

SPECIAL PURPOSE AGENCIES



SPECIAL PURPOSE AGENCIES

Special Purpose Agencies have a specialized function or a different statutory relationship to the Executive Branch of government than most state agencies. This group includes the Public Employees' Retirement System, which serves both state and local governments; the Public Employees' Benefits Program; the Office of the Military; and the Office of Veterans' Services. This function is supported in large part through interagency transfers. For the 2009-11 biennium, General Fund support for Special Purpose Agencies totaled \$11.3 million, which represents a decrease of 20.2 percent compared to amounts approved for the 2007-09 biennium.

PUBLIC EMPLOYEES' RETIREMENT SYSTEM

The Public Employees' Retirement System (PERS) provides retirement, disability and death benefits to long-term employees. The PERS includes employees of Nevada counties, cities, school districts, state government and miscellaneous public employers. The retirement system's budget is not subject to the Budget Act or to review by the Budget Division, but is included in The Executive Budget for review by the Legislature. The requested level of funding is provided through an administrative assessment charged to each member and benefit recipient. A budget of \$9.7 million in FY 2009-10 and \$9.5 million in FY 2010-11 was approved by the 2009 Legislature to support its operations.

The 2009 Legislature approved reductions to the PERS budget to incorporate the 12 day per year furlough in FY 2009-10 and FY 2010-11 that was approved for all state employees. In addition, the request to include a 10th step in the salary schedule for non-classified positions was approved. However, additional funding to pay for the 10th step was not approved, since funding for merit salary increases was not authorized during the 2009-11 biennium. Finally, due to an anticipated surge in retirements within state government during the months of June and July 2009, a total of \$83,024 in overtime funding was approved in FY 2009-10 to accommodate the additional workload related to this projected increase in retirement activity.

There were discussions throughout the 2009 Legislative Session concerning alternatives to modify the eligibility and benefit structure of PERS for newly hired employees with the goal of reducing benefit costs paid out by the system, which over the long term would assist in fully funding of the PERS program. This ultimately resulted in passage of Senate Bill 427 which made a number of changes to the retirement program for state and local employees hired after January 1, 2010. The significant changes approved include the following:

- Currently, a retiree's monthly retirement benefit is based on the member's 36 consecutive months of highest compensation times a factor for each year of service. Senate Bill 427 reduced the amount earned for each year of service from 2.67 percent per year of service to 2.5 percent for each year of service.

- Limited the amount of increase in compensation during the highest consecutive 36 months that is utilized to calculate a member's monthly retirement benefit. For calculating a member's retirement benefit, a compensation increase cannot exceed 10 percent per year beginning 24 months before the highest 36 consecutive months that is utilized to determine a member's monthly retirement benefit. Compensation attributed to a promotion or assignment-related compensation is not subject to these limits.
- For members who retire early, the monthly retirement benefit is currently reduced by 4 percent for each year the member is under the appropriate retirement age. Senate Bill 427 increased this factor to a reduction of 6 percent for each year the member is under the appropriate retirement age.
- For current regular members, eligibility for benefits requires 5 years of service at age 65, 10 years of service at 60 years and any age with a minimum of 30 years of service. Senate Bill 427 changed the minimum age that is required for members to receive retirement benefits with at least 10 years of service from 60 to 62 years of age.

For police/fire members, eligibility for retirement benefits currently requires 5 years of service at age 65, 10 years of service at age 55, 20 years of service at age 50 and any age with a minimum of 25 years of service. Senate Bill 427 changed the eligibility requirement in two areas. For those members at age 60, a minimum of 10 years of service is required, and the provision that allowed a police/fire member to retire at any age with a minimum of 25 years of services was eliminated.

- Modified post-retirement increases by eliminating the last tier of post-retirement increases provided to retirees. Currently, retirees begin to receive post-retirement increases after the third year of retirement, and after being retired for 14 years retirees are eligible to receive annual post retirement increases of up to 5 percent. Senate Bill 427 eliminated this last tier while leaving the remainder of the provisions related to post-retirement increases intact. For those employees hired after January 1, 2010, the maximum post retirement increase will be up to 4 percent per year after being retired for 12 years.

The 2009 Legislature also extended the provisions related to critical labor shortage until June 30, 2015, through passage of A.B. 488. The PERS generally requires a suspension of benefits for retired participants who return to work for a public employer. In 2001, the Legislature passed A.B. 555, which allowed members who retire at full eligibility (both as to age and service credit) to return to work with a public employer and to continue to receive retirement benefits while working in a position in which a critical labor shortage exists. Although A.B. 488 extends these provisions, new requirements must be adhered to in order to be considered as a critical labor shortage situation. Assembly Bill 488 requires that a designating authority, in determining whether a position is subject to the critical labor shortage provisions, to make such a decision in an open meeting and develop written findings to support that designation.

