

Study of the State Budget Process



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STUDY OF THE STATE BUDGET PROCESS

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LEGISLATIVE COMMISSION
OF THE
LEGISLATIVE COUNSEL BUREAU
STATE OF NEVADA

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SUMMARY OF RECOMMENDATIONS

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This summary represents the recommendations reached by the Committee to Study the State Budget Process. The recommendations are based on: (1) suggestions made to the committee at public hearings; (2) the processes and experiences of selected other states; (3) the experiences and knowledge of the members of the committee; and, (4) other studies and materials made available to the committee.

The Committee recommends:

1. That the meaning of a "current services budget" be clearly defined so that the Governor and the Legislature can assess the adequacy of the existing levels of state service and address priorities for changes to that level of service. The committee recommends that the following definition of current services be included in the budget instructions to agencies and that the Budget Division diligently enforce this definition across all state agency budget submittals in order to establish the true cost of existing programs and create a level playing field for all programs competing for limited resources.

The Current Services Budget equals actual expenditures adjusted for one-time expenditures, annualization of salaries, merit salary increases, across-the-board pay increases, differences in the number of pay periods, new or deleted programs required by legislation, transfers of funds and supplemental appropriations. Once the adjusted base is determined, adjustments should be made for inflation, demographic and caseload changes, approved occupational studies, rate changes for employer costs, federal mandates, court orders and consent decrees to arrive at the current cost of providing the same level of services.

2. The committee recognized that periodic review of the fundamental purpose or mission of each of the state's agencies and programs and their base budget is an essential ingredient in management of the state resources. The committee felt that a change to a traditional "zero based budget" system was currently beyond the capabilities of the state because of the onerous and mechanical paperwork required for such a system. The committee did feel that a proposal from the Nevada Taxpayers Association to implement a periodic review process of the basic purpose and need for agencies and programs and an examination of their base budget should be implemented following the model currently in use in South Carolina.

The committee recommends that a periodic review of all state agencies and programs be conducted to determine:

1. the need for the program;
2. compliance with statutory goals;
3. whether programs and activities work to achieve the mission of the agency;
4. if mandated services are provided efficiently and effectively;
5. if the agency is organized to attain maximum efficiency; and,
6. whether there is duplication of services or administration with any other agency.

**REPORT OF THE LEGISLATIVE COMMISSION
TO THE MEMBERS OF THE 67TH SESSION
OF THE NEVADA LEGISLATURE**

REPORT OF THE LEGISLATIVE COMMISSION
TO THE MEMBERS OF THE 67TH SESSION
OF THE NEVADA LEGISLATURE

I. INTRODUCTION

The following report is submitted in compliance with Senate Concurrent Resolution No. 21 (File No. 186, Statutes of Nevada, 1991) which created a committee to study the budget process of the State of Nevada. The resolution requires that the results of the study and any findings and recommendations be reported to the 67th Session of the Nevada Legislature. (SCR 21 is included as Appendix A).

The resolution created a committee to conduct the study consisting of six voting members including three assemblymen appointed by the Speaker of the Assembly and three senators appointed by the majority leader of the Senate and two non-voting members, one representing the Fiscal analysis Division of the Legislative Counsel Bureau and one appointed by the Budget Director of the Department of Administration.

Members of the Committee appointed to conduct the study were:

Senator Nicholas J. Horn, Chairman	
Assemblyman Matthew Callister, Vice Chairman	
Senator Ray Rawson	Assemblyman John Marvel
Senator John Vergiels	Assemblywoman Jan Evans
Judy Matteucci, Director, Department of Administration	
Dan Miles, Senate Fiscal Analyst, Fiscal Analysis Division	

Upon the death of Senator Horn, Assemblyman Callister was appointed chairman, Senator Rawson was appointed vice-chairman and Senator Bob Coffin filled the vacant appointment.

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

The 1989 Session of the Legislature initiated a major study of the State's budget process by approval of Senate Concurrent Resolution No. 44. The findings and

recommendations from that study were presented to the Legislature at its 1991 Session and were reported in Legislative Counsel Bureau Bulletin No. 91-13. Many of the recommendations from this initial study were implemented including a continual study of changes to the budget system. The study required by SCR 21 and reported here is that continuation study.

This report presents the findings and recommendations of the committee. The information which bears directly upon the recommendations is included either in the narrative or appendices. All supporting documents and meeting minutes are available from the Fiscal Analysis Division of the Legislative Counsel Bureau.

The Legislative Commission, at its meeting on September 16, 1992, accepted this report and ordered it and its recommendations transmitted to the members of the 1993 Legislature for consideration and appropriate action.

II. BACKGROUND

The 1989 Session of the Nevada Legislature adopted Senate Concurrent Resolution No. 44 which created a committee to study the state budget process.

The Executive and Legislative branches of government in Nevada have used the same basic budget framework since 1969 and while the size, scope and complexity of the budget has changed immensely since that time, the procedures used to build, examine and approve the budget have not. Improvements to the process have occurred during this time period, however, that have made both the process more efficient and the Legislature more effective exercising its constitutional obligation to reflect the needs of the residents of the state in the allocation of financial resources.

A significant factor that extends the legislative session is the budget review process. The budget document has grown from 551 pages in 1969, to 1,587 pages in 1991. The number of budget accounts has grown from 230 to 463 over that same time period. The population of the state has more than doubled from 488,000 in 1969, to over 1,200,000 in 1990, and there have been corresponding increases in the size and complexity of state agencies and programs. The budget document now fills two volumes and will soon expand to three unless changes are made.

The budget document currently reviewed by the Legislature, is known as a "detailed line-item" budget. This format tends to direct the reviewer's attention to individual line-items or objects of expenditure and away from the overall function of the budget, its purpose and its success or failure. The current budget document, in most

instances, does not include indicators of performance or program accomplishments by which the effectiveness and the efficiency of the program can be analyzed.

In 1989, the Legislature adjourned on July 1, 1989, some 167 days after convening; breaking all previous records for length of session. In 1991, the legislative session ran 161 days adjourning on June 30, 1991. The state's fiscal year ends on June 30, and it is essential to have an approved budget in place so that government can continue uninterrupted. Agencies, the Budget Division and the State Controller need time and opportunity to create agency work programs, based on an approved budget, in order to avoid interruption in services and potential chaos.

