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**SENATE COMMITTEE ON FINANCE
CLOSING LIST #15**

BUDGET ACCOUNT

**EXECUTIVE
BUDGET PAGE**

Judicial Branch

Volume I

1. Rural Drug Court (101-1495)

Courts – 31

Special Purpose Agencies

2. Public Employees Retirement System (101-4821)

PERS – 1

Title: SUPREME COURT RURAL DRUG COURT
Account: 101 - 1495

2003 - W03
Wrkng Ver #3

	2002 Actual	2003 W. P.	% Chg	2004 Gov Rec	% Chg	2005 Gov Rec	% Chg
Revenues							
GENERAL FUND				150,000		150,000	
BALANCE FORWARD	115,610	184,390	59.49				
Total Revenues	115,610	184,390	59.49	150,000	-18.65	150,000	
					% of tot.		% of tot.
Expenses							
Base				150,000	100.00	150,000	100.00
Maintenance							
Enhancement							
Total Expenses				150,000		150,000	
					% of tot.		% of tot.
Percentage of Base							
Maintenance							
Enhancement							

Adjustments to Revenue

Dec Unit	Cat	GL	Description	FY2004	FY2005
B-000	00	2501	Adjust General Fund	(75,000)	(150,000)
B-000	00	3749	Adjust court assessment revenue in accordance with A.B. 29 (2003 Session)	75,000	150,000
E-900	00	3749	Increase funding for specialty courts in accordance with A.B. 29 (2003 Session)	1,454,869	1,714,825
E-901	00	2501	Adjust General Fund	262,500	0
E-901	00	3749	Adjust court assessment revenue in accordance with A.B. 29 (2003 Session)	262,500	525,000
Sub-Total				1,979,869	2,239,825
Line Item Changes to Revenues				1,979,869	2,239,825

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	FY2004	FY2005
E-900	12	8000	Adjust drug court expense in accordance with A.B. 29 (2003 Session)	1,454,869	1,714,825
E-901	11	8000	Transfer for Drug Court Program	525,000	525,000
Sub-Total				1,979,869	2,239,825
Line Item Changes to Expenditures				1,979,869	2,239,825

Total	0	0
Grand Total General Fund Impact of Closing Changes	187,500	(150,000)

OVERVIEW

Senate Bill 143 of the 2001 Legislative Session appropriated \$300,000 to the State Court Administrator to fund a treatment program for the abuse of alcohol or controlled substances in the rural court districts (1st, 3rd, and 9th Judicial Districts which include Carson City and Churchill, Douglas, Lyon and Storey counties).

CLOSING ISSUES

No closing issues.

OTHER CLOSING ITEMS

1. The Judicial Branch is requesting General Fund support of \$150,000 each year of the 2003-05 biennium for continuation of the rural drug court program established pursuant to NRS 453.580. Staff would note that Assembly Bill 29, which is currently in the Assembly Ways and Means Committee, would provide for an additional administrative assessment of \$5 to pay for specialty court programs, including the drug court programs established by rural districts. Based on passage of this bill, the courts have estimated total revenue at \$2,375,000 (475,000 assessments x \$5 = \$2,375,000).
2. The Subcommittee should note at the Parole and Probation budget closing (101-3740) on April 29, 2003, the Joint Subcommittee on Public Safety approved the elimination General Funds in this account of \$525,000 each year for the support of the drug court programs in the Washoe and Clark district courts (2nd and 8th districts) and approved placing these State General Funds in this budget account. As further noted, the Public Safety Subcommittee recommends all funding related to specialty courts be accounted for in one budget under the umbrella of the courts (Drug Courts - \$1,050,000 General Fund; Rural Courts - \$300,000 General Fund; Mental Health - \$677,965 General Fund \$628,339 (\$272,711 in FY 2004 and \$355,638 in FY 2005), \$49,626 Medicaid Title XIX). If the Subcommittee approves funding in this budget account, staff requests approval to separately designate the revenues and expenditures related to each program from the revenue and expenditures related to the rural drug program.

The Subcommittee approved staff recommendations to fund this budget account by separately designating the revenues and expenditures related to each program.