The written findings must include the turnover history, number of openings and number of qualified candidates identified after all efforts have been exhausted, length of vacancy, and explanation of the difficulty in filling the position and the history of the recruitment efforts made. A position can only be designated for a period of two years and the findings must be reaffirmed to continue the critical labor shortage designation for an additional two-year period. The written findings are required to be submitted to the PERS and forwarded to the Interim Retirement and Benefits Committee. Assembly Bill 488 also requires the PERS to conduct an experience study of the critical labor shortage provisions for the period from July 2009 through June 2014, and to report on the results of the study to the Interim Retirement and Benefits Committee before December 31, 2014.

The actuary for the Public Employees' Retirement System determined that retirement contribution rates for regular members in the Employer Pay Plan should increase 1.0 percent, while contribution rates for members under the Employee/Employer Pay Plan should increase by 0.75 percent, effective July 1, 2009. For police/fire members the actuary recommended that contribution rates increase by 3.5 percent under the Employer Pay Plan and by 1.75 percent for members under the Employee/Employer Pay Plan, effective July 1, 2009. Since the employer and employee are each responsible for one-half of any increase or decrease in the retirement contribution rate, the Legislature approved funding to increase retirement contributions by 0.5 percent of payroll for regular members in the Employer Pay Plan; these members will receive a decrease of 0.5 percent in compensation effective July 1, 2009. For police/fire members under the Employer Pay Plan, the Legislature approved funding to increase retirement contributions by 3.5 percent of payroll. Police/fire members will be responsible for paying the remaining 1.75 percent of payroll, which will result in a decrease of 1.75 percent in compensation for police/fire members effective July 1, 2009.

PUBLIC EMPLOYEES' BENEFITS PROGRAM

The Public Employees' Benefits Program (PEBP) provides various types of insurance coverage for state employees, retirees and their dependents, if the participant chooses to cover their dependents. In addition, any non-state public agency can join the program to provide coverage for its employees, retirees and dependents. The insurance coverage provided includes health, prescription, dental, vision, life, accidental death and dismemberment, travel accident and long-term disability. Other voluntary optional insurance coverage is available for those participants who elect to purchase additional coverage.

The program operates under the direction and oversight of the Public Employees' Benefits Board, a nine-member board appointed by the Governor. The board appoints an Executive Officer, subject to the approval of the Governor, to oversee the day-to-day operations of the program. The Executive Officer, along with 6 other unclassified positions and 26 classified employees, comprises the current staff of PEBP.

The largest portion of the program is health insurance, which encompasses dental, vision, mental health, substance abuse and prescription coverage; the majority of this health coverage is self-insured. The program does allow participants to elect to be covered by a health maintenance organization (HMO) rather than the self-funded plan. Accidental death and dismemberment, travel accident, long-term disability and life insurance benefits are fully insured by outside carriers.

Funding for this account is provided by employer contributions for active employees and retired participants, premiums paid by plan participants, miscellaneous revenue (application fees from entities wishing to participate, pharmacy rebates and charges for copies) and Treasurer's interest. While there is no direct General Fund support in this account, a significant portion of the state contributions for state employees and retirees is funded through accounts supported by the General Fund.

The program continues to experience positive financial results and anticipates ending the 2007-09 biennium with the Incurred But Not Reported (IBNR) claims liability fully funded at \$34.9 million and the Rate Stabilization/Catastrophic Reserve funded at \$30.6 million and excess reserves of \$6.3 million.

For the 2009-11 biennium, the Legislature approved expenditures (not including reserve balances) in the amount of \$366.2 million for FY 2009-10 and \$400.8 million for FY 2010-11, for a total of \$767 million, an increase of 14.4 percent over the legislatively-approved amount for the 2007-09 biennium (\$670.6 million). Although reductions were made to the state's contribution for insurance, as discussed below, the increase in legislatively-approved spending is largely accounted for by the increased reserves recommended by PEBP's actuary, as well as growth in medical trend and inflation. The inflationary increases include 9.5 percent for medical (including prescriptions), 6.5 percent for dental, and fully-insured products inflated per the contract through the expiration of the contract, with 10 percent per year thereafter. In addition, it should be noted that though the legislatively-approved expenses increased 14.4 percent for 2009-11, this is a smaller percentage increase than the previous biennium. The legislatively-approved expenses for 2007-09 increased 41 percent over the legislatively-approved amounts for the 2005-07 biennium.

In an effort to respond to the state's budget crisis, The Executive Budget recommended two health insurance reduction initiatives. The first cost savings initiative was based upon the Governor's instruction to the PEBP Board to keep state costs for the 2009-11 biennium at the FY 2008-09 amounts. The PEBP Board reviewed and approved a variety of cost shifts to participants and benefit decreases, which were included in the Governor's budget and are summarized below.

- Plan Design Changes
 - Hold HMO premium increases to a maximum of 5 percent for FY 2009-10.
 - Eliminate neurotherapy and psychotherapy benefits for ADD/ADHD (these benefits were added to the program as of July 1, 2008).

