administration per NRS 375.019(2) and 375.400, and (4) RPTT Audits per NRS 375.019(1).

Senate Bill 493, Section 17, approved by the 2011 Legislature, required the Department to submit a comprehensive audit program that set forth the Department's plan for completing an audit of every mining operator or other person who is required to file a statement concerning the extraction of minerals in the State of Nevada. The Department indicates that when the NPMT audit program began, the Department anticipated that all mine operators, approximately 102, could be audited during a three-year rotation period. However, the Department reports that the original audit plan was overly optimistic at the current staffing levels. Since October 2012, the Audit section has completed or is nearing completion of four audits and has assisted in the settlement of a long outstanding audit. Because of the importance of NPMT audits, all staff members in the Audit section were reassigned to NPMT audits. As a result, the desired penetration rates of the other audit programs (RPTT and Performance Audits) were reduced to virtually zero. The Department indicates the Audit section changed and streamlined NPMT audit programs for effectiveness and efficiency. As a result, the Audit section recently opened eight new audits scheduled for completion in May 2015. However, the Department's goal assumes continued diversion of resources away from RPTT and Performance Audits in favor of NPMT audits. The Department indicates insufficient staffing precludes increasing the audit penetration rates to desired levels. However, the Department indicates the current audit penetration rate is 1.0 percent and in FY 2014, the audit penetration rate was 1.03 percent. The Department has generally targeted a 1.0 percent audit penetration rate as its goal.

Fiscal staff notes that since the approval of Senate Bill 493, the Department indicates two Auditor positions were reassigned from the Compliance Division (the Real Property Transfer Tax Auditor and the Performance Auditor from the Division of Local Government Services) to perform net proceeds audits, for a total of four positions working on NPMT audits. The Department indicates the desired annual penetration rate for the net proceeds of minerals tax audits would be 11 percent annually. The current annual audit penetration rate for NPMT audits is about 8 percent. The Department indicates the new Auditor position would improve the audit penetration rate by about 3 percent to a total of 11 percent. However, the Department further indicates that while the addition of a new Auditor/Team lead position would help in meeting the desired audit penetration rate of 11 percent, it also assumes that the real property transfer tax and performance audit programs would have limited resources as auditors for those programs would continue to be devoted to the NPMT audits 100 percent of the time.

The current audit schedule for a full audit of each mine for the Net Proceeds of Minerals' audits is a 10-year cycle. The Department was asked by the Subcommittee what resources would be needed for a full audit of each mine based on a 5-year and a 7-year audit schedule for the Net Proceeds of Minerals' audits. Following is a summary of the Department's response:

- The Local Government Services section of Taxation currently has three Auditor II and one Supervising Auditor II positions (total of four positions). The Department indicates the four Auditor positions are currently producing an audit penetration rate of 8 percent. An additional Auditor III is requested in Decision Unit E-226, and with the one additional Auditor position the Department is projecting an audit penetration rate of 11 percent.
- A 7-year audit cycle would require an audit penetration rate of 14 percent. The Department indicates in addition to the one new Auditor position recommended in this decision unit, an additional Auditor position would be needed. The Department estimates the cost of an additional Auditor position, with supporting expenses, would be \$74,647 in FY 2016, and \$68,577 in FY 2017.
- A 5-year audit cycle would require an audit penetration rate of 20 percent. The Department indicates in addition to the one new Auditor position recommended in this decision unit, the Department would need three additional Auditor positions (each position producing about 3 percent of the total audits). The Department estimates the cost of three additional Auditor positions, with supporting expenses would be \$221,635 in FY 2016, and \$203,710 in FY 2017.

Relating to the Auditor position, the Subcommittee may wish to consider the following options:

- a) Approve one new Auditor position as recommended by the Governor.**
 - b) Approve one new Auditor position as recommended by the Governor and add one additional Auditor position (total of two new Auditor positions) to enable the Department to improve the Net Proceeds of Minerals' audits penetration rate by reducing the current audit cycle of each mine to seven years, including authority for Fiscal staff to make technical adjustments based upon the final decision of the Subcommittee. This option would require estimated additional General Fund appropriations of \$74,647 in FY 2016 and \$68,577 in FY 2017.**
 - c) Approve one new Auditor position as recommended by the Governor and add three additional Auditor position (total of four new Auditor positions) to enable the Department to improve the Net Proceeds of Minerals' audits penetration rate by reducing the current audit cycle of each mine to five years, including authority for Fiscal staff to make technical adjustments based upon the final decision of the Subcommittee. This option would require estimated additional General Fund appropriations of \$221,635 in FY 2016 and \$203,710 in FY 2017.**
3. Reclassification of Nine Auditor Positions (E-807, TAXATION-15): The Governor recommends General Fund appropriations of \$60,940 over the 2015-17 biennium to reclassify nine Auditor positions to Supervising Auditors. The Department indicates the positions being reclassified are section supervisors, supervising a staff of at least four lower-level auditors. The incumbents review all completed audits in their section and serve as the first step in resolving appealed determinations. Additionally, as justification for the recommended reclassification of the nine Auditor positions the Department cites the inability to retain qualified candidates based on the scope and responsibilities of the job; the implementation of major new tax programs (the Medical Marijuana Tax, Excise Tax on