Based on passage of A.B. 29, the Subcommittee may wish to consider the following for funding:

- a. Fund all specialty courts with General Fund as recommended by the Governor and requested by the Judicial Branch; total \$947,711 in FY 2004 and \$1,030,628 in FY 2005 (total of \$1,978,339 for the 2003-05 biennium).
- b. Fund all specialty courts with administrative court assessments in lieu of General Fund for savings of \$947,711 in FY 2004 and \$1,030,628 in FY 2005 (total of \$1,978,339 for the 2003-05 biennium).
- c. As A.B. 29 is not effective until July 1, 2003, the Subcommittee may wish to provide start-up funds of \$236,927 ($\$947,711 / 4 = \$236,927$) for the first quarter of FY 2004 from the General Fund, followed by court administrative assessment funding thereafter. This would provide General Fund savings of \$710,784 in FY 2004 and \$1,030,628 in FY 2005.

Contingent upon passage of A.B. 29, the Subcommittee approved the continued support for the Mental Health Drug Court remain in the Department of Human Resources administered by the Mental Health Division, and continued support of the Rural Drug Court and Drug Courts in Washoe and Clark Counties be maintained in this budget account administered by the Judicial Branch.

The Subcommittee approved funding within this budget account for continued operation of the Rural Drug Court (\$150,000 each year of the biennium; total \$300,000) and the Drug Courts in Washoe and Clark Counties (\$525,000 each year of the biennium; total of \$1,050,000) with court administrative assessments in lieu of General Fund and provided a six-month start up for these programs from the General Fund in FY 2004 in the amount of \$337,500. Additionally, court administrative assessments received as a result of A.B. 29 (specialty court funding) in excess of current obligations were approved by the Subcommittee for expansion of current drug court programs and implementation of new drug court programs for the rural areas.

Supreme Court Rural Drug Court - Budget Account (101-1495)

Funding Comparison 2003-05 Biennium
 Governor Recommends, Subcommittee Recommendations, and Speciality Court Needs as presented by the Courts

The following represents the Courts proposed expenditures to maintain current operations of the Rural Drug Court and the Drug Courts in Washoe and Clark Counties (Mental Health Court to remain in MHDS). Contingent upon passage of A.B. 29, five dollars of a proposed fifteen dollar increase in administrative assessments is to be allotted to speciality courts. The Courts have estimated this increase will provide \$2.5 Million per year in revenue (or \$5.0 Million over the biennium), with a reduction of 25 percent in the first year of assessment.

Based upon the Joint Subcommittee on General Government's recommendation, funding for the above noted courts for the 2003-05 biennium will be provided by both the General Fund and court assessments. However, it is important to note the costs to maintain existing operations are prioritized as number one from the estimated funding allotment (primarily court assessments) with amounts remaining available for the Court's consideration of Drug Court expansion.

Judicial Court / Budget Account	Funding Source		Governor Rec		Subcommittee Rec		General Fund Savings	
	FY 2004	FY 2005	FY 2004	FY 2005	FY 2004	FY 2005	FY 2004	FY 2005
Estimated Revenue from Court Assessments:								
Support of Current Operations: Rural Drug Court - 1495					\$ 1,875,000	\$ 2,500,000		
	General Fund	\$ 150,000	\$ 150,000	\$ 75,000			\$ (75,000)	\$ (150,000)
	Court Assessments			75,000	150,000	150,000		
	Total	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ (75,000)	\$ (150,000)
Washoe & Clark County Drug Courts - 1495								
	General Fund	525,000	525,000	262,500			\$ (262,500)	\$ (525,000)
	Court Assessments			262,500	525,000	525,000		
	Total	\$ 525,000	\$ 525,000	\$ 525,000	\$ 525,000	\$ 525,000	\$ (262,500)	\$ (525,000)
Total General Fund Savings								
In support of current operations:								
Additional Court Assessments Available for Expansion:					\$ 1,537,500	\$ 1,825,000		
Annual Request by the Courts:					\$ 2,912,014	\$ 2,912,014		
Projected Shortfall of Court Assessments for 100% funding of the Court's Request:					\$ (1,374,514)	\$ (1,087,014)		
				Total				\$ (2,461,528)

ANNUAL SPECIALTY COURT FUNDING NEEDS
IN ADDITION TO CURRENT FUNDING, INCLUDING LOCAL AND STATE GENERAL FUND
Pursuant to Testimony before the General Government Budget Subcommittee
8-May-03

