

**SENATE COMMITTEE ON FINANCE AND  
ASSEMBLY COMMITTEE ON WAYS AND MEANS**

**JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT  
CLOSING REPORT**

**DEPARTMENT OF ADMINISTRATION**

The Joint Subcommittee on General Government has completed its review of certain budgets within the Department of Administration. The closing actions taken by the Subcommittee resulted in a decrease in General Fund appropriations of \$124,427 in FY 2016 and \$134,281 in FY 2017 when compared to the Governor's recommended budget.

**Governor's Finance Office (101-1340) ELECTED-48:** The Subcommittee recommended approval of the Governor's recommendation to create the Governor's Finance Office, consisting of the Budget Division and the Division of Internal Audits, which would be subject to the passage and approval of Assembly Bill 469. Within the Governor's Finance Office, the Subcommittee recommended approval of the addition of two new positions, an unclassified Director of the Governor's Finance Office and an Administrative Assistant. In addition, the Subcommittee concurred with the Governor's recommendation to reclassify an existing Administrative Assistant to an unclassified Executive Assistant. The Subcommittee also recommended approval of the Governor's recommendation to transfer six positions and associated operating expenditures into a new budget to form a new Department of Administration Director's Office. In addition, the Subcommittee recommended approval of the transfer of three positions into a new budget for the Grants Office, which would remain in the Department

of Administration, as well as the addition of a new unclassified Executive Grants Analyst position within the Grants Office. The Subcommittee also recommended approval of the transfer of two positions (1.51 FTE) to the Enterprise Information Technology Services Office of the Chief Information Officer budget.

The Subcommittee did not recommend approval of a new Economist position within the Governor's Finance Office. Finally, the Subcommittee recommended approving the remainder of the budget as recommended by the Governor with technical adjustments, and authority for Fiscal staff to make other technical adjustments as needed.

**Division of Internal Audits (101-1342) ELECTED-63:** The Subcommittee recommended approval of the Governor's recommendation to transfer the Division of Internal Audits from the Department of Administration to the Governor's Finance Office, subject to passage and approval of Assembly Bill 469. In addition, the Subcommittee recommended approval of the Governor's recommendation for two new Executive Branch Auditor positions funded with General Fund appropriations totaling \$296,851 over the 2015-17 biennium to begin conducting audits on contracts and requests for proposals. The Subcommittee also recommended the issuance of a letter of intent directing the Division of Internal Audits to provide the 2017 Legislature with a list of the contracts and requests for proposals that were audited over the 2015-17 biennium, a report of its audit findings, and a summary of any corrective actions that resulted in quantifiable savings. The Subcommittee recommended approval of the remainder of the budget as recommended

by the Governor with technical adjustments, and authority for Fiscal staff to make other technical adjustments as needed.

**Director's Office (101-1337) ADMIN-6:** The Subcommittee recommended approval of the Governor's recommendation to transfer six positions, along with associated travel expenditures, from the existing Budget and Planning budget to a new budget for the Department of Administration Director's Office, replace General Fund appropriations partially supporting the six positions with cost allocation reimbursements, and fund operating expenditures related to staff moving to a different office location. The Subcommittee also recommended approval of the Governor's recommendation to reclassify a classified Public Information Officer to an unclassified Public Information Officer, and a classified Administrative Assistant to an unclassified Executive Assistant.

**Special Appropriations (101-1301) ADMIN-9:** The Subcommittee recommended approval of the Governor's recommendation to fund a business process consultant in FY 2016 to review the state's financial and human resource business processes. The Subcommittee also recommended providing the agency with authority to balance forward funds unspent in FY 2016 to FY 2017. The Subcommittee also recommended approval of the Governor's recommendation to increase funding for Holocaust education by \$50,000 in each year of the 2015-17 biennium. Finally, the Subcommittee recommended approval of the Governor's recommendation for General Fund appropriations of \$10.0 million over the 2015-17 biennium to fund graduate medical education.

**HRM – Human Resource Management (717-1363) ADMIN-20:** The Subcommittee recommended approval of the Governor’s recommendation to expend \$360,500 over the 2015-17 biennium for a technology investment request that would continue the implementation of Phase III of the Nevada Employee Action and Timekeeping System to display payroll reports and employment records, as well as calculate payroll projections. The Subcommittee recommended approval of the Governor’s recommendation of \$133,768 in Personnel Assessments revenue over the 2015-17 biennium for a new Personnel Analyst position to conduct organizational climate studies for state agencies. The Subcommittee also recommended approval of the Governor’s recommendation for a new Personnel Analyst position for the division’s Agency HR Services Section, which provides centralized personnel services for eight state agencies and various boards and commissions. Finally, the Subcommittee recommended approval of the Governor’s recommendation of \$137,633 in Personnel Assessments revenue over the 2015-17 biennium for a new Personnel Analyst position to develop and implement a Veteran Recruitment Program to assist veterans in securing state employment. The Subcommittee recommended approval of all Other Closing Items with authority for Fiscal staff to make technical adjustments as necessary.

**Administrative Services (716-1371) ADMIN-113:** The Subcommittee recommended approval of the Governor’s recommendation for administrative assessment funding totaling \$156,250, and reserve funding totaling \$27,191 over the 2015-17 biennium to fund the programming costs to upgrade the Nevada Project Accounting System used to track capital improvement projects. The Subcommittee also recommended approval of

all other closing items with authority for Fiscal staff to make technical adjustments as necessary.

**Grants Office (101-1341) ADMIN-122:** As discussed previously, the Subcommittee recommended approval of the Governor's recommendation to transfer three positions into a new budget for the Grants Office, which would remain in the Department of Administration, as well as the addition of a new Executive Grants Analyst position within the Grants Office. The Subcommittee recommended approval of the remainder of the budget as recommended by the Governor with technical adjustments.

**Insurance and Loss Prevention (715-1352) Admin-187:** The Subcommittee recommended approval of the Governor's recommendation for a new Risk Management Information System funded partially with one-time transfers of \$10,000 each from the Attorney General's Office, the Nevada Department of Transportation, and the State Public Works Division. The Subcommittee also recommended approval of the Governor's recommendation to transfer funds from the Governor's Office of Economic Development to purchase an Unmanned Aircraft System insurance policy. In addition, the Subcommittee recommended approval of the Governor's recommendations to purchase a cyber liability insurance policy, and to conduct real property and fine art appraisals to determine accurate repair and replacement costs. The Subcommittee recommended approval of the remainder of the budget as recommended by the Governor with technical adjustments, and authority for Fiscal staff to make other technical adjustments as needed.

**Hearings Division (101-1015) ADMIN-260:** The Subcommittee recommended approval of the Governor's recommendation for a new integrated document management system for the Hearings Division to electronically store its legal documents. The Subcommittee recommended approval of the remainder of the budget as recommended by the Governor with technical adjustments, and authority for Fiscal staff to make other technical adjustments as needed.

The Subcommittee recommended closing the following Department of Administration budget as recommended by the Governor:

- Judicial College and College of Juvenile and Family Justice (101-1302)  
ADMIN-12

DEPARTMENT OF ADMINISTRATION  
General Fund Impacts of Subcommittee Closing

Page	Budget	Title	FY 2016	FY 2017
<b><u>AS CLOSED BY SUBCOMMITTEE:</u></b>				
ELECTED-48	101-1340	Governor's Finance Office	(124,286)	(143,298)
ELECTED-63	101-1342	Division of Internal Audits	(3,150)	3,150
ADMIN-6	101-1337	* Director's Office	-	-
ADMIN-9	101-1301	* Special Appropriations	-	-
ADMIN-20	717-1363	* HRM Human Resource Management	-	-
ADMIN-113	716-1371	* Administrative Services	-	-
ADMIN-122	101-1341	Grants Office	3,009	5,867
ADMIN-187	715-1352	* Insurance and Loss Prevention	-	-
ADMIN-260	101-1015	* Hearings Division	-	-
ADMIN-12	101-1302	* Judicial College & College of Juvenile & Family Justice	-	-
			(124,427)	(134,281)
* No General Fund impact				

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

**Title:** GOVERNOR'S FINANCE OFFICE  
**Account:** 101 - 1340

**Budget Page:** ELECTED-48, Volume I

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
BALANCE FORWARD	(2,139)						
GENERAL FUND	3,874,600	4,370,153	12.79	3,707,772	(15.16)	4,151,623	11.97
INTERAGENCY TRANSFER	298,208	297,773	(0.15)				
INTERIM FINANCE	2,188						
REVERSIONS	(85,967)						
<b>Total Revenues</b>	<b>4,086,890</b>	<b>4,667,926</b>	<b>14.22</b>	<b>3,707,772</b>	<b>(20.57)</b>	<b>4,151,623</b>	<b>11.97</b>
<b>Total FTE</b>		<b>28.51</b>		<b>21.00</b>		<b>21.00</b>	

**Adjustments to Revenue**

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	00	2501	Reduce General Fund appropriations for EITS Programmer/Developer hours	(45,425)	(45,425)
B000	00	4230	Reduce base revenue for reimbursement to EITS for phone system	(1,133)	(1,031)
M100	00	2501	Reduce General Fund appropriations for EITS Programmer/Developer hours	(11,716)	(11,706)
E225	00	2501	Reduce General Fund appropriations based on the Subcommittee's recommendation to not approve a new Economist position	(57,769)	(73,412)
E710	00	2501	Transfer and reduce revenue for computers not eligible for replacement	(5,032)	(3,774)
E710	00	4230	Transfer and reduce revenue for computers not eligible for replacement	(1,258)	1,258
E720	00	2501	Eliminate duplicate revenue for reimbursement to EITS for phone system	(4,902)	(5,024)
E720	00	2501	Reduce General Fund for equipment designated for the proposed Economist position that was not approved	(700)	(204)
E720	00	4230	Reduce cost allocation reimbursements for equipment designated for the proposed Economist position that was not approved	(670)	(441)
E721	00	2501	Reduce General Fund for new equipment based on Subcommittee's recommendation to not approve a new Economist position		(2,495)
E900	00	2501	Transfer revenue for one desktop computer from FY 2016 to FY 2017	1,258	(1,258)
E903	00	4230	Transfer revenue for one desktop computer from FY 2016 to FY 2017	1,258	(1,258)
<b>Sub-total</b>				<b>(126,089)</b>	<b>(144,770)</b>
<b>Line Item Changes to Revenues</b>				<b>(126,089)</b>	<b>(144,770)</b>

**Adjustments to Expenditures**

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	26	7000	Reduce base expenditures for reimbursement to EITS for phone system	(1,133)	(1,031)
B000	26	7000	Reduce EITS Programmer/Developer hours to equal hours incurred in FY 2014	(45,425)	(45,425)
M100	26	7000	Reduce EITS Programmer/Developer hours to equal hours incurred in FY 2014	(11,716)	(11,706)
E225	01	5000	Subcommittee recommended not approving a new Economist position	(53,838)	(73,054)
E225	04	7000	Subcommittee recommended to not approve a new Economist position	(117)	(117)
E225	04	8000	Subcommittee recommended to not approve a new Economist position	(1,990)	



E225	26	7000	Subcommittee recommended to not approve new Economist position	(566)	(241)
E225	26	8000	Subcommittee recommended to not approve new Economist position	(1,258)	
E710	26	8000	Transfer and reduce expenditures for computers not eligible for replacement	(6,290)	(2,516)
E720	26	7000	Eliminate duplicate expenditures for reimbursement to EITS for phone system	(4,902)	(5,024)
E720	26	7000	Reduce new equipment expenditures based on Subcommittee's recommendation to not approve a new Economist position	(1,370)	(645)
E721	26	7000	Reduce new equipment expenditures based on Subcommittee's recommendation to not approve a new Economist position		(2,495)
E900	26	8000	Transfer expenditures for computers not eligible for replacement, transfer to Grants Office	1,258	(1,258)
E903	26	7000	Eliminate duplicate expenditures transferred to Director's Office for reimbursement to EITS for phone system	4,902	5,024
E903	26	7000	Transfer base expenditures to Director's Office for reimbursement to EITS for phone system	(4,902)	(5,024)
E903	26	8000	Transfer expenditures for computers not eligible for replacement, transfer to Director's Office	1,258	(1,258)
<b>Sub-total</b>				(126,089)	(144,770)
<b>Line Item Changes to Expenditures</b>				(126,089)	(144,770)
<b>Total</b>				0	0
<b>Grand Total General Fund Impact of Closing Changes</b>				(124,286)	(143,298)

## **Overview**

The Budget Division, or Executive Budget Office (proposed by the Governor to be renamed the Governor's Finance Office), is responsible for developing and presenting The Executive Budget. The Executive Budget Office also provides oversight to state agencies in implementing the legislatively approved budget. Other responsibilities include evaluating policies and providing direction to executive agencies, assisting executive agencies with the development of strategic plans and performance measures, monitoring and forecasting state revenues, and providing recommendations and support to the Board of Examiners. This budget is largely funded by General Fund appropriations, with a smaller portion funded through a cost allocation paid by the various divisions of the Department of Administration in support of the Director's Office function.

## **Major Closing Issues**

1. Reorganization of the Department of Administration
2. New Economist Position

## **Discussion of Major Closing Issues**

1. Reorganization of the Department of Administration (E-228, E-231, E-805, E-900, E-902, E-903 & E-910, ELECTED-51-52 & 55-58): The Budget Division contains the Director of the Department of Administration (DOA), who is essentially responsible for two main roles. The first role is to serve as the DOA's Director, providing oversight and guidance to the entire department, which consists of 12 divisions: Budget; Enterprise Information Technology Services; Human Resource Management; Risk Management; Fleet Services; State Library and Archives; Internal Audits; Hearings and Appeals (includes Victims of Crime); Purchasing; State Public Works; Office of Grant Procurement, Coordination, and Management; and Administrative Services. The second role of the Director is to serve as the Chief of the Budget Division, overseeing the preparation, implementation and management of The Executive Budget.

The Governor recommends reorganizing the DOA by moving the Budget Division and the Division of Internal Audits from the DOA to the new Governor's Finance Office. The recommended reorganization

would also create a new Director's Office budget and Grants Office budget within the DOA. Finally, the Governor recommends transferring two planning positions from the Budget and Planning budget to the Enterprise Information Technology Services (EITS) Office of the Chief Information Officer (CIO) budget.

Assembly Bill 469 creates the Office of Finance in the Office of the Governor and would transfer the duties of the Budget Division from the Department of Administration to the new Governor's Finance Office. Assembly Bill 469 was heard by the Committee on Ways and Means on March 31, 2015. Fiscal staff notes that as introduced, Section 7 of Assembly Bill 469 would change all currently classified positions in the Budget Division, except the Director and Deputy Director, to the non-classified service. It is Fiscal staff's understanding that the agency plans to submit an amendment to the bill to ensure the positions' classification status would remain as they are currently.

The following table summarizes the recommended reorganization for the DOA and the creation of the Governor's Finance Office for the 2015-17 biennium.

Legislature Approved 2013-15 Biennium	Governor Recommends 2015-17 Biennium
<b>Budget Division</b>  Deputy Director Chief Assistant, Budget Administrator Administrative Assistant Economist  (14) Budget Analysts  Director, Administration Deputy Director Assistant to the Director Administrative Assistant Administrative Assistant Business Process Analyst  Chief, Office of Grants Procurement Sr Executive Grants Analyst Executive Grants Analyst  Chief Planning, Research & Grants Mgmt Chief Assistant, Planning	<b>Governor's Finance Office (BA 1340)</b> Director, Governors Finance Office * Administrative Assistant * Deputy Director Chief Assistant, Budget Administrator Executive Assistant ** Economist Economist * (14) Budget Analysts
	<b>Director's Office, Dept. of Administration (New BA 1337)</b> Director, Administration Deputy Director Public Information Officer ** Executive Assistant ** Administrative Assistant Business Process Analyst
	<b>Grants Office (New BA 1341)</b> Chief, Office of Grants Procurement Sr Executive Grants Analyst Executive Grants Analyst Executive Grants Analyst *
	<b>Office of CIO, Enterprise IT Services (BA 1373)</b> Chief Planning, Research & Grants Mgmt Chief Assistant, Planning

\* New positions recommended in The Executive Budget.

\*\* Position reclassifications recommended in The Executive Budget.