By 1989, it had become apparent that the entire process, from beginning to end, and the roles of the agencies, the Governor and the Legislature needed to be evaluated and methods found to make the process more timely. The Legislature, and particularly members of the Senate Committee on Finance and the Assembly Committee on Ways and Means, sensed a need to boldly address fundamental changes in the process by which the state's resources are allocated. The need for change came from the desire to both speed the process and to make it more effective.

In addition to commissioning a study of the budget process, the 1989 Legislature amended the State Budget Act (NRS 353.150 through NRS 353.246) to require the Governor to submit to the Legislature, at the same time he delivers The Executive Budget, a separate document that provides an analysis of any recommended new programs or enhancements of existing programs and any increase in or new revenues. At the 1991 Legislative Session, the Governor did present The Executive Budget in Brief to comply with this new requirement.

THE INITIAL STUDY (SCR 44 STUDY)

The SCR 44 committee conducted a lengthy and comprehensive review of Nevada's budget process. After examining the existing process, and reviewing the procedures of the fifty states, a detailed examination of the process in fourteen states was undertaken.

The committee found that most states try to focus their legislative review of the budget on the viability of each program and agency, its success or failure and policy issues rather than the line-items or individual objects of expenditures. Additionally, the committee found that many states require the budget to be presented as a base budget or current services budget with enhancements and new programs separately identified.

The committee made a number of recommendations for change in the budget process, many of which were adopted by the 1991 Legislature. Major SCR 44 study recommendations included:

1. That the 1991 Legislature recess for two weeks (recess the fourth and fifth weeks of the session) to allow the Senate Committee on Finance and the Assembly Committee on Ways and Means the opportunity to hold day-long hearings on major agency budgets in order to speed the budget review process. The committee also recommended:
 - A. The two committees meet jointly as much as practicable while maintaining dual majorities;
 - B. That all morning standing committees of both houses continue to work on matters before them meeting jointly when appropriate;
 - C. That afternoon standing committees would not function normally but could work on certain tasks as members become available;
 - D. The Senate Committee on Finance and the Assembly Committee on Ways and Means organize as many joint subcommittees as practicable during and after the recess;
2. After setting the proposed date for adjournment, that certain target dates for budget review be established by Joint Rule for the 1991 Legislative Session.
3. That the Fiscal Analysis Division provide a briefing or a report in advance of the legislative session to members of the Senate Committee on Finance and Assembly Committee on Ways and Means detailing estimated annual general fund revenues, levels of agency requested expenditures, major budget issues and historical data. For the 1991 Legislative Session, such a report can be made if the Budget Director provides the necessary information to the Fiscal Analysis Division and allows its release. The committee recommends making such a report permanent by amending NRS 353 to require the Budget Director to submit the required information and amending NRS 218.625 to allow its disclosure to members of the Legislature.

A Pre-session Fiscal Report was prepared by the Fiscal Analysis Division and distributed to members of money committees in the first week of January 1991.

4. The use of joint subcommittees of the Senate Committee on Finance and the Assembly Committee on Ways and Means be encouraged, especially for major agency budgets and issues, as a means to speed the process, reduce time and travel of those testifying and to ensure the same information is presented to both houses. Joint subcommittees would retain dual majority and both standing committees would review reports and recommendations from its own subcommittees.
5. Encouraging leadership in both houses, when making committee assignments, to consider the exceptional workload on money committee members so that the work of each house is evenly distributed among its members.
6. That NRS 353 be amended to require that mission statements and program measurement data be included in The Executive Budget presentation for all agencies and programs.

The Executive Budget presented to the 1991 Legislature included mission statements and program measurement data for most budget accounts. The inclusion of these items was voluntary, in that they were not statutorily required at the time, and they were also a first attempt at including this type of information.

7. That for the 1991 Legislative Session, a pilot project be conducted using an alternative budget format. The alternative format should include mission statements, program measurement data and the elimination of individual line items of expenditure and the detailed position lists. Revenues would be summarized by type, and expenditures would be summarized by category of expense.
8. That the Legislature require that the entire Executive Budget be presented at the 1993 Legislative Session in a format that builds on the one used in the 1991 pilot project by:
 - A. Segregating each budget account into a base budget--either the current year's budget or a current services budget; and
 - B. Including separate decision units for each proposed enhancement to the level of services currently provided.

9. That NRS 353.246 be amended to require that the Legislative Branch, Judicial Branch and the Public Employees Retirement System and their agencies submit their budget requests in the same format as required of all executive agencies unless otherwise directed by the Legislative Commission.
10. That the State Public Works Board should prepare, for its own use and for the Legislature, a central inventory of the state's capital stock including its age, an up-to-date assessment of its condition and a long-range capital plan that shows the infrastructure needs of the state over the next five to ten years and how the current biennial program fits that plan;

That the Executive Branch should request and the Legislature should commit to appropriating monies needed for ongoing maintenance of the state's facilities based on a maintenance schedule that takes into account age, condition, expected life, continued need for and availability of less expensive alternatives to existing capital stock; and

That the state should seriously examine the feasibility and desirability of contracting with the private sector for the construction, operation, servicing and/or maintenance of capital projects and the programs they house or operate as a part of the budget-review process.

11. That the 1991 Legislature create another budget process study committee similar to that created in SCR 44, to oversee the development of the proposed new budget format and document and to act in an advisory capacity to that effort (SCR 21).

1991 LEGISLATIVE SESSION

Many of the recommendations of the SCR 44 study were implemented for the 1991 Legislative Session as was the requirement that the Governor submit a separate analysis of his budget enhancements and revenue proposals. These are listed below and referenced to the recommendation number from the above list.

Two-Week Recess (Recommendation #1)

The 1991 Legislature did recess the fourth and fifth weeks (Assembly Concurrent Resolution 1) to allow the money committees time to pursue the budget uninterrupted. Other standing committees met in Las Vegas during this period. The two-week recess was made permanent by Assembly Bill 566 with the timing to be determined by the Legislative Commission (a subcommittee has been appointed to recommend the recess dates).