Judicial District	Issue	Estimated Annual \$ Impact	Total Annual \$ Impact
1st, 3rd & 9th Districts Existing Rural Drug Court	1. Additional program cost due to increase in treatment funds per client	\$ 85,000	\$ 85,000
2nd Judicial District	1. Need to treat additional 25 clients in mental health court at a cost of \$4,555 each. (Treatment cost given in testimony was \$3,800 each, did not include provider costs.)	\$ 113,875	
	2. Need to treat additional 16 clients per month in drug court at a cost of \$2,200 each. \$2,200 x 16 x 12 months = \$422,400	\$ 422,400	
	3. 7% cut to existing \$1.2 million program, across all funding	\$ 84,000	
	4. Loss of federal funds, Pass-thru @ \$54,629 and Integrated Case Services Manager funds @ \$59,966. Total federal fund reduction is \$114,595	\$ 114,595	
Total need for 2nd Judicial, in addition to current program			\$ 734,870
3rd, 4th, 5th, 6th and 7th Judicial Districts (Rural)	1. Need to create drug courts in these rural districts which are currently devoid of drug court programs. Estimate a total of 380 clients to be treated annually at a cost to the provider of \$2,000 each. Total cost is \$760,000.	\$ 760,000	\$ 760,000
8th Judicial District	1. The 8th will lose a local law enforcement grant in FY04 and thereafter, at a cost of \$444,444 per year.	\$ 444,444	
	2. The 8th will lose \$200,000 per year from the proceeds of the DUI Traffic School. These funds are being allocated elsewhere in the County.	\$ 200,000	
	3. As the Drug Court Fund balance is reduced by the excess of expenses over revenues, fund interest will be lost.	\$ 50,000	
	4. Mental Health Court needs are 200 clients per year, 70% of whom will need treatment @ \$4,555.	\$ 637,700	
Total need for 8th Judicial, in addition to current program			\$ 1,332,144
Total ANNUAL Need from AB29 (In addition to current state, local and federal funding)			\$ 2,912,014

Please Note: The above specialty court funding needs pertain to District Court. Specialty court needs of the lower jurisdiction courts statewide are not included.

Title: PUBLIC EMPLOYEES RETIREMENT SYSTEM
Account: 101 - 4821

2003 - W02
Wrkng Ver #2

	2002 Actual	2003 W. P.	% Chg	2004 Gov Rec	% Chg	2005 Gov Rec	% Chg
Revenues							
BALANCE FORWARD	200,000	200,000		200,000		200,000	
INTER AGENCY TRANSFER	17,516	14,668	-16.26	93,620	538.26	121,265	29.53
OTHER FUND	8,548,234	6,210,803	-27.34	7,928,989	27.66	7,917,326	-.15
Total Revenues	8,765,750	6,425,471	-26.70	8,222,609	27.97	8,238,591	.19
					%		%
Expenses							
Base				7,148,800	86.94	7,222,743	87.67
Maintenance				107,789	1.31	160,906	1.95
Enhancement				966,020	11.75	854,942	10.38
Total Expenses				8,222,609		8,238,591	
					%		%
Percentage of Base							
Maintenance					1.51		2.23
Enhancement					13.51		11.84
Total FTE		59.00		62.00		62.00	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	FY2004	FY2005
B-000	00	3750	Change in AG cost allocation	27,112	(4,414)
B-000	00	3750	Eliminate double actuarial expenses	(21,218)	(22,067)
E-300	00	3750	Revised computer pricing	(744)	(890)
Sub-Total				5,150	(27,371)
Line Item Changes to Revenues				5,150	(27,371)

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	FY2004	FY2005
B-000	04	7000	Eliminate double actuarial expenses	(21,218)	(22,067)
B-000	89	7000	Change in AG cost allocation	27,112	(4,414)
E-300	28	7000	Revised computer pricing	0	(65)
E-300	26	8000	Revised computer pricing	(744)	(825)
Sub-Total				5,150	(27,371)
Line Item Changes to Expenditures				5,150	(27,371)

Total 0 0

OVERVIEW

The Public Employees' Retirement System (PERS) provides retirement, disability and death benefits to long-term employees. PERS includes employees of Nevada's cities, counties, state government and miscellaneous public employers. In addition to administering the retirement funds for regular and police/fire members, PERS also administers the Legislators' Retirement System and as of January 1, 2003 began administering the Judicial Retirement System.

NRS 353.246 provides that PERS is not subject to the state budget act. While PERS is required to submit their proposed budget for inclusion in The Executive Budget, the Budget Division does not review or make adjustment to the budget submitted by PERS.

