

MINUTES

WAYS AND MEANS COMMITTEE

NEVADA STATE LEGISLATURE - 60th SESSION

January 24, 1979

Chairman Mello called the meeting to order at 8:00 a.m.

PRESENT: Chairman Mello, Vice-Chairman Bremner, Mr. Barengo, Mrs. Cavnar, Mr. Glover, Mr. Hickey (late: 8:06 a.m.), Mr. Mann, Mr. Rhoads, Mr. Vergiels, Mrs. Wagner, and Mr. Webb.

OTHERS PRESENT: Bill Bible, Fiscal Analyst; Judy Matteucci, Deputy Fiscal Analyst; Myron Leavitt, Lieutenant Governor; Richard Bryan, Attorney General; William Swackhamer, Secretary of State; Fred Gale, State Archives; Stan Colton; State Treasurer; and Mike Alastuey, Deputy Budget Director.

LIEUTENANT GOVERNOR

Chairman Mello introduced Myron Leavitt, Lieutenant Governor, and referred the committee to Page 30 of the Governor's Budget.

Mr. Leavitt stated that the only difference between the agency request and the Governor's recommendation is the Chief Assistant, a position previously filled by contract. Under the contract, the salary was \$13,200. It is the desire of the Lieutenant Governor to put that employee under the State personnel system, at an annual salary of \$14,256, which is an 8% increase for the incumbent.

Chairman Mello pointed out that the requested salary increase would be more than the secretaries in the Governor's office make. Mr. Leavitt agreed that this was true, but said that the position of Chief Assistant is more than a secretarial position; it functions as an Administrative Assistant.

Mr. Bremner stated that under the contractual services line item approved last session, there was a position and a half. He inquired as to what became of the additional half position. (The Fiscal Division checked and found the half-time position had been deleted in the closing conference meeting with Senate Finance.)

Mr. Leavitt went on to say that he is requesting equipment for a part-time employee, provided by the Senior Community Employment Program at no cost to the State. He further stated that he would like to have a part-time secretary in the Reno area to perform some of the same duties as the Administrative Assistant in the Las Vegas area although this is not provided for in the budget.

Mr. Rhoads inquired as to the duties of the Lieutenant Governor and his office, particularly when the legislature is not in session. Mr. Leavitt replied that there was a great deal of NIC-related work -- such as complaints against the State and requests for procedural advice.

Mr. Glover asked if this office operated beyond the budgetary limitations last year, and if there were expenses involved when the Lieutenant Governor acted as Governor. Mr. Alastuey replied that there were some salary expenses, but these were met by transfers from the travel or operating categories.

Mrs. Wagner inquired about the \$1,000 request under contractual services -- if this was a general or specific amount. Mr. Alastuey responded that initially this amount was requested as part of the contract services for travel and other attendant costs for the contractor and could very well be put into travel.

Mr. Bremner pointed out that during the last session some file cabinets were purchased, and inquired if more were needed, as indicated in the program statement. Mr. Leavitt replied that the equipment request is for a desk and a typewriter.

Mr. Leavitt stated that he is also requesting a bill which will expand the duties of the office of Lieutenant Governor, but which will not have any effect on the budget.

Mr. Bremner asked if Mr. Leavitt would be the only person traveling under this budget. Mr. Leavitt replied that occasionally the Chief Assistant would also be doing some travelling in-state. He mentioned that although there is no travel expense allowed for the Lieutenant Governor, there is a per diem amount.

#### ATTORNEY GENERAL

Chairman Mello introduced the Attorney General, Richard Bryan, and referred the committee to Page 32.

Mr. Bryan gave an encapsulated view of the duties of the Attorney General: the Attorney General serves as the chief legal advisor to all State agencies of the Executive Branch of government and is the chief law enforcement officer in the State. He is responsible for exercising supervisory powers over local district attorneys and furnishes legal opinions to all elected State officers, heads of all agencies of the Executive Branch, and local and city attorneys. He is also a member of the Highway Board, Prison Board, State Board of Examiners, Pardons Board, and Private Investigators Licensing Board.

Mr. Bryan stated that the Attorney General's budget is comprised of three funding sources: General Fund, Highway Fund, and agency payments. The budget request for a 13% increase in the first year of the biennium and a 1% increase in the second year is the lowest in the last decade for this office. Mr. Bryan referred the committee to a pass-out chart (Exhibit "A") containing attorney, investigator, and administrative assistant positions. He indicated the unclassified salary increases total 7.5% for 71 positions; however, he did point out some exceptions in the requested positions. Referring to Page 32, he requested a Deputy, Civil be considered for an increase to \$31,477. This position is for Chief of the Civil Division. He requested that the second Deputy, Civil slot be increased to \$29,551, due to the length of service of the incumbent.

Mr. Mann asked why there was no request for an increase in the third Deputy, Civil slot. Mr. Bryan replied that it is an entry-level position and the salary is, in his opinion, equitable.

