



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 government; the Public Employees' Benefits program; the Office of the Military; and the Office of Veterans' Services.

The function is mostly supported through inter-agency transfers. The 2001 Legislature approved General Fund appropriations for special purpose agencies totaling approximately \$13.4 million over the 2001-03 biennium.

PUBLIC EMPLOYEES' RETIREMENT SYSTEM

The Public Employees' Retirement System (PERS) provides retirement, disability and death benefits to long-term public 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 State Budget Act or review by the Budget Division, but is included in The Executive Budget for review by the Legislature. A budget of \$8.2 million in FY 2001-02 and \$6.5 million in FY 2002-03 was approved by the Legislature and includes five new positions in the first year of the biennium and four new positions in the second year.

The 2001 Legislature approved Senate Bill 349, which provides an increase in the service credit earned by public employees from 2.5 percent per year of service to 2.67 percent for each year of service. The bill also provides that police/fire members can retire at any age with 25 years of service and allows unmarried members of PERS to designate a survivor beneficiary. The Legislature also approved Assembly Bill 555, which allows retired PERS members to work for a public employer while also receiving retirement benefits if it is determined that a critical labor shortage exists. Various organizations are responsible for designating positions where a critical labor shortage exists, including the Department of Education for positions within the various school districts, the Board of Regents for positions within UCCSN, the Supreme Court for positions in the Judicial Branch, and the Board of Examiners for positions in the Executive Branch of state government.

OFFICE OF THE MILITARY

The Office of the Military is responsible for the supervision of the military affairs of the state, which include both state and federal roles. The state's primary mission is to respond to state emergency situations such as civil or national disasters. The primary federal mission is to provide combat-ready reserve forces for the United States Armed Forces. The department consists of three major units: the Army National Guard, the Air National Guard, and the Office of the Adjutant General.

The 2001 Legislature approved the 2001-03 budget for the Office of the Military as recommended by the Governor with few modifications or adjustments. Funding included carry-over funding authority for the addition of three maintenance and grounds-keeping personnel that were approved by the 1999 Legislature. The new positions were approved to

accommodate the Nevada National Guard's increased maintenance needs associated with its move to the new Nevada Guard Readiness Center, which was scheduled to be completed in the fourth quarter of FY 2000-01 and is now anticipated to be completed and ready for occupancy in the first quarter of FY 2001-02. The Legislature also approved \$114,497 (\$55,549 in FY 2001-02 and \$58,948 in FY 2002-03) to fund the continuation of an Environmental Scientist position originally approved by the Interim Finance Committee on December 4, 2000. Authority for the new position was granted by the IFC to provide the agency with the resources to meet Clark County air pollution regulations set by the Clark County District Board of Health, and to meet Nevada underground injection control regulations.

The Legislature also provided \$102,028 in FY 2001-02 (\$43,876 in General Fund and \$58,152 in federal funds) and \$220,203 in FY 2002-03 (\$94,695 in General Fund and \$125,508 in federal funds) in additional funding to cover significant increases in projected utility costs that were not included in the Governor's recommended budget.

NATIONAL GUARD BENEFITS

The 1997 Legislature approved increased funding for the National Guard Benefits program, which is used to encourage recruitment and retention of members of the Air and Army Guard by authorizing payment of up to 50 percent of the credit-hour costs of the University and Community College System for guard members enrolled in college courses. The 1999 Legislature approved Senate Bill 292, which authorized the Guard to increase its reimbursement of qualifying education costs up to 100 percent of credit-hour costs. The 2001 Legislature approved continued funding for the National Guard Benefits program at the 1999 approved levels of \$100,000 per year, as recommended by the Governor.

OFFICE OF VETERANS' SERVICES

The Office of Veterans' Services is responsible for helping veterans and their families obtain services, compensation, and government benefits to which they are entitled. In addition, the office is responsible for managing the funds of veterans who the courts have declared unable to handle their own financial matters. It is also responsible for supervising the operation and maintenance of two state veterans' memorial cemeteries and for developing and establishing state veterans' homes in Nevada. The Nevada Veterans' Services Commission, which consists of nine members, advises the Executive Director and the Deputy Executive Director of the Office of Veterans' Services.

The 2001 Legislature approved the Governor's recommendation to continue three new positions that were approved by the Interim Finance Committee as temporary positions. The three positions were approved for the Southern Nevada Veterans' Cemetery in Boulder City. The positions include two Grounds Equipment Operators, needed to maintain the eight new acres of burial space that have been added to the cemetery, and a Management Assistant, needed to serve as a receptionist at the new Veterans' Chapel. The Legislature also approved funding for janitorial services and electricity for the new chapel and funding for water and fertilizer for the additional acreage at the cemetery. The Legislature also approved \$78,415 in FY 2001-02 and \$43,725 in FY 2002-03 for replacement equipment at the Office of Veterans' Services and the two state veterans' cemeteries.