The agency indicates this reorganization is being recommended to provide separation of authority and independence of the budgeting and auditing functions of the Executive Branch from the rest of the DOA's divisions. The proposed reorganization is recommended to prevent instances where the Director's administrative authority, oversight and goals of the department may conflict with the Director's budgeting oversight role of The Executive Budget. Further, the Director oversees the Division of Internal Audits, which is responsible for not only conducting audits on other Executive Branch departments and divisions, but also on the divisions within the DOA. The agency indicates that having the budgeting and auditing functions in the same department as other divisions in the DOA could result in situations where there is a conflict of interest. The agency further indicates that originally the two roles were assigned to two separate positions but then were merged into the same position more than 20 years ago.

Fiscal staff notes that the 2011 Legislature approved the Governor's recommendation to consolidate the Department of Personnel, the Department of Information Technology (DoIT), Nevada State Libraries and Archives, and the State Public Works Board with the Department of Administration. As a result of the reorganization, the noted departments became divisions within the DOA. At the time, the department indicated the consolidation would improve internal services to state agencies, increase operational efficiencies, and generate cost savings. A new Deputy Director position was approved by the 2011 Legislature to provide management oversight of the non-budgetary divisions, while the existing Deputy Director retained management of the Budget Division. The department now indicates the broad responsibilities associated with managing the various divisions are impeding the Director's ability to effectively oversee all of the divisions. According to the department, the Director's primary objective is to meet budgetary obligations, which results in non-budgetary projects or initiatives being delayed or foregone due to time constraints.

When asked if the proposed reorganization would eliminate any of the efficiencies that were gained through the 2011 consolidation, the agency responded that the efficiencies created by the 2011 merger included the elimination of three cabinet level positions as well as multiple support staff positions. While this resulted in some cost savings to the State General Fund, the long-term impact is having all internal service agencies under a single department, all rate setting and billing of agencies handled by a single administrative unit, and performance standards and service level expectations set by a one leadership team. According to the agency, these efficiencies will still exist with the proposed reorganization.

#### Governor's Finance Office

- a. The Governor recommends the creation of the Governor's Finance Office by renaming the Budget and Planning budget the Governor's Finance Office and moving it from the Department of Administration. The Governor's Finance Office would be responsible for the preparation and overall management of The Executive Budget and the Division of Internal Audits. Both budgets would be funded with General Fund appropriations.

**Does the Subcommittee wish to approve the creation of the Governor's Finance Office, consisting of the Budget Division and Division of Internal Audits?**

**The Subcommittee recommended approval of the Governor's recommendation for the creation of the Governor's Finance Office, consisting of the Budget Division and the Division of Internal Audits.**

- b. New Positions (E-228, ELECTED-51): The Governor recommends General Fund appropriations of \$207,578 in FY 2016 and \$209,003 in FY 2017 for the salary, benefits, and operating costs for a new unclassified Director for the Governor's Finance Office and an Administrative Assistant position. The Director of the Governor's Finance Office would assume the duties of Chief of the Budget Division as required in the State Budget Act, overseeing the preparation, implementation and management of The Executive Budget. The salary for the unclassified Director position is recommended to be equivalent to the existing Director of the DOA, as well as to the Directors of the Department of Transportation, Department of Corrections, and Department of Health and Human Services. The new Administrative Assistant position would assist with the responsibilities of coordinating and submitting items for placement on the agendas for the Board of Examiners and Interim Finance Committee meetings, all of which would remain under the authority of the Governor's Finance Office.

**Does the Subcommittee wish to approve the addition of an unclassified Director of the Governor's Finance Office and an Administrative Assistant? If the Subcommittee recommends approval of the unclassified Director position, final approval of this positions**

recommended salary will be made by the money committees when the Unclassified Pay Bill is considered.

**The Subcommittee recommended approval of the Governor's recommendation for the addition of an unclassified Director of the Governor's Finance Office and an Administrative Assistant position.**

- c. Position Reclassification (E-805, ELECTED-55): The Governor recommends General Fund appropriations of \$14,498 in FY 2016 and \$12,019 in FY 2017 to reclassify an existing Administrative Assistant that would transfer to the Governor's Finance Office to an unclassified Executive Assistant position. The Executive Assistant would be the primary assistant to the Director of the Governor's Finance Office, which is consistent with the structure of assistant positions within several state agencies.

**Does the Subcommittee wish to approve the reclassification of an Administrative Assistant to an unclassified Executive Assistant within the Governor's Finance Office? As previously indicated, final approval for this position's salary will be made by the money committees when the Unclassified Pay Bill is considered.**

**The Subcommittee recommended approval of the Governor's recommendation for the reclassification of an Administrative Assistant to an unclassified Executive Assistant within the Governor's Finance Office.**

Department of Administration Director's Office

- d. Positions Transfers (E-903, ELECTED-57): The Governor recommends the creation of a separate Director's Office (and budget account) that would be responsible for direct oversight and management of the Department of Administration. The Director's Office would be funded with cost allocation reimbursements received from the divisions within the DOA. The Governor recommends transferring six positions and their associated operating and equipment expenditures to the new DOA Director's Office budget. The positions recommended to transfer to the new budget are the existing Director of Administration, one Deputy Director, one Assistant to the Director, one Business Process Analyst, and two Administrative Assistants. These positions would be responsible for management, oversight and support of the DOA. Fiscal staff notes that one computer recommended for replacement that would transfer to the Director's Office budget in FY 2016 is not eligible for replacement until FY 2017. A technical adjustment to move the transfer of one desktop computer from FY 2016 to FY 2017 has been incorporated into this closing document.

The six positions recommended to transfer to the new Director's Office budget are currently funded with both General Fund appropriations and cost allocation reimbursements. As part of the recommended transfer to the Director's Office budget, the Governor recommends eliminating General Fund appropriations of \$328,170 in FY 2016 and \$331,473 in FY 2017 and replacing the funding with cost allocation reimbursements. The Subcommittee will consider the change in funding source when the new Director's Office budget is heard.

**Does the Subcommittee wish to approve the Governor's recommendation to transfer six positions from the existing Budget and Planning budget to a new budget for the Department of Administration Director's Office?**

**The Subcommittee recommended approval of the Governor's recommendation to transfer six positions from the existing Budget and Planning budget to a new budget for the Department of Administration Director's Office.**

Grants Office

- e. Positions Transfers (E-900, ELECTED-55-56): The Governor recommends moving the Office of Grant Procurement, Coordination, and Management (Grants Office) out of the Budget and Planning budget and into a new Grants Office budget that would remain under the DOA. The purpose of the Grants Office is to provide the state and its agencies with resources to identify, procure, and manage grants and is recommended to be funded entirely with General Fund appropriations. The Governor recommends transferring General Fund appropriations of \$299,582 in FY 2016 and \$296,465 in FY 2017 to the new Grants Office budget to support three unclassified positions transferred from the Budget and Planning budget, along with their associated operating and equipment expenditures.

**Does the Subcommittee wish to approve the transfer of three positions, along with associated operating and equipment expenditures, into a new budget for the Grants Office?**

**The Subcommittee recommended approval of the Governor's recommendation to transfer three positions, along with associated operating and equipment expenditures, into a new budget for the Grants Office.**

- f. New Grants Analyst Position (E-231 & E-902, ELECTED-52, 56 & 57): The Governor recommends General Fund appropriations of \$68,234 in FY 2016 and \$83,704 in FY 2017 for the salary, benefits, and operating expenditures of a new unclassified Executive Grants Analyst position that would be transferred to the new Grants Office budget. The division currently has one Executive Grants Analyst position. The agency indicates the Grants Office has had to forgo the submission of grant applications due to its limited staff availability. According to the agency, the Grants Office is currently on track to exceed the national standard of one grant application submission every four to six weeks; however, the agency indicates staff has to work overtime in order to achieve those results. According to the agency's performance measures, the dollar amount of grants facilitated per dollar spent on Grants Office salaries is projected to increase from \$74.26 in FY 2014 to \$89.00 in each year of the 2015-17 biennium. The agency indicates that during the last three months of FY 2014, a new Chief of the Grants Office was hired, and it is now fully staffed. The agency began a more aggressive strategy of submitting competitive grant proposals. According to the agency, the agency's target of \$89.00 in grants facilitated per dollar spent on the Grants Office is achievable.

The agency indicates that with the new Grants Analyst position, it would be able to apply for all grants that would fund state programs; however, it would not be able to apply for all discretionary grants that meet Nevada's strategic priorities, which would provide supplemental funding to state programs. According to the agency, the addition of the Executive Grants Analyst position would place Nevada in a stronger position to apply for a greater number of discretionary grants and provide support to other public agencies in applying for discretionary grants.

According to the 2015 Biennial Report for the Office of Grant Procurement, Coordination and Management, they assisted agencies in receiving 12 grant awards totaling over \$18 million in FY 2014; the legislatively approved budgeted amount for federal funds in FY 2014 was \$2.8 billion.

**Does the Subcommittee wish to approve the Governor's recommendation for a new Executive Grants Analyst position for the Grants Office?**

**The Subcommittee recommended approval of the Governor's recommendation for a new Executive Grants Analyst position for the Grants Office.**

Enterprise Information Technology Services

- g. Position Transfers (E-910, ELECTED-58): The EITS Division provides information technology services to agencies throughout the state. The Office of the CIO budget within EITS is funded with cost allocation reimbursements received from the other accounts within EITS. The Governor

recommends transferring two positions (1.51 FTE) from the Budget and Planning budget to the EITS Office of the CIO budget. The two positions (1.51 FTE) recommended to transfer to the Office of the CIO budget in EITS are currently funded with General Fund appropriations. Fiscal staff notes that as part of the recommended transfer to the Office of the CIO budget in EITS, the Governor recommends eliminating General Fund appropriations of \$173,453 in FY 2016 and \$171,533 in FY 2017 and replacing the funding with cost allocation reimbursements received in the EITS Division. The Chief of Planning, Research and Grants Management (1.0 FTE), and the Chief Assistant, Planning (0.51 FTE), are both unclassified positions and would assist with strategic information technology planning for the state in the EITS Division under the DOA.

Fiscal staff notes that these two positions are currently in the Research and Planning section of the Grants Office and are responsible for strategic planning, development of performance indicators, research and analysis, and grant fund development. The agency indicates the positions would perform similar duties within EITS as they currently perform in the Research and Planning section, but would focus their efforts specifically on information technology issues. The agency indicates there is a need for a statewide comprehensive plan for information technology systems as well as coordination of the platforms used by each agency for their systems' operations. Responsibility for the strategic planning and performance indicators would transition to the budget analyst positions within the Governor's Finance Office who currently manage the fiscal aspects of each budget.

**Does the Subcommittee wish to approve the transfer of two positions (1.51 FTE) and associated operating expenditures from the Budget and Planning budget to the Enterprise Information Technology Services Office of the Chief Information Officer budget?**

**The Subcommittee recommended approval of the Governor's recommendation to transfer two positions (1.51 FTE) and associated operating expenditures from the Budget and Planning budget to the Enterprise Information Technology Services Office of the Chief Information Officer budget.**

2. New Economist Position (E-225, ELECTED-50): The Governor recommends General Fund appropriations of \$57,769 in FY 2016 and \$73,412 in FY 2017 for the salary, benefits, and operating expenditures of a new Economist position to assist the existing Economist in forecasting and tracking state tax revenue. The existing Economist position within the Budget Division performs similar functions; however, the agency indicates the scope and complexity of the state's revenues, programs, and population trends have expanded and the Governor recommends an additional position. According to the agency, the new position would also assist other state agencies in developing forecasts, to include the Department of Corrections' medical caseloads and the Department of Education's student enrollments. The agency indicates these are areas that do not individually require a full-time Economist, but the lack of proper resources in each area is resulting in unexpected budget shortfalls. While the existing Economist in the Budget Division is the primary position that provides forecasts for the state's revenues for the Executive Branch, Fiscal staff notes the Department of Employment, Training and Rehabilitation, Department of Taxation, and Gaming Control Board have existing positions to provide forecasts for the labor markets, taxable sales, and gaming revenue. In addition, the Governor is recommending a new Management Analyst position for the 2015-17 biennium in the Department of Taxation to perform statistical analyses related to revenue forecasting of various tax types, with primary emphasis on property and net proceeds of minerals taxes.

Additionally, the agency indicates that with one Economist position, few alternatives are available for back-up coverage or succession plans when the position becomes vacant. The agency further indicates it can take a new Economist many months of training to become fully proficient with Nevada's revenues, projection models and economic data. The existing Economist position was last filled in July 2014, and the prior incumbent, who had been in the position since 2008, is now working part-time temporarily to provide training to the new incumbent. The agency indicates a second permanent

position is needed to provide greater stability in the forecasting function and to prevent gaps in service and knowledge in the future.

When asked how many Economist positions exist in other state budget offices, the agency responded that the most recent publication from the National Association of State Budget Officers (NASBO) does address staffing ratios for economists; however, this is difficult to compare as states have different models and needs for revenue forecasting. According to the agency, only a handful of states have a revenue forecast structure as formal and involved as the Economic Forum in Nevada. If approved, this position would be in the proposed Governor's Finance Office along with the existing Economist position.

**Does the Subcommittee wish to approve the Governor's recommendation of General Fund appropriations of \$131,181 over the 2015-17 biennium for a new Economist position within the Governor's Finance Office?**

<p><b>The Subcommittee did not approve the Governor's recommendation for a new Economist position within the Governor's Finance Office.</b></p>
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#### **Other Closing Items**

1. **EITS Programming (Base, ELECTED-48)**: In the adjusted base budget, the agency increased its EITS programmer/developer hours from 2,655 hours to 3,200 hours. Accordingly, the agency increased the amount budgeted for programmer/developer hours by \$57,141 to \$335,417 in FY 2016 and by \$57,131 to \$335,359 in FY 2017. The 2013 Legislature approved base year programmer/developer service expenditures totaling 2,497 hours for ongoing maintenance of the division's various systems. In addition, the 2013 Legislature approved an enhancement for an additional 800 hours of programmer/developer services so the agency could complete backlogged enhancement requests to their systems. Fiscal staff notes the agency only incurred an additional 158 hours of the 800 hours approved for FY 2014 for backlogged enhancement requests. The Executive Budget increases the amount of programmer/developer hours back up to 3,200 hours in each year of the 2015-17 biennium to equal the total amount budgeted in each year of the 2013-15 biennium, which was inclusive of the 800 one-time programming hours. A technical adjustment has been incorporated in this closing document to reduce the programming hours to the actual amount incurred in FY 2014. **Based upon the agency's concurrence, Fiscal staff recommends a technical adjustment to decrease the number of hours for EITS programmer/developer services to the amount incurred in FY 2014 of 2,655 hours with a corresponding decrease in expenditures of approximately \$57,141 in FY 2016 and \$57,131 in FY 2017.**
2. **Travel for Grants Office (E-226 & E-901, ELECTED-50 & 56)**: The Governor recommends General Fund appropriations of \$3,950 in each year of the 2015-17 biennium for travel expenditures associated with the Grants Office Chief attending a federal grant funding conference each year and traveling to Las Vegas three times each year to assist agencies with identifying and applying for their grants. Funding would also support registration fees for the Senior Executive Grants Analyst to attend training twice each year (E-226). Additionally, the Governor recommends transferring the recommended funding to the new Grants Office budget, as discussed in Major Issue 1 (E-901). **This recommendation appears reasonable.**
3. **Contractor Programming (E-229, ELECTED-51)**: The Governor recommends a General Fund appropriation of \$25,000 in FY 2016 for Aeris Enterprises to program additional payroll modification changes in the Nevada Executive Budget System (NEBS). Aeris Enterprises is the contractor that developed NEBS and is also the contractor used by the Legislative Counsel Bureau to program updates in the Budget Analysis System of Nevada (BASN) used by the Fiscal Analysis Division. Assembly Bill 470 would change the way costs incurred by the Division of Human Resource Management of the Department of Administration are allocated to state agencies. If the bill is

approved, the agency would require approximately 111 hours of additional contractor programming hours to change how the rates are calculated and allocated to the other budgets in NEBS. **This recommendation appears reasonable, contingent on the passage of Assembly Bill 470, which was heard by the Assembly Committee on Ways and Means on March 31, 2015.**