Mr. Bryan called the committee's attention to Page 33 and the office supervisor position. He noted that the position currently pays, under the 1978-79 work program, \$20,066. However, the person that occupied that slot is no longer with the office and that position is currently being filled at \$16,737, representing a \$3,300 reduction. Mr. Bryan commented that this slot was formerly a classified position, and through the approval of State Personnel, is now an unclassified position. Mr. Bryan pointed out the difference between the agency request of \$20,143 and the Governor's recommendation of \$15,666, and he asked the committee to keep that salary authorization at \$20,066, the existing work program level.

Mr. Bryan commented that in addition to the existing work program levels, there have been further deputy requests, which were considered and rejected. It is recommended that existing staff levels be kept.

Chairman Mello asked why Mr. List, as Attorney General, requested a Deputy, Welfare, but is not now, as Governor, recommending this position. Mr. Alastuey replied that Mr. Bryan is suggesting a department-wide reorganization and reassignment of cases and this perspective was not considered. Mr. Bryan reiterated that his office is not asking for any increase of deputies or staff, but is asking that the existing staff be allowed.

Mrs. Wagner, referring to Exhibit "A," asked if the different titles have to do with different salaries, and Mr. Bryan replied that they do.

Mr. Hickey asked about the staff of the Highway Department. He inquired if Mr. Bryan was suggesting a more effective use from deputies and more consolidation of effort in his office.

Mr. Bryan indicated that it is his desire to ultimately move many of his staff into a central office for better service at lower cost to the taxpayers. He further indicated that one of the budget requests is to make one of the Highway Department deputies a General Fund deputy to give the Attorney General's office the flexibility to assign that deputy to non-highway functions, such as tort actions.

Mr. Bryan then asked the committee to consider making an amendment authorizing the Attorney General's office to charge a fee for services rendered to some agencies, such as the State Board of Architects. Mr. Bryan suggested that if fees could be charged, it would ease some of the pressure on the General Fund.

Concerning new positions, Mr. Bryan stated that 2.5 new positions are requested for the Gaming Commission. Mr. Bryan pointed out that the number of administrative actions by the Gaming Commission has doubled and litigation has tripled in the past two years. There are two major Constitutional issues, a review of other states' gaming statutes for comprehensive language, involving a substantial amount of legal work, and tax redetermination questions which will have an enormous impact on the General Fund. Mr. Bryan stated that the additional half-time deputy is requested to handle any overload that might occur with respect to central office functions. He reiterated that there is no request for any secretarial increases or any central office deputy slots, with the exception of this one.

Mr. Bremner asked if the half-time requests are to make current people full-time. Mr. Bryan said that was true.

Mr. Bryan stated that the Colorado River Commission (CRC), a division of the Department of Energy, has the responsibility of renegotiating the power allocations for Nevada, California, and Arizona that were established in the 1930s. The person who has this position is currently a half-time deputy, and it is Mr. Bryan's contention that due to the increased workload, a full-time position be added. In addition, Mr. Bryan pointed out that the case concerning preferred rights of California, Arizona, and Nevada has been reopened, and will have a substantial impact to the State of Nevada. Water allocations are also involved.

Mrs. Wagner asked about the Taxicab and Equal Rights Deputy. Mr. Bryan explained that the CRC Deputy is presently on a half-time basis, and is also doing Equal Rights work. The other deputy is responsible for Taxicab authority on a half-time basis, and the other half is a central office function.

Chairman Mello asked if there were any further remarks concerning contractual services and other contract services. Mr. Bryan called the committee's attention to the category of "Other Contract Services." The agency request for \$37,000 includes Mag typewriters which are under lease. Mr. Bryan then stated that the increased figure for State-Owned Building Rent presupposes that in the second year of the biennium the

Department of Economic Development and the Planning Coordinator will move out of their currently occupied space and the Attorney General's office will occupy that space.

Mr. Glover asked if the former attorney General took any equipment when his office was vacated. Mr. Bryan replied that an inventory was taken and the Governor's office is using some Mag card equipment on an interim basis.

Mr. Bremner asked Mr. Bryan to explain the Agency Publication request. Mr. Bryan stated that his office is required to publish a biennial report and the formal opinions of the Attorney General. Mr. Bryan anticipates that a number of formal opinions will be published during the biennium.

Chairman Mello asked Mr. Bryan what role the Attorney General plays in crime prevention. He indicated that item has been taken from the Attorney General's budget and is now in the Governor's budget. Mr. Bryan said that in the past, the crime prevention program has been in the Attorney General's office, and it is his opinion that it belongs there now.

#### PRIVATE DETECTIVE LICENSING BOARD

Mr. Bryan stated that the source of monies for the Private Detective Fund comes from licensing, investigative fees, and examination of new applicants. There is no General Fund money. Mr. Bryan commented that in order for this fund to remain solvent, a request will be made for legislative authorization to increase the license fee from \$100 to \$125.

Mr. Glover asked if the increase was reflected in the Governor's recommendation for the second year of the biennium. Mr. Bryan said it was. He indicated that if the increase is not granted, this fund will be in a deficit position.