6

Due to one-time costs during the current biennium for implementing the new data processing system (CARSON) and the expenses related to the conversion of hard copy files to optical images, it is difficult to calculate the growth requested by the agency. If the information services category is excluded, the PERS budget for FY 2003-04 increases by 12.0 percent over the amount authorized in FY 2002-03. An additional 0.7 percent increase is requested in FY 2004-05.

CLOSING ISSUE

Retirement contribution rate recommended to increase for regular members of PERS

DISCUSSION OF CLOSING ISSUE

NRS 286.410 requires that retirement contributions be adjusted for employee/employer plan members if the actuarially determined rate is more than ¼ of 1 percent higher or lower than the rate that is currently assessed. For employer paid members of PERS, NRS 286.421 requires contribution rates to be adjusted if the actuarially determined rate is more than ½ of 1 percent higher or lower than the rate that is currently assessed. The PERS actuary has determined that retirement contribution rates should be increased for regular members by 1.5 percent during the 2003-05 biennium. The contribution rate for police/fire members is unchanged.

The Executive Budget recommended the retirement contribution rate increase effective July 1, 2003. The money committees have closed budgets providing the retirement contribution increase for all employee groups with ½ of the cost the responsibility of the employer and ½ of the cost the responsibility of the employee. This action is consistent with how financial responsibility for changes in retirement contribution rates have been approved by the Legislature in the past.

OTHER CLOSING ITEMS

1. Adjusted base budget - A total of \$111,146 is included in each year of the 2003-05 biennium for non-holiday overtime. Agencies are not normally budgeted for non-holiday overtime costs. PERS indicates that due to legislation that is anticipated to pass the 2003 Legislature, many members will be updating their beneficiary information, which will require overtime costs to update this information during the upcoming biennium. **Does the Committee wish to approve funding to finance non-holiday overtime during the upcoming blennium?**
2. E-225 – A total of \$28,236 in FY 2003-04 and \$26,805 in FY 2004-05 is recommended for training PERS staff.
3. E-275 – This decision unit requests \$110,040 in FY 2003-04 and \$135,292 in FY 2004-05 for a total of three new positions. A data base Management Specialist is requested to replace the use of contract assistance and address an issue cited by the PERS external auditor that one person should not be responsible for security and data base administration. Two Administrative Assistant positions have been requested: one for the Las Vegas office and one for the Carson City office. The position in Las Vegas is requested due to retirement counselor positions performing routine functions such as answering telephones, greeting members and retirees and performing general clerical duties. This position would allow the retirement counselors to better utilize their time meeting with members and retirees. The position for the Carson City office would ensure all documents received and generated by PERS would be scanned and indexed into the optical imaging system. The system is only recently operational and temporary assistance has been utilized to maintain these operations to date.
4. E-300 – This decision unit would provide \$599,509 in FY 2003-04 and \$570,123 in FY 2004-05 for a variety of data processing expenditures including: hardware/software purchase; maintenance on hardware/software recently installed or upgraded; communication and security costs related to the agency's website; and disaster recovery site costs.

Per revised prices received from the Purchasing Division, this decision unit has been reduced by \$744 in FY 2003-04 and \$890 in FY 2004-05.

5. E-350 – A total of \$49,802 is provided in each year of the 2003-05 biennium to develop a system-wide initiative to examine all current communications including forms, letters, newsletters, and member and employer programs.
6. E-500 – This decision unit provides approximately \$172,000 over the 2003-05 biennium for costs related to the development and review of a RFP for a new custodial/commercial bank contract. The current contract for these services expires on June 30, 2005.
7. E-710/E-720 – A total of approximately \$80,000 over the biennium is recommended to replace existing equipment and purchase new equipment. The majority of funds would be used to replace the agency's telephone system (\$50,000) and to replace furnishings in the meeting room utilized by the PERS board (\$16,000).

OTHER TECHNICAL ADJUSTMENTS

1. Actuarial expenses related to the Judicial Retirement Plan were budgeted twice during the 2003-05 biennium. The PERS budget has been reduced by \$21,218 in FY 2003-04 and \$22,067 in FY 2004-05 to eliminate the duplicative amounts.
2. A technical adjustment has been made to the Attorney General cost allocation amounts based on the latest update received from the Budget Division. The AG cost allocation amounts have been increased by \$27,112 in FY 2003-04 and reduced by \$4,414 in FY 2004-05.