4. Travel for Director and Deputy Director (E-230 & E-904, ELECTED-52 & 58): The Governor recommends cost allocation reimbursements of \$9,926 in each year of the 2015-17 biennium for travel expenditures for the Director and Deputy Director of the DOA to attend the National Association of State Chief Administrators (NASCA) Institute on Management and Leadership conference each year. In addition, this recommendation includes funding for the Director to travel to Las Vegas four times per year and the Deputy Director to travel to Las Vegas six times per year to attend meetings with employees in their Southern Nevada offices (E-230). Additionally, the Governor recommends transferring the recommended funding to the new DOA Director's Office, as discussed in Major Issue 1 (E-904). **This recommendation appears reasonable. Decision Unit E-904 is contingent upon the approval of subsection "d" in Major Issue 1.**
5. Replacement Equipment (E-710 & E-711, ELECTED-53-54): The Governor recommends total funding of \$19,658 (\$17,928 in General Fund appropriations) in FY 2016, and \$8,648 (\$7,887 in General Fund appropriations) in FY 2017, to replace 14 desktop computers, 4 desktop printers, 5 Adobe software licenses, and 13 office chairs. If approved, 1 of the replacement desktop computers and 3 office chairs would transfer with employees to the new Grants Office budget. Fiscal staff notes that 4 desktop computers recommended for replacement in FY 2016 were acquired in FY 2012 and would not be eligible for replacement until FY 2017. In addition, 6 desktop computers included in this recommendation were acquired in FY 2013 and would not be eligible for replacement until FY 2018. In response to inquiries from Fiscal staff regarding the eligibility for replacement of these computers, the agency agreed that 4 desktop computers should be moved from FY 2016 to FY 2017, and 6 desktop computers should be removed from The Executive Budget in the 2015-17 biennium. The technical adjustments to transfer expenditures for 4 desktop computers from FY 2016 to FY 2017, including 2 recommended to transfer to the new Director's Office budget and to the Grants Office budget, and to eliminate 6 desktop computers from this recommendation have been incorporated into this closing document. **Fiscal staff recommends approval of this decision unit with a technical adjustment to transfer expenditures for 4 desktop computers from FY 2016 to FY 2017 and to eliminate expenditure authority for 6 desktop computers.**
6. New Software (E-720 & E-721, ELECTED-54): The Governor recommends total funding of \$15,548 (\$14,878 in General Fund appropriations) in FY 2016, and \$13,772 (\$13,331 in General Fund appropriations) in FY 2017, to purchase two statistical and data analysis software licenses with associated annual maintenance agreements, and two data query software licenses. This software would be used by the current Economist as well as the new Economist recommended in Major Issue 2. If the new Economist position is not approved, Fiscal staff recommends the elimination of one set of software licenses from these recommendations.

This recommendation also includes expenditures for ongoing reimbursements paid to EITS for phone system software that was purchased in FY 2014. Fiscal staff notes that these expenditures are already included in the base budget, and would need to be decreased by \$1,153 in FY 2016 and by \$1,031 in FY 2017 to equal the payments projected to be made in the 2015-17 biennium. In response to inquiries from Fiscal staff regarding the apparent duplicate expenditures, the agency agreed they can be eliminated from this enhancement and reduced in the base budget to equal the payments projected to be made in the 2015-17 biennium. The following table summarizes the changes entailed with this technical adjustment.



Reimbursement to EITS for Phone System Software						
	Governor Recommends		Technical Adjustments		Final Total	
Base	6,055	6,055	(1,153)	(1,031)	4,902	5,024
E-720	4,902	5,024	(4,902)	(5,024)	-	-
<b>Total</b>	<b>10,957</b>	<b>11,079</b>	<b>(6,055)</b>	<b>(6,055)</b>	<b>4,902</b>	<b>5,024</b>

The technical adjustments indicated in the table above have been incorporated into this closing document. **Fiscal staff recommends approval of this decision unit, with technical adjustments to eliminate duplicate expenditures and reduce expenditures in the base budget.**

7. Cost Allocation (E-804, ELECTED-55): The Governor recommends cost allocation reimbursements of \$834 in FY 2016 and \$1,122 in FY 2017 for enhancements cost allocated for centralized human resource services provided by the DOA's Division of Human Resource Management. **This recommendation appears reasonable.**

**Does the Subcommittee wish to approve Other Closing Items as recommended by the Governor, with the technical adjustments and contingencies noted in Other Closing Items 1, 4, 5 and 6, and provide Fiscal staff with authority to make other technical adjustments as needed?**

**The Subcommittee recommended approval of Other Closing Items as recommended by the Governor, provide Fiscal staff with authority to make the technical adjustments noted in Other Closing Items 1, 4, 5 and 6, and authorize Fiscal staff to make other technical adjustments as needed.**

Title: GOVERNOR'S FINANCE OFF - DIV OF INTERNAL AUDITS  
 Account: 101 - 1342

Budget Page: ELECTED-63, Volume I

	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
Revenues							
GENERAL FUND	1,236,707	1,259,557	1.85	1,472,540	16.91	1,529,008	3.83
REVERSIONS	(5,901)						
Total Revenues	1,230,806	1,259,557	2.34	1,472,540	16.91	1,529,008	3.83
<b>Total FTE</b>		11.00		13.00		13.00	

**Adjustments to Revenue**

Dec Unit	Cat	GL	Description	2015-16	2016-17
E710	00	2501	Transfer General Fund appropriations for two laptop computers from FY 2016 to FY 2017	(3,150)	3,150
<b>Sub-total</b>				(3,150)	3,150
<b>Line Item Changes to Revenues</b>				(3,150)	3,150

**Adjustments to Expenditures**

Dec Unit	Cat	GL	Description	2015-16	2016-17
E710	26	8000	Transfer IT expenditures for two laptop computers from FY 2016 to FY 2017	(3,150)	3,150
<b>Sub-total</b>				(3,150)	3,150
<b>Line Item Changes to Expenditures</b>				(3,150)	3,150

<b>Total</b>				0	0
<b>Grand Total General Fund Impact of Closing Changes</b>				(3,150)	3,150

**Overview**

The Division of Internal Audits consists of three sections: the Internal Audits section, which provides recommendations through the audit process geared toward improving the efficiency and effectiveness of Executive Branch agencies; the Financial Management section, which reviews Executive Branch agencies' internal controls and provides training to ensure effective financial administration; and the Post Review section, which statistically samples Executive Branch agency transactions for compliance with laws, regulations, guidelines, and contract stipulations. The Internal Audits section also independently reports to the Executive Branch Audit Committee, which the Governor chairs, and includes the Lieutenant Governor, Secretary of State, State Treasurer, State Controller, Attorney General, and a representative of the general public. This budget is funded by an appropriation from the General Fund.

**Major Closing Issues**

1. Transfer to the New Governor's Finance Office
2. Two New Executive Branch Auditor Positions

**Discussion of Major Closing Issues**

1. Transfer to the New Governor's Finance Office (ELECTED-60): The Governor recommends reorganizing the Department of Administration (DOA) by removing the Division of Internal Audits and the Budget Division from the DOA and placing them directly under the Governor's Office. The creation

of the Governor's Finance Office is discussed in greater detail in the Governor's Finance Office budget (previously titled Budget and Planning). The agency indicates this reorganization is being recommended to provide separation of authority and independence of the auditing and budgeting functions of the Executive Branch from the rest of the DOA's divisions. The entire division, including positions, is proposed to transfer to the Governor's Finance Office. The Division of Internal Audits would remain in its current office location, and no additional expenditures are recommended to implement the Division of Internal Audit's transition to the Governor's Finance Office. Assembly Bill 469 creates the Office of Finance in the Office of the Governor and would transfer the duties of the Division of Internal Audits from the Department of Administration to the Office of Finance. Assembly Bill 469 was heard by the Committee on Ways and Means on March 31, 2015. Fiscal staff notes that as introduced, Section 7 of Assembly Bill 469 would change all currently classified positions in the Division of Internal Audits, except the Administrator, to the non-classified service. It is Fiscal staff's understanding that the agency plans to submit an amendment to the bill to ensure the positions' classification status would remain as they are currently.

**Does the Subcommittee wish to approve the transfer of the Internal Audits Division from the Department of Administration to the Governor's Finance Office subject to passage and approval of Assembly Bill 469?**

**The Subcommittee recommended approval of the Governor's recommendation to transfer the Division of Internal Audits from the Department of Administration to the Governor's Finance Office, subject to passage and approval of Assembly Bill 469.**

2. Two New Executive Branch Auditor Positions (E-225, ELECTED-64-65): The Governor recommends General Fund appropriations of \$130,883 in FY 2016 and \$165,968 in FY 2017 for two new Executive Branch Auditor positions. The positions would be responsible for evaluating the performance of state contractors and developing audit reports documenting their findings. The agency indicates the new audit scope would require the new auditors to analyze the performance of contractors to determine if they are meeting the requirements of their contract. The auditors would also analyze the performance requirements to ensure the contract satisfies the objectives of the specific agency or program in the most efficient manner. The auditor positions would identify inadequate performance resulting from ineffective contract monitoring by the agency; inappropriate, unauthorized or excessive change orders; contract deliverables not meeting the goals of the agency due to an ineffective contract description in the request for proposal; and contract deliverables not aligned with the mission of the agency.

The agency testified at its February 6, 2015, hearing that the new audit scope would be a pilot program and would be monitored to determine its effectiveness going forward. According to the agency, the new Executive Branch Auditor positions would be able to audit a total of six contracts and two requests for proposals per year. The agency indicates the first contract audits would be for those that are over \$10 million, pose the greatest risk to the state, or where the division has received notice of material non-performance or other negative issues.

The agency indicates it would implement two new performance measures to monitor the effectiveness of the pilot program, which would include: 1) the percent of audit recommendations that are ultimately implemented; and 2) the audit recommendations that result in quantifiable savings, which would be based on a return on investment calculated as the total savings per dollar spent by the contract audit unit. The performance measures would be included in the agency's requested budget for the 2017-19 biennium.

When asked what the repercussions would be for agencies that receive poor results from their audit, the agency responded that audit results would be reported to the proposed new Governor's Finance

Office Director who would follow-up on audit recommendations to agencies, with the Governor's authority. Agencies that receive poor results would be monitored more closely in the future. Those results would also have an impact on the division's risk assessment for future audits and reviews. The division would report any deliberations on the state's contracting process and the performance of individual agencies to the 2017 Legislature.

When asked what the repercussions would be for contractors that receive poor results from their audit, the agency responded that if the audit recommendation can be implemented within the scope of the existing contract, the contractor may have to perform different or additional duties. If implementation cannot be performed within the scope of the contract, the contractor may have to perform different or additional duties in future contracts. The Division of Internal Audits would provide their audit recommendation to management within the Executive Branch, which would determine the appropriate repercussions under existing state guidelines.

**Does the Subcommittee wish to approve General Fund appropriations totaling \$296,851 over the 2015-17 biennium to fund the addition of two new Executive Branch Auditor positions to begin conducting audits on contracts and requests for proposals?**

**If approved, the Subcommittee may wish to issue a letter of intent directing the Division of Internal Audits to provide the 2017 Legislature with a list of the contracts and requests for proposals that were audited over the 2015-17 biennium, a report of its audit findings, and a summary of any corrective actions that resulted in quantifiable savings.**

**The Subcommittee recommended approval of the Governor's recommendation for two new Executive Branch Auditor positions to begin conducting audits on contracts and requests for proposals. The Subcommittee also approved the issuance of a letter of intent directing the Division of Internal Audits to provide the 2017 Legislature with a list of the contracts and requests for proposals audited over the 2015-17 biennium, a report of its audit findings, and a summary of any corrective actions that resulted in quantifiable savings.**

#### **Other Closing Items**

1. **Replacement Equipment (E-710, ELECTED-65):** The Governor recommends General Fund appropriations of \$7,162 in FY 2016 and \$10,325 in FY 2017 to replace 7 laptop computers with docking stations, 2 LCD projectors, and 11 desk chairs. Fiscal staff notes that 2 laptops recommended for replacement in FY 2016 are not eligible for replacement until FY 2017. In response to inquiries regarding the eligibility for replacement of these 2 laptop computers, the agency agreed they should be replaced in FY 2017. A technical adjustment to move 2 laptop computers from FY 2016 to FY 2017 has been incorporated into this closing document. **Fiscal staff recommends approval of this decision unit, with a technical adjustment to transfer 2 laptop computers from FY 2016 to FY 2017.**
2. **Cost Allocation (E-804, ELECTED-66):** The Governor recommends General Fund appropriations of \$322 in FY 2016 and \$433 in FY 2017 for centralized human resource services provided by the Department of Administration's Division of Human Resource Management. **This recommendation appears reasonable.**

**Does the Subcommittee wish to approve the Other Closing Items as recommended by the Governor, with the technical adjustment noted in Other Closing Item 1, and provide Fiscal staff with authority to make other technical adjustments as needed?**

**The Subcommittee recommended approval of Other Closing Items as recommended by the Governor, provide Fiscal staff with authority to make the technical adjustments noted in Other Closing Item 1, and authorize Fiscal staff to make other technical adjustments as needed.**

**Additional Information – No Action Required**

Assembly Bill 300 creates the Office of the Inspector General in the Department of Administration and would transfer the Division of Internal Audits to the Office of the Inspector General. Assembly Bill 300 was referred to the Committee on Ways and Means on April 14, 2015.

Title: ADMINISTRATION - DIRECTOR'S OFFICE  
 Account: 101 - 1337

Budget Page: ADMIN-6, Volume I

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
BALANCE FORWARD						12,591	
GENERAL FUND							
INTERAGENCY TRANSFER				692,335		648,784	(6.29)
Total Revenues				692,335		661,375	(4.47)
<b>Total FTE</b>				6.00		6.00	

**Adjustments to Revenue**

Dec Unit	Cat	GL	Description	2015-16	2016-17
E903	00	4230	Transfer cost allocation revenue for one desktop computer from FY 2016 to FY 2017	(1,258)	1,258
<b>Sub-total</b>				(1,258)	1,258
<b>Line Item Changes to Revenues</b>				(1,258)	1,258

**Adjustments to Expenditures**

Dec Unit	Cat	GL	Description	2015-16	2016-17
E903	26	8000	Transfer IT expenditures for one desktop computer from FY 2016 to FY 2017	(1,258)	1,258
<b>Sub-total</b>				(1,258)	1,258
<b>Line Item Changes to Expenditures</b>				(1,258)	1,258

<b>Total</b>				0	0
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<b>Grand Total General Fund Impact of Closing Changes</b>				0	0
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**Overview**

As part of the Governor's recommended reorganization of the Department of Administration, the Governor recommends a new budget for the Director's Office of the Department of Administration. The Director's Office is currently within the Budget and Planning budget and is responsible for providing oversight and guidance to the Department of Administration, which currently consists of 12 divisions: Budget; Enterprise Information Technology Services; Human Resource Management; Risk Management; Fleet Services; State Library and Archives; Internal Audits; Hearings and Appeals (includes Victims of Crime); Purchasing; State Public Works; Office of Grant Procurement, Coordination, and Management; and Administrative Services.

The Governor recommends reorganizing the Department of Administration by removing the Budget Division and the Division of Internal Audits from the department and placing them directly under the Governor's Office in the Governor's Finance Office, while the remaining 11 divisions would remain under the Department of Administration, which the proposed Director's Office would oversee. The Director's Office is recommended to be funded by cost allocation reimbursements received from the divisions remaining within the Department of Administration.

