

FINANCE AND ADMINISTRATION



FINANCE AND ADMINISTRATION

The function of Finance and Administration includes those Executive Branch agencies that generally control, coordinate, assist and provide services to other agencies and programs in state government. It includes the Department of Administration, Department of Personnel, Department of Information Technology and the Department of Taxation. For the 2003-05 biennium, General Fund appropriations for the finance and administration function as approved by the 2003 Legislature total \$55.7 million. However, if funding allocated to the Board of Examiners for state employee salary increases is not included, state agencies within the finance and administration function were approved for \$50 million in General Fund appropriations over the 2003-05 biennium. This represents a 28.3 percent increase from the General Fund appropriations approved for the 2001-03 biennium, exclusive of salary adjustments funds in both bienniums'. Included in the 28.3 percent increase is approximately \$5.7 million for information technology projects and technology improvement plans approved during the 2003-05 biennium. This funding was either previously provided via "one-time" appropriations or was budgeted within individual agency budgets and reflected in the appropriate functional area.

DEPARTMENT OF ADMINISTRATION

BUDGET AND PLANNING DIVISION

The Budget and Planning Division provides budgetary oversight and coordinated planning for state agencies. The division's primary duties are preparation and presentation of The Executive Budget, as well as providing staff support to the State Board of Examiners and the Economic Forum. Funding for this budget is provided by an appropriation from the General Fund.

Full implementation of the Integrated Financial System (IFS) is projected by the end of FY 2002-03. As such, the 2003 Legislature approved the Governor's recommendation to transfer the Budget and Planning Division's apportioned share of the estimated ongoing system operation and maintenance costs to the division from the Department of Information Technology in the amount of \$188,000 over the 2003-05 biennium. Additionally, the 2003 Legislature approved funding to upgrade the Nevada Executive Budget System (NEBS) in the amount of \$225,000. The additional funding will be used to contract for an external study to restructure the state's information technology services in the amount of \$125,000, and the elimination of the vacant Public Service Intern position for General Fund savings of \$89,000 over the 2003-05 biennium.

DIVISION OF INTERNAL AUDIT

The Division of Internal Audit consists of three sections: Internal Audits, which provides innovative solutions to improve the efficiency and effectiveness of executive branch agencies; Financial Management, which reviews executive branch agencies' internal controls and provides training to ensure effective financial administration; and the Post

Review section, which statistically samples executive branch agency transactions for compliance with laws, regulations, guidelines, and contract stipulations. The Internal Audit section also independently reports to the Executive Branch Audit Committee, which the Governor chairs, and includes the Lieutenant Governor, Secretary of State, State Treasurer, State Controller, Attorney General, and a representative of the public. This budget is funded entirely by an appropriation from the General Fund.

With only minor adjustments, the 2003 Legislature concurred with the Governor's recommendation to provide General Fund support of \$1.9 million in FY 2003-04 and \$2.0 million in FY 2004-05. A total of 23 full-time positions were approved which included the elimination of an Auditor III position, held vacant for more than six months.

STATE EMPLOYEE SALARY INCREASES

Assembly Bill 555, as passed by the 2003 Legislature, grants state employees across-the-board salary increases of two percent effective July 1, 2004. General Fund appropriations totaling \$7.6 million were provided to the Board of Examiners in fiscal year 2004-05 for allocation to state agencies and UCCSN for classified employees. General Fund appropriations of \$6.1 million for professional employees of UCCSN was provided to the Board of Regents. A highway fund appropriation of \$1.6 million was also provided to the Board of Examiners to support a 2 percent salary increase effective July 1, 2004 for the highway-funded agencies.

INFORMATION TECHNOLOGY PROJECTS

The Information Technology Projects budget represents a new account recommended by the Governor to monitor and control expenditures for information technology projects in which projected costs exceed \$500,000. Funding for the various projects are dependent upon the nature of the project and may include General Fund, Highway Fund, Federal Funds, and inter-agency transfers.

The 2003 Legislature approved funding Phase I and Phase II (partial) with completion for Phase II targeted for FY 2005-06 for replacement of the client information and billing system for the Mental Health and Developmental Services Division in the amount of \$1.8 million in FY 2003-04 and \$708,000 in FY 2004-05 (including General Fund support of \$1.6 million and \$602,000, respectively). Additionally, the Legislature issued a letter of intent directing the division to provide quarterly reports, including project cost information to the Interim Finance Committee. The Legislature also approved General Fund support in the amount of \$1.0 million in FY 2003-04 and \$538,337 in FY 2004-05 to replace the billing and data collection systems for both Southern and Northern Nevada Child and Adolescent Services.

The 2003 Legislature reduced General Fund support recommended in The Executive Budget to fund an integrated licensing system for the Real Estate Division from \$997,539 over the 2003-05 biennium to \$500,000 over the biennium. The 2003 Legislature also approved the addition of a technical staff position allocated to the

Business and Industry Director's Office Administrative Budget to support the project and issued a letter of intent to have the division report to the Interim Finance Committee in September 2003 with an implementation plan for the integrated licensing system.

The Legislature concurred with the Governor's recommendation to complete the planned microwave upgrades, which include Phase 2A (continuation from 2001-03 biennium), Phase 3 (partial), and the microwave spurs. Approved funding includes \$4.6 million in FY 2003-04 and \$2.2 million in FY 2004-05 from the state Highway Fund.

INSURANCE AND LOSS PREVENTION

The primary objective of the Insurance and Loss Prevention Division is to identify potential sources of loss to property, employees and the general public; develop programs to reduce loss; and develop the appropriate balance between loss (self-insurance) and insured losses.