Target Dates (Recommendation #2)

The 1991 Legislature established target dates in the joint rules through ACR 1. The first joint meeting of the Senate Committee on Finance and Assembly Committee on Ways and Means to consider differences was required by the 92nd day; the final joint meeting was required by the 117th day; the general appropriation/authorization bills were required to be passed by the 124th day and sine die was to occur by the 131st day. All targets were met except sine die which occurred on the 161st day.

Pre-session Report (Recommendations #3)

The Fiscal Analysis Division did produce The Pre-session Fiscal Report which included preliminary general fund revenue estimates, agency requested spending levels, information on major budget issues and historical financial data. This information is now required in advance of each legislative session (S.B. 156, Chapter 726, Statutes of Nevada, 1991).

Joint Subcommittees (Recommendation #4)

The money committees made use of a number of joint subcommittees in developing final budget recommendations. Joint subcommittees were primarily used to review budgets of Human Resource agencies, reorganization of the new Child and Family Services Division, Prisons and capital improvements.

Mission Statements and Performance Indicators (Recommendation #6)

The Executive Budget submitted to the 1991 Legislature included mission statements for all budget accounts presented and indicators of performance for most. This was the first attempt at development of this data and refining and creating meaningful measures should be an ongoing or evolutionary process. S.B. 156 (Chapter 726, Statutes of Nevada, 1991) now requires The Executive Budget to include mission statements and performance indicators.

Reformat Executive Budget (Recommendations #7 and #8)

The SCR 44 study recommended changing the format of The Executive Budget over two legislative sessions. The first change, which was recommended as a pilot project for the 1991 session, was to eliminate the detailed line-item presentation and the list of positions in each budget and instead provide spending levels by category and total full-time equivalent positions (FTE). In addition, mission statements and performance indicators were to be included. The Budget Division did submit budget documents prepared under this format to the 1991 Legislature for its review.

The second change, which is required to be implemented for the 1993 session by Senate Bill 154 (Chapter 725, Statutes of Nevada, 1991), builds on the format changes recommended in the pilot project by further requiring each budget account to be segregated into a base budget (the cost of continuing each program at the same level of service) and a series of decision units which describe by budget issue the cost of increasing or decreasing that level of service. In order for this new process to work properly, a consistent and clearly defined base budget must be established so that a true cost of current services can be calculated for comparison among the many programs of state government (a copy of the new budget format is attached as Appendix B).

1991 LEGISLATION

In addition to the actions and activities that occurred during or before the 1991 Legislative Session to change the budget process, several bills and resolutions were approved which establish those changes and others in law. These are listed below:

S.B. 154 (Chapter 725)

S.B. 154 requires that the format of The Executive Budget be revised to eliminate line-item detail, to include mission statements and performance indicators and to segregate each budget as to its base budget (cost of current services) and the cost, by budget issue, of each recommended increase or decrease to that level of service.

S.B. 156 (Chapter 726)

S.B. 156 requires the Budget Director to provide computerized budget files of all agency biennial budget requests to the Fiscal Analysis Division by November 15th preceding each legislative session. The Fiscal Division then will use this data to produce a pre-session report for members of the money committees in order to give them a headstart on likely budget issues and program needs. In addition, S.B. 156

requires that mission statements and performance indicators be included in The Executive Budget presentation.

S.B. 156 also requires that the agencies generally exempt from the provisions of the budget act (Judicial Branch, Legislative Branch and Public Employees Retirement System) must submit their budget requests in the same format as other agencies.

S.B. 338 (Chapter 662)

S.B. 338 appropriated \$300,000 to the Budget Division to pay for the data processing costs associated with the change in The Executive Budget format and to upgrade the Division's computer software and hardware.

SCR 21 (File 186)

SCR 21 re-established the budget process study committee created by SCR 44 of the 1989 session to oversee development and act as a sounding board for the implementation of the budget process revisions put in motion by the 1989 and 1991 Legislatures.

S.B. 657 (Chapter 729)

S.B. 657 which was approved by the 1991 Legislature, creates a fund to stabilize the operation of state government (rainy day fund). Section 2 of S.B. 657 requires that the proposed budget for each fiscal year provide for a reserve of not less than 5 percent nor more than 10 percent of general fund operating appropriations. Two-fifths of any surplus in excess of the required reserve would be deposited to the trust fund to stabilize state government. The remaining three-fifths of any excess would remain in the general fund and be available for appropriations by the next Legislature much as the situation is today. The balance in the trust fund cannot exceed \$100 million.

Money in the trust fund (rainy day fund) may be appropriated by the Legislature if total revenues of the state fall short by 5 percent or more from the anticipated revenue upon which the budget was based or if the Legislature and the Governor declare that a fiscal emergency exists.

Section 3 of S.B. 657 prohibits an appropriation of money to trigger salary increases or other expenditures contingent upon achieving a certain level of general fund balance. Existing salary triggers and the class-size reduction-trigger, approved by the 1989 Legislature, used such a fund balance trigger.

III. PURPOSE AND STUDY METHODOLOGY

The previous section summarizes the activities and changes to date in the evolving process of updating the state's budgeting process. The SCR 44 study committee and the 1991 Legislature recognized that it was extremely important to continue to have legislative involvement in the changes to the system required by law and to provide a sounding board for the many implementation decisions. Thus, SCR 21 required a continued study using the same committee structure and study goals as those created by the 1989 Legislature in SCR 44.

The SCR 21 study committee met three times in Carson to receive and examine information about the budget process. The committee reviewed the SCR 44 report and its recommendations; met with the Budget Director to receive status reports on the implementation of the new computer system required to change budget formats and The Executive Budget presentation; developed guidelines and criteria to establish a definition for "the current services level" of the new budget presentation; and, reviewed proposed performance indicators for designated agencies.

The purpose of the SCR 21 committee was more to observe and advise in the implementation process of the changes required by the 1991 Legislature and not to create greater change in the new systems. The study requirements of SCR 21, therefore, were satisfied by the work of the SCR 44 committee, its findings and recommendations but are not repeated here. To gain a full understanding of the state's budget process and the changes being implemented, the reader should first review the SCR 44 report (Legislative Counsel Bureau Bulletin No. 91-13).