SOUTHERN NEVADA VETERANS' HOME

Through the enactment of S.B. 327, the 1997 Legislature required the Executive Director for Veterans' Affairs to maintain and operate a veterans' home in Nevada. The legislation required that the first home operated by the state be established at a location in southern Nevada determined to be appropriate by the Interim Finance Committee. The 1997 Legislature also approved \$19,376,977 for the construction of the first 180 beds of the Veterans' Home (CIP 07-C16). The federal government was to provide \$12,595,035 of the funding, and the remaining \$6,781,942 was to be provided through a General Fund appropriation. Funding for the project has since been increased to \$21,229,747, plus in-kind offsite work valued at approximately \$281,000. In addition to the increased funding for the 1997 CIP project, the 2001 Legislature also approved the Governor's recommendation for an additional \$1,060,438 in state funds to complete the Veterans' Home (CIP 01-C8).

The 2001 Legislature authorized operating expenditures totaling \$9.9 million in FY 2001-02 and \$10.4 million in FY 2002-03 for the Veterans' Home, which is expected to open in the fall of 2001. The Governor had recommended operating costs totaling \$10.2 million in FY 2001-02 and \$10.7 million in FY 2002-03. The Legislature significantly revised the revenue projections that were included in The Executive Budget based on new projections provided by the Office of Veterans' Services. The home will not accept Medicaid residents until January 2002. Once Medicaid residents are accepted to the home, the major revenue sources will include Medicaid reimbursements, resident co-payments, reimbursements from the Federal Veterans' Administration, and a General Fund appropriation. The 2001 Legislature approved General Fund appropriations totaling \$3.96 million in FY 2001-02 and \$3.47 million in FY 2002-03.

PUBLIC EMPLOYEES' BENEFITS PROGRAM

The 1999 Legislature created the Public Employees' Benefits Program to provide health care, life insurance, accidental death and dismemberment coverage, and other optional insurance coverage (vehicle, home, and long-term disability) to state employees, retirees and local government employees. Direction and oversight are provided by a Board of the Public Employees' Benefits Program, consisting of nine members appointed by the Governor until July 1, 2003. The board will be reduced to seven members effective July 1, 2003.

The 2001 Legislature approved the state contribution amounts for employee health and insurance benefits as recommended in The Executive Budget. The contribution levels will decrease by approximately 3 percent in FY 2001-02 over FY 2000-01 and increase by approximately 7.6 percent in FY 2002-03 above FY 2001-02. These adjustments will result in monthly state contributions per employee of \$357.50 and \$384.50 for the first and second years of the 2001-03 biennium, respectively. The state contribution rates for active employees for the 1999-2001 biennium are compared with the 2001-03 biennium in the following table:

	FY 1999-2000 ACTUAL	FY 2000-01 ACTUAL	FY 2001-02 LEG. APPR	FY 2002-03 LEG. APPR
Active Employee Rate	\$327.20	\$368.75	\$357.50	\$384.50
% Change	23.7%	12.7%	(3.1%)	7.6%

During the 2001 Legislative Session, the Public Employees' Benefits Program revised its projections of claims expenses based on calendar year 2000 actual costs. After adjusting for increases in medical costs for FY 2000-01 (vision and dental 8 percent, medical 6 percent, and prescription drugs 22.5 percent), The Segal Company, actuary for the Public Employees' Benefits Program, recommended an inflationary rate of 8 percent each year for FY 2001-02 and FY 2002-03 for vision and dental costs; 10 percent per year for medical costs; and 20 percent per year for prescription costs. The inflationary rates recommended are consistent with national trend projections and were approved by the Legislature. Medical claims costs, based on the revised budget, were projected to reach \$104,819,621 in FY 2001-02 and \$117,820,562 in FY 2002-03. The total Public Employees' Benefits Program budget amounts to \$345.7 million for the 2001-03 biennium compared to \$296.0 million for the 1999-2001 biennium, an increase of approximately 16.8 percent.

Letters of intent from the money committees set forth the following requirements for the Public Employees' Benefits Program:

- Provide to each participant, annually, specific information on the actual cost of each premium charged in the previous year by an insurer for the coverage selected by the employee, along with a detailed explanation of how premium and state subsidy amounts are utilized by the Public Employees' Benefits Program.
- Employee monthly contribution rates for the insured's portion of health insurance coverage are to be set uniformly across all tiers of a given HMO or the self-funded plan so that each insured contributes an equal amount toward dependent and retiree subsidies.
- A report on the financial stability of the health plan is to be provided to the Interim Finance Committee and to the Interim Retirement and Benefits Committee after the close of FY 2000-01 and FY 2001-02, and after the end of the second quarter of FY 2001-02 and FY 2002-03.
- The Public Employees' Benefits Program is to continue to evaluate and eliminate, if economically feasible, the benefit reductions associated with the Medicare carve-out and the Medicare integration methodology.