Mr. Barengo asked Mr. Bryan his opinion on the move to provide polygraph operators with a separate governing body. Mr. Bryan stated that it may be justified, but he would hope that it could be kept as a self-funding operation.

#### ATTORNEY GENERAL'S SPECIAL FUND

Mr. Bryan directed the committee to the request for \$50,000 each year of the biennium for the Special Fund. The request is made because the demands on the funds have been so great, primarily because of the Bicentennial Commission, the California-Nevada boundary dispute, prison cases, and wildlife issues. Mr. Bryan reiterated that this is for litigation expenses only.

Mrs. Wagner asked for clarification of what this fund includes, such as boundary disputes. Mr. Bryan answered that at present, boundary disputes are chargeable, and suggested that there may be a inter-fund reimbursement. He said he would check this out.

#### OFFICE OF EXTRADITION COORDINATOR

Mr. Bryan stated that no salaries are chargeable to the Extradition Coordinator budget. The primary expenses are transportation for extradition, detainers, and waivers of extradition. He pointed out that the \$101,100 figure for 1977-78 is misleading because the fund ran out of money and the statutory contingency fund was drawn upon for an additional \$36,969. The recommendation is for \$201,425 the first year of the biennium and \$251,550 in the second year. The larger figures are recommended to avoid going to the statutory contingency fund.

Chairman Mello pointed out to the committee that any monies in the fund that are not used will revert back.

#### SECRETARY OF STATE

Chairman Mello introduced William Swackhamer, Secretary of State.

Mr. Swackhamer stated that his office has had their most successful three-year period in history, and pointed out that revenue went from

just under \$1 million to just under \$2 million. At the same time, expenditures have gone from \$250,000 to a little over \$500,000, then back down to about \$426,000. He stated that his office is maintaining a uniform expenditure pattern while revenue is growing at a great pace, largely because of monies expended to bring in modern business methods.

Mr. Swackhamer discussed the one-shot appropriation request for \$64,000 for converting microfiche to today's size, converting hard copy material to microfiche, and to gather corporation record information from the counties.

Chairman Mello asked if, in converting the old microfiche to today's size, there will be a financial loss. Mr. Swackhamer replied the same equipment is used, and that the only loss has been in using the wrong size fiche -- about \$30-\$40,000. No additional equipment is needed.

Mr. Swackhamer stated that the request for new positions is due to the increased corporate filings. He went on to say that a bill, BDR 7120, is being introduced to repeal two obsolete sections of the law that require mailing receipts for the annual filing fee. Mr. Swackhamer said that the cost of postage for this is very high, and if this bill passes, communication expenditures will be reduced considerably. If the bill does not pass, the communications appropriation will have to be increased by \$6,100 the first year of the biennium and \$6,300 the second year. If the pertinent section is made effective upon passage of the bill, Mr. Swackhamer observed that it would save money in this year's budget.

Mr. Hickey asked if there is a plan to increase the corporate filing fees. Mr. Swackhamer answered that this was done last year. He stated that the minimum figure is now \$25 and he does not believe an increase is justified. He pointed out that the budget office anticipated revenue of \$1,005,000; it was actually \$1,935,000 and that office expenditures were estimated at \$.5 million and were actually about \$425,000. His office has made a clear profit of \$1.5 million. With that kind of money available, along with the increase in filings, Mr. Swackhamer said that it will not be advisable to increase the filing fee.

Mr. Swackhamer asked for the committee's consideration of his office's request for state-owned building rent monies to pay for the space in the capitol building previously occupied by the Controller's Office.

Mr. Swackhamer stated that there is no statutory requirement for the Secretary of State to print primary election returns. However, this has been customary. Since the cost of printing is \$43.79 each, general election returns were not printed. He suggested that this service be dropped because of the substantial amount of money expended for it.

Chairman Mello asked about the cost of the Presidential Primary. Mr. Swackhamer replied that it was \$156,000. Chairman Mello mentioned Senate Bill 40 which calls for the money to be taken from the Contingency Fund. Mr. Swackhamer stated that he asked for that bill, as he does not want the Presidential Primary to become a budget item because he cannot estimate it or control it. Mr. Alastuey indicated that this item is not in the budget request for statutory contingency.

Mr. Webb commended Mr. Swackhamer for a budget which has increased less than the population increase in the State, and has produced more than was spent.

Mr. Swackhamer referred to lobbyist registration and identification. Mr. Glover asked the cost of this, and Mr. Swackhamer replied that the cost was nominal as his office did the work in their spare time.

Mr. Mann asked about the apparent salary reduction request for four positions. Mr. Alastuey replied that the reduction in pay is anticipated because of a change in incumbents.

Mr. Swackhamer referred the committee to Senate Bill 41 which will provide a system by which the Secretary of State can acquire a punch-card voting system for counties which cannot afford their own, then pay for it over a period of time. Punch-card voting is beneficial

both to the counties and to the State, as it eliminates the need for computer counting, saving about half the cost of conducting a small election. Also, if all the counties utilized the punch-card system, the Secretary of State would not have to provide ballot paper, further reducing expenditures by this office.