IV. CURRENT SERVICES BUDGET

Senate Bill 154 (Chapter 725, 1991 Legislative Session) amended NRS 353.205 to require that The Executive Budget be developed as required in the State Budget Act and "The information must be presented in a manner which sets forth separately the cost of continuing each program at the same level of service as the current year and the cost, by budget issue, of any recommendations to enhance or reduce that level of service. Revenues must be summarized by type and expenditures must be summarized by category of expense. Part 2 must include a mission statement and measurement indicators for each program." (emphasis added).

The committee recognized that it is extremely important that a clear and precise definition of "base budget" or "current level of services budget" be developed to require consistency within the budget presented to the Legislature. In order to

determine the cost of continuing current services and to develop a basis from which competing enhancement to service levels can be reviewed, it is essential that the definition and the actual development of the base budget be understood and precisely communicated to state agencies. Only on this basis, the committee felt, will the Governor and the Legislature be able to assess current services and address priorities for enhanced levels of service.

Base Budget & Adjustments

The committee felt that the base from which the next budget would be calculated should be the last fiscal year of actual expenses. In a biennial budget system, this would mean that fiscal year 1991-1992 (ending June 30, 1992) would be the base from which the budgets for FY 1993-94 and FY 1994-95 would be computed. The committee also recognized that certain adjustments to the base year would be needed to accurately depict base expenditures. The following are examples of adjustments that may be required:

- Deletion from the base of any one time appropriation. Oftentimes the Legislature appropriates one-time money for equipment, start-up costs, computer software or hardware, consultant services, etc. which are not continuing. These amounts should be deducted from the base.
- Annualization of salaries - The Legislature frequently approves a budget that phases in new positions or starts a position at a specific date other than July 1. In these cases an amount should be added to the base to reflect a full year of salary and benefits costs for these positions.
- Merit salary increases for classified personnel. In Nevada, classified employees receive merit salary increases after serving certain periods of time and performing satisfactorily. Not all positions, however, receive merit increases because they are topped out. The existing computerized budget development system can project the cost over time of each state position depending on whether the incumbent is eligible for merit increases. In order to accurately budget salary costs, it is necessary to adjust the base budget for these costs.
- Across the board pay increases - The general fund cost of any legislatively approved pay raise is usually appropriated to the State Board of Examiners and not individual agencies. These funds are then distributed to the agencies on an as needed basis only. It would be necessary, then, if a pay raise has

been granted to adjust the base budget for the added cost of a previously granted pay raise.

- Difference in number of pay periods. The base budget may have a different number of pay periods than the period being budgeted for. This may require an adjustment.
- New Legislative Programs - The Legislature may have implemented a new program or program requirement or deleted a program requirement that affects cost differently in the base budget year when compared to the budget year. These costs should be adjusted in the base budget.
- Transfers In/Out - The Department of Prisons and the Welfare Division can transfer appropriations between budget accounts with the approval of the Interim Finance Committee. It may be necessary to adjust the base for actual or intended transfers.
- Supplemental Appropriations - A program, for some reason, may have been underfunded in its base year. The base budget may need to be adjusted for any recommended supplemental appropriations to keep the program whole and at the intended level of service.

Current Services

Once the adjusted base budget has been established, a "current services level" budget can be determined.

The Executive Budget, presented to the 1991 Legislature, attempted to display enhanced levels of service and new programs in special categories called Population/Demographics, Quality of Life, Nevada's Youth, Nevada's Competitive Position and Infrastructure. This effort was not totally successful because personnel costs could not be displayed in the special categories and multiple issues or program changes could not be separately identified. In order to establish a point of departure between the current services budget level and enhanced levels, The Executive Budget used the following definition for current services -- Program expenses necessary to maintain current programs without regard for population increases. Examples of items included in current services include inflation and the cost of programs authorized by previous Legislatures but coming on-line during the 1991-93 biennium.

Other states define base budget or current services budget differently. The following are examples:

Idaho - starts with the current year's appropriations and adjusts out one-time expenditures, funding adjustments, transfers and requested supplemental appropriations to arrive at a base. Program maintenance decision units are then displayed and added to the base to arrive at a current level of services budget. These program maintenance issues can include inflationary adjustments, reclassifications of positions, annualized costs, funding shifts and other changes required to maintain current levels of service without any expansion or new programs added. All other requested changes are displayed as an enhancement decision unit.

Arizona - starts with the current year's appropriations also and adjusts for actual salary costs; annualization of costs; one-time costs; specific costs such as rate adjustments for PERS, risk management and non-standard inflation; demographic and population changes; and, new costs required by statute. These adjustments are used to arrive at a base budget after which enhancements can be considered by budget issue.

Wisconsin - starts with the current year appropriation and adjusts for one-time costs, annualizations, merit increases, transfers and budget revisions to arrive at the "adjusted base budget" which is defined as the "cost to continue." To the adjusted base are added all enhancements as increments to the budget.

The Committee considered the definitions of "current services budget" or the "cost to continue" budget to arrive at a recommended definition. The committee felt that, in order to budget for continuing the same service level, a number of issues mostly not directly controllable by the agency needed to be addressed and added or subtracted from the adjusted base budget. These include:

- Inflation factor - often the cost of goods and services purchased by an agency increases or decreases due to inflationary pressures. An adjustment to the budget may be required to maintain existing service levels.
- Demographic/caseload changes - those programs that are caseload driven or population sensitive may need to be adjusted if those client caseloads increase or decrease to maintain the same service levels:
- Occupational Studies - The Department of Personnel is continually studying the proper classification (placement on the salary schedule) of state occupations. Sometimes an entire group or sub-group of similar or related occupations are reclassified to accurately reflect job duties and

responsibilities. In these cases an adjustment to the base budget may be required to continue the same service levels.

- Rate Adjustments for Employer Costs - The cost of employing staff includes, in addition to salary, retirement, workers compensation, unemployment insurance, health benefits and social security. The costs of these items may change necessitating adjustments to maintain current services.
- Federal Mandates - the cost of services may change as a result of program changes mandated by congressional action (this has occurred particularly in the Medicaid program). Adjustments to the base budget may be necessary to account for these mandates if all other service levels are to remain the same.
- Court Orders and Consent Decrees - The level of service provided may be dictated by court orders and consent decrees (Nevada has experienced this particularly in health and mental health services for prison inmates). The base budget may need to be adjusted to reflect these required service levels.