The 2003 Legislature approved the Governor's recommendation to increase rates over the 2003-05 biennium for both the workers' compensation insurance premium and property and contents insurance premium due to significant premium rate increases in the insurance market as a result of the catastrophic losses on September 11th; projected payments to close the retrospective plan years; increased claim costs based on actuarial projections as of September 2002; and increases to restore the workers' compensation reserve. The premiums to state agencies for workers' compensation for calendar years 2004 and 2005 will be \$4.66 and \$1.52 per \$100 of gross salary, respectively. This is a substantial increase from calendar year rates in 2002 and 2003 of \$1.28 and \$1.59, respectively. The premiums to state agencies for property and contents insurance for FY 2003-04 and FY 2004-05 will be \$.0015 and \$.00146 per dollar insured, respectively. This represents an increase from a rate of \$.00088 during the 2001-03 biennium.

STATE MOTOR POOL

The Motor Pool Division is responsible for administration of the state's vehicle fleet. State agencies have access to vehicles in Carson City, Reno and Las Vegas. Service and maintenance of the vehicles are provided at the three facilities. Funding for the division is generated primarily from vehicle rental charges. The 2003 Legislature approved a per mile increase from 13.5 cents per mile to 17.0 cents per mile for all vehicles rented by state agencies during the 2003-05 biennium. This per mile increase was amended from the Governor's original recommendation in order to provide funding for increased expenditures at the Las Vegas facility. The 2003 Legislature concurred with the Governor's recommendation to increase various daily and monthly vehicle rental rates. For example, the compact car rate would increase from \$19 per day to \$21 per day and \$213 per month to \$225 per month.

The Executive Budget recommended funding for the costs associated with the relocation of the Las Vegas Motor Pool facility by January 2004. The Legislature

reduced the Governor's recommended funding for the lease at the proposed new facility in Las Vegas to an amended lease rate at the existing motor pool site in Las Vegas for a savings of \$21,996 per year. The amended lease rate approved by the Legislature will extend the existing lease through December 31, 2005 and will allow the motor pool some flexibility in when they will be required to relocate the facility.

The Legislature also issued a letter of intent for the Motor Pool to report to the Interim Finance Committee on the status of the intended relocation, when finalized, as well as on the final result of a cost benefit analysis associated with the potential privatization of state motor pool service.

The 2003 Legislature also approved the Governor's recommendation to replace 68 motor pool vehicles in FY 2003-04 and 36 vehicles in FY 2004-05. The total cost of the 104 replacement vehicles is approximately \$1.6 million for the 2003-05 biennium. In addition, the Legislature concurred with the Governor's amended recommendation to replace a shuttle bus in Las Vegas at a cost of \$50,000 in FY 2004-05. The Legislature also approved funding of \$418,000 to purchase 23 additional vehicles in FY 2003-04. Funding for the replacement and additional vehicles is provided through accumulated depreciation, which is included in the rates charged to agencies using motor pool vehicles.

STATE PURCHASING DIVISION

The Purchasing Division's primary responsibility is to assist state agencies and political subdivisions in the efficient procurement of quality supplies, equipment and services at reasonable costs. Services provided include: provision of master contracts for open-market commodity purchases; writing, bidding and evaluating requests for proposals for state agencies; contract negotiation and drafting assistance; maintenance of fixed assets inventory; administration of federal surplus property; disposal of excess state property; and distribution of USDA food stocks. The Purchasing Division is primarily funded through assessments to state agencies and local governments utilizing the division's services.

The 2003 Legislature approved the Governor's recommended budgets for the division, including the elimination of a Purchasing Technician II position and the receipt of two new annual federal grant programs benefiting the Senior Farmers' Market Nutrition Program and the Commodity Supplemental Food Program.

DIVISION OF BUILDINGS AND GROUNDS

The Division of Buildings and Grounds provides physical maintenance and housekeeping for most state-owned and leased buildings. The Capitol Police Division of the Department of Public Safety provides building security for certain agencies. Buildings and Grounds recovers the security cost as part of the rent charged and pays the Department of Public Safety for the service. The primary source of funding for the division is rent charged to state agencies for the use of state-owned building space.

Budgeted rent collections total \$13.0 million in FY 2003-04 and \$14.2 million in FY 2004-05.

The Subcommittee concurred with the Governor's recommendation to increase the monthly rental rates for state-owned buildings to approximately \$1.14 square foot in FY 2003-04 and \$1.15 per square foot in FY 2004-05. The Subcommittee also approved the Governor's recommendation to use only one rental rate regardless of the security provided for the buildings. In FY 2002-03, state agencies paid \$0.85 per square foot for space without security coverage, \$1.01 for space with contract security coverage and \$1.04 per square foot for security coverage provided by the Capitol Police. The rental rate increase was necessitated in large part by increased costs for contract maintenance services and utility costs during the 2001-03 biennium.

Because of the expenditure increases for contract maintenance services and utility costs, many of the building maintenance and renovation projects approved by the 2001 Legislature were deferred until the 2003-05 biennium. The 2003 Legislature concurred with the Governor's recommendation to provide approximately \$1.4 million in FY 2003-04 and approximately \$1.6 million in FY 2004-05 for building maintenance and renovation projects.

MAIL SERVICES

The state Mail Services section provides mail service to most state agencies in Carson City, Reno, and Las Vegas. Services include incoming and outgoing mail, certified mail, United Parcel Service (UPS), express overnight mail, and interoffice mail delivery and pick-up. The Mail Services section provides a folding and inserting service in the Reno/Carson City area. An administrative assessment is charged to agencies using the division's services.

The 2003 Legislature approved the Governor's recommendation to increase the mail services operating reserve in the amount of \$230,832 in FY 2003-04 and \$566,251 in FY 2004-05 to adjust the ending reserve balance in FY 2004-05 to an amount consistent with prior fiscal periods. The increase will be partially funded by an adjustment to direct charges for postage on certain mailings by the Treasurer's office, formerly captured within the mail services overhead rate. Additionally, mail services will increase the monthly mail stop charge from \$45 per month to \$60 per month.

CLEAR CREEK YOUTH CENTER

The Clear Creek Youth Center near Carson City was built by the federal government as a Job Corps Center. In 1970, the state of Nevada obtained a special use permit to operate the center as a state facility. In February 1988, transfer of the center to state ownership was completed. The center provides meeting space for community groups and organizations such as the Boy Scouts of America, Nevada Girls State, and Rite of Passage.