- Remove the Health Assessment Questionnaire and the incentives for participating in it (50 percent reduction in deductible and enhanced dental benefit).
 - Institute a single deductible for the PPO plan (\$725/individual, \$1,450/family, as opposed to current deductibles of \$500/individual and \$1,000/family on low-deductible plan, as most state employees choose).
 - Index the annual deductible to medical inflation.
 - Index the annual out-of-pocket maximum at 50 percent of medical inflation.
- Changes in Amounts Participants Pay
 - Reduce the amount of the premium covered by the state subsidy in each coverage tier, thus increasing the participant deduction.
 - Eliminate the state subsidy for retired employees who retire after June 30, 2010 with less than 15 years of service.
 - Allocate the Medicare Part D subsidy revenue received between PEBP and Medicare-eligible retirees (previously savings were passed through to retirees).

The 2009 Legislature approved the PEBP Board-reviewed plan design changes and cost shifts to participants. Those reductions represent a subsidy savings of \$53 million over the 2009-11 biennium (i.e., \$45.5 million less in subsidies for active employees and \$7.5 million less in subsidies for retirees). Of the total subsidy savings, approximately \$33 million represents General Fund savings.

The second cost savings initiative proposed in The Executive Budget included the measures enumerated below.

- Establish the state contribution to cover 75 percent of the premium for active employees (versus current subsidization of 95 percent for most employees); keep the subsidy for dependents at the current 75 percent.
- Eliminate the subsidy for all Medicare retirees beginning July 1, 2009.
- Eliminate the subsidy for any employee who retires after July 1, 2009.
- Reduce the subsidy for existing non-Medicare retirees by 25 percent on July 1, 2009, and 25 percent more on July 1, 2010.

These four cost shifts represented a savings from all sources of \$191.5 million over the biennium. Of that total amount, the General Fund savings from these cost shifts was \$158.5 million over the 2009-11 biennium (General Fund savings includes both state budget accounts and the Distributive School Account). However, the 2009 Legislature disapproved this recommendation, and added back the funding in each budget account necessary to restore the state contribution for actives and subsidies for retired participants to the smaller reduction endorsed by the PEBP Board.

In any biennium, the PEBP's rate setting process is contingent on the Legislature's approved state contribution for actives (per person per month) and subsidy for retirees (as a percentage of payroll). However, the significant differences in savings between the two cost savings initiatives proposed in The Executive Budget made it difficult for

the PEBP to have a solid assumption of what the state contributions would be for the 2009-11 biennium. This uncertainty had the effect of delaying the rate setting process. Since the decision to approve the cost savings measure endorsed by the PEBP Board and disapprove the additional budget reductions proposed by the Governor was made late in the Legislative Session, the rate setting process could not begin early enough to have the 2010 plan year begin on July 1, 2009. Therefore, the PEBP Board approved the extension of the 2009 plan year until October 31, 2009. The plan design changes described above are effective on November 1, 2009. The effect of an extended 2009 plan year is that for the months of July – October 2009, the PEBP coverage remained the same as for FY 2008-09, though the state subsidy income was lower than in FY 2008-09 due to the effectively lower state contributions provided in Senate Bill 415 (the PEBP rates bill for 2009-11). The program expected that most of the cost of an extended plan year would be covered by the excess funded claims margin (PEBP’s actuary recommends a margin of 5 percent) as well as any excess reserves resulting from positive claims experience. The specific subsidies approved in S.B. 415 are discussed below in the Retired Employee Group Insurance and Active Employees’ Group Insurance sections.

RETIRED EMPLOYEE GROUP INSURANCE

The Retired Employee Group Insurance (REGI) program was designed to defray a portion of health insurance premiums for employees who retire from state service and continue to participate in the state’s group insurance plan. Funding for the program comes from payroll assessments to state agencies to cover the costs of the subsidy.

Nevada Revised Statutes 287.046 provides that retirees who retired prior to January 1, 1994, are entitled to 100 percent of the state base subsidy amount to be applied against the total premium for insurance coverage. Retirees who retired on or after January 1, 1994, are entitled to 25 percent of the base subsidy amount for five years of service and 7.5 percent for each additional year of service, up to 20 years of service, which entitles them to 137.5 percent of the base state subsidy amount. The following table displays the base subsidies (i.e., based upon 15 years of service) and the percentage changes since FY 2004-05.

| FY 2005 | FY 2006 | FY 2007 | FY 2008 | FY 2009 | FY 2010 Leg Appvd. | FY 2011 Leg Appvd. |
|--------------------|--------------------|--------------------|--------------------|--------------------|-------------------------------|-------------------------------|
| \$316.26 | \$321.27 | \$336.97 | \$365.34 | \$410.48 | \$317.30 | \$344.30 |
| | 1.58% | 4.89% | 8.42% | 12.36% | -22.70% | 8.51% |

The 2009-11 base subsidies were approved pursuant to Senate Bill 415.