Short-term Vehicle Rentals, Modified Business Tax, Modified Business Tax Financial Institutions, Live Entertainment Tax, Bank Excise Tax, and Film Credits) that are administered by the Department; the frequent changes to current tax programs; and the non-competitive salary range offered for the position.

Does the Subcommittee wish to approve the Governor's recommendation to reclassify nine Auditor positions to Supervising Auditors funded with General Fund appropriations of \$60,940 over the 2015-17 biennium?

4. New State Demographer Position (Budget Amendment A150862361): The Executive Budget Office submitted Budget Amendment A150862361 on April 30, 2015, which proposes to eliminate the current contract with the University of Nevada, Reno upon its June 30, 2015, expiration. The General Fund appropriations totaling \$186,186 in each fiscal year of the 2015-17 biennium recommended in The Executive Budget would then be used to fund a new unclassified State Demographer position and associated operating costs in the Department of Taxation. The transition from a contract with the University of Nevada, Reno to a new unclassified State Demographer position with associated operating costs in the Department of Taxation would result in a General Fund savings of \$9,390 in FY 2016 and \$17,522 in FY 2017. The Department indicates the new unclassified State Demographer position in the Department of Taxation would allow the Department to have control of the resources utilized to produce demographic information. Pursuant to NRS 360.283, the Department is required to establish a method for annually determining the population of each town, township, city and county in this state and prepare and submit to the Governor annually the Department's determination of the population. *Nevada Revised Statutes* 360.283 also requires the Department to employ a demographer to assist in the determination of population and the projection of population pursuant to NRS 360.289.

Does the Subcommittee wish to approve Budget Amendment A150862361, which would eliminate the contract with the University of Nevada, Reno upon its expiration on June 30, 2015, and utilize the funding to fund a new unclassified State Demographer position and associated operating costs in the Department of Taxation totaling \$176,796 in FY 2016 and \$168,664 in FY 2017, and would result in a General Fund savings of \$9,390 in FY 2016 and \$17,522 in FY 2017, as reflected in the closing document?

Other Closing Items

1. Replacement Equipment (E-710, TAXATION-14): The Governor recommends a General Fund appropriation of \$112,091 in FY 2016 and \$340,316 in FY 2017 to replace computer hardware and software for staff, 2 document scanners, 1 iPad and 30 executive office chairs. The quote provided by the Department for the 2 document scanners does not reconcile to the amounts recommended in The Executive Budget. The Department inadvertently entered the incorrect unit price for the 2 document scanners, which upon using the correct unit price results in a decrease of General Fund appropriations of \$35,132 in FY 2017. **Fiscal staff has included a technical adjustment in this closing document to decrease General Fund appropriations by \$35,132 in FY 2017. With this adjustment, this decision unit appears reasonable**
2. New Computer Equipment (E-720, TAXATION-14): The Executive Budget recommends a General Fund appropriation of \$5,400 in FY 2016 and \$495 in FY 2017 for a hard drive sanitizer to ensure retired data storage devices meet state security standards. The quote provided by the Department for the hard drive sanitizer does not reconcile to the amounts recommended in The Executive Budget. The Department inadvertently entered the incorrect unit price for the hard drive sanitizer and maintenance agreement, which upon using the correct unit price results in the decrease of General Fund appropriations of \$250 in FY 2016 and \$495 in FY 2017. **Fiscal staff has included a technical adjustment in this closing document to decrease General Fund appropriations of \$250 in FY 2016 and \$495 in FY 2017. With this adjustment, this decision unit appears reasonable.**

3. Cost Allocation for Centralized Agency Human Resources (E-804, TAXATION-14 and 15): The Governor recommends General Fund appropriations of \$9,831 in FY 2016 and \$13,222 in FY 2017 to fund increases in the centralized personnel cost allocation for the services provided by the Division of Human Resource Management. **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.