The 2003 Legislature approved the Governor's recommended budget for the center, which included the elimination of the director position for the Clear Creek Youth Center. The budget approved by the Legislature includes funding for one position that serves as a caretaker for the facility. Although the Division of Buildings and Grounds indicated during the legislative session that the Governor might recommend the sale of the facility, the money committees expressed their desire that the state maintain ownership of the facility.

STATE PUBLIC WORKS BOARD

The State Public Works Board consists of seven members, including the Director of the Department of Administration and six other members appointed by the Governor to terms of four years. The chairman of the board is elected from the appointed members of the board. The board is responsible for developing the recommended Capital Improvement Program (CIP), the advance planning, design, and construction of the projects included in the CIP, and the provision of architectural and engineering services to all state agencies.

The 2003 Legislature approved a Capital Improvement Program of approximately \$218.5 million for the board to administer. A detailed explanation of the recommended and approved Capital Improvement Program for the 2003-05 biennium is included in the General Fund Appropriations section of this report.

The legislatively approved budget for the 2003-05 biennium continues the operation of the agency through two budgets: Public Works (an administrative account funded through a General Fund appropriation) and Public Works Inspection (funded primarily through assessments against the various CIP projects). The 2003 Legislature approved the Governor's recommendation to transfer an Administrative Assistant IV position from the Inspection account (B/A 1562) to the Administration account (B/A 1560). The Legislature also approved the Governor's recommendation to transfer two Administrative Assistant III positions from the Administration account to the Inspection account.

In the administrative budget, the 2003 Legislature continued the Facility Condition Analysis Program, but directed the manager of the board to continue developing performance indicators for the program and to ensure that those performance measures are included in the board's budget request for the 2005-07 biennium. During the 2001 Legislative Session, the Legislature considered the elimination of the facility audit program, but continued funding for the program and required the manager to establish a worthwhile and effective program. The 2003 Legislature did not approve the Governor's recommendation to provide \$1,719 in each year of the 2003-05 biennium for the Manager and Deputy Manager to obtain the continuing education credits necessary to maintain their licenses as professional engineers.

In the inspection budget, the 2003 Legislature approved the Governor's recommendation to reduce management and inspection fees by \$85,000 each fiscal

year and to utilize revenues received from the Division of Buildings and Grounds for performing Americans with Disabilities Act (ADA) compliance inspections for buildings leased by state agencies and revenues received from CIP projects for in-house design services. However, the Governor's recommendation to reduce management and inspection fees by \$163,300 each fiscal year and to replace those revenues with revenues received from increased plan review fees was not approved. The Legislature concurred with the Governor's recommendation to transfer an Accounting Assistant I position from the Administrative Services Division to the Public Works Board Inspection account, as well as the Governor's recommendation to eliminate a Building Construction Inspector III position, which was vacant longer than six months.

ADMINISTRATIVE SERVICES DIVISION

The Administrative Services Division provides services to the divisions within the Department of Administration, including accounts payable, personnel, payroll, billing, financial reporting, budgeting, contract administration and management analysis. The division also provides fiscal services to the Office of the Governor, the Board of Examiners and the Ethics Commission. The division is funded through administrative assessments to benefiting agencies.

The 2003 Legislature concurred with the Governor's recommendation to eliminate one Accounting Assistant II position effective July 1, 2003 and transfer one Accounting Assistant II position to the State Public Works Board.

HEARINGS DIVISION

The Hearings Division is responsible for adjudicating contested workers' compensation claims for private and public-insured employees, and establishing a bi-level appeal system, utilizing administrative hearings officers at the first administrative level of appeal. Attorney-trained appeals officers, appointed by the Governor, process the second administrative level of appeal, which is "trial de novo". The decision of the appeals officer is the final and binding administrative determination of a worker's compensation claim, and is limited to judicial review by the district court. The division also conducts hearings in Victims of Crime cases and for various state agencies pursuant to interagency agreements. Funding for the division comes primarily from the Workers Compensation and Safety Fund, with nominal revenues derived from state agencies and the Victims of Crime program.

The 2003 Legislature reduced the Governor's recommendation to fund the division's relocation of the Las Vegas office effective September 2003 from state owned property to non-state owned property in order to consolidate its operations with the Victims of Crime Program and the Nevada Attorney for Injured Workers. Funding was reduced from \$394,325 to \$341,282 in FY 2003-04 and from \$312,544 to \$307,397 in FY 2004-05 to accommodate a revised relocation date.

VICTIMS OF CRIME

The Victims of Crime (VOC) Program is responsible for assisting innocent victims of violent crimes, including hit and run and driving under the influence, with compensation for costs incurred by the victim such as medical, counseling, lost wages, and funeral and burial expenses. Victims have one year from the date of the crime to file an application, except in cases of minors who are victims of sexual abuse or pornography, who have until age 21 to apply. The VOC is funded by a variety of sources including a federal grant under the U.S. Victims of Crime Act, court levied administrative assessments, forfeited property proceeds, undistributed court ordered restitution, inmate wage assessments, penalties collected from individuals convicted of driving under the influence or controlled substance abuse, and interest.

The 2003 Legislature approved a budget amendment to include an increase in the Federal grant award for victims of crime by \$908,000 in each year of the 2003-05 biennium. The increase represents an amount equal to 60 percent of state funds paid to victims of crime; an increase of 20 percent from the amount the program received in FY 2002-03. Additionally, the 2003 Legislature approved funding for the relocation of the Las Vegas office in conjunction with the Hearings Division, approved additional revenues pursuant to passage of Assembly Bill 29 of \$606,138 in FY 2003-04 and \$661,163 in FY 2004-05, and approved one new position, an Administrative Assistant II to address the agency's backlog in claims processing.