The 2009 Legislature made a significant addition to the provisions of NRS 287.046 that affects future state employees. Pursuant to the passage of Senate Bill 427, persons hired on or after January 1, 2010, must have at least 15 years of service credit (which may include local governmental service) in order to obtain the retiree base subsidy for

health insurance. The retiree must also have participated in PEBP continuously since retiring from the state (or local) government service to obtain the subsidy. The provisions entitling current retirees and current active employees to a 7.5 percent per year increase in the base subsidy for each year of service over 15 and up to 20 also apply to the new group affected by S.B. 427.

The base subsidy for FY 2009-10 and FY 2010-11 is lower than the approved amounts for the 2007-09 biennium because of the passage of Senate Bill 544 by the 2007 Legislature. That bill uncommingled the Medicare retirees from the same risk pool as the actives and non-Medicare retirees. The fact that Medicare retirees now are in their own risk pool reduces the overall REGI need and increases the overall need for active employee subsidy revenue, since the loss of a less expensive coverage group (the Medicare retirees) actually costs the larger active/non-Medicare group more. However, S.B. 544 was passed late in the 2007 Legislative Session, so there was not time to recalculate the 2007-09 state subsidies in light of that legislation. Therefore, the 2009-11 approved subsidies take into account both the "overpayment" inherent in the 2007-09 retiree subsidies as well as the budgetary cost savings initiatives passed by the 2009 Legislature.

On average, it is intended that the legislatively-approved funding would provide 65 percent of the cost of the insurance for the retiree and 43 percent of the cost for dependents. For those participants in the HMO, the funding would provide 61 percent of the cost of insurance for the retiree and 41 percent of the cost for dependents. On a composite basis, this funding is intended to provide for 57.8 percent of the cost of the insurance for the participants in the program, which is a 5 percent decrease from the 2007-09 biennium.

Historically, the state has provided the funding necessary for these subsidies on a pay-as-you-go basis, and only the current cash outlay for these subsidies is reported. However, during 2004, the Governmental Accounting Standards Board (GASB) issued Statements 43 and 45, which were implemented by the state in FY 2007-08. These statements establish standards for the measurement, recognition and display of Other Post Employment Benefit (OPEB) costs and the liabilities related to those costs. For the state, those costs are the subsidies provided to retirees for their health insurance.

To partially address the liabilities recorded through the implementation of GASB Statement 45, the Retired Employee Group Insurance budget account was changed to an irrevocable trust fund by the 2007 Legislature. For the 2007-09 biennium, pre-funding of the GASB liability was approved in the amounts of \$28 million in FY 2007-08 and \$25 million in FY 2008-09. However, due to budget reductions, the portion of the REGI assessment that related to pre-funding was eliminated in FY 2007-08. As a result of this elimination of pre-funding, only \$26.1 million was invested with the Public Employees' Retirement System (PERS). As of March 31, 2009, the value of the investment was \$18.7 million. There was no recommendation in The Executive Budget to pre-fund the GASB liability, nor did the 2009 Legislature set aside any funds for this purpose.

ACTIVE EMPLOYEES' GROUP INSURANCE

The Active Employees' Group Insurance account provides a centralized collection mechanism for the receipt of the state contributions made on behalf of each active employee by each state agency, the Judicial Branch, the Legislative Counsel Bureau, the Public Employees' Retirement System and the Nevada System of Higher Education. The following table identifies state contribution rates and the percentage change since FY 2004-05:

| FY 2005 | FY 2006 | FY 2007 | FY 2008 | FY 2009 | FY 2010 Leg Appvd. | FY 2011 Leg Appvd. |
|--------------------|--------------------|--------------------|--------------------|--------------------|-------------------------------|-------------------------------|
| \$558.07 | \$481.19 | \$500.20 | \$557.30 | \$626.16 | \$626.52 | \$680.84 |
| | -13.78% | 3.95% | 11.42% | 12.36% | 0.06% | 8.67% |

It is intended that this funding would provide 94 percent of the cost of the insurance for the employee and 74 percent of the cost for dependents. For those in the HMO, the funding would provide 85 percent of the cost of insurance for the employee and 67 percent of the cost for dependents. On a composite basis, this funding is intended to provide for 85.7 percent of the cost of the insurance for the active state participants in the program, which is 5 percent lower than the composite premium coverage provided in FY 2008-09 (89.9 percent). Both the active employee state contribution shown above and the retiree base subsidy described in the Retired Employee Group Insurance section are codified in Senate Bill 415.

OFFICE OF THE MILITARY

The Office of the Military is responsible for the supervision of the military affairs of the state, which includes both state and federal roles. The primary state mission is to respond to emergency situations such as civil or natural disasters. The primary federal mission is to provide combat-ready reserve forces for the United States Armed Forces. The Adjutant General provides command and control of the Army National Guard and the Air National Guard. Funding for the Office of the Military is provided primarily through federal funding and state General Fund appropriations. For the 2009-11 biennium, the Legislature approved state General Fund appropriations for all Military accounts combined totaling \$6.15 million, which reflects a decrease of 21.9 percent as compared to the \$7.87 million approved by the 2007 Legislature.