RETIRED EMPLOYEE GROUP INSURANCE

The Retired Employee Group Insurance 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 is through payroll assessments to state agencies. The assessments are used to pay the state's contribution (subsidy) to retiree group insurance.

The difference between the total premium for coverage and the state subsidy amount is the portion of the total insurance premium that is paid by the participant. The Governor recommended, and the Legislature approved, automatically collecting the payroll assessment in its entirety on the 4th pay period of each fiscal year during the 2001-03 biennium to ensure sufficient assessments are collected to cover the costs of retiree subsidies. The agency assessments support retirees' monthly base premium payments of \$202.34 in FY 2001-02 and \$217.84 in FY 2002-03.

The Governor recommended the transfer and consolidation of the Retired Employee Group Insurance budget with the Public Employees' Benefits Program budget. Because the retiree account requires very little effort to maintain and allows for easy tracking of costs associated with retirees, the Legislature instead chose to continue maintaining the Retired Employee Group Insurance budget separately from the Public Employees' Benefits Program budget.

Nevada Legislative Counsel Bureau
Summary of Appropriations and Authorizations (Detail)

2001 Legislature

	2000 - 01 Work Program	2001 - 02 Governor Recommended	2001 - 02 Legislature Approved	2002 - 03 Governor Recommended	2002 - 03 Legislature Approved
SPECIAL PURPOSE AGENCIES					
OFFICE OF MILITARY					
MILITARY	4,978,889	5,229,265	5,257,685	5,404,436	5,512,153
GENERAL FUND	1,777,343	1,988,659	1,945,864	2,067,265	2,028,949
FEDERAL FUND	3,158,243	3,147,807	3,219,022	3,244,372	3,390,405
INTER AGENCY TRANSFER	43,303	92,799	92,799	92,799	92,799
ADJUTANT GENERAL CONSTRUCTION FUN	5,289,023	113,276	113,276	82,714	82,471
BALANCE FORWARD	28,601	28,601	28,601	31,377	31,134
FEDERAL FUND	5,252,596	72,675	72,675	39,337	39,337
OTHER FUND	7,826	12,000	12,000	12,000	12,000
NATIONAL GUARD BENEFITS	95,782	95,441	95,441	95,441	95,441
GENERAL FUND	95,782	95,441	95,441	95,441	95,441
SUB-FUNCTION RECAP					
OFFICE OF MILITARY	10,363,694	5,437,982	5,466,402	5,582,591	5,690,065
GENERAL FUND	1,873,125	2,084,100	2,041,305	2,162,706	2,124,390
BALANCE FORWARD	28,601	28,601	28,601	31,377	31,134
FEDERAL FUND	8,410,839	3,220,482	3,291,697	3,283,709	3,429,742
INTER AGENCY TRANSFER	43,303	92,799	92,799	92,799	92,799
OTHER FUND	7,826	12,000	12,000	12,000	12,000

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	2000 - 01 Work Program	2001 - 02 Governor Recommended	2001 - 02 Legislature Approved	2002 - 03 Governor Recommended	2002 - 03 Legislature Approved
SPECIAL PURPOSE AGENCIES					
VETERANS AFFAIRS					
COMMISSIONER FOR VETERANS AFFAIRS	1,153,026	1,352,681	1,278,029	1,353,972	1,278,027
GENERAL FUND	743,044	961,057	886,405	933,798	857,853
OTHER FUND	409,982	391,624	391,624	420,174	420,174
VETERANS HOME ACCOUNT	8,558,121	10,201,611	9,960,701	10,670,699	10,438,757
GENERAL FUND	2,648,283	4,043,633	3,958,025	3,702,561	3,470,619
BALANCE FORWARD	20,954				
FEDERAL FUND	2,581,837	2,700,533	2,908,594	3,105,613	3,283,907
INTER AGENCY TRANSFER	722,494	719,992	830,886	719,992	2,698,956
OTHER FUND	2,584,553	2,737,453	2,263,196	3,142,533	985,275
SUB-FUNCTION RECAP					
VETERANS AFFAIRS	9,711,147	11,554,292	11,238,730	12,024,671	11,716,784
GENERAL FUND	3,391,327	5,004,690	4,844,430	4,636,359	4,328,472
BALANCE FORWARD	20,954				
FEDERAL FUND	2,581,837	2,700,533	2,908,594	3,105,613	3,283,907
INTER AGENCY TRANSFER	722,494	719,992	830,886	719,992	2,698,956
OTHER FUND	2,994,535	3,129,077	2,654,820	3,562,707	1,405,449
PUBLIC EMPLOYEES RETIREMENT SYSTEM					
PUBLIC EMPLOYEES RETIREMENT SYSTEM	7,314,949	7,997,247	8,209,455	6,472,395	6,551,387
GENERAL FUND			85,686		
BALANCE FORWARD	200,000	200,000	200,000	200,000	200,000
INTER AGENCY TRANSFER	39,683	14,668	14,668	14,668	14,668
OTHER FUND	7,075,266	7,782,579	7,909,101	6,257,727	6,336,719
SUB-FUNCTION RECAP					
PUBLIC EMPLOYEES RETIREMENT SYSTE	7,314,949	7,997,247	8,209,455	6,472,395	6,551,387
GENERAL FUND			85,686		
BALANCE FORWARD	200,000	200,000	200,000	200,000	200,000
INTER AGENCY TRANSFER	39,683	14,668	14,668	14,668	14,668
OTHER FUND	7,075,266	7,782,579	7,909,101	6,257,727	6,336,719