**Major Closing Issues**

1. New Director's Office Budget
2. Position Reclassifications

## **Discussion of Major Closing Issues**

1. **New Director's Office Budget (E-500, E-903 & E-904 ADMIN-6-8):** The Governor recommends the establishment of a Director's Office with its own budget as part of the reorganization recommended for the existing Department of Administration. The recommendation includes the transfer of cost allocation reimbursements and associated expenditures totaling \$691,780 in FY 2016 and \$651,854 in FY 2017. A summary of the various expenditure transfers recommended by the Governor is provided below; however, the closing document on the Governor's Finance Office includes a detailed discussion and decisions on the Governor's recommendation to separate the Director's Office from the Budget and Planning budget. A summary of the related decision units has been provided for informational purposes.
  - **Position Transfers (E-903, ADMIN-7):** The Governor recommends transferring \$328,170 in General Fund appropriations and \$304,608 in cost allocation reimbursements in FY 2016, and \$331,473 in General Fund appropriations and \$303,099 in cost allocation reimbursements in FY 2017, from the Budget and Planning budget to this budget to support the transfer of six positions along with their associated operating and equipment expenditures. The positions recommended to transfer to the new Director's Office budget are the existing Director of Administration, one Deputy Director, one Assistant to the Director, one Business Process Analyst, and two Administrative Assistants.
  - **Funding Source Change and Moving Expenses (E-500, ADMIN-6):** The Governor recommends eliminating General Fund appropriations of \$328,170 in FY 2016 and \$331,473 in FY 2017 and replacing the funding with cost allocation reimbursements. The Governor also recommends increased cost allocation reimbursements of \$49,076 in FY 2016 and \$7,356 in FY 2017 for additional operating expenditures that include increased rent, printing, advertising, telephone and data wiring, state phone lines, six new office furniture units, operating lease payments, and moving expenditures for the Director's Office to move from its current location to an office separate from the Governor's Finance Office. The agency indicates a separate office location has not yet been identified, and that the costs included in this recommendation are estimated.
  - **Travel Expenditures (E-904, ADMIN-7-8):** The Governor recommends transferring cost allocation reimbursements of \$9,926 in each year of the 2015-17 biennium from the Budget and Planning budget to the Director's Office budget to support travel expenditures for the Director and Deputy Director of the Department of Administration to attend the National Association of State Chief Administrators (NASCA) Institute on Management and Leadership each year. In addition, this recommendation includes funding for the Director to travel to Las Vegas four times per year and the Deputy Director to travel to Las Vegas six times per year to attend meetings with employees in their Southern Nevada offices.

**Does the Subcommittee wish to approve the Governor's recommendation to transfer six positions, along with associated travel expenditures, from the existing Budget and Planning budget to a new budget for the Department of Administration Director's Office, replace General Fund appropriations partially supporting the noted positions with cost allocation reimbursements, and fund operating expenditures relating to staff moving to a different office location?**

**The Subcommittee recommended approval of the Governor's recommendation to transfer six positions, along with associated travel expenditures, from the existing Budget and Planning budget to a new budget for the Department of Administration Director's Office, replace General Fund appropriations partially supporting the six positions with cost allocation reimbursements, and fund operating expenditures relating to staff moving to a different office location.**

2. Position Reclassifications (E-805, ADMIN-6-7): The Governor recommends increased cost allocation reimbursements of \$555 in FY 2016 and decreased cost allocation reimbursements of \$3,070 in FY 2017 to reclassify a classified Assistant to the Director position to an unclassified Public Information Officer (PIO), and a classified Administrative Assistant position to an unclassified Executive Assistant. The agency indicates the position reclassifications would be commensurate with the duties of the positions.

Fiscal staff notes that the 2011 Legislature approved, as part of a prior reorganization and consolidation of divisions within the Department of Administration, a classified PIO to be transferred from the Division of Human Resource Management to the Budget and Planning budget, effective October 1, 2011. The position was approved to act as a Public Information Officer for the entire Department of Administration. On July 10, 2012, the department reclassified the PIO to a Budget Analyst position. The department indicated the existing Assistant to the Director had been performing some budget analysis functions, and that those assignments were transferred to the reclassified Budget Analyst position, while the Assistant to the Director assumed all PIO duties for the department. Fiscal staff notes there are no other PIO positions within the Department of Administration.

The agency indicates they reclassified the Assistant to the Director position to a classified PIO, effective February 3, 2015. The position became vacant on February 7, 2015, and the agency indicates it wished to recruit for a PIO at the time, rather than change the position classification with an incumbent in the position, should this recommendation be approved. Approval of the recommended change to an unclassified position requires legislative approval. The agency indicates the recommendation for the unclassified position is to enable the Director to appoint their own PIO. Of the 23 PIO positions in the state, 3 are unclassified. Because the agency has already reclassified the Assistant to the Director position to a classified PIO, this recommendation should be considered as changing the classified PIO to an unclassified PIO.

In response to inquiries from Fiscal staff regarding the need for a PIO in an agency that largely serves only other state agencies, the agency responded that as part of the Director's Office within the Department of Administration, the PIO would serve in that capacity for each agency within the Department of Administration, and would serve as the Public Records Official as required under Assembly Bill 31 from the 2013 Legislative Session. The department receives requests for information and public records that are outside of budget and the various divisions with the department would benefit from the services of a PIO.

The agency indicates the recommendation to reclassify a classified Administrative Assistant to an unclassified Executive Assistant is in conjunction with the Assistant to the Director position being reclassified to a PIO. The Executive Assistant would be the primary assistant to the Director, which is consistent with the structure of assistant positions within other state agencies. All Executive Assistant positions are in the unclassified service.

Fiscal staff notes that under the 2013 Statutes of Nevada, Section 2 of the Unclassified Pay Bill allows an employee occupying a position that is currently in the classified service that is moved into the unclassified service has the option to remain in the classified service at their current grade, or move into the unclassified service. If the employee chooses to move into the unclassified service, the employee cannot, at a later date, choose to return to the classified service while occupying the same position. As such, if this recommendation is approved, the incumbents in these positions at the time they are moved into the unclassified service can choose to remain in the classified service. Any subsequent incumbent in these positions would automatically be in the unclassified service.

Finally, Fiscal staff notes that all pay changes recommended by the Governor to employees in the unclassified service will be considered by the money committees as part of their review of the Unclassified Pay Bill.



- Does the Subcommittee wish to approve the reclassification of a classified Public Information Officer position to an unclassified Public Information Officer position, and a classified Administrative Assistant to an unclassified Executive Assistant?
- If the Subcommittee does not approve the recommendation to reclassify the classified Public Information Officer to an unclassified Public Information Officer, Fiscal staff requests authority to make a technical adjustment to the position's costs to reflect a classified Public Information Officer instead of an Assistant to the Director.

The Subcommittee recommended approval of the Governor's recommendation to reclassify a classified Public Information Officer to an unclassified Public Information Officer and a classified Administrative Assistant to an unclassified Executive Assistant.

Title: ADMINISTRATION - SPECIAL APPROPRIATIONS  
 Account: 101 - 1301

Budget Page: ADMIN-9, Volume I

	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
Revenues							
BALANCE FORWARD	465,310	1,034,691	122.37				
GENERAL FUND	200,000	200,000		6,250,000	3025.00	5,250,000	(16.00)
Total Revenues	665,310	1,234,691	85.58	6,250,000	406.20	5,250,000	(16.00)

**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
<b>Total</b>				0	0
<b>Grand Total General Fund Impact of Closing Changes</b>				0	0

**Overview**

The Special Appropriations account is used by the Department of Administration, Administrative Services Division to pass through legislatively approved State General Fund appropriations to other governmental entities and not-for-profit organizations.

**Major Closing Issues**

1. Business Process Consultant
2. Holocaust Education
3. Graduate Medical Education Grants

**Discussion of Major Closing Issues**

1. Business Process Consultant (E-225, ADMIN-9): The Governor recommends General Fund appropriations of \$1.0 million in FY 2016 to fund a contracted business process consultant to review the state's financial and human resource business processes. In cooperation with the Department of Administration and the State Controller's Office, the consultant would analyze the state's current business processes and provide recommendations for improved practices. The recommendations would include a suggested redesign for business processes that can be used as requirements for a new enterprise resource planning (ERP) system that would combine the state's accounting, budgeting and human resources functions into one application. The agency indicates the \$1.0 million estimate is based on actual expenditures incurred by the Nevada System of Higher Education for a similar consultant. Although the total amount of \$1.0 million is recommended in FY 2016, the agency indicates

the analysis would span through the 2015-17 biennium. The agency has requested authority to balance forward any remaining expenditure authority from FY 2016 to FY 2017.

The 2013 Legislature approved \$350,000 in FY 2014 for the Enterprise Information Technology Services (EITS) Division to conduct a benchmarking and replacement study for the state's current financial system, ADVANTAGE. The agency indicates the benchmarking study was to inventory the state's processes against industry best practices. In contrast, the business process consultant recommended for the 2015-17 biennium would work to identify improvements and efficiencies in existing processes and new processes to reduce time and effort.

According to the agency, the specific timeline for the replacement of the ERP has not yet been established. This recommendation for a business process consultant in the 2015-17 biennium incorporates contracting for the consultant to assist with updating and modernizing the business processes to be more efficient, and then developing the system specification needs to develop a request for proposal for the ERP system. The agency indicates implementation of the ERP system itself is expected to take approximately four years after funding of the system is approved. The agency expects to bring a funding request to the 2017 Legislature.

The agency indicates the Director of the Department of Administration, the Director of the new recommended Governor's Finance Office, and the State Controller would oversee the management of the project. Additionally, representatives from several state agencies would also be involved in the process. Subject matter expert teams would also be formed to analyze different focused areas, including accounting, procurement, human resources, payroll, budgeting, and governmental transparency.

**Does the Subcommittee wish to approve a General Fund appropriation of \$1.0 million in FY 2016, and provide the agency with authority to balance forward any unspent funds to FY 2017, to fund a business process consultant to review the state's financial and human resource business processes?**

**The Subcommittee recommended approval of the Governor's recommendation to fund a business process consultant in FY 2016 to review the state's financial and human resource business processes, and to provide the agency with authority to balance forward any unspent funds to FY 2017.**

2. Holocaust Education (E-275, ADMIN-10): The Governor recommends additional General Fund appropriations of \$50,000 in each fiscal year of the 2015-17 biennium to increase funding for Holocaust education. This funding is in addition to General Fund appropriations of \$50,000 per fiscal year included in the base budget for Holocaust education. The 2013 Legislature approved an increase to the amount for Holocaust education from \$30,000 per year in the 2011-13 biennium to \$50,000 per year in the 2013-15 biennium. Approval of this recommendation would bring the total amount appropriated for Holocaust education to \$100,000 in each year of the 2015-17 biennium.

The Executive Budget indicates that Holocaust education funding would be used to provide programs for the education of children and adults on issues related to the Holocaust. The agency indicates the additional funding would be used to expand the outreach and education programs of the Governor's Council on Holocaust Education. The Council currently supports a wide array of programs and workshops for both students and teachers throughout the state on the history, importance, and ethical values emanating from the Holocaust. The Council supports the efforts of the Holocaust Resource Centers located in Las Vegas and Reno by providing teachers and students with educational materials and resources on the study of the Holocaust as well as contemporary issues such as hatred, bigotry,

prejudice and bullying. The agency indicates the Council would utilize the additional funds to reach out to more schools, students and teachers in providing these resources, programs and services.

At the February 6, 2015, budget hearing, the agency testified that Holocaust education has been increasing as more teachers learn about the Holocaust, and in turn, more students have received education about the Holocaust. According to the agency, the Holocaust Resource Centers have had to solicit additional private funding in FY 2015 to provide adequate education to all those who have requested it. In response to inquiries from Fiscal staff regarding the leveraging of these funds to acquire other federal or private funds, the agency responded that the Council always leverages the state funding it receives by seeking private donations and support, and would continue to seek additional funding from individual donors, corporate sponsors, foundations and government grants.

**Does the Subcommittee wish to approve an additional \$50,000 in General Fund appropriations in each year of the 2015-17 biennium to increase funding for Holocaust education?**

**The Subcommittee recommended approval of the Governor's recommendation to increase funding for Holocaust education by \$50,000 in each year of the 2015-17 biennium.**

3. Graduate Medical Education Grants (E-276, ADMIN-10): The Governor recommends General Fund appropriations of \$5.0 million in each year of the 2015-17 biennium to provide funding for grants to expand graduate medical education (GME) opportunities in Nevada.

Qualifications for GME grant applications would be determined by a committee of stakeholders appointed by the Governor, and any institution that provides GME in Nevada, whether public or private, would be eligible to apply for the grant funding. The agency indicates the new committee would likely be comprised of a subset of the members who were on the Governor's Graduate Medical Education Task Force. Selection of successful applicants for the grant funds would likely include an analysis of the state's needs; student demand for the specialty program proposed; the availability of hospital partners and clinical training resources; the long-term commitment of the institutions requesting funding; the prior GME experience of the applicant institutions; the ability to support the maintenance costs of the program following start-up; an assessment of likely success; and the economic impact of the graduates anticipated from the expanded or new programs.

The June 25, 2014, report from the Governor's Graduate Medical Education Task Force states the two fully accredited medical schools currently in Nevada graduate approximately 200 medical students each year, but there are only approximately 160 first year residency positions for those graduates. If every one of the 200 graduates wished to receive GME training in Nevada, at least 40 of them would have to leave the state to obtain a GME position. A GME position is a requirement in all 50 states to obtain medical licensure to practice medicine. With the addition of Roseman University of Health Sciences' College of Medicine opening in 2016, an additional 50 to 100 students could be graduating by 2020. If the recommendation for a medical school at the University of Nevada, Las Vegas is approved, the number of students graduating from a medical school in Nevada will increase further. The percentage of first year residency positions for Nevada's medical school graduates will continue to decline without the addition of more GME positions.

Testimony provided by the Nevada State Medical Association, at the hearing on February 6, 2015, indicated that the Graduate Medical Education Task Force agreed these should be considered start-up funds to begin residency and fellowship programs for GME, and not necessarily an ongoing investment for the state; however, additional testimony provided by the University of Nevada School of Medicine, indicated that since Nevada is behind in establishing adequate GME programs, future budget considerations should include additional start-up funds.

Fiscal staff notes that the Board of Regents of the Nevada System of Higher Education requested General Fund appropriations of \$9.9 million over the 2015-17 biennium to expand graduate medical education in Southern and Northern Nevada through the University of Nevada School of Medicine (UNSOM). This funding increase request was included in Decision Unit E-228 in new Budget Account 3015 – NSHE Graduate Medical Education (Executive Budget page NSHE-110). The funding request for NSHE was not recommended by the Governor, and therefore, is not duplicative of the \$10.0 million discussed in this closing document.

**Does the Subcommittee wish to approve General Fund appropriations of \$10.0 million over the 2015-17 biennium to fund graduate medical education?**

**The Subcommittee recommended approval of the Governor’s recommendation for General Fund appropriations of \$10.0 million over the 2015-17 biennium to fund graduate medical education.**

Title: ADMINISTRATION - HRM - HUMAN RESOURCE MANAGEMENT  
 Account: 717 - 1363

Budget Page: ADMIN-20, Volume I

	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
<b>Revenues</b>							
BALANCE FORWARD	168,224	1,222,054	626.44	693,667	(43.24)	755,794	8.96
INTERAGENCY TRANSFER	7,840,722	7,823,897	(0.21)	9,104,466	16.37	9,173,947	0.76
OTHER FUND	41,796	38,067	(8.92)	36,685	(3.63)	36,685	
Total Revenues	8,050,742	9,084,018	12.83	9,834,818	8.27	9,966,426	1.34
<b>Total FTE</b>		72.00		75.00		75.00	

**Adjustments to Revenue**

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	00	2511	Technical Adjustment - Reconcile Governor recommended revenue with projected assessments.		(84,606)
B000	00	2511	Technical Adjustment - Updated balance forward amount.		66,000
B000	00	3824	Technical Adjustment - Reconcile Governor recommended revenue with projected assessments.	(190,920)	(94,836)
B000	00	3825	Technical Adjustment - Reconcile Governor recommended revenue with projected assessments.	(48,517)	16,536
B000	00	4230	Technical Adjustment - Updated Agency HR Services cost allocation.	96,533	93,527
B000	00	4231	Technical Adjustment - Reconcile Governor recommended revenue with projected assessments.	124,298	122,262
<b>Sub-total</b>				(18,606)	118,883
<b>Line Item Changes to Revenues</b>				(18,606)	118,883

**Adjustments to Expenditures**

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	79	9000	Technical Adjustment - Reconcile reserve calculated in the cost allocation.	9,613	23,429
B000	86	9000	Technical Adjustment - Reconcile Governor recommended revenue with projected assessments.	(115,139)	(40,644)
B000	86	9000	Technical Adjustment - Reconcile reserve calculated in the cost allocation.	(9,613)	(23,429)
B000	86	9000	Technical Adjustment - Updated reserve amount.	96,533	159,527
<b>Sub-total</b>				(18,606)	118,883
<b>Line Item Changes to Expenditures</b>				(18,606)	118,883

**Total** 0 0

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

**Overview**

The Department of Administration's Division of Human Resource Management (DHRM) is responsible for attracting and retaining a qualified workforce that serves the citizens of Nevada. The DHRM operates six sections: Employee and Management Services; Compensation, Classification, and Recruitment; Agency Human Resource (HR) Services; Payroll and Records; Equal Employment Opportunity; and the Office of Employee Development. The DHRM is funded by uniform assessments to all state agencies for personnel and payroll services. In addition, the DHRM receives cost allocation assessments from certain

state agencies for performing centralized personnel services for those agencies through its Agency HR Services Section.