As part of its budget reduction effort during the 2007-09 biennium, the Office of the Military eliminated two Custodial Workers, one Maintenance Repair Worker and two Project ChalleNGe Program Officers. The Legislature approved the Governor's recommendation to continue the eliminations of the Custodial and Maintenance Repair Workers and one of the Program Officers.

PROJECT CHALLENGE

Project ChalleNGe is a National Guard program that provides youth who have dropped out of high school with the opportunity to receive a high-school diploma or GED by immersing them in a structured, military-style education environment. Prior to the 2007-09 biennium, Nevada historically graduated 24 students per year (12 per class) in the Arizona ChalleNGe program. Participation in the Arizona program terminated when the final class of students graduated during the first half of FY 2007-08. The 2007 Legislature approved funding to begin a Nevada Project ChalleNGe program during the 2007-09 biennium, but the program did not get off the ground.

The 2009 Legislature supported the Governor's proposal to re-establish Project ChalleNGe and to send students to the California academy over the 2009-11 biennium. However, the Legislature voiced reservations about the recommendation to expand the Project Challenge graduating class size from 12 to 50 students. Funding was approved for the Office of the Military to re-establish the program at a target graduating class size of 12 per class. There would be one class in FY 2009-10 (12 students) and two classes in FY 2010-11 (24 students). As compared to the Governor's recommendation, this action resulted in General Fund savings of \$258,400 in FY 2009-10 and \$516,800 in FY 2010-11. One Program Officer position was reinstated to oversee the program.

EMERGENCY OPERATIONS CENTER

The Legislature approved the Governor's recommendation to transfer Emergency Operations Center (EOC) rent revenues, two maintenance positions and related operating costs from the main Military account to a new EOC operating budget account. The new budget account will better serve to manage income and costs by separating them from the main operating account

CARLIN FIRE SCIENCE ACADEMY

The Governor's Capital Improvement Program (CIP) budget included a recommendation to acquire and renovate the Carlin Fire Science Academy (FSA) to establish a Nevada Army National Guard Readiness Center (CIP Project 09-C15), in lieu of constructing a new Readiness Center in Elko. The Legislature ultimately approved funding for a new Readiness Center in Elko County. However, due to unresolved issues, prior to expending any authorized funding, the State Public Works Board (SPWB) must obtain approval for the site of the new Readiness Center from the Interim Finance Committee or the Legislature if it is in session.

The Executive Budget included a new Carlin Armory budget account reflecting the transfer of operations and maintenance costs for the FSA facility from the University of Nevada, Reno (UNR) to the Office of the Military. However, the timeline for the project was subsequently re-evaluated and it was determined the Office of the Military could not accept assignment of the site until July of 2011. The Legislature approved a budget amendment to rescind the proposal to create a new account.

REINTEGRATION TRAINING

The Legislature approved the Governor's recommendation to use reserves totaling \$30,000 per year to pay a \$100 entitlement to any member of the Nevada National Guard who attends a course on reintegration training upon return from active duty. The Office of the Military estimates 300 members of the Guard will be eligible per year and based upon the usage estimates for the other services provided in this account, sufficient reserves will be available to fund this new program. Senate Bill 408, as amended, made the necessary revisions to NRS 412.1435 to provide the statutory authority needed to allow payment of the new entitlements from the Patriot Relief Fund.

PATRIOT RELIEF FUND

The 2005 and 2007 Legislatures appropriated General Funds totaling \$1.32 million to the Patriot Relief Fund. Pursuant to NRS 412.1435, the appropriations do not revert to the General Fund at the close of a fiscal year. The balances of these appropriations are being used as the funding source for the expenditures approved in the Patriot Relief Fund.

Nevada Revised Statutes 412.1435 provides that interest and income earned on the money in the Patriot Relief account must be credited to the account. The money committees of the 2007 Legislature issued a letter of intent to the State Treasurer stating that interest earned on the funds within the Patriot Relief Fund should be credited to the account. However, interest income distributions to the account were not taking place. Staff from the Office of the Treasurer asserted that an account does not earn interest on General Fund appropriations (i.e., the agency only has authority versus cash); therefore, there was no interest or income available to credit to the account.

To clarify the Legislature's intent that the Patriot Relief Fund be allowed to earn interest on General Fund appropriations, Senate Bill 408, as amended, added language to NRS 412.1435 that provided interest and income earned on the sum of unexpended appropriations from the state General Fund must be credited to the account.

OFFICE OF VETERANS' SERVICES

The Office of Veterans' Services is responsible for assisting veterans and their families in obtaining services, compensation and government benefits to which they are entitled. In addition, the office is responsible for serving as the court-appointed guardian for those veterans determined by the courts as unable to handle their own financial matters, for supervising the operation and maintenance of the two state Veterans' Memorial Cemeteries located in Boulder City and Fernley, and for overseeing the operation of the Veterans' Home in Boulder City. The nine-member Nevada Veterans' Services Commission advises the Executive Director and the Deputy Executive Director of the office and also makes recommendations to the office, the Governor, and the Legislature regarding aid or benefits to veterans.