#### SECRETARY OF STATE ARCHIVES

Chairman Mello introduced Fred Gale, State Archives.

Mr. Gale urged consideration of two new positions, a professional archivist and an assistant. The gross salary for these two positions in the next two year period amounts to about \$41,000.

Mr. Mann inquired why the Governor did not recommend these two new positions. Mr. Alastuey stated that it is the opinion of the Budget Office that these positions are not needed. Chairman Mello mentioned that in the past, there has been difficulty in getting the archives in the budget, and the program has, in fact, almost been abolished. He suggested this may be the reason for the low priority. Chairman Mello asked what would happen if it were abolished. Mr. Gale responded that the records would be scattered. It is the function of the archives to preserve the records and centralize recordkeeping. He cited the example of confidential former inmate files and original Supreme Court records.

Chairman Mello questioned the value of confidential inmate files. Mr. Gale stated that he is the only one with access to these files. Mr. Mann mentioned that a bill was passed last session that allowed access with the warden's permission.

Mr. Gale then discussed the \$500 allowance for out-of-state travel. It is his opinion that that amount is insufficient for attendance at National Archivists conferences out-of-state. He stated that he transferred monies for out-of-state travel into the in-state travel category to take care of the needs in the current year.

Chairman Mello asked about expenditures of \$396 in fiscal year 1977-78. Mr. Gale said those sums were transferred to in-state. Mr. Alastuey stated that if those funds had been transferred to in-state, the expenditure of those funds would be in the in-state category. Mr. Gale then said that these monies were utilized for short trips to California and Utah. He further stated that these monies are insufficient for archival conferences.

Mr. Mann asked if monies can be shifted to other categories. Chairman Mello said they can, with the approval of the Budget Office.

Mr. Gale said that the request for contract services monies is to continue utilizing senior citizens for research projects and reception duties. Mr. Gale then discussed his request for additional funds for office furniture and equipment for the new facility, and asked the committee to consider his request for \$5,500.

Chairman Mello asked if the new equipment and furniture is predicated on approval of the new positions, and Mr. Alastuey stated it is.

Mr. Mann asked about the discrepancy between the agency request and the Governor's recommendation. Chairman Mello explained that a budget is presented to the budget office, then it is given to the Governor. There is also a time for appeal. In the case of the archives, there was no hearing.

#### STATE TREASURER

Chairman Mello introduced State Treasurer, Stan Colton.

Mr. Colton directed the attention of the committee to hand-outs regarding a narrative of budget justification (Exhibit "B") and a summary of the operating budget (Exhibit "C").

Mr. Colton stated that he is not recommending the one-shot appropriation of \$50,000 to increase the Travel Revolving Fund. It is his contention

that with proper management, the present level of \$100,000 is more than sufficient.

In the salary category, Mr. Colton stated that a change from Management Assistant I to Management Assistant II has a budget impact of \$250 annually. Further, concerning the unclassified positions of Chief Deputy Treasurer and Treasury Cashier, Mr. Colton recommended that the Cashier position be at the recommended level in the original budget request of \$23,500 and that the Chief Deputy Treasurer be at the \$27,000, not \$28,950 as originally requested. Mr. Colton stated that this sets an equity base for both positions that can be used for future consideration of these positions. Mr. Colton called attention to the fact that no new positions are being requested for the biennium.

Chairman Mello indicated that during the last session, the Chief Deputy was then paid \$17,800, and was raised to \$20,498. He questioned the requested increase to \$27,000. Mr. Colton said he is requesting that the position be paid at the responsibility level. He further stated that the position of Chief Deputy State Treasurer is like that of a bank vice-president. Chairman Mello indicated that the Treasurer's salary was raised last session to induce a more qualified person to run and that person, in turn, would keep the spending down. Chairman Mello pointed out that the Chief Bank Examiner makes \$24,000 and the Superintendent of Banks makes \$26,000. Chairman Mello indicated that Mr. Colton's recommendation is not a realistic one.

Mr. Mann raised the question of why the Chief Deputy Treasurer currently makes less than the Treasury Cashier. Mr. Colton answered that the position of Treasury Cashier was originally held by the gentleman who was the secretary of the State Board of Finance.

However, that position was combined with the Treasurer's Office two years ago. Mr. Mann also asked the percentage of recommended raise increase. Mr. Colton stated that it was around 30%.

Regarding out-of-state travel, Mr. Colton said that neither the agency request nor the Governor's recommendation are realistic in light of present travel costs. He asked that a more realistic amount, \$2,000, be considered by the committee. Mr. Colton said that the amount of money for in-state travel, \$2,700, seems more than adequate.

Concerning the insurance expense, Mr. Colton said that the amount recommended by the Governor is insufficient to pay even the current bills, which include the insurance required for the vault, a \$1 million bond on the Treasurer, and the property and contents insurance of the building as set by legislation. Therefore, it is requested that in the first year of the biennium, the amount be raised to \$10,000, and to \$11,000 in the second year.

Under Other Contract Services, Mr. Colton is revising his request from \$2,500 to \$2,000, to include the cost of renting duplicating equipment which the office does not presently have.