**Major Closing Issues**

1. Technology Investment Request
2. New Personnel Analyst for Organizational Climate Studies
3. New Personnel Analyst for Agency HR Services Section
4. New Personnel Analyst for Veteran Recruitment Program

**Discussion of Major Closing Issues**

1. Technology Investment Request (E-550, ADMIN-25): The Governor recommends expenditure authority of \$180,250 in each year of the 2015-17 biennium for a technology investment request (TIR) that would continue the implementation of Phase III of the Nevada Employee Action and Timekeeping System (NEATS). This recommendation is funded with increased Personnel Assessments revenue of \$197,774 in FY 2016 and \$185,257 in FY 2017, with the difference of \$22,531 being placed into reserves. In FY 2005, DHRM initiated Phase I of NEATS, which automated the state’s employee timesheet and online training module. Phase II of NEATS was initiated in FY 2007, which automated the state’s job application system. The 2013 Legislature approved expenditures of \$446,000 over the 2013-15 biennium to begin Phase III of NEATS to incorporate a new module to automate the employment status maintenance transaction (ESMT) process, which is used to enter employee records into the separate personnel/payroll system. Phase III also allowed the division to place employee work performance standards and subsequent employee evaluation information in NEATS for employee and supervisor reference. The DHRM indicates this portion of Phase III of NEATS should be completed by June 30, 2015, within the legislatively approved expenditure amount.

The Governor recommends the continuation of Phase III of NEATS in the 2015-17 biennium by adding a new module that would display payroll reports in NEATS for use by agency fiscal staff and DHRM’s Central Payroll and Records Section staff. These payroll reports, which are currently distributed every two weeks on password-protected CDs, are used by most agencies to reconcile payroll expenditures. The DHRM indicates that the payroll reports in NEATS would only be available to certain agency staff that need to review this information as a function of their job duties. In addition, the continuation of Phase III of NEATS would add a new module that would display service jacket information, which includes an individual’s employment documentation and prior performance evaluations. Currently, this information is scanned and stored in DHRM’s Central Payroll and Records Section. Since this information is centrally located, employees and supervisors must make an appointment with the Central Payroll and Records Section to review this information. The DHRM indicates the new module would enable the employee to see his/her service jacket online in NEATS. This information would also be available to personnel staff at the employee’s agency. Phase III of NEATS would also provide payroll projections for use by agency fiscal staff as they prepare budget projections for work programs and grant applications. While the division indicates efficiencies would be created from the new system functionality, it would not result in the elimination of staff as the functions that would be improved by this TIR would primarily benefit other agencies.

**Does the Subcommittee wish to approve the Governor’s recommendation of expenditures of \$180,250 in each year of the 2015-17 biennium to fund a technology investment request that would continue the implementation of Phase III of the Nevada Employee Action and Timekeeping System?**

<p><b>The Subcommittee recommended approval of the Governor’s recommendation to fund a technology investment request that would continue the implementation of Phase III of the Nevada Employee Action and Timekeeping System.</b></p>
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2. New Personnel Analyst for Organizational Climate Studies (E-230, ADMIN-24): The Governor recommends expenditure authority of \$54,618 in FY 2016 and \$69,226 in FY 2017 for a new Personnel Analyst position and associated operating costs to conduct organizational climate studies. This recommendation is funded with increased Personnel Assessments revenue of \$60,588 in FY 2016 and \$73,180 in FY 2017, with the difference of \$9,924 being placed into reserves. Organizational climate studies involve interviewing and/or surveying employees at state agencies to identify possible areas of improvement regarding morale, communication, and problem resolution. The DHRM indicates these studies have improved the morale and atmosphere at agencies where studies have been conducted. Using existing staff and in-state travel authority, the DHRM began organizational climate studies in the 2011-13 biennium for four state agencies including the Department of Agriculture, the Department of Motor Vehicles (DMV), the Office of Veterans' Services, and the Division of Health Care Finance and Policy in the Department of Health and Human Services. The 2013 Legislature approved in-state travel expenditures of \$11,708 in each year of the 2013-15 biennium for the department to perform additional organizational climate studies, which the DHRM indicated would include the Department of Public Safety and follow-up studies for the Department of Agriculture, the DMV, and the Office of Veterans' Services.

The DHRM indicates these studies are currently being performed by existing staff from the division's Equal Employment Opportunity (EEO) Section and 12 comprehensive organizational climate studies and several abbreviated studies have been completed since the program was initiated. The division indicates that comprehensive studies require several months of effort and follow up, while abbreviated studies are short-term to quickly identify specific issues and assist agency leadership in developing immediate solutions. The DHRM indicates three state agencies have requested organizational climate studies and are currently on a waiting list due to the limited staff available to conduct these studies. The division indicates that the EEO Section's current workload allows these studies to be conducted only as time allows and the DHRM is unable to actively assist agencies with the implementation of changes suggested through the climate studies. The recommended position would provide a dedicated individual to perform these and future studies and actively assist agencies with the development of implementation and corrective action plans.

In response to Fiscal staff's concerns regarding this position's workload, the DHRM indicated the time necessary to complete a climate study ranges from approximately 10 weeks for a small agency (50 employees or less) to approximately 20 weeks for a larger, more complex agency (150 employees or more with various work shifts). Once the climate study is complete, 2 months or more is needed for the implementation stage during which the DHRM staff member would assist the agency in carrying out the organizational changes. Twelve to 18 months after the organizational climate studies are complete and the suggested changes have been implemented, the DHRM position would return to the agency and resurvey to measure the results of the changes, with the resurvey requiring approximately 4 to 8 weeks to administer and analyze. The division indicates it has not actively advertised organizational climate studies to state agencies; however, if this position is approved, the agency indicates it would advertise this service, which may generate additional climate study requests. The DHRM also indicates the new position would be assigned to assist in the state's mediation program, when the position was not actively conducting climate studies.

The DHRM states these studies have improved the morale and atmosphere at the agencies that have received organizational climate studies. As an example, 46 percent of Department of Agriculture employees reported their morale as high prior to the study and 71 percent reported their morale as high after the study and organizational improvements. Similarly, 73 percent of Department of Health and Human Services' Division of Health Care Finance and Policy employees reported having a sense of accomplishment in their job prior to the study and 83 percent reported having a sense of accomplishment in their job after the study and organizational improvements.



**Does the Subcommittee wish to approve the Governor’s recommendation of \$133,768 in additional Personnel Assessment charges over the 2015-17 biennium to fund a new Personnel Analyst position to conduct organizational climate studies?**

**The Subcommittee recommended approval of the Governor’s recommendation for a new Personnel Analyst position to conduct organizational climate studies.**

3. New Personnel Analyst for Agency HR Services Section (E-228, ADMIN-23): The 2011 Legislature approved the Governor’s recommendation to create the Agency HR Services Section within DHRM to assume the personnel responsibilities of five state agencies over the 2011-13 biennium, including the Department of Administration, the Department of Taxation, the Department of Business and Industry, the Department of Agriculture, and the Department of Education. The 2013 Legislature approved the expansion of Agency HR Services to the Department of Tourism and Cultural Affairs, the Silver State Health Insurance Exchange, and the Public Employees’ Benefits Program for the 2015-17 biennium. In addition, Agency HR Services provides personnel services for the Governor’s Office, the Commission on Ethics, the Deferred Compensation Committee, and board members within the departments served by the section. The DHRM believes centralization provides for more efficient and consistent delivery of personnel services to smaller agencies. Agency HR Services is currently staffed by 11 positions, including 3 Personnel Officer positions, 3 Personnel Analyst positions, 4 Personnel Technician positions, and 1 Administrative Assistant position.

The Governor recommends expenditure authority of \$54,475 in FY 2016 and \$71,073 in FY 2017 for a new Personnel Analyst position and associated operating costs for the Agency HR Services Section. This recommendation is funded with increased Cost Allocation Reimbursement revenue of \$60,431 in FY 2016 and \$75,272 in FY 2017, with the difference of \$10,155 being placed into reserves. The DHRM indicates this position is needed to support the section’s current workload, which includes 2,463 positions and board members being served by the 11 current Agency HR Services Section positions. This is a ratio of positions to HR staff members of 224:1. The DHRM provided the HR staffing ratio for other large state agencies and the Governor’s recommended staffing ratio for the Agency HR Services Section, which is presented in the following table:

Agency	Positions to HR Staff Ratio
Department of Corrections	145:1
Department of Motor Vehicles	147:1
Department of Transportation	159:1
Department of Public Safety	164:1
Department of Employment, Training, and Rehabilitation	164:1
DHHS Division of Welfare and Supportive Services	185:1
Agency HR Services (Includes the new position recommended by the Governor)	205:1

**Does the Subcommittee wish to approve the Governor’s recommendation of \$135,703 in additional cost allocation reimbursement over the 2015-17 biennium to fund a new Personnel Analyst position for the DHRM’s Agency HR Services Section?**

**The Subcommittee recommended approval of the Governor’s recommendation for a new Personnel Analyst position for the DHRM’s Agency HR Services Section.**

4. New Personnel Analyst for Veteran Recruitment Program (E-229, ADMIN-23 & 24): The Governor recommends expenditure authority of \$56,420 in FY 2016 and \$71,060 in FY 2017 for a new Personnel Analyst position and associated operating costs to develop and implement a Veteran Recruitment Program. This recommendation is funded with increased Personnel Assessments revenue of \$62,565

in FY 2016 and \$75,068 in FY 2017, with the difference of \$10,153 being placed into reserves. The DHRM indicates the creation of this position was recommended by the Governor's Interagency Council on Veterans Affairs (ICVA), which seeks to increase collaboration between local, state, and federal agencies and identify legislative recommendations to improve services to veterans, service members, and their families. The council recommended the state improve veterans' access to state employment by creating a state "Ready, Willing, and Able to Work" program to increase opportunities for veterans to participate in state service. The proposed Personnel Analyst would address the council's recommendation to add a new veterans hiring specialist position within the DHRM that would be responsible for managing a state veteran hiring program.

*Nevada Revised Statutes* 284.260 provides additional points for veterans on written recruitment tests, with veterans and widows and widowers of veterans receiving 5 additional points and veterans with disabilities receiving 10 additional points. The DHRM indicates this new position would further assist veterans by working with the ICVA, the state Office of Veterans' Services, DETR, and other state agencies to assist veterans in securing state positions. The DHRM indicates this would include working with state agencies to identify positions that are suited for veterans and their skills, attending veteran job fairs, and counseling veteran job applicants. Once hired, the position would also work with the hiring agency to ensure the veteran is being properly trained and mentored to be successful in the position. The DHRM indicates the individual selected for this position would also create a crosswalk comparing military positions with similar state classified positions, which would be placed on the DHRM website to assist veterans in identifying positions for which they qualify. During the DHRM budget hearing on March 18, 2015, the Subcommittee questioned the metrics that would be used to measure the success of the Veteran Recruitment Program. The DHRM indicates it intends to collect data on the number of veterans currently applying for state employment, the number of veterans applying for state employment once the program is established, the number of veterans hired, and the number of state positions created specifically for veterans. The DHRM indicates the overall goal of the program is to have the percentage of veterans in state employment proportional to the number of veterans in the state who are able to work.

The DHRM currently has seven staff members assigned to a dedicated recruitment unit and Fiscal staff asked the agency if the existing unit could assume responsibility for the new Veteran Recruitment Program. The DHRM responded that this unit is currently reviewing approximately 86,500 applications each year, counseling job applicants, and attending job fairs. Due to the existing workload, the DHRM indicates the existing unit is unable to assume the additional workload recommended for the Veteran Recruitment Program.

**Does the Subcommittee wish to approve the Governor's recommendation of \$137,633 in additional Personnel Assessments over the 2015-17 biennium to fund a new Personnel Analyst position to develop and implement a Veteran Recruitment Program?**

**The Subcommittee recommended approval of the Governor's recommendation for a new Personnel Analyst position to develop and implement a Veteran Recruitment Program.**

#### **Other Closing Items**

1. Staff Training (E-227, ADMIN-22): The Governor recommends expenditure authority of \$2,421 in FY 2016 and \$2,806 in FY 2017 for staff development training for various members of the DHRM. This would provide federal Equal Employment Opportunity Commission (EEOC) training for four individuals and staff development trainings for four staff members over the 2015-17 biennium. This recommendation is funded with increased Personnel Assessment revenue of \$2,656 in FY 2016 and \$2,854 in FY 2017, with the difference of \$283 being placed into reserves. **This recommendation appears reasonable.**

2. Professional Mediator Certification Training (E-231, ADMIN-24 & 25): The Governor recommends expenditure authority of \$10,563 in FY 2017 for a certification course for the DHRM Mediation Program. The DHRM Mediation Program utilizes a neutral third-party, who serves as a mediator, to assist employees with an informal and confidential means of resolving conflicts. Employees who wish to avoid a formal proceeding may volunteer to use this program. The DHRM indicates there are currently 26 active mediators in Northern Nevada and 9 active mediators in Southern Nevada. To increase the number of mediators in Southern Nevada, the Governor recommends funding for a professional trainer and expenditures for the State Mediation Administrator to travel from Carson City to Las Vegas to provide a five-day professional mediator certification course for six individuals in FY 2017. This recommendation is funded with increased Personnel Assessment revenue of \$11,883 in FY 2017, with the difference of \$1,320 being placed into reserves. **This recommendation appears reasonable.**
  
3. Replacement Computer Equipment (E-710, ADMIN-26): The Governor recommends expenditure authority of \$23,902 in FY 2016 and \$39,589 in FY 2017 to replace 36 desktop computers, 12 laptop computers, and 19 printers. This recommendation is funded with increased Personnel Assessment revenue of \$19,834 in FY 2016 and \$31,925 in FY 2017 and increased Payroll Assessment revenue of \$6,392 in FY 2016 and \$10,289 in FY 2017, with the difference of \$4,949 being placed into reserves. **This recommendation appears reasonable.**
  
4. Director's Office Cost Allocation (E-801, ADMIN-26): The Governor recommends total reserve reductions of \$54,698 in FY 2016 and \$48,767 in FY 2017 for expenditures that are cost allocated within the Department of Administration's Director's Office. **This recommendation appears reasonable.**
  
5. Personnel and Payroll Assessments and Agency HR Services Section Cost Allocation (APPENDIX-8): The Governor recommends the statewide personnel assessment, currently 0.61 percent of employee gross salaries, as approved for FY 2015 by the 2013 Legislature, remaining at 0.61 percent in FY 2016 and then decreasing to 0.60 percent in FY 2017. The Governor also recommends a decrease in the statewide payroll assessment from 0.16 percent in each year of the 2013-15 biennium, as approved by the 2013 Legislature, to 0.14 percent in each year of the 2015-17 biennium. In prior biennia, only the budgeted gross salaries for classified employees were included in the Personnel Assessment. The Executive Budget for the 2015-17 biennium includes a change to this assessment whereby the gross salaries for unclassified, seasonal, intermittent, and temporary employees are included in the Personnel Assessment. The DHRM indicates this change was due to the human resource workload generated by these various positions, which the agency indicates is similar to the workload generated by classified employees. This would include recruitment activities, employee assistance services, and training activities. The agency's recommended total reserve level of \$882,750 at the end of FY 2017 would equate to approximately 35 days of the agency's operating expenses. However, closing actions taken by the money committees regarding new state positions and employee compensation may affect the DHRM's reserve balance, necessitating an adjustment to the assessments. **Fiscal staff requests authority to make technical adjustments to the DHRM's personnel assessment, payroll assessment, and Agency HR Services cost allocation to ensure adequate reserve levels based on closing decisions made by the 2015 Legislature.**