TECHNOLOGY IMPROVEMENT PLAN

The Technology Improvement Plan budget represents a new program as recommended by the Governor for the purpose of providing ongoing program oversight and coordination of the Integrated Financial System ("IFS"). Prior to the 2003 Legislative Session, funding for this budget account was included as part of the Integrated Financial System (IFS) development project. General Fund support within this budget represents ongoing operational costs for IFS that cannot be readily apportioned to other agencies (Controller's Office, Budget Division or Department of Personnel).

The 2003 Legislature approved the implementation of the Technology Improvement Plan and funding for the continuation of licensing, maintenance, program oversight, and coordination of the IFS with a General Fund appropriation of \$901,816 in FY 2003-04 and \$890,990 in FY 2004-05. Included in the appropriation is support for two new positions, an Information Systems Manager and an Administrative Assistant III.

DEPARTMENT OF TAXATION

The Department of Taxation is responsible for administration of most of the tax laws of the state of Nevada, as well as the Local Government Budget Act. Effective January 1, 2002, the responsibility for collection of taxes and fees imposed on certain motor fuels was transferred from the Department of Taxation to the Department of Motor Vehicles (Assembly Bill 584, 1999). In FY 2001-02, gross revenue collected by

the department was \$2,758,575,994, a decrease of \$290,276,459 or 9.52 percent, below revenues collected in FY 2000-01. This decrease resulted primarily from the transfer of responsibility for the collection of taxes and fees imposed on certain motor fuels to the Department of Motor Vehicles.

The legislatively approved budget for the 2003-05 biennium provides General Fund support in the amount of approximately \$32.8 million, an increase of \$4.8 million over the \$28.0 million approved for the 2001-03 biennium. Not included in the \$32.8 million, is \$27.5 million as appropriated from the General Fund to the Interim Finance Committee (Assembly Bill 553, 2003 Legislature and Senate Bill 8, 20th Special Session) for information technology and additional operational costs that may be required by the Department of Taxation and other state agencies to implement or modify the collections of state General Fund revenues. The Governor had recommended \$32.5 million for this purpose in The Executive Budget, which was approved by the 2003 Legislature; however, the 20th Special Session reduced that amount by \$5.0 million with the approval of Senate Bill 8.

As was noted in the Tax Overview section of this report, the Governor recommended enhanced General Fund revenues of approximately \$76.6 million in FY 2002-03, \$405.9 million in FY 2003-04 and \$526.8 million in FY 2004-05 for which the Department of Taxation would be responsible for collecting. In addition to the above revenues, the Governor recommended a state activity tax, which would impose a 0.25 percent levy on gross receipts of all businesses in Nevada with annual gross receipts in excess of \$450,000, effective in FY 2005-06. The Legislature did not approve enhanced General Fund revenues in FY 2002-03; but did approve net enhanced General Fund revenues of \$288.5 million in FY 2003-04 and \$375.4 million in FY 2004-05 for which the Department of Taxation will be responsible for collecting. Funding for the costs associated with the collection of the enhanced General Fund revenues as well as costs associated with replacing the Department of Taxation's Automated Collection Enforcement System (ACES) will be allocated by the Interim Finance Committee from the funding as appropriated to the Interim Finance Committee for this purpose (Assembly Bill 553 and Senate Bill 8).

The Executive Budget recommended and the 2003 Legislature approved the establishment of a network technician position within the Department of Taxation's budget and the discontinuation of the department's reliance on services provided by the Department of Information Technology (DoIT) for that function. As recommended by the Governor and approved by the 2003 Legislature, this action will result in General Fund savings of approximately \$114,000 over the 2003-05 biennium.

The Executive Budget also recommended \$629,000 for the Department of Taxation to assume lockbox services in-house. The Governor made this recommendation contingent on the banking contract being re-negotiated by the State Treasurer's Office not including lockbox services effective July 1, 2003; this service was provided at no cost to the state under the existing banking contract. Included in the funding recommended by the Governor were four full-time employees, 14 intermittent

employees, and operating supplies. The narrative in The Executive Budget indicated the department anticipated start-up preparation to assume the function no later than April 1, 2003, with submittal of a separate request that would include the estimated cost of the positions, equipment, computers, etc., that would be needed to prepare for takeover of the lockbox function on July 1, 2003, if necessary. Subsequent to the development of The Executive Budget, the Budget Division submitted an amendment, which provided for the continued privatized operation of lockbox services which negated the need for start-up costs, the new positions and operating costs as recommended by the Governor. This amendment, as approved by the 2003 Legislature, increased the General Fund cost from approximately \$629,000 as originally recommended in The Executive Budget to \$828,000 over the 2003-05 biennium.

DEPARTMENT OF INFORMATION TECHNOLOGY

The Department of Information Technology (DoIT) consists of the Computing and Communications (Computing, Data Communications, Telecommunications, and Mobile Communications), the Applications Design and Development Division (AD&D) and the Planning and Research (P&R) Division. The Director's Office provides administrative support to each of the divisions and is responsible for developing and implementing both statewide and department-wide information technology standards, policies and procedures.

The 2003 Legislature approved a total operating budget for the department of \$80.3 million over the biennium (\$40.7 million in FY 2003-04 and \$39.6 million in FY 2004-05). Major funding initiatives approved by the 2003 Legislature for the 2003-05 biennium include the upgrade of the state's R-35 mainframe; establishment of a statewide Information Technology Security (ITS) Unit; authorization to implement two new DoIT cost assessments to recover costs associated with the state switchboard and Web-site and to recover costs associated with the newly formed Information Technology Security Unit. The Legislature also approved approximately \$13.6 million for capital improvements and communications systems upgrade projects over the biennium. These improvement projects include the renovation and expansion of the state's computer facility and security access upgrades for DoIT facilities, technology upgrades to the state's microwave system (Phase IIA and Partial funding of Phase III), upgrades of the communications system at the Stewart Complex in Carson City and infrastructure upgrades to the state's mountain top communications sites.

The Legislature also approved a reduction in reserve funds for the department's budget accounts equal to 60 days of operating costs in compliance with the federal cost accounting standards. This reduced the department's combined reserves by approximately \$1.6 million over the 2003-05 biennium.