The committee recognizes that additional factors may come to light that affect the current level of services budget. These issues can be addressed by the money committees during session or some future budget study committee. The committee felt that the process needs to continuously evolve in order to adequately address the needs of the state. The committee also felt that the definition of current services needs to be specifically applied so that the true costs of existing programs is known and a level playing field is established for all programs competing for limited resources. The application of the definition must also be controllable by the Budget Division to ensure compliance with the state's budgeting procedures.

V. MISSION STATEMENTS AND PERFORMANCE INDICATORS

Senate Bill 156 (Chapter 726, Statutes of Nevada, 1991) requires that The Executive Budget contain a mission statement and measurement indicators for each program. When the SCR 44 Committee made this recommendation, they felt that program expenditures needed to be related to program performance and meaningful measurements needed to be made to accurately assess program success or failure.

Although not yet statutorily required, the 1991 Executive Budget did include mission statements and performance indicators for most budget accounts. This initial effort needed to be reviewed and with Legislative input strengthened and made more

meaningful. The Budget Division requested the assistance of the committee in reviewing this data.

As part of the Executive Branch's current strategic planning process, specific agencies have been identified to begin creating comprehensive indicators of performance and more meaningful data. Below is a list of those agencies:

- A. Children, Youth and Family Services
- B. Department of Transportation
- C. Gaming Control Board
- D. Rehabilitation Division
- E. Department of Data Processing
- F. Fire Marshal
- G. Commission on Economic Development
- H. Department of Administration
- I. Department of Taxation

The committee requested that each of the above agencies rework their performance indicators keeping in mind their stated mission for each program and the desirability of developing true measures of outcomes or results. The committee felt that it was important in many cases to also report activity levels such as caseloads, but that performance could only truly be measured by meaningful and quantifiable factors.

As an example, the Committee recommended that performance indicators for the Department of Taxation include not only statistical data on taxes collected but also:

1. The percentage of audit coverage - to show how much of the sales tax is audited;
2. The audit recovery per auditor - to show the cost effectiveness of the audit staff;
3. The recoveries per revenue officer - to show the cost effectiveness of the tax collection staff.

Other examples of outcome directed indicators for the designated agencies include measurement of cost per claim, determination of accuracy rates, processing timeframes and number of decisions per staff member in the disability adjudication unit of the Rehabilitation Division and the number of successful rehabilitations in the outpatient and day treatment alcohol and drug treatment programs in the Rehabilitation Division.

The Executive Budget for the 1993 Legislative Session will contain mission statements and performance indicators for all budgets. The indicators for the nine agencies noted above have been re-worked and reviewed by the study committee. These will serve as examples to other agencies in their efforts to develop meaningful performance measures. The money committees at the 1993 session and subsequent sessions should continue to provide critical input to the agencies in order to continue this process.

VI. FINDINGS AND RECOMMENDATIONS

The committee reviewed the recommendations of the SCR 44 report, the actions of the 1991 Legislature, the status of implementation of the new computer system and budget format and the mission statements and performance indicators of selected state agencies. In addition, the committee received public testimony on the state budget process.

The committee found that the recommendations of the SCR 44 report were largely implemented by the 1991 Legislature and that others (new budget format and mission statements with performance indicators) will be implemented in The Executive Budget submitted to the 1993 Legislature. The Committee did make two recommendations as follows:

1. "Current Services Budget" - The committee recommended that the meaning of a "current services budget" be clearly defined so that the Governor and the Legislature can assess the adequacy of the existing levels of state services and address priorities for changes to the level of services. The committee recommends that the following definition of current services be included in the budget instructions to agencies and that the Budget Division diligently enforce this definition across all state agency budget submittals in order to establish the true cost of existing programs and create a level playing field for all programs competing for limited resources.

Current Services Budget - Actual expenditures adjusted for one-time expenditures, annualization of salaries, merit salary increases, across-the-board pay increases, differences in the number of pay periods, new or deleted programs required by legislation, transfers of funds and supplemental appropriations. Once the adjusted base is determined, adjustments should be made for inflation, demographic and caseload changes, approved occupational studies, rate changes for employer costs, federal mandates and court orders

and consent decrees to arrive at the current cost of providing the same level of services to the public.

2. The committee recognized that periodic review of the fundamental purpose or mission of each of the state's agencies and programs is an essential ingredient in management of the state resources. The committee felt that a change to a traditional "zero based budget" system was currently beyond the capabilities of the state because of the onerous and mechanical paperwork required for implementation. The committee did feel that a proposal from the Nevada Taxpayers Association to implement some periodic review process of the basic purpose and need for agencies and programs should be implemented following the model currently in use in South Carolina.

The committee recommends that a periodic review of all state agencies and programs be conducted to determine:

1. the need for the program;
2. compliance with statutory goals;
3. whether programs and activities work to achieve the mission of the agency;
4. if mandated services are provided efficiently and effectively;
5. if the agency is organized to attain maximum efficiency;
6. whether there is duplication of services or administration with any other agency.

VII. APPENDICES

SENATE CONCURRENT RESOLUTION 21
APPENDIX A

Senate Concurrent Resolution No. 21—Senators Rhoads,
Horn and Raggio

FILE NUMBER.....

SENATE CONCURRENT RESOLUTION—Requiring an interim study of the state budget process.

WHEREAS, The State of Nevada has grown from 488,000 residents in 1969 to over 1,000,000 residents today; and

WHEREAS, The biennial budget, which is reviewed by the Legislature for the State of Nevada, has grown from \$397,000,000 in 1969 to over \$3,900,000,000 in 1989; and

WHEREAS, The diversity and complexity of the services provided by the state to its residents has grown proportionately to the growth in the budget and the population; and

WHEREAS, The executive budget has grown from 230 budgets in 1969 to 445 budgets in 1989 and from 551 pages in 1969 to 1,498 pages in 1989; and

WHEREAS, Except for the pilot project established for the 66th session of the Nevada Legislature by the study committee created by Senate Concurrent Resolution No. 44 of the 65th session of the Nevada Legislature, the format of the current budget document has not changed since 1969 even though the size and complexity of the state's programs have changed; and

WHEREAS, The current budget process starts in June of every even-numbered year and ends when the Legislature adjourns sine die in odd-numbered years; and

