

SECTION V

GOVERNOR'S RECOMMENDATIONS BY FUNCTION

This section includes a report by budget account of the Governor's recommended level of spending by funding source. In each budget, the recommendation for FY 2001-02 and FY 2002-03 is compared with the current budget (FY 2000-01) and the actual experience of FY 1999-2000. The percentage change for each year is also displayed.

Each functional area's schedule of recommended spending is preceded by a brief narrative description of the major program changes and issues reflected in the proposed budgets. This narrative is not exhaustive, nor does it address issues in great depth. It is designed, rather, to alert the reader to those issues that may arise during the 2001 Legislative Session.

CONSTITUTIONAL AGENCIES

The function of Constitutional Agencies encompasses three subfunctions: The executive elective offices, the judicial agencies and the legislative agencies. The executive agencies include the Governor's Office, the Office of the Attorney General, Secretary of State, State Controller and State Treasurer. Judicial agencies include the Supreme Court, Administrative Office of the Courts, District Courts, Commission on Judicial Discipline, and Commission on Judicial Selection. The legislative agency is the Legislative Counsel Bureau. The recommended General Fund appropriations for Constitutional Agencies total approximately \$62.1 million in FY 2001-02, a 10.9 percent increase over FY 2000-01, and \$65.3 million for FY 2002-03, a 5.2 percent increase. Budget requests from all funding sources total approximately \$286.6 million in FY 2001-02 and \$292.1 million in FY 2002-03 after inter-agency transfers are deducted.

GOVERNOR'S OFFICE

The 2001-03 Executive Budget recommends \$5.5 million for the biennium in General Funds to operate the office of the Governor, a 44.1 percent increase from the current biennium. Two vacant positions are eliminated from the base budget and a total of seven new positions are recommended. The creation of the Family Resource Program is recommended, which is designed to identify the availability of services for children and families in Nevada from all sources in both the public and private sectors and to direct Nevada citizens to the most appropriate entity for the receipt of those services. The budget also recommends transferring the Office of Science Engineering and Technology from the University and Community College System to the Governor's Office.

WASHINGTON OFFICE

The establishment of the Washington, D.C. office was authorized by the 1985 Legislature to identify, monitor and provide information on selected federal issues of high priority to Nevada, such as nuclear waste, transportation funding, gaming, and economic development. The Governor recommends continued funding of \$259,300 in each year of the 2001-03 biennium, the same level approved by the Legislature for FY 2000-01. The office is funded through transfers from the Department of Transportation, the Commission on Economic Development and the Commission on Tourism.

HIGH LEVEL NUCLEAR WASTE

The Nevada Nuclear Waste Project Office was formally established by executive policy in 1983 and by the Nevada State Legislature in 1985 following passage of the federal Nuclear Waste Policy Act of 1982. As it did in FY 1999, the Governor's budget proposal for the Nevada Nuclear Waste Project Office (NWPO) reflects significant changes in the levels of federal and state funding provided to the office. Although federal law provides that the Department of Energy (DOE) must fund the NWPO until Congress changes its statutes, funding from the DOE in the past two biennia has been significantly reduced from prior levels. In 1996, the DOE, the managing federal agency for the Yucca Mountain Project, severely curtailed Nevada's federal oversight funding, and funding was eliminated in 1997 and 1998. In 1999 and 2000, minimal appropriations were provided (\$250,000 and \$500,000, respectively). Because of the absence of adequate federal funding for the project, the Interim Finance Committee (IFC) provided General Fund allocations totaling \$843,000 from the IFC Contingency Fund for the 1999-2001 biennium.

With the passage of the 2001 Energy and Water Development Appropriations Act, Nevada had its federal funding restored, receiving \$2,500,000 to continue state oversight activities at Yucca Mountain in FY 2001. However, the federal funding included some very restrictive conditions on how the funds could be utilized. For example, the act specifically limits the use of federal funds to activities that are "scientific" in nature. The state is still responsible for funding all other NWPO activities.

The Executive Budget recommends General Fund appropriations of \$1,149,783 in FY 2001-02 and \$1,171,333 in FY 2002-03. The Governor is also recommending using \$361,037 per year in state Highway Funds to address issues associated with the transportation of high-level nuclear waste. In total, the Governor is recommending an operating budget for the NWPO of \$4,135,507 in FY 2002 and \$4,157,057 in FY 2003.

CONSUMER HEALTH ASSISTANCE

The 1999 Legislature created the Office of Consumer Health Assistance under the Office of the Governor. The mission of the office is to allow all Nevadans access to the information they need regarding their health care concerns and to assist consumers and injured employees in understanding their rights and responsibilities under various health-care plans and policies of industrial insurance. The office is funded with a General Fund appropriation and funding from the Department of Industrial Relations for the cost of services provided to injured workers. The Executive Budget recommends consolidating the Commission for Hospital Patients (in the Department of Business and Industry) with the Office of Consumer Health Assistance.