DIRECTOR'S OFFICE

The Director's Office provides administrative, financial management, billing and clerical support to the functional divisions in the department. On behalf of state agencies within

the Executive Branch, the Director's Office procures and contracts for information systems and services. Funding is provided through an internal assessment charged to DoIT's divisions and units.

The 2003 Legislature approved the Governor's recommendation to create a new Information Technology Security (ITS) Unit within DoIT; however, the Legislature differed from the Governor on the size and the scope of the unit. The Legislature approved two of the four new positions recommended by the Governor and authorized the transfer of the State Information Technology Security Manager from the Planning and Research Division. The ITS Unit will assess and evaluate Nevada's statewide information technology system with respect to system security vulnerabilities on a statewide basis. The unit will also educate state agencies in proper information technology security standards, policies and procedures. The Legislature did not approve funding of \$200,000 as recommended by the Governor to conduct a security assessment study. The Legislature approved the creation of a new DoIT assessment to recover the costs associated with the new ITS Unit as recommended by the Governor.

The Legislature approved the Governor's recommendation for the creation of a Common Enterprise Access Assessment. The new assessment is designed to more appropriately redistribute the cost of managing and maintaining the state's switchboard and Web page to all state agencies, boards and commissions that benefit from these services. Currently, only DoIT user agencies are assessed for the cost of these services.

The Legislature eliminated the department's Software Executive position recommended for continuation by the Governor. The position was approved by the 2001 Legislature to provide project management services solely for the Department of Human Resources (DHR). Based on information provided by the DHR and DoIT, the Legislature determined that there was not sufficient demand for project management services in the coming biennium to continue this position.

APPLICATIONS DESIGN AND DEVELOPMENT (PROGRAMMING) DIVISION

The Applications Design and Development (AD&D) Division provides programming support for the development and maintenance of computer applications for agencies, boards and commissions within the Executive Branch of state government. The 2003 Legislature approved the Governor's recommendation to transfer the department's Database Management/Administrative and Web development functions from the Computing Division to AD&D, including the transfer of 14 positions. The department indicates that by centralizing programmers, Web developers and database developers into a single budget account, the department will be better able to manage and allocate available resources to meet the increase or decrease in demand for DoIT programming services.

The 2003 Legislature concurred with the Governor's recommendation to add a new project manager for the Department of Human Resource's Environmental Public Health

Tracking System. The Legislature did not concur with the Governor's recommendation to transfer the department's project management function from the Planning and Research Division to the AD&D Division. Although not a recommendation of the Governor, the Legislature approved the transfer of the newly approved project manager position to the Planning and Research Division where the project management function will reside.

The Legislature approved funding to re-instate five NOMADS programmers as recommended by the Governor. These positions were eliminated from the base budget due to declining demand for programming services. However, the Welfare Division of the Department of Human Resources conducted a further analysis of the NOMADS project development and maintenance requirements and identified sufficient programming hours to justify restoring the five NOMADS programmers for the 2003-05 biennium.

PLANNING AND RESEARCH DIVISION

The Planning and Research Division provides various services to state agencies, including strategic planning for information technology projects, project evaluation, development of project cost estimates and assistance with developing information technology budget requests. The division is also responsible for developing statewide information technology plans and long term strategic plans.

The 2003 Legislature did not approve the Governor's recommendation to transfer the department's Project Management functions to the Applications Design and Development Division. Based on testimony and supporting documentation provided by the department, the Legislature determined that the department's goal of maximizing personnel resources and skills could be more effectively achieved by retaining the Project Management function within the Research and Planning Division. The Legislature felt that Governor's recommendation to transfer the Chief of Planning to the Director's office would be inconsistent with the department cost allocation plan and did not concur with the recommendation to transfer the position.

COMPUTING AND COMMUNICATIONS DIVISION

The Computing and Communications Divisions contain of the department's Computing, Data Communications, Telecommunications, and Mobile Communications functions. The Computing Division manages and operates the state's mainframes and Internet and Intranet systems. The Data Communications Division manages and supports the state's LAN and WAN Web-based development services, while the Telecommunications and Mobile Communications Divisions provide telephone and microwave communication services to state agencies. Funding for the divisions is derived through direct billing to state agencies for the services provided.

The 2003 Legislature approved approximately \$7.8 million, over the 2003-05 biennium for computing, data communications, telecommunications and Microwave system

upgrades, including \$3.1 million to upgrade the state's R-35 mainframe, software maintenance contracts and data storage capacity. The Governor presented two viable options for the replacement of the state's aging R-35 mainframe: purchase of a new IBM Z-900 mainframe or an upgrade of the R-35 to a new generation R-36 mainframe. The Governor recommended the purchase of a new IBM Z-900 mainframe at a total cost of approximately \$6.3 million. The Legislature determined that the most cost effective mainframe upgrade option for the state at this time would be to upgrade the R-35 to the newer generation R-36. Both upgrade options meet the department's system supportability criteria and provide the state with the computing capacity needed to meet the state's computing demands through the 2003-05 biennium. Based on the cost information provided by the department, the R-36 upgrade option will save the state approximately \$1.1 million when compared to the purchase and maintenance cost of the Z-900 mainframe.

Other infrastructure and equipment enhancements approved by the 2003 Legislature include \$1.4 million for SilverNet communications system upgrades and maintenance; \$1.5 million for telephone equipment, increased telephone services and upgrades to the Capitol Complex PBX system; \$1.1 million for computing equipment and upgrades to the state's WAN, LAN and Web services capabilities; and \$706,461 in upgrades to the analog microwave equipment.

In addition to the infrastructure and equipment investments approved above, the 2003 Legislature also approved several capital improvements projects to further expand the department's computing and communication service capabilities to state agencies. The projects include \$5.3 million to upgrade and expand the computer facility and for security access upgrades; \$1.0 million for infrastructure upgrades to the state's microwave mountaintop communications sites; and \$507,280 for the extension of the state's communications backbone to the Stewart complex in Carson City.