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

WHEREAS, Today's legislator, with the help of modern technology and professional services of a staff, is well-equipped to provide timely and relevant input into the budget process; and

WHEREAS, There is currently no opportunity for the Legislature to review budget proposals of the Governor before the beginning of the legislative session and the length of the session is often determined by the length of the budget-review process; and

WHEREAS, The budget process should not focus on narrow year-to-year policy decisions, but should evaluate efforts in the past and formulate budgets giving consideration to the long-term effect; and

WHEREAS, The study committee created by Senate Concurrent Resolution No. 44 of the 65th session of the Nevada Legislature worked hard to develop recommendations that would begin a gradual reformation of the state budget process and the implementation and effectiveness of these recommendations needs to be monitored by a study committee that could advise the executive branch if questions arise in the implementation of the new process; now, therefore, be it

RESOLVED BY THE SENATE OF THE STATE OF NEVADA, THE ASSEMBLY CONCURRING, That the committee to study the state budget process is hereby created and directed to continue the comprehensive study of the state budget

process which was conducted pursuant to Senate Concurrent Resolution No. 44 of the 65th session of the Nevada Legislature; and be it further

RESOLVED, That the study include an examination, review and evaluation of:

1. The current budget process, including the documents used and the chronology of the process;
 2. The format of the executive budget;
 3. The method for the Governor to recommend any new programs or revenues;
 4. The budget review process and the documents used in selected other states;
 5. The proper role of the Legislature in the budget process and its influence on the outcome of the approved biennial budget and how that role can be enhanced;
 6. Long-range planning techniques currently used or which need to be used;
 7. The capital budget process;
 8. The establishment of measurable indicators of program performance by the various state agencies;
 9. The establishment of agency and program goals;
 10. The appropriate role of the Governor and the Legislature in the budget process;
 11. The results of the pilot project created by the study committee created pursuant to Senate Concurrent Resolution No. 44 of the 65th session of the Nevada Legislature which designated six agency budgets that used, for the 66th session of the Nevada Legislature an alternative program budget format including mission statements, program measurement data and the elimination of individual line-items of expenditure and position lists; and
 12. The effectiveness of all changes made in the state budget process during the 66th session of the Nevada Legislature;
- and be it further

RESOLVED, That the committee to study the state budget process consists of eight members including:

1. Six voting members, consisting of three Assemblymen appointed by the Speaker of the Assembly and three Senators appointed by the Majority Leader of the Senate; and
 2. Two nonvoting members, one of whom is employed by the Fiscal Analysis Division of the Legislative Counsel Bureau and one of whom is appointed by the Director of the Budget Division of the Department of Administration and is employed by the Budget Division;
- and be it further

RESOLVED, That the committee to study the state budget process report its findings and any recommendations to the 67th session of the Nevada Legislature.

NEW BUDGET FORMAT
APPENDIX B

SAMPLE BUDGET FORMAT

NEVADA MEDICAID

	1987-88 Actual	1988-89 Work Program	1989-90 Agency Request	1989-90 Governor Recommends	1989-90 Legislature Approves	1990-91 Agency Request	1990-91 Governor Recommends	1990-91 Legislature Approves
BASE BUDGET: 101-3243-000								
RESOURCES:								
General Fund	\$41,609,329	\$55,561,055	\$57,268,434	\$57,268,434		\$57,352,136	\$57,352,136	
Federal Funds	49,787,654	58,152,583	57,280,433	57,280,433		57,339,136	57,339,136	
Dedicated Funds	11,178	13,000	12,000	12,000		13,000	13,000	
Bal Fwd from Old Year	10,029,338	569,325						
Bal Fwd to New Year	(5,569,294)							
TOTAL RESOURCES	\$95,868,205	\$114,295,963	\$114,560,867	\$114,560,867	\$0	\$114,704,272	\$114,704,272	\$0
PROGRAM EXPENDITURES:								
Personnel Costs	\$1,892,017	\$1,916,881	\$2,190,915	\$2,190,915		\$2,334,270	\$2,334,270	
Out of State Travel	3,977	4,457	4,457	4,457		4,457	4,457	
In State Travel	41,643	46,232	46,232	46,232		46,232	46,232	
Operating Costs	254,180	263,653	263,653	263,653		263,653	263,653	
Capital Outlay	25,914	9,080	0	0		0	0	
Training	3,830	4,224	4,224	4,224		4,224	4,224	
Data Processing	507,349	475,191	475,191	475,191		475,191	475,191	
Fiscal Agent	1,963,285	2,244,575	2,244,525	2,244,525		2,244,575	2,244,575	
Med Payments-Current	76,517,939	93,151,055	93,151,055	93,151,055		93,151,055	93,151,055	
Med Payments-Prior Yr	13,491,883	14,657,139	14,657,139	14,657,139		14,657,139	14,657,139	
Med Payments-Prior(2)	814,950	1,138,650	1,138,650	1,138,650		1,138,650	1,138,650	
Utilization Review	336,000	374,409	374,409	374,409		374,409	374,409	
Utilities	15,238	10,417	10,417	10,417		10,417	10,417	
BASE EXPENDITURES	\$95,868,205	\$114,295,963	\$114,560,867	\$114,560,867	\$0	\$114,704,272	\$114,704,272	\$0
EXISTING POSITIONS	59.50	59.50	59.50	59.50		59.50	59.50	
PROGRAM MAINTENANCE:								
101-3243-001								
1. Caseload Adjustments: Requested funding for increased administrative and medical care costs for anticipated caseload increases of 12% in FY 90 and 8% in FY 91.								
General Fund			\$11,888,524	\$9,217,608		\$18,515,262	\$15,083,934	
Federal Funds			11,888,523	9,217,607		18,515,261	15,083,933	
Personnel Costs			\$400,000	\$72,101		\$300,000	\$241,442	
In-state Travel			10,000	3,500		10,000	8,000	
Operating			60,000	40,000		80,000	70,000	
Data Processing			62,511	53,761		72,800	66,047	
Fiscal Agent			270,555	291,872		535,683	571,901	
Medical Payments			21,000,000	16,000,000		32,000,000	27,000,000	
Medical Payments-Pri			1,883,163	1,883,163		3,870,860	2,049,297	
Utilization Review			90,818	90,818		161,180	161,180	
Total	\$0	\$0	\$23,777,047	\$18,435,215	\$0	\$37,030,523	\$30,167,867	\$0
New FTE			16.00	6.00		16.00	6.00	

SAMPLE BUDGET FORMAT

101-3243-002

2. Inflationary adjustments: Funds are requested for inflationary adjustments of 5% for travel and various amounts for operating.