For the 2009-11 biennium, the Legislature approved total spending authority of \$5.43 million, a 0.9 percent increase over the amount approved by the 2007 Legislature. Total General Fund support approved for the 2009-11 biennium of \$3.9 million represents a 5.1 percent increase over amounts approved for the 2007-09 biennium. The Legislature approved the Governor's recommendation to transfer the Administrative Services Officer II position from the Veterans' Home account to the Commissioner for Veterans' Affairs account. The Legislature also approved a budget amendment that provides General Funds of \$23,762 in each year of the 2009-11 biennium for increases in copier lease costs and water costs based on projections updated after The Executive Budget was submitted.

In order to generate General Fund savings, the 2009 Legislature approved the agency's proposal to eliminate five laptop computers in the second year of the 2009-11 biennium, which provides General Fund savings of \$7,945 in FY 2010-11. Although not included in The Executive Budget, the Legislature approved the agency's proposal to utilize this \$7,945 in General Fund savings to increase travel costs for the agency's commission members, thereby allowing commission members to attend all anticipated commission meetings. The Legislature also approved federal grant funds of \$5.1 million for Capital Improvement Project C18 to expand the Boulder City Veterans' Cemetery, and General Obligation bonds totaling \$1.1 million for expansion of the Boulder City Veterans' Cemetery and replacement of the cooling tower at the Southern Nevada Veterans' Home.

VETERANS' HOME

The Nevada State Veterans' Home is a 180-bed, 24-hour, skilled nursing facility located in Boulder City. The home admitted its first residents in August 2002 and provides a wide range of residential and support services for veterans, their spouses, and Gold Star residents (parents who had a child that died while in military service). Total funding approved by the Legislature for the 2009-11 biennium is \$32.3 million, an increase of 0.3 percent over the legislatively-approved amounts for the 2007-09 biennium. The General Fund support totals \$1.09 million and represents a 55.3 percent decrease from the amounts approved for the 2007-09 biennium. The General Fund decrease is offset by a corresponding increase in the amount of federal and other funds anticipated to be collected over the 2009-11 biennium.

The 2009 Legislature approved the Governor's recommendation to provide one new Registered Nurse IV and one new Registered Dietician II for the Nevada State Veterans' Home. The Registered Nurse will provide nursing coverage for planned and unplanned leave that has historically been provided through contract nurses and through overtime by existing staff. The new Registered Nurse is funded through reductions to overtime and contract costs. The Registered Dietician will replace the current dietician provided by the food service contractor, and will provide nutritional care and diet therapy for geriatric residents of the home. Funding for the new Dietician position is through reductions to the food service contract.

In order to provide additional General Fund savings, the 2009 Legislature approved the agency's proposal to eliminate some of the replacement and new equipment recommended by the Governor, providing General Fund savings of \$60,071 over the 2009-11 biennium. The eliminated equipment includes computer hardware, physical therapy equipment, and replacement wood paneling. The Legislature also approved a budget amendment that reduces General Fund appropriations by \$268,520 over the 2009-11 biennium, based on a calculation error, and updated reimbursement rates from the Veteran's Administration.