DEPARTMENT OF PERSONNEL

For the 2003-05 biennium total funding of \$24.7 million was approved (includes unemployment compensation account) which represents an increase of 17.0 percent over amounts approved for the 2001-03 biennium. This budget is funded by uniform assessments to all state agencies for personnel and payroll services. The 2003 Legislature approved an increase in the personnel assessment from the current rate of 0.90 percent of employee gross salaries to 0.98 percent in FY 2003-04 (8.9 percent increase) and a reduction to 0.97 percent in FY 2004-05. The Legislature also approved an increase in the payroll assessment from the current rate of 0.24 percent of employee gross salaries to 0.35 percent (45.8 percent increase) for each year of the 2003-05 biennium.

The 2003 Legislature approved the Governor's recommendation to increase the General Fund repayment for the new and enhanced Personnel/Payroll System from \$466,667 annually in the 2001-03 biennium to \$1,441,807 per year during the 2003-05 biennium. This increase is based upon full implementation of the system (Phase I, II,

and III) as of the end of FY 2002-03. In addition, the Legislature approved the Governor's recommendation to transfer the ongoing operating costs of the enhanced Personnel/Payroll System to the Department of Personnel from the Department of Administration. The Legislature also approved the Governor's recommendation to transfer a Program Officer I position from the Department of Information Technology to perform help desk responsibilities at a cost of \$120,395 over the 2003-05 biennium.

The Legislature approved the Governor's recommendation to fund a Discrimination/Harassment Investigation Unit at a cost of approximately \$149,763 over the 2003-05 biennium. The unit includes the addition of one new Personnel Analyst III position and the reclassification of an existing Computer Systems Technician III to a Personnel Analyst III. Additionally, the Legislature concurred with the Governor's recommendation to increase an Equal Employment Opportunity Officer from a part-time position to a full-time position to support additional sexual harassment training classes in rural areas.

The Legislature reduced recommended funding by \$ 65,848 over the 2003-05 biennium for the establishment of a Certified Public Manager program. The Legislature directed the department to report to the Interim Finance Committee in December 2003, June 2004, and September 2004, on the results of this training program as implemented. The Legislature also eliminated funding for an outside consultant to provide consulting services in relation to workforce planning in the amount of \$100,000 over the biennium.

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

2003 Legislature

	2002 - 03 Work Program	2003 - 04 Governor Recommended	2003 - 04 Legislature Approved	2004 - 05 Governor Recommended	2004 - 05 Legislature Approved
FINANCE & ADMINISTRATION					
DEPARTMENT OF ADMINISTRATION					
BUDGET AND PLANNING	3,150,487	3,152,912	3,085,067	3,301,881	3,250,722
GENERAL FUND	2,874,233	2,881,478	2,813,633	3,001,092	2,949,933
INTER AGENCY TRANSFER	276,202	271,288	271,288	300,643	300,643
OTHER FUND	52	146	146	146	146
INFORMATION TECHNOLOGY PROJECTS		8,279,335	7,675,380	3,802,949	3,717,677
GENERAL FUND		3,320,876	2,668,291	1,419,127	1,215,225
HIGHWAY FUND		4,579,865	4,579,865	2,246,825	2,246,825
INTER AGENCY TRANSFER		378,594	427,224	136,997	255,627
GENERAL FUND SALARY ADJUSTMENT	34,245,698				5,725,502
GENERAL FUND	34,245,698				5,725,502
HIGHWAY FUND SALARY ADJUSTMENT	15,300,387				1,621,717
HIGHWAY FUND	15,300,387				1,621,717
DIVISION OF INTERNAL AUDIT	1,907,435	1,936,062	1,935,441	2,018,419	2,013,536
GENERAL FUND	1,907,435	1,936,062	1,935,441	2,018,419	2,013,536
MERIT AWARD BOARD	5,000	5,000	5,000	5,000	5,000
GENERAL FUND	5,000	5,000	5,000	5,000	5,000
CLEAR CREEK YOUTH CENTER	279,471	235,088	235,071	236,504	236,496
GENERAL FUND	93,963	62,019	62,002	62,347	62,339
OTHER FUND	185,508	173,069	173,069	174,157	174,157
DEFERRED COMPENSATION COMMITTEE	120,998	67,288	67,288	92,982	76,486
BALANCE FORWARD	80,724	21,132	21,132	46,826	30,330
OTHER FUND	40,274	46,156	46,156	46,156	46,156
ADMIN - ADMINISTRATIVE SERVICES	1,562,211	1,672,850	1,672,095	1,691,908	1,691,629
BALANCE FORWARD	231,756	356,196	356,196	264,134	264,610
INTER AGENCY TRANSFER	1,330,455	1,316,654	1,315,899	1,427,774	1,427,019
TECHNOLOGY IMPROVEMENT PLAN	11,765,802	944,983	901,816	873,013	890,990
GENERAL FUND		944,983	901,816	873,013	890,990
BALANCE FORWARD	11,765,802				
INSURANCE & LOSS PREVENTION	18,507,303	23,418,403	23,418,403	21,500,753	21,660,239
BALANCE FORWARD	4,200,626	973,857	973,857	2,835,555	2,995,041
INTER AGENCY TRANSFER	14,122,915	22,400,567	22,400,567	18,621,219	18,621,219
OTHER FUND	183,762	43,979	43,979	43,979	43,979
INDIGENT ACCIDENT ACCOUNT	21,020,168	10,339,123	15,183,277	11,239,123	10,734,474
BALANCE FORWARD	11,570,224		14,388,214		2,199,380
OTHER FUND	9,449,944	10,339,123	795,063	11,239,123	8,535,094
INDIGENT SUPPLEMENTAL ACCOUNT	14,393,268	6,500,707	6,438,391	7,100,707	7,018,027
BALANCE FORWARD	8,414,673				
OTHER FUND	5,978,595	6,500,707	6,438,391	7,100,707	7,018,027