General Fund	\$58,875	\$41,531	\$59,967	\$45,308				
Federal Funds	58,875	41,531	59,967	45,308				

Out of state Travel	\$146	\$146	\$609	\$609				
In state Travel	4,292	820	5,869	3,238				
Operating	50,801	24,335	40,656	20,721				
Data Processing	62,511	57,761	72,800	66,048				

Total	\$0	\$0	\$117,750	\$83,062	\$0	\$119,934	\$90,616	\$0

PROGRAM ENHANCEMENTS:

101-3243-011

1. Provider Payment Increases: Proposed increases are 4.5% for long term care, 5% for hospitals and physician's for each year.

General Fund	\$3,750,000	\$2,000,000	\$7,500,000	\$4,000,000
Federal Funds	3,750,000	2,000,000	7,500,000	4,000,000
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Medical Payments	\$7,500,000	\$4,000,000	\$15,000,000	\$8,000,000

101-3243-012

2. Program expansion: Funding is requested to implement the medical care portion of the unemployed parent program (ADC-UP).

General Fund	\$1,199,353	\$1,001,861	\$2,728,559	\$2,463,110
Federal Funds	1,199,353	1,001,861	2,728,558	2,463,110
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Medical Payments	\$2,398,706	\$2,003,722	\$5,457,117	\$4,926,220

101-3243-013

3. Program expansion: Funding is requested to implement pregnancy related medicaid coverage effective April 1, 1990.

General Fund	\$1,199,353	\$1,001,861	\$2,728,559	\$2,463,110
Federal Funds	1,199,353	1,001,861	2,728,558	2,463,110
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Medical Payments	\$2,398,706	\$2,003,722	\$5,457,117	\$4,926,220

101-3243-014

4. County Indigent: Authority is requested to implement the county indigent program by matching federal dollars with county contributions.

Federal Funds	\$1,481,875	\$1,481,875	\$1,667,109	\$1,667,109
Other Funds	1,481,875	1,481,875	1,667,109	1,667,109
-----	-----	-----	-----	-----
Medical Payments	\$2,963,750	\$2,963,750	\$3,334,218	\$3,334,218

BUDGET SUMMARY:

General Fund	\$41,609,329	\$55,561,055	\$75,364,539	\$70,531,295	\$88,884,483	\$81,407,598
Federal Funds	49,787,654	58,152,583	76,858,412	72,025,168	90,538,590	83,061,707
Other Funds	4,471,222	582,325	1,493,875	1,493,875	1,680,109	1,680,109
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Total Expenditures	\$95,868,205	\$114,295,963	\$153,716,826	\$144,050,338	\$181,103,182	\$166,149,414

AGENCY BALANCE: \$0 \$0 \$0 \$0 \$0 \$0 \$0

PERCENTAGE CHANGE: 19.2% 34.5% 26.0% 17.8% 15.3%

SAMPLE BUDGET FORMAT

POSITIONS:								
Existing FTE	59.50	59.50	59.50	59.50		59.50	59.50	
New FTE	0.00	0.00	16.00	6.00		16.00	6.00	
TOTAL POSITIONS	59.50	59.50	75.50	65.50	0.00	75.50	65.50	0.00

MISSION STATEMENT:

Medicaid is a state administered program of medical assistance for those individuals receiving categorically related public assistance and, optionally, those persons designated as medically needy. Eligibility for Nevada Medicaid extends to public assistance recipients of Aid to Dependent Children, Supplemental Security Income for the Aged, Blind and Disabled, and some categories of Child Welfare Service. In addition, medically needy inpatients in hospitals and nursing homes are covered.

Any state receiving federal financial participation under Title XIX of the Social Security Act is required to provide ten basic services: Inpatient and outpatient hospital care; laboratory and x-ray services; nursing-midwife services; early and periodic screening; dental and ocular care for those under 21 years of age; physicians' services; home health care; family planning services; rural health clinic services; and transportation to and from medical care. In addition to these required services, Nevada provides podiatry, emergency adult dental, ocular care, drugs, chiropractic, clinic and certified nurse practitioner services, physical, occupational and speech therapy, prosthetic appliances, durable and disposable medical supplies, services in institutions for mental diseases for persons 65 years old and over, services in intermediate care facilities, including institutions for the mentally retarded, and out-of-state services that are not locally available. Payment is made directly to over 5,000 providers of care through the program's fiscal agent, Blue Cross and Blue Shield of Nevada.

Funding--Federal Participation in medical payments and administrative costs is 50 percent. Exceptions are the skilled and medical staff and utilization review costs which are reimbursed at 75 percent. The recommended budget includes funding for a program that would allow counties to participate in Medicaid and thereby receive federal participation in meeting the costs of care for the medically indigent in medical facilities.

PROGRAM MEASURES:

CASELOAD DATA:

No. Eligible(ave mo)	30,117	33,567	41,664	40,261	47,570	44,728
No. Services	1,691,115	1,879,695	2,632,111	2,488,868	2,632,111	2,488,868
Cost per Person	\$262.00	\$276.00	\$288.00	\$282.00	\$295.00	\$283.00
Cost per Service	\$55.00	\$58.00	\$64.00	\$61.00	\$69.00	\$65.00
Total Claims Paid	201,115	222,551	240,000	225,000	275,000	240,000
No. Providers	4,955	5,010	5,500	5,500	5,700	5,700
Audit Recoveries	\$585,711	\$400,000	\$450,000	\$750,000	\$450,000	\$750,000

SERVICE DATA:

LTC-No. Clients	1,629	1,700	1,875	1,775	1,950	1,850
LTC-Cost per Day	\$46.58	\$47.00	\$49.99	\$48.00	\$51.00	\$49.50
Hosp.-No. Services	8,741	9,000	11,242	10,906	14,755	14,109
Hosp.-Cost per Svc.	\$3,570.39	\$3,582.11	\$3,590.50	\$3,556.74	\$3,595.55	\$3,506.33
Physician-Services	266,739	299,123	33,540	324,698	385,000	377,144
Physician-Cost/Service	\$51.10	\$53.22	\$58.00	\$57.04	\$65.00	\$63.12
Pharmacy-No. Svcs	301,339	315,939	376,800	376,800	416,591	416,591
Pharmacy-Cost/Prescr	\$18.33	\$18.80	\$19.50	\$19.38	\$21.00	\$20.23