Mr. Colton stated that the Governor's recommendation of \$1,500 for equipment repair is inadequate, since in both 1976 and 1978, \$1,928.60 was expended and \$1,600 has already been spent in this current year.

Regarding State-Owned Building Rent, the figure from the Treasurer's Office is based upon the present location rent, a non-public-owned building. The Treasurer's Office will be returning to the capitol building by October of this year. The Governor's recommendation is based upon the space previously occupied by the office, not the space that will be occupied in October. Therefore, the amount should be \$15,900 for the first year of the biennium and \$16,300 for the second year.

Mr. Glover asked if like changes have been made for all the offices moving back to the capitol building. Mr. Alastuey replied that the footage allocations that were supplied are speculated to be correct. The original allocation for the Treasurer's Office was something under 1400' and now 3200' will be available.

Mr. Colton stated that the data processing request is the largest in the budget. For the present biennium, the Treasurer's Office has had \$30,000 allocated, none of which has yet been expended. Exhibit "C" gives a breakdown of the costs for the six programs the Treasurer is requesting. It is estimated that with the implementation of the first program requested, net revenue to the State from investments can be increased 1 to 2%, an additional annual income of \$150,000.

Mr. Glover asked how much money is invested in the State of Nevada. Mr. Colton replied (using June 30 figures) that 34% is invested in-state.

Mr. Colton stated that with the figures provided by the data processing division, it is requested that \$24,780 be approved for the first year of the biennium and \$61,348 be approved for the second year, and \$82,000 as a "one-shot" for systems development.

Mrs. Wagner asked why this was not included in the Governor's budget. Mr. Alastuey replied that the E.D.P. appropriations were made at about \$30,000 per year last session, but nothing was spent during the biennium.

Mr. Bremner asked if any positions could be eliminated with the implementation of the E.D.P. Mr. Colton stated there could be none, but there would be no increases, either. Mr. Bremner asked what would happen if this appropriation is not approved. Mr. Colton replied that the Treasurer's Office would only be able to work at a minimum.

Under Buildings and Grounds, the original request was for \$250, the amount also recommended by the Governor. Mr. Colton said that the Treasurer's Office is now requesting \$1,000 for the first year of the biennium and \$250 for the second year. The reason for the increase is predicated on the move back to the capitol building. Also, an increase from \$1,025 to \$3,000 is requested for office equipment, based upon the move. A minimum of \$500 for equipment is requested for the second year of the biennium.

Mr. Colton requested \$500 for each year of the biennium for training in the use of new data processing equipment.

Mrs. Wagner asked for clarification of the 30% increase referred to in the beginning of Mr. Colton's presentation. Mr. Colton stated that the 30% increase is in the area of two position salaries, and that the budget is increased by less than 5% overall.

Mr. Colton directed the committee's attention to the original Treasurer's assessment of \$64,298, and said that it has been reevaluated and will amount to only \$47,050 the first year, and \$51,755 the second year of the biennium.

The meeting was adjourned at 10:50 a.m.





STATE TREASURER  
101-1080  
BUDGET JUSTIFICATION

It is the function of the state treasurer to safeguard and invest state funds placed under his control by legislation. These funds are derived from many sources such as state taxes and fees, federal funding and bond sale. It is the policy of the present treasurer that these funds be invested immediately upon receipt in such a manner that the highest possible yield can be obtained. Money is kept in deposit until needed to pay state warrants. The state treasurer handles money for several state agencies. On a quarterly basis the treasurer does an accounting of the agency funds and appropriates the earned contributions to those funds. The treasurer is also responsible for the management of the state travel revolving fund, safekeeping of negotiable securities, and management of bond dept accounting.

The treasurer's budget request as now presented establishes a hold-the-line concept in most line items while at the same time seeking realistic appropriation to fund the treasurer operations so that performance levels of production can be maximized at the least amount of additional funding over the last biennium.

SALARIES: (A) The two positions on the staff that are in the unclassified service present a salary conflict. The salary as presented in the Governor recommendation sets the Chief Deputy Treasurer and the Cashier at the same annual amount. The Chief Deputy has the immediate responsibility for the total operation of the Treasurer's office in the absence of the Treasurer requiring the person in this position to be as knowledgeable in the workings of the office as the Treasurer. Although the 6.1% increase set out in the recommendation in light of the presidential guidelines is somewhat fair, it does not provide the proper compensation in respect to the level of responsibility required.

The salary recommended by the Governor for the Cashier provides only a 2.2% increase which is tantamount to an approximate 7.8% loss in net spending power over the proceeding year.

I, therefore, request consideration of a salary level of \$27,000 for the Chief Deputy Treasurer and \$23,500 for the Cashier. Although this request is well above presidential guidelines, it does establish an equity base on the two positions so that future salary consideration can be tied more closely to inflationary guidelines and legislation intent.

(B) One existing position that is currently vacant has been reclassified from a Management Assistant I to a Management Assistant II, a budgetary impact of approximately \$200 each year of the biennium.