**Nevada Legislative Counsel Bureau
Summary of Appropriations and Authorizations
2009-11 Legislature**

| | 2008-2009 Work Program | 2009-2010 Governor Recommends | 2009-2010 LEGISLATIVELY APPROVED | 2010-2011 Governor Recommends | 2010-2011 LEGISLATIVELY APPROVED |
|---|---------------------------|-------------------------------------|--|-------------------------------------|--|
| SPECIAL PURPOSE AGENCIES | | | | | |
| PUBLIC EMPLOYEES RETIREMENT SYSTEM | | | | | |
| PUBLIC EMPLOYEES' RETIREMENT SYSTEM | 10,562,224 | 9,639,671 | 9,719,075 | 9,708,539 | 9,536,177 |
| GENERAL FUND | | | 135,053 | | |
| BALANCE FORWARD | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 |
| OTHER FUND | 10,362,224 | 9,439,671 | 9,384,022 | 9,508,539 | 9,336,177 |
| TOTAL PUBLIC EMPLOYEES RETIREMENT SYSTEM | 10,562,224 | 9,639,671 | 9,719,075 | 9,708,539 | 9,536,177 |
| GENERAL FUND | | | 135,053 | | |
| BALANCE FORWARD | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 |
| OTHER FUND | 10,362,224 | 9,439,671 | 9,384,022 | 9,508,539 | 9,336,177 |
| PUBLIC EMPLOYEES BENEFITS PROGRAM | | | | | |
| PUBLIC EMPLOYEES BENEFITS PROGRAM | 434,712,243 | 438,710,905 | 438,893,954 | 475,932,035 | 476,192,258 |
| BALANCE FORWARD | 93,428,094 | 71,759,547 | 71,759,547 | 72,682,773 | 72,682,773 |
| INTER-AGENCY TRANSFER | 251,528,122 | 191,261,867 | 231,804,632 | 204,229,540 | 254,287,419 |
| OTHER FUND | 89,756,027 | 175,689,491 | 135,329,775 | 199,019,722 | 149,222,066 |
| RETIRED EMPLOYEE GROUP INSURANCE | 40,501,258 | 17,018,737 | 33,165,781 | 14,119,046 | 37,736,880 |
| BALANCE FORWARD | 38,902 | 38,902 | 38,902 | | |
| INTER-AGENCY TRANSFER | 40,420,906 | 16,979,835 | 33,126,879 | 14,119,046 | 37,736,880 |
| OTHER FUND | 41,450 | | | | |
| ACTIVE EMPLOYEES GROUP INSURANCE | 208,246,329 | 171,433,979 | 195,829,700 | 187,301,343 | 213,741,388 |
| BALANCE FORWARD | | | | | |
| INTER-AGENCY TRANSFER | 208,246,329 | 171,433,979 | 195,829,700 | 187,301,343 | 213,741,388 |
| TOTAL PUBLIC EMPLOYEES BENEFITS PROGRAM | 683,459,830 | 627,163,621 | 667,889,435 | 677,352,424 | 727,670,526 |
| BALANCE FORWARD | 93,466,996 | 71,798,449 | 71,798,449 | 72,682,773 | 72,682,773 |
| INTER-AGENCY TRANSFER | 500,195,357 | 379,675,681 | 460,761,211 | 405,649,929 | 505,765,687 |
| OTHER FUND | 89,797,477 | 175,689,491 | 135,329,775 | 199,019,722 | 149,222,066 |
| DEFERRED COMPENSATION | | | | | |
| DEFERRED COMPENSATION COMMITTEE | 390,124 | 494,738 | 494,738 | 436,916 | 447,619 |
| BALANCE FORWARD | 96,256 | 143,630 | 143,630 | 85,981 | 96,684 |
| INTER-AGENCY TRANSFER | 292,298 | 345,173 | 345,173 | 345,000 | 345,000 |
| OTHER FUND | 1,570 | 5,935 | 5,935 | 5,935 | 5,935 |
| TOTAL DEFERRED COMPENSATION | 390,124 | 494,738 | 494,738 | 436,916 | 447,619 |
| BALANCE FORWARD | 96,256 | 143,630 | 143,630 | 85,981 | 96,684 |
| INTER-AGENCY TRANSFER | 292,298 | 345,173 | 345,173 | 345,000 | 345,000 |
| OTHER FUND | 1,570 | 5,935 | 5,935 | 5,935 | 5,935 |
| OFFICE OF MILITARY | | | | | |
| MILITARY | 19,736,278 | 16,061,661 | 16,010,815 | 16,473,196 | 16,209,125 |
| GENERAL FUND | 4,049,011 | 3,305,838 | 3,008,173 | 3,575,659 | 3,027,475 |
| BALANCE FORWARD | | | | | |
| FEDERAL FUND | 15,263,677 | 12,755,823 | 13,000,955 | 12,897,537 | 13,179,584 |
| INTER-AGENCY TRANSFER | 423,590 | | 1,687 | | 2,066 |
| OTHER FUND | | | | | |
| REVERSIONS | | | | | |