Nevada Legislative Counsel Bureau
Summary of Appropriations and Authorizations (Detail)

2001 Legislature

	2000 - 01 Work Program	2001 - 02 Governor Recommended	2001 - 02 Legislature Approved	2002 - 03 Governor Recommended	2002 - 03 Legislature Approved
SPECIAL PURPOSE AGENCIES					
PUBLIC EMPLOYEES HEALTH PROGRAM					
PUBLIC EMPLOYEES BENEFITS PROGRAM	159,682,765	158,421,688	164,236,758	174,143,234	181,449,401
BALANCE FORWARD	12,452,212	16,806,788	20,727,887	18,328,610	21,583,186
INTER AGENCY TRANSFER	145,336,739	139,836,110	141,730,081	153,840,515	157,892,106
OTHER FUND	1,893,814	1,778,790	1,778,790	1,974,109	1,974,109
RETIRED EMPLOYEE GROUP INSURANCE	11,945,238		13,947,905		14,067,246
BALANCE FORWARD	355,980		378,901		301,822
INTER AGENCY TRANSFER	11,589,258		13,569,004		13,765,424
SUB-FUNCTION RECAP					
PUBLIC EMPLOYEES HEALTH PROGRAM	171,628,003	158,421,688	178,184,663	174,143,234	195,516,647
BALANCE FORWARD	12,808,192	16,806,788	21,106,788	18,328,610	21,885,008
INTER AGENCY TRANSFER	156,925,997	139,836,110	155,299,085	153,840,515	171,657,530
OTHER FUND	1,893,814	1,778,790	1,778,790	1,974,109	1,974,109

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Summary of Appropriations and Authorizations (Detail)

2001 Legislature

	2000 - 01 Work Program	2001 - 02 Governor Recommended	2001 - 02 Legislature Approved	2002 - 03 Governor Recommended	2002 - 03 Legislature Approved
SPECIAL PURPOSE AGENCIES					
PEACE OFFICERS STANDARDS & TRAINING					
PEACE OFFICERS STANDARDS & TRAINING	2,324,146	2,249,737	2,270,093	2,278,191	2,285,954
BALANCE FORWARD	209,078	209,807	209,807	209,807	197,214
FEDERAL FUND	1,082,107	1,020,145	1,040,774	1,020,939	1,041,568
INTER AGENCY TRANSFER	56,450				
OTHER FUND	976,511	1,019,785	1,019,512	1,047,445	1,047,172
SUB-FUNCTION RECAP					
PEACE OFFICERS STANDARDS & TRAINING	2,324,146	2,249,737	2,270,093	2,278,191	2,285,954
BALANCE FORWARD	209,078	209,807	209,807	209,807	197,214
FEDERAL FUND	1,082,107	1,020,145	1,040,774	1,020,939	1,041,568
INTER AGENCY TRANSFER	56,450				
OTHER FUND	976,511	1,019,785	1,019,512	1,047,445	1,047,172

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SPECIAL PURPOSE AGENCIES					
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GENERAL FUND	5,264,452	7,088,790	6,971,421	6,799,065	6,452,862
BALANCE FORWARD	13,266,825	17,245,196	21,545,196	18,769,794	22,313,356
FEDERAL FUND	12,074,783	6,941,160	7,241,065	7,410,261	7,755,217
INTER AGENCY TRANSFER	157,787,927	140,663,569	156,237,438	154,667,974	174,463,953
OTHER FUND	12,947,952	13,722,231	13,374,223	12,853,988	10,775,449
TOTAL SPECIAL PURPOSE AGE	201,341,939	185,660,946	205,369,343	200,501,082	221,760,837
LESS: INTER AGENCY TRANSFER	157,787,927	140,663,569	156,237,438	154,667,974	174,463,953
NET-SPECIAL PURPOSE AGENC	43,554,012	44,997,377	49,131,905	45,833,108	47,296,884