TRAVEL OUT-OF-STATE:

In an effort to increase the effectiveness of the Treasurer's services to the state research in other states as to operational methods and techniques as used beyond our boundaries is dictated. Out-of-state workshops and seminars on current market trends will also provide knowledge to keep pace with changes in the financial market. Therefore, a realistic request is made of \$2,000 to provide a minimum amount of travel for this purpose.

EXHIBIT "B"  
(Page 1 of 4 pages)

TRAVEL IN-STATE:

The amount of funding as recommended by the Governor of \$2,700 seems adequate for each year of the biennium and remains at the same level as the present biennium. This fund is not only used by the staff of the Treasurer's office but also by the two appointed members of the State Board of Finance.

OPERATING EXPENSES

1. Office Supplies: Same as present biennium
2. Operating Supplies: Same as present biennium
3. Communications Expense: Less than present biennium by \$325 for both years.
4. Printing and Duplicating: Greater than present biennium by \$275 the first year and \$410 the second year.
5. Insurance: Greater by \$615 the first year and \$1,615 the second year.  
Explanation - Current expenditures exceed current appropriation. Additional insurance requirements: vault contents, office contents.
6. Other Contractual Services: Same as present biennium.
7. Equipment Repair: Same as present biennium.
8. Building Rental:
9. Advertising and Public Relations: A new appropriation to cover printing a proposed treasurer's report.
10. EDP Systems and Program: The request for the first year of the new biennium is \$6,280 less than the appropriation in the present biennium but greater the second year biennium by \$31,348.  
Explanation: The State Treasurer's office is presently not aided by any data processing systems. The accompanying attachments provide a detailed breakdown of the services requested. The prior year's allocation for data processing services in the amount of \$30,000 each year has been untouched.
11. Other Governmental Services: This appropriation is greater than the current year appropriation by \$730 the first year and \$1,130 the second year of the new biennium.  
Explanation: The requested funding is to cover the cost of the implementation of a microfilm retrieval system providing for the microfilming of checks and financial management information report systems documents (FMIRS).
12. Dues and Registrations: Same as present biennium.
13. Buildings and Grounds: Greater by \$800 the first year of the new biennium over present funding and \$50 the second year of the biennium.  
Explanation: The first year request is to provide sufficient money to acquire built-in shelving and cabinets not called for in the renovation of the Capitol Building when the Treasurer's office is relocated in the Capitol Building.

CAPITAL:

Office Furniture and Equipment: The request for \$3,000 for the first year of the new biennium will cover the anticipated costs of new furniture for a secretary's office in the State Capitol as well as reception room furniture, conference table, and side chairs. The second year request of \$500 is in anticipation of any needed minor capital expenditure.

TRAINING: \$500 has been requested for each of the next two years. This allocation is set out to cover the training costs in the use of the proposed new data processing equipment.

STATE TREASURER  
101-1080

	1978-79 WORK PROGRAM	ORIGINAL AGENCY REQUEST	GOVERNOR'S RECOMMENDATION	REVISED AGENCY REQUEST	ORIGINAL AGENCY REQUEST	GOVERNOR'S RECOMMENDATION	REVISED AGENCY REQUEST
REGULAR APPROPRIATION	185,588	214,898	152,416	214,291	222,859	155,177	258,348
REVERSIONS	-	-	-	-	-	-	-
TREASURER'S ASSESSMENT	61,400	64,298	64,298	47,050	67,275	67,275	51,755
SALARY ADJUSTMENT	4,896	-	-	-	-	-	-
<b>TOTAL FUNDS AVAILABLE</b>	<b>251,884</b>	<b>279,196</b>	<b>216,714</b>	<b>261,341</b>	<b>290,134</b>	<b>222,452</b>	<b>310,103</b>

EXISTING POSITIONS

TREASURER	E 1	27,000	31,500	31,500	31,500	31,500	31,500	31,500
CHF DEP STATE TREAS	U 1	20,498	28,950	21,750	27,000	28,950	21,750	27,000
TREASURY CASHIER	U 1	21,279	23,500	21,750	23,500	21,750	23,500	23,500
MGMT ASST II	1	9,335	9,780	9,780	9,972	10,213	10,213	10,414
PRINCIPAL ACCT CLERK	2	24,934	25,009	25,009	25,009	26,078	26,078	26,078
SR ACCOUNT CLERK	1	10,188	10,680	10,680	10,680	11,165	11,165	11,165
ACCOUNT CLERK	1	7,546	8,930	8,930	8,930	9,327	9,327	9,327
ACCOUNT CLERK	1	9,259	9,702	9,702	9,702	10,130	10,130	10,130
TRUST OFFICER	1	18,283	18,354	18,354	18,354	18,354	18,354	18,354
<b>TOTAL EXISTING</b>	<b>10</b>	<b>148,322</b>	<b>166,405</b>	<b>157,455</b>	<b>164,647</b>	<b>160,267</b>	<b>167,468</b>	