ETHICS COMMISSION

The Ethics Commission, created by the 1985 Legislature, consists of eight members. The commission is responsible for receiving inquiries and complaints involving the ethical conduct of public officials and employees, providing ethical guidance through published opinions, and maintaining records of financial disclosure of candidates for public offices and officeholders.

The 1999 Legislature augmented the budget for the Ethics Commission by appropriating an additional \$193,524 in FY 1999-2000 and \$167,001 in FY 2000-01 from the state General Fund

to enhance the operations of the Commission as approved by Senate Bill 478 of the 1999 Legislative Session. The additional funding supported three new positions, including an unclassified Executive Director, an unclassified Commission Counsel, and a Management Assistant, as well as associated operating costs. As an offset to the increased costs of the plan, the existing Program Officer position was eliminated from the commission's budget and a half-time Deputy Attorney General position was also removed in the administrative budget of the Attorney General for the 1999-2001 biennium.

The Executive Budget recommends General Fund support totaling \$335,616 in FY 2001-02 and \$343,352 in FY 2002-03 for the Ethics Commission's operation for the 2001-03 biennium. This represents a slight decrease in funding compared to levels approved in FY 2000-01.

LIEUTENANT GOVERNOR

The Lieutenant Governor serves as President of the Senate and as Chairman of the Commission on Economic Development and the Commission on Tourism. The proposed budget does not request new positions; however, it does propose to transfer the existing unclassified staff to non-classified status. Under this proposal, the Lieutenant Governor would be provided a lump sum amount for personnel costs and could employ as many staff at whatever salary levels desired within the amount provided. The Legislature would no longer authorize a specific number of positions nor set salaries in the unclassified pay bill.

ATTORNEY GENERAL

The Office of the Attorney General (AG) serves as legal advisor to nearly all state agencies, boards, and commissions and assists the county district attorneys of the state. The office consists of nine divisions and four fraud units. The four fraud units are the Workers' Compensation Fraud Unit, the Medicaid Fraud Unit, the Insurance Fraud Unit, and the Bureau of Consumer Protection. The Executive Budget recommends funding for ten new positions for all of the office's budgets.

ADMINISTRATIVE ACCOUNT

Of the ten new positions that are recommended for the AG's Office, nine positions, including 3.5 new deputy attorney general positions, are for the office's Administrative account. The new attorneys would provide services to the Division of Financial Institutions, the Tobacco Enforcement Program, the Welfare Division, the Division of Environmental Protection, and the Housing Division. A Legal Secretary position is recommended to assist with legal services provided to the Nevada Department of Transportation. The recommended expenditures for the Administrative account total \$19,012,097 in FY 2002, which is a 5.2 percent increase over FY 2001, and \$19,958,771 in FY 2003, which is a 5.0 percent increase from the amount recommended for FY 2002.

Five of the new positions recommended in the Administrative account, including a half-time deputy attorney general position, are recommended for the Attorney General's Tobacco Enforcement Program. This program is currently funded by a General Fund appropriation and through a contract with the Federal Food and Drug Administration (FDA). Because funding from the FDA has been eliminated, The Executive Budget recommends supporting the program

through a grant from the Bureau of Alcohol and Drug Abuse and through an allocation from the Fund for a Healthy Nevada.

INSURANCE FRAUD CONTROL UNIT

The Executive Budget notes that the revenue generated for the support of the Insurance Fraud Control Unit will not be sufficient to support the projected expenditures for the unit. The Executive Budget recommends an increase in the assessments paid by insurers in Nevada to support the costs of the unit. Legislation would be required to increase the assessment. The recommended increase in the assessment would generate \$198,105 in additional revenue for the Insurance Fraud Control Unit in each year of the 2001-03 biennium. The Executive Budget also recommends eliminating the current \$65,000 transfer to the Division of Insurance for the costs of collecting the assessment revenue.

WORKERS' COMPENSATION FRAUD UNIT

The Executive Budget recommends funding for a new Supervising Legal Secretary position for the Attorney General's Workers' Compensation Fraud Unit. The position would be assigned to the unit's office in Reno. The costs for the position would be funded through the assessments paid by insurers who issue policies of workers' compensation insurance for the support of the unit.

ADVISORY COUNCIL FOR PROSECUTING ATTORNEYS

The Advisory Council for Prosecuting Attorneys was created by the 1997 Legislature in Senate Bill 497, which included a one-time appropriation to assist with the creation of the council. The council is responsible for developing a program for training and assisting state and local prosecutors in conducting prosecutions. The 1999 Legislature approved additional General Funds in the sum of \$17,056 in FY 2000 and \$97,054 in FY 2001, which took into consideration unexpended funds that would balance forward from FY 1999 to FY 2000. The Executive Budget for the 2001-03 biennium recommends the continuation of the program through a transfer of a certain portion of the administrative court assessment revenue that is allocated to the Executive Branch pursuant to NRS 176.059. Legislation will be required to include the advisory council as one of the agencies that can receive a portion of the court assessment revenue.