**Nevada Legislative Counsel Bureau
Summary of Appropriations and Authorizations
2009-11 Legislature**

| | 2008-2009 Work Program | 2009-2010 Governor Recommends | 2009-2010 LEGISLATIVELY APPROVED | 2010-2011 Governor Recommends | 2010-2011 LEGISLATIVELY APPROVED |
|--|-------------------------------------|-------------------------------------|--|-------------------------------------|--|
| MILITARY CARLIN ARMORY | | | | 456,242 | |
| GENERAL FUND | | | | 456,242 | |
| MILITARY EMERG OPERATIONS CENTER | | 345,978 | 345,974 | 354,372 | 354,360 |
| BALANCE FORWARD | | | | 8,394 | 8,394 |
| INTER-AGENCY TRANSFER | | 345,978 | 345,974 | 345,978 | 345,966 |
| MILITARY ADJUTANT GENERAL CONSTRUCTION FUND | 35,408 | 35,908 | 1,535,908 | 36,408 | 36,408 |
| BALANCE FORWARD | 34,908 | 35,408 | 35,408 | 35,908 | 35,908 |
| FEDERAL FUND | | | 1,500,000 | | |
| OTHER FUND | 500 | 500 | 500 | 500 | 500 |
| MILITARY NATIONAL GUARD BENEFITS | 56,250 | 55,094 | 55,094 | 55,100 | 55,100 |
| GENERAL FUND | 25,250 | 55,094 | 55,094 | 55,100 | 55,100 |
| INTERIM FINANCE REVERSIONS | 31,000 | | | | |
| MILITARY PATRIOT RELIEF FUND | 956,792 | 541,792 | 541,792 | 281,959 | 281,959 |
| GENERAL FUND | 316,325 | | | | |
| BALANCE FORWARD | 640,467 | 541,792 | 541,792 | 281,959 | 281,959 |
| TOTAL OFFICE OF MILITARY | 20,784,728 | 17,040,433 | 18,489,583 | 17,657,277 | 16,936,952 |
| GENERAL FUND | 4,390,586 | 3,360,932 | 3,063,267 | 4,087,001 | 3,082,575 |
| BALANCE FORWARD | 675,375 | 577,200 | 577,200 | 326,261 | 326,261 |
| FEDERAL FUND | 15,263,677 | 12,755,823 | 14,500,955 | 12,897,537 | 13,179,584 |
| INTER-AGENCY TRANSFER | 423,590 | 345,978 | 347,661 | 345,978 | 348,032 |
| INTERIM FINANCE OTHER FUND REVERSIONS | 31,000 500 500 | 500 500 500 | 500 500 500 | 500 500 500 | 500 500 500 |
| VETERANS' SERVICES | | | | | |
| COMMISSIONER FOR VETERANS' AFFAIRS | 2,799,662 | 2,620,664 | 2,697,138 | 2,650,610 | 2,729,348 |
| GENERAL FUND | 1,941,521 | 1,881,581 | 1,958,055 | 1,892,977 | 1,971,715 |
| FEDERAL FUND | 744,150 | 711,463 | 711,463 | 731,394 | 731,394 |
| INTER-AGENCY TRANSFER OTHER FUND REVERSIONS | 97,491 16,500 16,500 | 27,620 27,620 27,620 | 27,620 27,620 27,620 | 26,239 26,239 26,239 | 26,239 26,239 26,239 |
| VETERANS' HOME ACCOUNT | 17,173,834 | 15,777,371 | 16,019,823 | 15,951,168 | 16,241,803 |
| GENERAL FUND | 1,346,953 | 535,950 | 610,661 | 288,057 | 477,913 |
| BALANCE FORWARD | 416,929 | | | | |
| FEDERAL FUND | 5,060,774 | 4,419,346 | 4,549,401 | 4,378,152 | 4,600,327 |
| INTER-AGENCY TRANSFER OTHER FUND REVERSIONS | 5,295,788 5,053,390 5,053,390 | 5,444,408 5,377,667 5,377,667 | 5,444,336 5,415,425 5,415,425 | 5,820,693 5,464,266 5,464,266 | 5,724,547 5,439,016 5,439,016 |
| TOTAL VETERANS' SERVICES | 19,973,496 | 18,398,035 | 18,716,961 | 18,601,778 | 18,971,151 |
| GENERAL FUND | 3,288,474 | 2,417,531 | 2,568,716 | 2,181,034 | 2,449,628 |
| BALANCE FORWARD | 416,929 | | | | |
| FEDERAL FUND | 5,804,924 | 5,130,809 | 5,260,864 | 5,109,546 | 5,331,721 |
| INTER-AGENCY TRANSFER OTHER FUND REVERSIONS | 5,393,279 5,069,890 5,069,890 | 5,444,408 5,405,287 5,405,287 | 5,444,336 5,443,045 5,443,045 | 5,820,693 5,490,505 5,490,505 | 5,724,547 5,465,255 5,465,255 |

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|---|---------------------------|-------------------------------------|--|-------------------------------------|--|
| SPECIAL PURPOSE AGENCIES | | | | | |
| GENERAL FUND | 7,679,060 | 5,778,463 | 5,767,036 | 6,268,035 | 5,532,203 |
| BALANCE FORWARD | 94,855,556 | 72,719,279 | 72,719,279 | 73,295,015 | 73,305,718 |
| FEDERAL FUND | 21,068,601 | 17,886,632 | 19,761,819 | 18,007,083 | 18,511,305 |
| INTER-AGENCY TRANSFER | 506,304,524 | 385,811,240 | 466,898,381 | 412,161,600 | 512,183,266 |
| INTERIM FINANCE | 31,000 | | | | |
| OTHER FUND | 105,231,661 | 190,540,884 | 150,163,277 | 214,025,201 | 164,029,933 |
| REVERSIONS | | | | | |
| TOTAL FOR SPECIAL PURPOSE AGENCIES | 735,170,402 | 672,736,498 | 715,309,792 | 723,756,934 | 773,562,425 |
| Less: INTER-AGENCY TRANSFER | 506,304,524 | 385,811,240 | 466,898,381 | 412,161,600 | 512,183,266 |
| NET SPECIAL PURPOSE AGENCIES | 228,865,878 | 286,925,258 | 248,411,411 | 311,595,334 | 261,379,159 |