**Does the Subcommittee wish to approve Other Closing Items as recommended by the Governor and provide Fiscal staff with authority to make any necessary technical adjustments?**

**The Subcommittee recommended approval of the Other Closing Items as recommended by the Governor, and authorized Fiscal staff to make technical adjustments to the DHRM's personnel assessment, payroll assessment, and Agency HR Services cost allocation based on closing decisions made by the 2015 Legislature.**

Title: ADMINISTRATION - ADMINISTRATIVE SERVICES  
 Account: 716 - 1371

Budget Page: ADMIN-113, Volume I

	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
Revenues							
BALANCE FORWARD	32,291	417,368	1192.52	398,102	(4.62)	245,690	(38.28)
INTERAGENCY TRANSFER	2,469,094	2,504,594	1.44	2,734,559	9.18	2,766,590	1.17
Total Revenues	2,501,385	2,921,962	16.81	3,132,661	7.21	3,012,280	(3.84)
<b>Total FTE</b>		33.00		33.00		33.00	

**Adjustments to Revenue**

Dec Unit	Cat	GL	Description	2015-16	2016-17
E720	00	2511	Decrease balance forward due to requested elimination of Decision Unit E-720		(1,692)
E720	00	3831	Decrease Administrative Assessment funding due to requested elimination of Decision Unit E-720	(15,228)	1,692
<b>Sub-total</b>				(15,228)	0
<b>Line Item Changes to Revenues</b>				(15,228)	0

**Adjustments to Expenditures**

Dec Unit	Cat	GL	Description	2015-16	2016-17
E720	26	7000	Decrease expenditure authority due to the requested elimination of Decision Unit E-720	(13,536)	
E720	86	9000	Decrease reserve balance due to the requested elimination of Decision Unit E-720	(1,692)	
<b>Sub-total</b>				(15,228)	0
<b>Line Item Changes to Expenditures</b>				(15,228)	0

**Total** 0 0

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

**Overview**

The Administrative Services Division (ASD) provides fiscal and administrative support to the divisions of the Department of Administration, as well as fiscal services to the Board of Examiners, the Office of the Governor, Governor’s Mansion, Agency for Nuclear Projects, State Energy Office, Civil Air Patrol, Deferred Compensation Committee, Ethics Commission, Judicial Discipline Commission, and the Commission for Women. Beginning in FY 2016, The Executive Budget recommends that ASD provide fiscal and support services to the Office of the Lieutenant Governor. The division is funded entirely through an administrative assessment charged to the other divisions within the Department of Administration and the other agencies utilizing its services.

**Major Closing Issue**

Enterprise IT Services (EITS) Programming Costs

### **Discussion of Major Closing Issue**

**Enterprise IT Services (EITS) Programming Costs (E-226, ADMIN-115):** The Governor recommends administrative assessment funding totaling \$156,250, and reserve funding totaling \$27,191 over the 2015-17 biennium to fund the programming costs to upgrade the Nevada Project Accounting System (NPAS), which was built in 2005, and is used to track Capital Improvement Projects (CIPs). The ASD indicates the system needs to be updated in order to become compatible with the new version of Internet Explorer. The estimated programmer hours required to complete the upgrade are 1,167 hours in FY 2016 and 583 hours in FY 2017. According to the ASD, the NPAS system exports data into the Advantage System and allows ASD to track project costs and contracts over multiple years for the CIPs, unlike the Advantage System which only tracks costs one year at a time. During the March 18, 2015, budget hearing, the ASD testified that no new functionality is planned with this upgrade, and expects no additional maintenance costs associated with the upgrade. **Based on the information and testimony provided, this recommendation appears reasonable.**

**Does the Subcommittee wish to approve administrative assessment funding totaling \$156,250, and reserve funding totaling \$27,191 over the 2015-17 biennium to fund the programming costs to upgrade the Nevada Project Accounting System?**

**The Subcommittee recommended approving the Governor's recommendation to approve administrative assessment funding totaling \$156,250, and reserve funding totaling \$27,191 over the 2015-17 biennium to fund the programming costs to upgrade the Nevada Project Accounting System.**

### **Other Closing Items**

1. **Position Reclassification (E-225, ADMIN-115):** The Governor recommends administrative assessment funding totaling \$29,329 over the 2015-17 biennium to fund the costs associated with the proposed reclassification of a vacant Account Technician position to a Budget Analyst position to support divisions with complex budgets. Of this amount, \$1,892 is recommended to increase the agency's reserves. The ASD indicates this reclassification is necessary to better distribute the budgeting workload within the ASD and to have another senior level budget analyst to support divisions with more complex budgets. The proposed reclassified position would supervise and train, as well as support financial planning and management, and fiscal implementation and tracking. **This recommendation appears reasonable to staff.**
2. **Increased Training (E-227, ADMIN-116):** The Governor recommends administrative assessment funding totaling \$7,403 over the 2015-17 biennium to fund customer service and accounting training needs for the agency. Of this amount, \$435 is recommended to increase the agency's reserves. The ASD indicates this additional funding would allow five supervisors to attend Human Resource Management's Crucial Confrontation course, as well as six employees to be reimbursed for accounting courses at Western Nevada College upon receiving a grade C or better. **This recommendation appears reasonable to staff.**
3. **Replacement Equipment (E-710, ADMIN-116 and 117):** The Governor recommends administrative assessment funding totaling \$15,835 over the 2015-17 biennium to replace 12 desktop computers and one laptop computer. Of this amount, \$1,024 is recommended to increase the agency's reserves. **This recommendation appears reasonable to staff.**
4. **New Scanners (E-720, ADMIN-117):** The Governor recommends administrative assessment funding totaling \$15,228 in FY 2016 to purchase eight scanners to manage over 200 accounts payable and accounts receivable documents each day. Of this amount, \$1,692 is recommended to increase the agency's reserves. Fiscal staff notes that the ASD has indicated that the eight scanners recommended

in this decision unit will not be needed until the 2017-19 biennium, after the NPAS system has been updated. **Accordingly, Fiscal staff has made a technical adjustment to eliminate Decision Unit E-720, which is reflected on the first page of the closing document.**

5. New Services for Office of Lieutenant Governor (E-800, ADMIN-117 and 118): Beginning in the 2015-17 biennium, the Governor recommends that the ASD provide payroll, accounts payable and budget analysis services to the Office of the Lieutenant Governor. The Department of Tourism and Cultural Affairs previously performed this function for the Office of the Lieutenant Governor. The Executive Budget Office indicates that the department's two-person fiscal staff processes a high volume of travel and international contract payments, and was working over capacity. The Executive Budget Office further states that it is reasonable for the fiscal function of the Lieutenant Governor to be handled by the ASD, which also provides fiscal and administrative support to the Governor's Office. In support of this proposal, The Executive Budget includes an increase of administrative assessments with a corresponding increase to reserves in the amount of \$10,175 in each fiscal year of the 2015-17 biennium. **This recommendation appears reasonable to staff.**
6. Cost Allocation Adjustments (E-801 and E-804, ADMIN-118): The Governor recommends reserve funding of \$25,070 in FY 2016 and \$22,352 in FY 2017 to fund increases in the Department of Administration Director's Office cost allocation. Additionally, the Governor recommends reserve funding totaling \$2,265 over the FY 2015-17 biennium for increases in the Division of Human Resource Management cost allocation for centralized personnel services. **These recommendations appear reasonable to staff.**

**Fiscal staff recommends this budget be closed as recommended by the Governor, with the technical adjustment to eliminate Decision Unit E-720 for eight scanners, and requests authority for Fiscal staff to make other technical adjustments as necessary.**

<p><b>The Subcommittee recommended approving the Other Closing Items as recommended by the Governor, with the technical adjustment to eliminate Decision Unit E-720 for eight scanners, including authority for Fiscal staff to make technical adjustments as noted.</b></p>
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Title: ADMINISTRATION - GRANTS OFFICE  
 Account: 101 - 1341

Budget Page: ADMIN-122, Volume I

	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
Revenues							
GENERAL FUND				378,768		391,173	3.28
Total Revenues				378,768		391,173	3.28
<b>Total FTE</b>				4.00		4.00	

**Adjustments to Revenue**

Dec Unit	Cat	GL	Description	2015-16	2016-17
E225	00	2501	Eliminate General Fund appropriations for estimated office space lease	(5,512)	(5,564)
E900	00	2501	Transfer General Fund appropriations for one desktop computer from FY 2016 to FY 2017	(1,258)	1,258
E903	00	2501	Transfer General Fund appropriations for office lease for space occupied in the State Library and Archives building	9,779	10,173
<b>Sub-total</b>				3,009	5,867
<b>Line Item Changes to Revenues</b>				3,009	5,867

**Adjustments to Expenditures**

Dec Unit	Cat	GL	Description	2015-16	2016-17
E225	04	7000	Eliminate operating expenditures for estimated office space lease	(5,512)	(5,564)
E900	26	8000	Transfer IT expenditures for one desktop computer from FY 2016 to FY 2017	(1,258)	1,258
E903	04	7000	Transfer office lease expenditures for space occupied in the State Library and Archives building	9,779	10,173
<b>Sub-total</b>				3,009	5,867
<b>Line Item Changes to Expenditures</b>				3,009	5,867

<b>Total</b>				0	0
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<b>Grand Total General Fund Impact of Closing Changes</b>				3,009	5,867
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**Overview**

As part of a reorganization recommended within the Department of Administration, the Governor recommends a new budget, named the Grants Office, for the Office of Grant Procurement, Coordination and Management. The Office of Grant Procurement, Coordination and Management is currently funded within the Budget and Planning budget. The Office of Grant Procurement, Coordination and Management would still be responsible for assisting state agencies in obtaining grant awards by providing technical assistance and information to identify and acquire additional or alternative funding in support of the state's strategic priorities and would continue to be funded with General Fund appropriations.

**Major Closing Issue**

New Grants Office Budget

**Discussion of Major Closing Issue**

New Grants Office Budget (E-900, E-901 & E-902, ADMIN-122-123): The Governor recommends the establishment of the Office of Grant Procurement, Coordination and Management in its own budget as part of a reorganization recommended within the Department of Administration. The recommendation includes

the transfer of General Fund appropriations and associated expenditures totaling \$371,766 in FY 2016 and \$384,119 in FY 2017. A summary of the various expenditure transfers recommended by the Governor are provided below. All discussion and subsequent decisions relating to the Department of Administration's reorganization are addressed in the closing document prepared for the Governor's Finance Office. A summary of the related decision units have been provided below for informational purposes.

- a. Position Transfers (E-900, ADMIN-122): The Governor recommends transferring General Fund appropriations of \$299,582 in FY 2016 and \$296,465 in FY 2017 from the Budget and Planning budget to the Office of Grant Procurement, Coordination and Management budget to support three transferred positions along with their associated operating and equipment expenditures. The positions recommended to transfer to the new Grants Office budget are the Chief of the Office of Grants Procurement, one Senior Executive Grants Analyst and one Executive Grants Analyst. All three positions are unclassified. Fiscal staff notes that one computer recommended for replacement in FY 2016 is not eligible for replacement until FY 2017. A technical adjustment transferring expenditure authority for the replacement of the noted desktop computer from FY 2016 to FY 2017 has been incorporated into this closing document.
- b. Travel Expenditures (E-901, ADMIN-123): The Governor recommends transferring General Fund appropriations of \$3,950 in each year of the 2015-17 biennium from the Budget and Planning budget to the Grants Office budget to support travel expenditures associated with the Grants Office Chief attending a federal grant funding conference each year and traveling to Las Vegas three times each year to assist agencies with identifying and applying for their grants. Funding would also support registration fees to provide training for the Senior Executive Grants Analyst twice each year.
- c. New Executive Grants Analyst Position (E-902, ADMIN-123): The Governor recommends transferring General Fund appropriations of \$68,234 in FY 2016 and \$83,704 in FY 2017 from the Budget and Planning budget to the Grants Office budget to support a new unclassified Executive Grants Analyst position along with its associated operating and equipment expenditures.

#### **Other Closing Item**

Increased Rent and Printing Expenditures (E-225, ADMIN-122): The Governor recommends General Fund appropriations of \$7,002 in FY 2016 and \$7,054 in FY 2017 for increased office lease and printing costs associated with the Office of Grant Procurement, Coordination and Management transferring from the Budget and Planning budget to the new Grants Office budget. Printing expenditures are currently paid from the Budget and Planning budget and are not recommended to transfer to the Grants Office budget as part of the reorganization. The Office of Grant Procurement, Coordination and Management is currently located in the State Library and Archives building, and the agency indicates the unit would remain in its current location through the 2015-17 biennium. Currently, the agency does not pay office lease expenditures for the space it occupies in the Nevada State Library and Archives building.

The agency indicates the office lease expenditures included in this recommendation were estimated as the agency was unaware of the total square footage it occupied in the Nevada State Library and Archives building. After The Executive Budget was submitted, the agency requested a technical adjustment to transfer General Fund appropriations of \$9,779 in FY 2016 and \$10,173 in FY 2017 from the State Library and Archives budget to the new Grants Office Budget to pay for the 841 square feet of office space it currently occupies within the Nevada State Library and Archives building. Accordingly, Fiscal staff recommends an additional technical adjustment to eliminate the estimated lease expenditures of \$5,512 in FY 2016 and \$5,564 in FY 2017 that were recommended in this decision unit.

**Does the Subcommittee wish to approve office lease and print expenditures, and provide Fiscal staff with authority to make technical adjustments to the Grants Office current occupied square footage in the State Library and Archives building, and eliminate the estimated rental expenditures recommended in Decision Unit E-225?**



**The Subcommittee recommended approval of funding for rental and print expenditures, and authorized Fiscal staff to make technical adjustments to account for the current square footage occupied by the Grants Office in the State Library and Archives building, and to eliminate the estimated rental expenditures recommended in Decision Unit E-225.**

**Additional Information – No Action Required**

1. Senate Bill 214 would create the Nevada Advisory Council on Federal Assistance and requires the Department of Administration to provide support to the Council. Amendment 212 to the bill clarifies the duties of the Council. The agency's Fiscal Note indicates a new Administrative Assistant in the Grants Office would be needed to provide adequate support to the Council, which still applies to the amendment to the bill. Senate Bill 214 was amended and passed by the Senate Committee on Government Affairs on March 30, 2015, and was referred to the Senate Committee on Finance on April 7, 2015.
2. Senate Bill 473 would require that state agencies report to the Grants Office any unspent portions of their grants, and the Grants Office would solicit other agencies who may be able to use those funds. The Senate passed and approved the bill as introduced on April 13, 2015. Senate Bill 473 is currently in the Assembly Committee on Government Affairs. The agency reports no fiscal impact associated with this bill as introduced.

Title: ADMINISTRATION - INSURANCE & LOSS PREVENTION  
 Account: 715 - 1352

Budget Page: ADMIN-187, Volume I

	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
Revenues							
BALANCE FORWARD	445,503	6,759,373	1417.25	7,166,107	6.02	6,715,858	(6.28)
INTERAGENCY TRANSFER	18,476,196	21,933,135	18.71	19,338,928	(11.83)	19,733,276	2.04
OTHER FUND	197,243	109,412	(44.53)	236,569	116.22	225,544	(4.66)
Total Revenues	19,118,942	28,801,920	50.65	26,741,604	(7.15)	26,674,678	(0.25)
<b>Total FTE</b>		7.00		7.00		7.00	

**Adjustments to Revenue**

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	00	2511	Adjust Reserves Balanced Forward	(361,442)	(361,442)
E231	00	2511	Reduce Reserves Balanced Forward to equal cost of insurance policy		(8,219)
E231	00	4319	Decrease transfer from the Governor's Office of Economic Development to equal cost of insurance policy	(8,219)	
<b>Sub-total</b>				(369,661)	(369,661)
<b>Line Item Changes to Revenues</b>				(369,661)	(369,661)

**Adjustments to Expenditures**

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	85	9000	Adjust Reserves Balanced Forward	(361,442)	(361,442)
E231	86	9000	Reduce Reserves to equal cost of insurance policy	(8,219)	(8,219)
<b>Sub-total</b>				(369,661)	(369,661)
<b>Line Item Changes to Expenditures</b>				(369,661)	(369,661)

**Total** 0 0

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

**Overview**

The Risk Management Division is comprised of two sections: Insurance and Loss Prevention and Workers' Compensation. Primary responsibilities of the Insurance and Loss Prevention section include the administration of the large deductible property insurance program; the self-funded automobile physical liability program; insurance purchase and management of commercial insurance policies; and provision of technical assistance, loss prevention information and training. Primary responsibilities of the Workers' Compensation section are the negotiation, purchase, and oversight of the workers' compensation insurance policy and program. In support of the two sections, the division also coordinates the statewide safety program and promotes loss prevention programs to minimize risk.