INDUSTRIAL INSURANCE		2,536	2,230	2,112	2,230	2,606	2,469	2,606
RETIREMENT		11,866	13,312	12,596	13,312	13,537	12,821	13,537
PERSONNEL ASSESSMENT		1,335	1,498	1,417	1,498	1,523	1,442	1,523
GROUP INSURANCE		5,078	5,840	6,480	5,840	6,716	8,040	6,716
PAYROLL ASSESSMENT		297	333	315	333	338	321	338
UNEMPLOYMENT COMP		593	666	630	666	677	641	677
OVERTIME (NON-HOLIDAY)								
BOARD SALARY		1,920	480	480	480	480	480	480
LONGEVITY		1,475	800	800	800	800	800	800
TERMINAL ANNUAL LEAVE								
<b>TOTAL SALARY-PAYROLL</b>		<b>173,422</b>	<b>191,564</b>	<b>182,285</b>	<b>189,806</b>	<b>195,894</b>	<b>187,281</b>	<b>194,145</b>
<b>TOTAL OUT-OF-STATE TRAVEL</b>		<b>1,325</b>	<b>1,450</b>	<b>1,325</b>	<b>2,000</b>	<b>1,525</b>	<b>1,325</b>	<b>2,000</b>
<b>TOTAL IN-STATE TRAVEL</b>		<b>2,700</b>	<b>2,970</b>	<b>2,700</b>	<b>2,700</b>	<b>3,100</b>	<b>2,700</b>	<b>2,700</b>

OFF SUPPLIES & EXPENSE		1,750	1,925	1,750	1,750	2,015	1,750	1,750
OPERATING SUPPLIES		800	880	800	800	920	800	800
COMMUNICATIONS EXPENSE		3,769	4,550	3,800	3,800	4,750	3,800	3,800
PRINT DUPLICATING COPY		2,750	3,025	3,025	3,025	3,160	3,160	3,160
INSURANCE EXPENSE		9,385	10,325	9,385	10,000	10,795	10,000	11,000
CONTRACTUAL SERVICES								
OTHER CONTRACT SERVICE		2,000	2,500	1,500	2,000	3,000	1,500	2,000
EQUIPMENT REPAIR		2,700	3,000	1,500	3,000	3,000	1,500	3,000
STATE OWNED BLDG RENT		14,347	15,782	7,094	15,900	16,500	7,311	16,300

	1978-79 WORK PROGRAM	ORIGINAL AGENCY REQUEST	GOVERNOR'S RECOMMENDATION	REVISED AGENCY REQUEST	ORIGINAL AGENCY REQUEST	GOVERNOR'S RECOMMENDATION	REVISED AGENCY REQUEST
ADV PUBLIC REL EXPENSE	400	450	450	450	500	500	500
OP SYS PROGR FAC CHRG	30,000	33,000	-	24,780	37,500	-	61,348
OTHER GOV'T SERVICES	4,730	5,500	-	5,500	6,000	-	6,000
DUES AND REGISTRATIONS	350	500	350	350	500	350	350
MISCELLANEOUS	100	-	-	-	-	-	-
BLDGS & GRDS IMPROVE	200	250	250	1,000	250	250	250
<b>TOTAL OPERATING EXPENSE</b>	<b>73,281</b>	<b>81,687</b>	<b>29,904</b>	<b>63,335</b>	<b>88,890</b>	<b>30,921</b>	<b>110,258</b>
FF FURNITURE & EQUIP	656	1,025	500	3,000	225	225	500
TRAINING	500	500	-	500	500	-	500
<b>TOTAL AGENCY EXPENDITURES</b>	<b>251,884</b>	<b>279,196</b>	<b>216,714</b>	<b>261,341</b>	<b>290,134</b>	<b>222,452</b>	<b>310,103</b>

EXHIBIT "B"  
(Page 4 of 4 pages)

State Treasurer  
Data Processing  
Operating Budget Summary

	1979-1980	1980-1981
<b>Cash Flow Management</b>		
Equipment lease (9m @ 150)	1350	1980
Computer charge (6m @ 800)	4800	10560
System maintenance (6m @ 600)	<u>3600</u>	<u>7920</u>
	9750	20460
<b>Travel Revolving Fund Accounting</b>		
Equipment lease (6m @ 150)	900	1980
Computer charge (6m @ 400)	2400	5280
System maintenance (6m @ 200)	<u>1200</u>	<u>2640</u>
	4500	9900
<b>Check Reconciliation</b>		
Equipment lease		1980
Computer charge		10560
System maintenance		<u>5280</u>
		17820
<b>Bond Dept Accounting</b>		
Equipment lease (9m @ 150)	1350	1980
Computer charge	1800	2640
System maintenance	<u>900</u>	<u>1320</u>
	4050	5940
<b>Vault Inventory</b>		
Equipment lease		
Computer charge	1800	1960
System maintenance	<u>600</u>	<u>720</u>
	2400	2680
<b>FMIRS Document Input</b>		
Equipment lease	1080	1188
Computer charge	2400	2640
System maintenance	<u>600</u>	<u>720</u>
	4080	4548
<b>TOTAL OPERATING</b>	<b>\$24,780</b>	<b>\$61,348</b>

EXHIBIT "C"  
(Page 1 of 7 pages)

Agency: State Treasurer

System Title: Cash Flow Management

Function: To improve the investment return on the State's monies by better managing cash flow.