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2003 Legislature

	2002 - 03 Work Program	2003 - 04 Governor Recommended	2003 - 04 Legislature Approved	2004 - 05 Governor Recommended	2004 - 05 Legislature Approved
DEPARTMENT OF ADMINISTRATION					
MOTOR POOL	3,963,246	3,784,570	3,917,444	3,926,544	4,129,534
BALANCE FORWARD	129,186	280,163	280,163	250,000	326,239
INTER AGENCY TRANSFER	3,694,534	3,377,444	3,510,318	3,549,581	3,676,332
OTHER FUND	139,526	126,963	126,963	126,963	126,963
MOTOR POOL VEHICLE PURCHASE	1,798,477	1,924,976	1,923,677	1,702,011	1,737,060
BALANCE FORWARD	365,568	825,923	825,923	448,147	488,388
INTER AGENCY TRANSFER	1,337,729	1,058,350	1,057,051	1,213,161	1,207,969
OTHER FUND	95,180	40,703	40,703	40,703	40,703
PURCHASING	2,700,273	2,695,509	2,695,509	2,611,933	2,597,380
BALANCE FORWARD	458,673	527,495	527,495	443,919	429,366
INTER AGENCY TRANSFER	2,131,628	2,134,451	2,134,451	2,134,451	2,134,451
OTHER FUND	109,972	33,563	33,563	33,563	33,563
PURCHASING - EQUIPMENT PURCHASE	127,563	91,417	107,165	95,578	130,923
BALANCE FORWARD	109,013	68,299	68,299	85,482	101,825
INTER AGENCY TRANSFER	18,550	23,118	38,866	10,096	29,098
COMMODITY FOOD PROGRAM	5,972,619	5,969,681	6,633,101	6,045,612	6,719,467
BALANCE FORWARD	1,078,829	954,166	954,166	1,030,578	1,041,123
FEDERAL FUND	612,790	434,727	1,098,147	434,727	1,098,147
INTER AGENCY TRANSFER	103,460	103,495	103,495	103,014	103,014
OTHER FUND	4,177,540	4,477,293	4,477,293	4,477,293	4,477,183
BUILDINGS & GROUNDS	13,715,501	15,738,142	15,777,736	16,229,516	16,330,980
BALANCE FORWARD	961,427	1,060,345	1,060,345	1,278,907	1,336,048
INTER AGENCY TRANSFER	12,736,510	14,670,258	14,709,852	14,943,070	14,987,393
OTHER FUND	17,564	7,539	7,539	7,539	7,539
MAIL SERVICES	6,172,513	7,181,000	7,181,000	7,199,024	7,205,695
BALANCE FORWARD	447,451	513,158	513,158	427,337	434,008
INTER AGENCY TRANSFER	5,725,062	6,667,842	6,667,842	6,771,687	6,771,687
MAIL SERVICES - EQUIPMENT PURCHASE	270,720	248,660	248,660	344,382	346,995
BALANCE FORWARD	175,859	145,720	145,720	248,428	248,428
INTER AGENCY TRANSFER	94,861	102,940	102,940	95,954	98,567
MARLETTE LAKE	481,422	390,431	390,431	400,298	400,315
BALANCE FORWARD	82,105	44,362	44,362	54,229	54,246
OTHER FUND	399,317	346,069	346,069	346,069	346,069
DEPT OF ADMINISTRATION - HEARINGS DIV	3,738,673	4,351,937	4,159,969	4,349,897	4,159,397
INTER AGENCY TRANSFER	3,731,846	4,334,512	4,142,544	4,332,472	4,141,972
OTHER FUND	6,827	17,425	17,425	17,425	17,425
VICTIMS OF CRIME	4,218,003	5,089,304	6,009,776	5,148,428	6,082,392
BALANCE FORWARD	81,707	54,701	54,701	58,222	70,594
FEDERAL FUND	851,216	1,086,900	1,995,000	1,086,900	1,995,000
OTHER FUND	3,285,080	3,947,703	3,960,075	4,003,306	4,016,798
PUBLIC WORKS ADMINISTRATION	855,207	832,195	822,423	843,407	832,402
GENERAL FUND	855,207	832,195	822,423	843,407	832,402

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2003 Legislature

	2002 - 03 Work Program	2003 - 04 Governor Recommended	2003 - 04 Legislature Approved	2004 - 05 Governor Recommended	2004 - 05 Legislature Approved
DEPARTMENT OF ADMINISTRATION					
PUBLIC WORKS INSPECTION	4,124,059	4,630,196	4,621,935	4,768,716	4,784,712
BALANCE FORWARD	79,001				
INTER AGENCY TRANSFER		35,000	35,000	35,000	35,000
OTHER FUND	4,045,058	4,595,196	4,586,935	4,733,716	4,749,712
SUB-FUNCTION RECAP					
DEPARTMENT OF ADMINISTRATION	170,396,504	109,479,769	115,106,055	105,528,585	114,099,747
GENERAL FUND	39,981,536	9,982,613	9,208,606	8,222,405	13,694,927
BALANCE FORWARD	40,232,624	5,825,517	20,213,731	7,471,764	10,019,626
FEDERAL FUND	1,464,006	1,521,627	3,093,147	1,521,627	3,093,147
HIGHWAY FUND	15,300,387	4,579,865	4,579,865	2,246,825	3,868,542
INTER AGENCY TRANSFER	45,303,752	56,874,513	56,917,337	53,675,119	53,789,991
OTHER FUND	28,114,199	30,695,634	21,093,369	32,390,845	29,633,514
DEPARTMENT OF TAXATION					
DEPARTMENT OF TAXATION	16,235,655	16,868,967	16,894,274	17,441,424	17,501,189
GENERAL FUND	14,577,170	16,082,024	16,087,285	16,654,232	16,692,636
BALANCE FORWARD	1,021,635				
INTER AGENCY TRANSFER		6,989	6,989	6,989	6,989
OTHER FUND	636,850	779,954	800,000	780,203	801,564
SUB-FUNCTION RECAP					
DEPARTMENT OF TAXATION	16,235,655	16,868,967	16,894,274	17,441,424	17,501,189
GENERAL FUND	14,577,170	16,082,024	16,087,285	16,654,232	16,692,636
BALANCE FORWARD	1,021,635				
INTER AGENCY TRANSFER		6,989	6,989	6,989	6,989
OTHER FUND	636,850	779,954	800,000	780,203	801,564