SAMPLE BUDGET FORMAT

SERVICE COSTS:								
Hospital-Inpatient	\$24,814,650	\$31,205,775	\$41,789,804	\$38,789,804		\$51,470,742	\$47,470,742	
Hospital-Outpatient	1,877,502	2,946,403	3,947,806	3,947,806		6,107,501	5,107,501	
Long-Term Care	23,285,400	28,999,365	39,210,714	34,210,714		41,616,475	36,616,475	
Physicians	11,001,737	13,631,419	19,520,580	18,520,580		25,805,319	22,805,319	
Pharmacy	4,582,342	5,940,869	8,301,097	7,301,097		8,425,866	8,425,866	
H. M. O.	\$989,201	\$1,177,381	\$1,548,217	\$1,548,217		\$1,796,273	\$1,796,273	
MH/MR	12,942,540	13,326,334	14,028,967	14,739,000		15,101,780	15,101,780	
Transportation								
Other	11,331,400	12,326,408	15,780,234	15,780,234		20,357,982	18,524,626	

TOTAL MED PAYMENTS	\$90,824,772	\$109,553,954	\$144,127,419	\$134,837,452	\$0	\$170,681,938	\$155,848,582	\$0
RECIPIENT TYPE:								
ADC	18,354	19,976	24,844	23,684		27,936	25,444	
Blind & Disabled	5,544	5,699	5,697	5,697		6,022	6,022	
SSI & Aged	5,301	5,348	6,280	6,280		6,834	6,834	
Medical Only	649	1,760	1,858	1,858		2,018	2,018	
QMB	0	500	1,800	1,557		2,000	1,650	
ADC--UP	0	0		0		888	888	
ADC--CHAP	199	209	880	880		1,567	1,567	
County Program	0	0	230	230		230	230	
Other	70	75	75	75		75	75	

TOTAL CASELOAD	30,117	33,567	41,664	40,261	0	47,570	44,728	0

Senate Hearing Date _____ Testimony By _____ Committee Action _____ Date _____
 Assembly Hearing Date _____ Testimony By _____ Committee Action _____ Date _____
 Joint Committee Action _____ Date _____

BUDFORM4--Nov. 20, 1992

RECOMMENDED LEGISLATION

SUMMARY--Requires periodic fundamental review of each state agency to determine whether there is justification for its existence, costs and programs. (BDR 17-331)

FISCAL NOTE: Effect on Local Government: No.
 Effect on the State or on Industrial Insurance: Yes.

AN ACT relating to the state budget; requiring the interim finance committee to establish a program of fundamental reviews of all state agencies; requiring state agencies to cooperate fully and provide requested information; and providing other matters properly relating thereto.

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

Section 1. Chapter 218 of NRS is hereby amended by adding thereto a new section to read as follows:

1. The interim finance committee shall establish a program of fundamental reviews of agencies of this state. Each agency of the state must be periodically reviewed to determine whether there is a continuing justification for the existence of the agency, its costs and its programs.

2. On or before September 15 of each odd-numbered year, the interim finance committee shall designate the agencies of the state that it will review during the next legislative interim. The interim finance committee may create

such subcommittees as are necessary to conduct the reviews. The membership of such subcommittees must be designated by the interim finance committee and may consist of members of the interim finance committee and legislators other than members of the committee.

3. In conducting a review of an agency, the interim finance committee shall determine:

(a) Whether the continued existence of the agency, its costs and its programs are justified;

(b) Whether the agency complies with the applicable statutory goals and requirements;

(c) Whether the programs and activities of the agency work to achieve the mission of the agency;

(d) Whether the services which the agency is required to provide are provided efficiently and effectively;

(e) Whether the agency is currently organized so as to achieve maximum efficiency;

(f) Whether there is duplication of services or administration of any other agency; and

(g) Such other matters as the interim finance committee deems appropriate to the review.

4. The interim finance committee or its subcommittee may request an agency of the state that is currently under review and any other agency to submit information, analyses and reports which are pertinent to the reviews conducted pursuant to this section. Each agency of the state shall cooperate fully and

provide the material requested within the period specified by the interim finance committee or its subcommittee.

5. The interim finance committee shall, on or before December 20 of each even-numbered year, transmit a report of each review conducted pursuant to this section and any related recommendations to the director of the legislative counsel bureau for delivery to the members of the next regular session of the legislature.

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

Sec. 2. NRS 218.610 is hereby amended to read as follows:

218.610 As used in NRS 218.610 to 218.735, inclusive, *and section 1 of this act*, "agency of the state" includes all offices, departments, boards, commissions or institutions of the state, and the state industrial insurance system.

Sec. 3. NRS 218.6825 is hereby amended to read as follows:

218.6825 1. There is hereby created in the legislative counsel bureau an interim finance committee composed of the members of the assembly standing committee on ways and means and the senate standing committee on finance

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

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

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

4. During a regular session the interim finance committee may also perform the duties imposed on it by subsection 5 of NRS 284.115, subsection 3 of NRS 328.480, subsection 1 of NRS 341.145 , [and] NRS 353.220, 353.224, 353.335 and 428.375, subsection 6 of NRS 445.700 , [and] NRS 538.650 [.] *and section 1 of this act.* In performing those duties, the senate standing committee on finance and the assembly standing committee on ways and means may meet

separately and transmit the results of their respective votes to the chairman of the interim finance committee to determine the action of the interim finance committee as a whole.

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

6. A majority of the members of the assembly standing committee on ways and means and a majority of the members of the senate standing committee on finance, jointly, may call a meeting of the interim finance committee if the chairman does not do so.

7. In all matters requiring action by the interim finance committee, the vote of the assembly and senate members must be taken separately. An action must not be taken unless it receives the affirmative vote of a majority of the assembly members and a majority of the senate members.

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

Sec. 4. This act becomes effective upon passage and approval.