Description: The system will maintain histories and forecasts of cash flows; will account for all negotiable instruments used for investment purposes by the Treasurer; will enable evaluation and analysis of alternative investment strategies; will distribute investment profits to the various funds, and will maintain records of all collateral.

Cost/Benefit: It is anticipated that a computerized cash flow management system should generate at a minimum an additional 1 to 2% of interest income.

The cash flow program would become a management tool with which to more accurately forecast or anticipate revenues and expenditures, thus making it possible to identify idle monies and therefore establishing the duration that these funds can be invested to return an optimum yield. Armed with this knowledge, it is estimated that yield can be increased from 10 to 25 basis points (1/10 of 1% to 1/4 of 1%.)

Example (1) FY77-78 interest income \$8.5 million X 2% - \$170,000.00 additional interest.

Example (2) On a daily average investment balance of 150 million an increase in yield of 10 basis points (1/10 of 1%) would show the same dollar increase of \$150,000.00. This is a 1% increase of yield.

Budget:

System Development and implementation:		\$50,000
System operation:	1979-1980	1980-1981
Equipment rental	1350	1980
Computer charges	4800	10560
System maintenance	3600	7920
	<u>9750</u>	<u>20460</u>

EXHIBIT "C"  
(page 2 of 7 pages)

Agency: State Treasurer

System Title: Travel Revolving Fund Accounting

Function: To properly account by agency and individual for travel advance disbursements and receipts.

Description: The system will record and account for all disbursements and receipts; will age receivables and produce dunning notices to agencies and/or individuals; will provide timely fund status information.

Cost/Benefit: Provide current aging reports, thus reducing the delinquency rate and increasing the normal fund balance. It should provide more information about the fund so that excess dollars would not be kept idle in this fund when not necessary. It should keep the workload within the capacity of a single clerical position in spite of a 25% increase in workload in this fiscal year.

**Budget:**

System Development and Implementation:		\$12,000
System Operation:		
	1979-1980	1980-1981
Equipment Rental	900	1980
Computer Charges	2400	5280
System Maintenance	<u>1200</u>	<u>2640</u>
TOTAL	4500	9900

EXHIBIT "C"  
(Page 3 of 7 pages)



Agency: State Treasurer

System Title: Check Reconciliation

Function: To reconcile the State's bank accounts

Description: The system will replace current manual reconciliation with an automated system.

Cost/Benefit: The current manual system requires 2-1/2 positions. This system should relieve much of this clerical effort. It is from this area that time should be released to be used in other duties and should reduce the need for additional staff.

Budget:

System development and implementation: \$12,000  
System operation:

	1979-1980	1980-1981
Equipment Rental	-0-	1,980
Computer Charges	-0-	10,560
System Maintenance	-0-	<u>5,280</u>
TOTAL		17,820

EXHIBIT "C"  
(Page 4 of 7 pages)

Agency: State Treasurer

System Title: Bond Debt Accounting

Function: To inventory and schedule coupons for bonds

Description: Will provide a complete inventory and coupon clipping schedule for State bonds.

Cost/Benefit: Will reduce clerical effort; will insure prompt and comprehensive coupon control; will provide historical data of actual payment location, which in turn should prevent dollars from being left idle in a paying account.

Budget:

System development and implementation:		\$4,000
System Operation:		
	1979-1980	1980-1981
Equipment	1350	1980
Computer Operation	1800	2640
System Maintenance	<u>900</u>	<u>1320</u>
TOTAL	4050	5940

EXHIBIT "C"  
(Page 5 of 7 pages)

Agency: State Treasurer

System Title: Vault Inventory

Function: To inventory the contents of the vault.

Description: Will maintain a comprehensive inventory of the contents, valuation, and location of the contents of the State Treasurer's vault.

Cost/Benefit: Will improve the accuracy of information needed to maintain proper insurance coverage for securities held in trust, thus protecting the state from expending unnecessary money on excessive insurance premiums.

Budget:

System development and implementation:		\$3,000
System Operation:		
	1979-1980	1980-1981
Computer Charge	1800	1960
System Maintenance	<u>600</u>	<u>720</u>
TOTAL	2400	2680

EXHIBIT "C"  
(Page 6 of 7 pages)

Agency: State Treasurer

System Title: Treasurer's Receipts

Function: To input directly into FMIRS Treasurer's Receipts

Description: Will allow daily input of receipts directly into the Controller's FMIRS system.

Cost/Benefit: Provide daily up-date to cash flow program; reduce duplication of effort between Treasurer and Controller; improve timeliness and accuracy of FMIRS system.

Budget:

System development and implementation: \$1,000  
System Operation:

	1979-1980	1980-1981
Equipment	1080	1188
Computer Charges	2400	2640
System Maintenance	<u>600</u>	<u>720</u>
TOTAL	4080	4548

EXHIBIT "C"  
(Page 7 of 7 pages)