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2003 Legislature

	2002 - 03 Work Program	2003 - 04 Governor Recommended	2003 - 04 Legislature Approved	2004 - 05 Governor Recommended	2004 - 05 Legislature Approved
FINANCE & ADMINISTRATION					
DEPARTMENT OF INFORMATION SERVICES					
DoIT DIRECTOR'S OFFICE	1,924,849	2,818,997	2,509,580	2,686,504	2,485,512
BALANCE FORWARD	103,691	106,604	106,604	175,608	411,239
INTER AGENCY TRANSFER	1,821,158	2,712,393	2,402,976	2,510,896	2,074,273
DoIT PLANNING & RESEARCH UNIT	1,954,034	1,458,954	1,811,966	1,449,211	1,820,746
BALANCE FORWARD	426,494	359,647	359,647	202,403	241,142
INTER AGENCY TRANSFER	1,527,540	1,099,307	1,452,319	1,246,808	1,579,604
DoIT APPLICATION DESIGN & DEVELOPMENT	6,064,023	6,888,985	6,544,718	7,004,862	6,684,413
BALANCE FORWARD	1,028,200	642,831	642,831	786,255	802,890
INTER AGENCY TRANSFER	5,035,823	6,246,154	5,901,887	6,218,607	5,881,523
DoIT COMPUTING DIVISION	17,988,796	18,602,517	17,181,077	18,542,654	16,861,779
BALANCE FORWARD	6,109,799	6,026,457	6,026,457	6,017,582	5,295,141
INTER AGENCY TRANSFER	11,878,997	12,576,060	11,154,620	12,525,072	11,566,638
DoIT DATA COMMUNICATIONS & TECHNICAL SERVICES	5,041,918	5,030,440	4,895,624	5,139,320	5,051,066
BALANCE FORWARD	651,050	784,265	784,265	1,134,611	1,134,696
INTER AGENCY TRANSFER	4,390,868	4,180,766	4,111,359	3,957,747	3,916,370
OTHER FUND		65,409		46,962	
DoIT TELECOMMUNICATIONS	3,717,074	5,378,488	5,501,861	4,917,813	4,583,905
BALANCE FORWARD	645,245	585,308	585,308	564,998	705,671
INTER AGENCY TRANSFER	2,521,411	4,219,327	4,342,700	3,778,962	3,304,381
OTHER FUND	550,418	573,853	573,853	573,853	573,853
DoIT COMMUNICATIONS	1,797,795	2,271,080	2,239,088	2,146,072	2,106,818
BALANCE FORWARD	266,497	204,660	204,660	362,518	362,550
INTER AGENCY TRANSFER	1,235,673	1,422,377	1,390,385	1,326,230	1,286,944
OTHER FUND	295,625	644,043	644,043	457,324	457,324
SUB-FUNCTION RECAP					
DEPARTMENT OF INFORMATION SERVICE	38,488,489	42,449,461	40,683,914	41,886,436	39,594,239
BALANCE FORWARD	9,230,976	8,709,772	8,709,772	9,243,975	8,953,329
INTER AGENCY TRANSFER	28,411,470	32,456,384	30,756,246	31,564,322	29,609,733
OTHER FUND	846,043	1,283,305	1,217,896	1,078,139	1,031,177

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	2002 - 03 Work Program	2003 - 04 Governor Recommended	2003 - 04 Legislature Approved	2004 - 05 Governor Recommended	2004 - 05 Legislature Approved
FINANCE & ADMINISTRATION					
DEPARTMENT OF PERSONNEL					
PERSONNEL	9,399,031	10,372,081	10,647,081	10,402,674	10,804,558
BALANCE FORWARD	1,803,470	627,055	902,055	597,956	999,840
INTER AGENCY TRANSFER	7,571,988	9,721,026	9,721,026	9,780,718	9,780,718
OTHER FUND	23,573	24,000	24,000	24,000	24,000
STATE UNEMPLOYMENT COMPENSATION	1,431,150	1,532,236	1,532,236	1,688,198	1,688,198
BALANCE FORWARD	980,652	434,576	434,576	470,493	470,493
INTER AGENCY TRANSFER	450,498	1,097,660	1,097,660	1,217,705	1,217,705
SUB-FUNCTION RECAP					
DEPARTMENT OF PERSONNEL	10,830,181	11,904,317	12,179,317	12,090,872	12,492,756
BALANCE FORWARD	2,784,122	1,061,631	1,336,631	1,068,449	1,470,333
INTER AGENCY TRANSFER	8,022,486	10,818,686	10,818,686	10,998,423	10,998,423
OTHER FUND	23,573	24,000	24,000	24,000	24,000
FUNCTION RECAP					
TOTAL FINANCE & ADMINISTRATION	235,950,829	180,702,514	184,863,560	176,947,317	183,687,931
GENERAL FUND	54,558,706	26,064,637	25,295,891	24,876,637	30,387,563
BALANCE FORWARD	53,269,357	15,596,920	30,260,134	17,784,188	20,443,288
FEDERAL FUND	1,464,006	1,521,627	3,093,147	1,521,627	3,093,147
HIGHWAY FUND	15,300,387	4,579,865	4,579,865	2,246,825	3,868,542
INTER AGENCY TRANSFER	81,737,708	100,156,572	98,499,258	96,244,853	94,405,136
OTHER FUND	29,620,665	32,782,893	23,135,265	34,273,187	31,490,255
TOTAL FINANCE & ADMINISTRATION	235,950,829	180,702,514	184,863,560	176,947,317	183,687,931
LESS: INTER AGENCY TRANSFER	81,737,708	100,156,572	98,499,258	96,244,853	94,405,136
NET: FINANCE & ADMINISTRATION	154,213,121	80,545,942	86,364,302	80,702,464	89,282,795