**Major Closing Issues**

1. New Risk Management Information System
2. New Insurance Policies and Appraisals

## **Discussion of Major Closing Issues**

1. **New Risk Management Information System (E-550, ADMIN-193)**: The Governor recommends total funding of \$66,666 in FY 2016 and \$40,000 in FY 2017 for the implementation of a web-based Risk Management Information System (RMIS). Included in the recommendation is a one-time revenue transfer in FY 2016 of \$30,000, which includes \$10,000 each from the Attorney General's (AG) Office, the Nevada Department of Transportation (NDOT), and the State Public Works Division (SPWD) to implement the new system. Insurance revenues in the Risk Management budget fund the balance of the costs. The total recommendation for funding over the 2015-17 biennium is \$10,000 greater than the actual cost of the RMIS, and the difference is recommended to be placed into reserves.

The agency indicates that each of the four agencies that would contribute to the RMIS currently operate independent systems to track the various assets and insurance information related to each agency; however, various components of each agency overlap and they are required to manually manage their separate systems while ensuring the other agencies receive updated information.

According to the agency, the RMIS would provide a unified platform for the Risk Management Division and its partner agencies to allow for better tracking and management of risk exposures related to assets, state-owned or leased locations, and employees. The RMIS would include incident management, which includes auto and property claims, liability claims, and workplace violence reporting. Facility management and maintenance would also be incorporated into RMIS, to include tracking building appraisals, building inspection and maintenance, and safety administration reporting. The agency indicates some of the system features include accurate and real-time reporting of the status of state-owned buildings and accurate asset information to develop insurance programs and determine total costs for insuring the state's assets. The Executive Budget recommends ongoing maintenance costs of \$30,000 per year, which the agency indicates would be an expense incorporated into the division's property and contents insurance rates in future biennia.

The RMIS would be a "software as a service" application that would be hosted by the vendor and requires the users to access the system via a web-based browser. The agency provided information on possible alternative solutions and indicates a custom application would cost \$250,000 and take five years for implementation, but would only have 25 percent of the functionality to meet all the division's requirements. The agency further indicates that no commercial off the shelf vendors met the criteria for consideration to meet their requirements. At its February 6, 2015, hearing, the agency indicated that implementation of this system may result in decreased insurance premiums charged to all state agencies in the future, although no decrease in insurance premiums is recommended for the 2015-17 biennium contingent on approval of the system.

**Does the Subcommittee wish to approve funding for a new Risk Management Information System?**

**The Subcommittee recommended approval of the Governor's recommendation for a new Risk Management Information System funded partially with one-time transfers of \$10,000 each from the Attorney General's Office, the Nevada Department of Transportation, and the State Public Works Division.**

2. **New Insurance Policies and Appraisals (E-227, E-228 & E-231, ADMIN-191 & 193)**: The Governor recommends funding to support the addition of two new insurance policies as well as funding for certain asset appraisals. According to the agency, these recommendations have been prompted by reviews conducted by the division and liability incidents incurred by other states. Below, Fiscal staff has provided a summary of the Governor's recommendations to address the lack of adequate insurance

coverage in these areas, including the Unmanned Aircraft System (UAS) program, cyber liability, and historical landmarks and fine arts owned by the state.

- a. Unmanned Aircraft System Program Insurance Policy (E-231, ADMIN-193): The Governor recommends expenditure authority of \$50,000 in each year of the 2015-17 biennium to add coverage to the state’s existing manned aircraft insurance policy to insure the state’s activities related to the Unmanned Aircraft System (UAS) program. The agency states the current insurance policies for manned aircraft do not adequately cover activities related to experimental aircraft.

The added UAS insurance policy would provide coverage for the unmanned aviation test site and activities conducted under the Governor’s Office of Economic Development (GOED). During the budget hearing for GOED, the agency clarified that federal requirements stipulate that unmanned aerial vehicles (UAV) are the property of the state while they are flying test missions; therefore, the state is required to insure UAVs while they are in the air. The proposed policy would insure two UAVs as summarized in the following table.

<b>Unmanned Aviation System Insurance Policy</b>			
		UAV #1	UAV #2
<b>UAV Physical Damage</b>			
Value	\$	18,000	\$ 300,000
Deductible	\$	2,500	\$ 25,000
<b>Ground Control Unit Physical Damage</b>			
Value	\$	15,000	\$ 250,000
Deductible	\$	2,500	\$ 25,000
<b>Aviation Liability</b>			
Limits	\$	2,000,000	\$ 2,000,000

In response to inquiries from Fiscal staff regarding the types of incidents that would be covered under the aviation liability portion of the policy, the agency indicated the types of incidents most likely to occur relative to UAS operations would be injury to persons and/or damage to third party property. According to the agency, the size and weight of the UAVs would impact the scope or extent of any injuries or damages sustained. Further, in the event of an incident occurring, it is likely the state would be named in any legal suits filed. The division indicates that obtaining this insurance coverage would reduce the financial impact that could result due to legal issues resulting from these activities.

The GOED is the only agency that would utilize this new insurance policy and would transfer funds to the Risk Management Division to purchase the added insurance coverage. Fiscal staff notes this recommendation is funded with increased insurance premium revenue of \$58,219 in FY 2016 and \$50,000 in FY 2017, with the difference of \$8,219 being placed into reserves. Fiscal staff further notes that since GOED is the only agency that would be paying for this insurance policy, it would be inconsistent for GOED to contribute to the agency’s reserve funds, which are typically used across all the division’s insurance coverage areas. As such, Fiscal staff recommends a technical adjustment to decrease the insurance premium revenue in FY 2016 by \$8,219 to eliminate the additional funding that would be placed into reserves. The GOED budget that would transfer funds to purchase the UAS insurance policy was approved by Senate Finance and by Assembly Ways and Means with the transfer of \$50,000 in each year of the 2015-17 biennium.

**Does the Subcommittee wish to approve the transfer of funds from the Governor’s Office of Economic Development to purchase an Unmanned Aircraft System insurance policy, and provide Fiscal staff with authority to make a technical adjustment to eliminate \$8,219 in FY 2016 to equal the total amount of the policy? This action would be consistent with the**

previous closing actions taken by the Senate Finance and Assembly Ways and Means and Committees.

**The Subcommittee recommended approval of the Governor’s recommendation to transfer \$50,000 from the Governor’s Office of Economic Development in each year of the 2015-17 biennium to purchase an Unmanned Aircraft System insurance policy, and to provide Fiscal staff with authority to make a technical adjustment to eliminate \$8,219 in FY 2016 to equal the total amount of the policy.**

- b. New Cyber Liability Insurance Policy (E-227, ADMIN-191): The Governor recommends expenditure authority of \$50,000 in each year of the 2015-17 biennium to add coverage to the state’s existing cyber liability insurance policy. The agency indicates its current property insurance policy contains a small amount of coverage for data breaches, but that it is insufficient to cover a large-scale breach of numerous records. According to the agency, recent data breaches in South Carolina and Montana prompted the division to review the state’s current cyber liability coverage. Based on the costs incurred by South Carolina and Montana, the division determined Nevada’s cyber liability coverage was inadequate. The proposed policy would insure for fines, penalties and privacy notification costs as summarized in the following table.

<b>Cyber Liability Insurance Policy</b>		
	Primary Coverage	Excess Coverage
<b>Cyber Liability</b>		
Fines and Penalties	\$3,000,000	\$2,000,000
Privacy Notification	\$1,000,000	\$1,000,000

The primary coverage typically pays immediately upon an occurrence that is covered under the terms of the policy, while the excess coverage would pay only after the primary coverage, and all other sources, have been exhausted. The two types of coverage typically have different rates associated with their risk levels.

The agency indicates cyber liability insurance would cover first and third party losses from an external or internal source related to internet exposures, including privacy and computer network security issues. First party costs in this policy would include forensic examinations, notification of third parties, credit or identity monitoring, and public relations, while third party costs would cover lawsuits. Information provided with The Executive Budget indicates it costs U.S. companies approximately \$204 for every customer record that was compromised in 2009, and that a recent breach in South Carolina cost more than \$20 million. Fiscal staff notes this recommendation is funded with increased insurance premium revenue of \$58,219 in FY 2016 and \$50,000 in FY 2017, with the difference of \$8,219 being placed into reserves.

**Does the Subcommittee wish to approve funding to purchase a cyber liability insurance policy for the 2015-17 biennium?**

**The Subcommittee recommended approval of the Governor’s recommendation to purchase a cyber liability insurance policy.**

- c. Real Property and Fine Art Appraisals (E-228, ADMIN-191): The Governor recommends expenditure authority of \$80,000 in FY 2016 and \$45,000 in FY 2017 to appraise properties that are unique and buildings that have historical significance. The agency indicates standard benchmarking and traditional insurance underwriting tends to underestimate the restoration or replacement costs for these types of properties. The agency provided some examples of the items

and real property that are planned for appraisal, some of which include the coin collection, gun collection, and coin press at the Nevada State Museum in Carson City; the Supreme Court's Law Library; the Governor's Mansion and Laxalt Building in Carson City; and the Old Las Vegas Mormon Fort State Park in Las Vegas. Documentation provided by the agency indicates the buildings listed are on the national registry or state registry of historic buildings. The agency further indicates that its current coverage for such items only includes the costs for rebuilding, which would only provide for current architectural designs and materials; it would not fund the restoration or replacement of such items and buildings to their original state. Fiscal staff notes this recommendation is funded with increased property and contents insurance premium revenue of \$106,667 in FY 2016 and \$33,333 in FY 2017, with the difference of \$15,000 being placed into reserves.

The agency indicates they contacted appraisers that specialize in historic buildings and fine arts, and the cost projections for each year of the 2015-17 biennium were based on their informal estimates only, calculated using an estimated number of hours and number of items and buildings that would be appraised. The final list of historic buildings to be appraised would be developed in consultation with the State Historic Preservation Office (SHPO) as well as the state agencies responsible for those buildings. The final list of fine arts items would be determined in cooperation with the Division of Museums and History in the Department of Tourism and Cultural Affairs.

**Does the Subcommittee wish to approve expenditure authority for the division to conduct real property and fine art appraisals to determine their accurate repair and replacement costs?**

**The Subcommittee recommended approval of the Governor's recommendation to provide expenditure authority for the division to conduct real property and fine art appraisals to determine their accurate repair and replacement costs.**

### **Other Closing Items**

1. **Adjustment to Reserves (BASE, ADMIN-187-188):** At its January 22, 2015, the Interim Finance Committee approved a work program to move \$361,442 from the agency's reserves to cover a projected shortfall in workers' compensation claim expenditures. An adjustment is required in FY 2016 to accurately reflect the projected reserves that will be balanced forward to FY 2016. A technical adjustment to revise the agency's reserves has been incorporated into this closing document. **Fiscal staff recommends approval of this technical adjustment to revise the agency's reserves projected to be balanced forward in FY 2016 and carried forward through the 2015-17 biennium.**
2. **Travel to Conference (E-225, ADMIN-189-190):** The Governor recommends an increase in expenditure authority of \$2,155 in each year of the 2015-17 biennium for one employee to attend the Skills, Education, Achievement, Knowledge (SEAK) National Workers' Compensation and Occupational Medicine Conference in each year of the biennium. This recommendation is funded with increased insurance premium revenue of \$2,873 in FY 2016 and \$2,155 in FY 2017, with the difference of \$718 being placed into reserves. **This recommendation appears reasonable.**
3. **Travel to Rural Areas (E-226, ADMIN-190):** The Governor recommends an increase in expenditure authority of \$1,330 in each year of the 2015-17 biennium for three employees to travel to Lovelock, Elko, Ely and Las Vegas to hold meetings and conduct staff training on safety issues at other agency offices. This recommendation is funded with increased insurance premium revenue of \$1,775 in FY 2016 and \$1,330 in FY 2017, with the difference of \$445 being placed into reserves. The agency indicates these trips were taken by staff in previous biennia, but they were not taken in the base budget year because employees were unable to travel in FY 2014 due to two employees being on leave for

long periods of time. The division only has seven employees, so there was insufficient staff for both office coverage and for travel to conduct training sessions. **This recommendation appears reasonable.**

4. Contracted Armed Guard Services (E-229, ADMIN-191-192): The Governor recommends expenditure authority of \$4,199 in each year of the 2015-17 biennium for a statewide contract for armed guard services through Allied Barton Security Services. Upon request by another state agency, the Risk Management Division can provide armed guard services to those agencies in response to incidents of workplace violence. This recommendation seeks to fund these security services in the event they are needed by another agency, and until the incident is resolved or until the requesting agency can procure a more permanent solution. This recommendation is funded with increased insurance premium revenue of \$5,599 in FY 2016 and \$4,199 in FY 2017, with the difference of \$1,400 being placed into reserves. **This recommendation appears reasonable.**
5. Software Licenses (E-230, ADMIN-192): The Governor recommends expenditure authority of \$9,075 in FY 2016 to purchase five Documentum Solution software licenses and \$1,575 in FY 2017 for annual support and upgrade assurance for the software. The agency indicates this software is needed to store sensitive electronic information and to create complete audit reports. This recommendation is funded with increased insurance premium revenue of \$12,100 in FY 2016, which is then decreased by \$924 in FY 2017, with the difference of \$526 being placed into reserves. The agency indicates documents related to workers' compensation claims are currently stored on the desktop computers of two of the division's employees, which are not connected to a network or able to be accessed by other employees within the division. **This recommendation appears reasonable.**
6. Equipment Replacement (E-710, ADMIN-194-195): The Governor recommends expenditure authority of \$699 in FY 2016 and \$3,309 in FY 2017 to replace three desktop computers and one Apple iPad. This recommendation is funded with increased insurance premium revenue of \$931 in FY 2016 and \$4,179 in FY 2017, with the difference of \$1,102 being placed into reserves. **This recommendation appears reasonable.**
7. Cost Allocation (E-801 & E-804, ADMIN-195-196): The Governor recommends a reduction in reserves of \$5,318 in FY 2016 and \$4,742 in FY 2017 for expenditures that are cost allocated within the Department of Administration's Director's Office (E-801). The Governor also recommends expenditure authority of \$205 in FY 2016 and \$275 in FY 2017 for centralized human resource services provided by the Department of Administration's Division of Human Resource Management (E-804). This recommendation is funded with increased insurance premium revenue of \$299 in FY 2016 and \$281 in FY 2017, with the difference of \$100 being placed into reserves. **These recommendations appear reasonable.**
8. Rate Changes (APPENDIX-8): The Governor recommends the following rate changes to the lines of insurance covered through the Risk Management Division:

RATE TABLE						
Line of Insurance	FY 2014 Actual	FY 2015 Work Program	FY 2016 Governor Recommends	Percent Increase / (Decrease) Over FY 2014	FY 2017 Governor Recommends	Percent Increase / (Decrease) Over FY 2016
Workers' Compensation - Industrial insurance for state employees as a percentage of gross salaries capped at a per employee maximum salary of \$36,000 per calendar year.	2.88%	2.88%	2.37%	-17.71%	2.37%	0.00%
Property and Contents - Coverage for buildings, computers, watercraft and miscellaneous equipment per \$1 insured.	0.00064	0.00064	0.00113	76.56%	0.00113	0.00%
Auto Comp/Collision - Cost per vehicle, per year.	\$ 66.48	\$ 67.53	\$ 68.75	3.41%	\$ 64.80	-5.75%
Employee Bond - Coverage for loss caused by any fraudulent or dishonest act committed by an employee acting alone or with others. Cost per employee, per fiscal year.	\$ 2.71	\$ 2.68	\$ 1.18	-56.46%	\$ 1.11	-5.93%

Insurance premium revenues from all lines of insurance are projected to increase from \$18.5 million in FY 2014 to \$19.5 million in FY 2016 and \$19.9 million in FY 2017, an increase of 7.3 percent from FY 2014. The ending workers' compensation reserve is also recommended to increase from \$4.9 million in FY 2014 to \$5.6 million in FY 2016 and \$5.7 million in FY 2017. Conversely, the ending reserve for other insurance programs in this budget is recommended to decrease from \$1.9 million in FY 2014 to \$1.1 million in FY 2016 and remain flat in FY 2017. **The Risk Management Division insurance premium rates as recommended in The Executive Budget appear reasonable.**

**Does the Subcommittee wish to approve the Other Closing Items, with the technical adjustments noted in Other Closing Items 1, and provide Fiscal staff with authority to make other technical adjustments as needed?**

**The Subcommittee recommended approval of Other Closing Items as recommended by the Governor, provided Fiscal staff with authority to make the technical adjustments noted in Other Closing Item 1, and authorized Fiscal staff to make other technical adjustments as needed.**

**Additional Information – No Action Required**

Senate Bill 153 would limit the presumptions that certain diseases of the lungs or heart contracted by certain police officers, firefighters or other employees are occupationally related and the period in which certain employees may claim these presumptions. Amendment 487 to the bill eliminates many of the limitations proposed in the original bill, clarifies the period in which certain employees may claim these presumptions, and prevents certain persons who use tobacco products or fail to follow a physician's prescribed plan of care from claiming these presumptions. The Senate passed and approved the bill as amended on April 16, 2015. Senate Bill 153 is currently in the Assembly Committee on Commerce and Labor.



Title: ADMINISTRATION - HEARINGS DIVISION  
 Account: 101 - 1015

Budget Page: ADMIN-260, Volume I

	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
<b>Revenues</b>							
INTERAGENCY TRANSFER	44,147	47,293	7.13	38,530	(18.53)	38,530	
OTHER FUND	4,455,574	4,546,872	2.05	4,792,817	5.41	4,686,867	(2.21)
REVERSIONS	(190,765)						
Total Revenues	4,308,956	4,594,165	6.62	4,831,347	5.16	4,725,397	(2.19)
<b>Total FTE</b>		45.00		45.00		45.00	

**Adjustments to Revenue**

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	00	4659	Decrease Workers' Compensation and Safety Fund revenue for duplicate cost allocation expenditures	(44,670)	(44,670)
E225	00	4659	Decrease Workers' Compensation and Safety Fund revenue to eliminate per diem for Las Vegas employees	(1,562)	(1,562)
E227	00	4659	Increase Workers' Compensation and Safety Fund revenue to include two monitors for videoconference capability	958	
<b>Sub-total</b>				(45,274)	(46,232)
<b>Line Item Changes to Revenues</b>				(45,274)	(46,232)

**Adjustments to Expenditures**

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	82	7000	Eliminate duplicate cost allocation expenditures	(44,670)	(44,670)
E225	03	6000	Decrease travel expenditures to eliminate per diem for Las Vegas employees	(1,562)	(1,562)
E227	26	8000	Increase IT expenditures to include two monitors for videoconference capability	958	
<b>Sub-total</b>				(45,274)	(46,232)
<b>Line Item Changes to Expenditures</b>				(45,274)	(46,232)

**Total** 0 0

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

**Overview**

The Hearings Division conducts hearings of disputed workers' compensation claims, Victims of Crime cases, and appeals from state bid awards. The division also conducts hearings for various state agencies through interagency agreements. Pursuant to NRS 616A.425, the division is funded through allocations from the Workers' Compensation and Safety Fund (non-Executive Budget), which is funded by assessments collected from all workers' compensation insurers and self-insured employers. The division has offices in Carson City and Las Vegas.

**Major Closing Issue**

Integrated Document Management System

### **Discussion of Major Closing Issue**

**Integrated Document Management System (E-228, ADMIN-263):** The Governor recommends allocations from the Workers' Compensation and Safety Fund of \$48,520 in FY 2016 and \$5,094 in FY 2017 for a new integrated document management system. Currently, the division stores hard copies of the majority of its documents, which must be retained for at least two years. The agency indicates the system would provide a secure means of storing its legal documents electronically. The agency notes that the first year would involve the setup and connectivity of the scanning equipment and software, and the division would be responsible for the initial and ongoing scanning of the all of the division's current stored documents. The Hearings Division would assume control and be responsible for the maintenance of the system once it is initially established, and according to the agency, have existing staff capabilities to maintain the system. Ongoing maintenance for the system software in the future would be \$5,094 per year and would allow the division staff to scan the inflow of documents going forward.

The agency indicates the system could result in decreased rental obligations in the future due to the decreased need for space to store hard copy documents. The agency estimates it could save approximately 350 square feet within its current office space. At the agency's current rental rate of \$1.89 per square foot at its Las Vegas office, the new system could potentially result in future savings of \$7,938 per year. The agency's current lease does not expire until 2023, however, so any reductions in the leased space would have to be renegotiated with the landlord. No reductions to the total leased space is recommended in The Executive Budget.

**Does the Subcommittee wish to the approve funding as recommended by the Governor for a new integrated document management system for the Hearings Division to electronically store its legal documents?**

**The Subcommittee recommended approval of the Governor's recommendation for a new integrated document management system for the Hearings Division to electronically store its legal documents.**

### **Other Closing Items**

1. **Travel and Training for Hearings Officers (E-225, ADMIN-262):** The Governor recommends allocations from the Workers' Compensation and Safety Fund of \$5,265 in each year of the 2015-17 biennium for all 16 Hearing and Appeals Officers in the division to attend the Nevada Workers' Compensation Educational Conference held in Las Vegas every year. Five employees from Carson City and 11 employees from Las Vegas would attend the conference in each year of the biennium. The agency indicates that because most of the cases that come before the Hearing and Appeals Officers are related to workers' compensation, it is imperative that they remain up-to-date on the laws and issues related to workers' compensation.

The recommendation includes per diem expenditures for 11 employees based in Las Vegas to attend the conference. In response to Fiscal staff's inquiries on whether these employees are eligible for per diem costs since they would be traveling fewer than 50 miles from their official work station, the agency responded that the employees would not be eligible for per diem and that those expenditures should be removed from this recommendation. As such, Fiscal staff recommends a technical adjustment to eliminate \$1,562 in each year of the 2015-17 biennium for per diem costs that were included for 11 employees based in Las Vegas, which has been incorporated into this closing document. **Fiscal staff recommends the approval of this decision unit with technical adjustments to eliminate expenditure authority for per diem costs in each year of the 2015-17 biennium.**

2. **Travel for Senior Appeals Officer and Information Systems Specialist (E-226, ADMIN-262):** The Governor recommends allocations from the Workers' Compensation and Safety Fund of \$6,122 in each

year of the 2015-17 biennium for two positions to travel between Carson City and Las Vegas four times each year. The Senior Appeals Officer, whose role is the Administrator of the division, would travel from Las Vegas to Carson City to attend Board of Examiners and Interim Finance Committee meetings, while an Information Systems Specialist would travel from Carson City to Las Vegas to resolve information technology issues. **This recommendation appears reasonable.**

3. Videoconference Equipment (E-227, ADMIN-262-263): The Governor recommends an allocation from the Workers' Compensation and Safety Fund of \$55,766 in FY 2016 for new videoconference equipment to connect the division's Carson City and Las Vegas offices. While travel for the Hearing and Appeals Officers would not greatly be affected by this equipment, travel expenditures for clients and lawyers could be reduced with the ability to conduct hearings between the two offices. The agency indicates it would also eliminate the need for some state employees as well as inmates to travel long distances to attend hearings, which would result in decreased travel expenditures incurred for other state agencies. Fiscal staff notes that although the description for this recommendation references teleconference equipment, the agency indicates the equipment would only allow for videoconference capabilities. Although cameras are included as some of the recommended equipment, no monitors were included. In response to questions from Fiscal staff regarding the exclusion of monitors in this recommendation, the agency responded that they would need to purchase two monitors, one for the Las Vegas office and one for the Carson City office, at \$479 each. A technical adjustment for additional Workers' Compensation and Safety Fund revenue of \$958 to purchase two monitors has been incorporated into this closing document. **Fiscal staff recommends approval of this decision unit with a technical adjustment to add expenditure authority of \$958 for the purchase of two monitors in FY 2016.**
4. Increased Security (E-229, ADMIN-263): The Governor recommends allocations from the Workers' Compensation and Safety Fund of \$27,057 in FY 2016 and \$27,613 in FY 2017 to increase contracted security services at the division's Las Vegas office. The Executive Budget indicates this recommendation would increase the current half-time contracted security guard to full-time due to an increase in the threats received by the division. The agency conducts hearings for a variety of individuals who often have contentious cases, and this recommendation is in response to a shooting that occurred at its Las Vegas office in October 2014. **This recommendation appears reasonable.**
5. Replacement Equipment (E-710, ADMIN-264): The Governor recommends allocations from the Workers' Compensation and Safety Fund of \$25,052 in FY 2016 and \$16,636 in FY 2017 to replace 23 desktop computers, 1 printer, 4 Microsoft Office software licenses, 2 routers, and 1 server. **This recommendation appears reasonable.**
6. Cost Allocation (BASE, E-801 & E-804, ADMIN-260, 264 & 265): In the E-801 and E-804 Decision Units, the Governor recommends allocations from the Workers' Compensation and Safety Fund of \$35,503 in FY 2016 and \$32,250 in FY 2017 for expenditures that are cost allocated within the Director's Office of the Department of Administration, and for centralized human resource services provided by the Division of Human Resource Management. Fiscal staff notes that a duplicate cost allocation charge of \$44,670 in each year of the 2015-17 biennium was included in the base budget. In response to inquiries regarding these charges, the agency agreed that they are duplicate charges and can be eliminated from The Executive Budget. Fiscal staff recommends a technical adjustment to remove this expenditure from each year of the 2015-17 biennium, which has been incorporated into this closing document. **Fiscal staff recommends approval of these decision units, with a technical adjustment to eliminate duplicate cost allocation expenditures in the base budget.**

**Does the Subcommittee wish to approve the Other Closing Items as recommended by the Governor, with technical adjustments noted in Other Closing Items 1, 3 and 6, and provide Fiscal staff with authority to make other technical adjustments as needed?**

**The Subcommittee recommended approval of Other Closing Items as recommended by the Governor, provided Fiscal staff with authority to make the technical adjustments noted in Other Closing Items 1, 3 and 6, and authorized Fiscal staff to make other technical adjustments as needed.**

Title: JUDICIAL COLL & COLL OF JUVENILE & FAMILY JUSTICE  
 Account: 101 - 1302

Budget Page: ADMIN-12, Volume I

	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
Revenues							
GENERAL FUND	130,430	130,430		130,430		130,430	
Total Revenues	130,430	130,430		130,430		130,430	

**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
<b>Total</b>				0	0
<b>Grand Total General Fund Impact of Closing Changes</b>				0	0

**Overview**

The National Judicial College (NJC) and the Louis W. McHardy National College of Juvenile and Family Court Judges (NCJFCJ), located on the campus of the University of Nevada, Reno, are nonprofit nationally recognized leaders in judicial education and training. The mission of the NJC is to improve justice by providing proficiency, performance training, productivity training, and education to judges. The mission of the NCJFCJ is to provide meaningful assistance to judges, court administrators and related professionals whose primary concerns are the care of children and their families.

**Major Closing Issues**

There are no major closing issues.

**Staff recommends this budget be closed as recommended by the Governor, and requests authority to make technical adjustments, as necessary.**

**The Subcommittee recommended approving this budget as recommended by the Governor, including authority for Fiscal staff to make technical adjustments.**

**Additional Information – No Action Required**

1. Funding Level (SUMMARY, ADMIN-12): The Executive Budget recommends total General Fund appropriations of \$130,430 in each year of the 2015-17 biennium, of which \$86,954 is recommended to be allocated to the NJC and \$43,476 is recommended to be allocated to the NCJFCJ in each

fiscal year. The NJC and NCJFCJ previously received General Fund appropriations totaling \$375,000 per year; however, due to budget reductions implemented by the state during the economic downturn, the base budget has been reduced to \$130,430 in each fiscal year. A history of state funding for the NJC and the NCJFCJ over the past several biennia, as well as the funding level recommended in the Governor's budget for the 2015-17 biennium, is illustrated in the following table:

General Fund Appropriations	Actual											Governor Recommended	
	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
NJC	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 231,250	\$ 214,700	\$ 198,597	\$ 86,954	\$ 86,954	\$ 86,954	\$ 86,954	\$ 86,954	\$ 86,954
NCJFCJ	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 111,875	\$ 107,350	\$ 91,248	\$ 43,476	\$ 43,476	\$ 43,476	\$ 43,476	\$ 43,476	\$ 43,476
Total State Support	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 343,125	\$ 322,050	\$ 289,845	\$ 130,430	\$ 130,430	\$ 130,430	\$ 130,430	\$ 130,430	\$ 130,430

In FY 2014, the National Judicial College provided education and training to 7,681 judges, judicial officers, attorneys, and others across the nation, including 203 from Nevada. The Louis W. McHardy National Counsel of Juvenile and Family Court Judges provided education and training to 6,733 judges, judicial officers, attorneys, and other juvenile and family court-related professionals across the nation, including 586 from Nevada.

Additionally, according to information provided by the NJC subsequent to the March 18, 2015, hearing of the Joint Subcommittee on General Government, in FY 2014, the National Judicial College trained a total of 90 judges and other related professionals in the North and 80 judges and other related professionals in Southern Nevada. The NJC also offered two classes in the Las Vegas area, the majority of which were attended by Las Vegas judges: Human Trafficking and Its Impact on State and Provincial Court Practices (23 in attendance), and Handling Capital Cases for Las Vegas District Court Judges (50 in attendance).

In FY 2014, the NCJFCJ trained six court-related professionals from Las Vegas. Annually, the National College of Juvenile and Family Justice partners with the Nevada Court Improvement Program to convene leaders from all ten judicial districts in Nevada for the Nevada Community Improvement Council Summit to provide technical assistance to the Nevada Judicial Districts' Community Improvement Councils. Other Las Vegas activity includes the Las Vegas NCJFCJ Mentor Dependency Model Courts, a Blue Ribbon for Kids Commission to examine and create a plan for the reform of foster care in Clark County, and the NCJFCJ has also worked with Clark County to develop and implement a dependency mediation program for parents and stakeholders who are in the midst of the juvenile dependency system to avoid further litigation through voluntary case solutions.

2. **Performance Indicator:** Pursuant to the request of the money committees during the 2007 Legislative Session, the NJC and the NCJFCJ, with the assistance of the Department of Administration, developed a performance indicator to show how the State General Fund appropriation is used to assist the colleges in obtaining private and public funding. The NJC's and the NCJFCJ's combined performance indicator, information that was not included in The Executive Budget, is listed in the following table:

<b>Combined Performance Indicator for the National Judicial College and the National College of Juvenile and Family Court Judges</b>									
Combined NJC and NCJFCJ Performance Indicator	Actual					Governor Recommended / NJC & NCJFCJ Projected			
	FY 2013	FY 2014	% change from prior year	FY 2015	% change from prior year	FY 2016	% change from prior year	FY 2017	% change from prior year
General Fund	\$ 130,430	\$ 130,430	0.0%	\$ 130,430	0.0%	\$ 130,430	0.0%	\$ 130,430	0.0%
Contributions, grants and federal funding generated with assistance of state funding	\$ 6,599,985	\$ 7,173,510	8.7%	\$ 6,334,259	-11.7%	\$ 5,052,000	-20.2%	\$ 5,282,000	4.6%

The total amount of contributions, grants and federal resources generated with the assistance of state funding (reported as a measure of performance in the previous table), increased from \$6.6 million in FY 2013 to \$7.2 million in FY 2014 and is projected to decrease to \$6.3 million by the end of FY 2015. For the upcoming biennium, the NJC's and the NCJFCJ's non-state revenues are projected to further decrease to \$5.1 million in FY 2016 and increase slightly to \$5.3 million in FY 2017. Given the volatility in the funding levels of contributions, grants, and federal funding generated with the assistance of state funding, there does not appear to be a strong correlation between the level of state funding provided and the level of non-state funding generated. Non-state revenues were not included in The Executive Budget.