STATE CONTROLLER

The State Controller maintains the state's accounting system and publishes the annual financial statements. The Governor's budget recommends a General Fund appropriation of \$3.6 million in FY 2001-02, which represents a 28.1 percent increase compared to FY 2001-02. In FY 2002-03, an additional 4.8 percent increase in state funds is recommended. The State Controller requested and received approval from the Interim Finance Committee for two new positions in April 2000. In addition, the Governor has recommended five new positions that were previously funded through a one-shot appropriation for the Integrated Financial System (IFS) project. The positions will assist with the roll-out of the IFS project to state agencies that is projected to be completed by the end of the 2001-03 biennium. The budget also recommends six classified positions within the State Controller's Office be changed to unclassified status.

SECRETARY OF STATE

The Secretary of State maintains records of all official acts of the legislative and executive branches of government, keeps records of all corporations and limited partnerships in Nevada, and is the chief election official of the state. The Executive Budget recommends funding for 15 new positions for FY 2001-02 and an additional 3 new positions for FY 2002-03 to assist the agency in meeting its mission. The Governor also recommends transferring 3 Information Systems Specialist positions and 1 Computer Network Technician to the Secretary of State from the Department of Information Technology. The legislatively approved General Fund appropriations for the current biennium are \$8.3 million; the Governor recommends a total of \$10.5 million in appropriations for the 2001-03 biennium, a 26 percent increase.

STATE TREASURER

The Treasurer is responsible for the receipt and disbursement of all monies of the state. The Treasurer also invests the state's idle cash and handles the state's bond programs, including the Municipal Bond Bank. The budget recommends approximately \$2.0 million in General Funds, along with \$1.4 million in assessments against the Bond Bank and agencies for which special services are rendered over the biennium.

The Treasurer is also responsible for administration of the Higher Education Tuition Trust and the Millennium Scholarship program. The Governor is recommending that the Unclaimed Property program be transferred from the Department of Business and Industry to the State Treasurer.

STATE DEBT

The Nevada Constitution limits the aggregate principal amount of the state's General Fund obligation debt to two percent of the total assessed value of the state. The limitation does not extend to debt incurred for the protection and preservation of property or natural resources of the state.

The Executive Budget reports that the estimated unused bonding capacity as of June 30, 2000, will be approximately \$228.4 million before actions taken by the 2001 Legislature. The Governor's Capital Improvement Program recommends issuing \$200.2 million in new bonds, which would require retaining the current property tax debt rate of 15 cents per \$100 of assessed valuation.

MILLENNIUM SCHOLARSHIP ADMINISTRATION

The Millennium Scholarship Trust Fund was established in the State Treasurer's Office by Senate Bill 496 of the 1999 Legislative Session. The legislation requires that 40 percent of the proceeds from settlement agreements in civil actions against manufacturers of tobacco products be deposited in the trust fund in an effort to increase the number of residents of Nevada who attend Nevada institutions of higher education. The Millennium Scholarship Administration was created to administer the process of awarding the Millennium Scholarships and to collect information concerning the impact of the scholarships on increasing the attendance rate of Nevada residents in Nevada institutions of higher education. Senate Bill 496 stipulates that a

maximum of two percent of the money in the Millennium Scholarship Trust Fund may be used for the administration of the program.

The Executive Budget recommends \$959,610 in funds transferred from the Millennium Scholarship Trust Fund and \$74,000 in the State General Fund revenue for the operation of the Millennium Scholarship Administration for the 2001-03 biennium. The General Fund appropriation is recommended to establish baseline information on the Millennium Scholarship program.

JUDICIAL BRANCH

The budgets of judicial agencies are included in The Executive Budget but are not subject to review by the Governor pursuant to NRS 353.246. Therefore, all judiciary budget amounts presented in this report reflect funding requests to the Legislature as presented by the Courts without any adjustments by executive staff.

The judiciary budgets include the Supreme Court, the Administrative Office of the Courts (AOC), Supreme Court Justices' Pension, District Judges' Salary, Travel and Pension, Judicial Education, and the Division of Planning and Analysis. Also included in the judiciary budgets is funding for the Uniform System of Judicial Records, the Retired Justice Duty Fund, the Supreme Court Law Library, and two commissions: the Commission on Judicial Selection and the Commission on Judicial Ethics and Judicial Discipline.

Judiciary funds are derived from several sources, including General Fund appropriations, court administrative assessment fees, district judge disqualification fees, preemptory challenge fees, and miscellaneous revenue. Pursuant to NRS 176.059, at least 51 percent of the court administrative assessments revenue, collected by the State Treasurer, must be distributed to the AOC for allocation among various judicial budgets.

For the 2001-03 biennium, the judiciary budget, as submitted, represents significant growth in the base level of expenditures and in maintenance and enhancement programs. The judiciary base budgets, in total, increase approximately 11.3 percent when compared to the 1999-2001 biennium. The court's maintenance and enhancement budgets add another 12.8 percent for an overall judiciary budget increase of 24.1 percent (all funding sources). The major contributors to the increase in the judiciary's base budget are increases in personnel costs (salaries and benefits) and the accumulation of reserves in several judiciary budget accounts. In the maintenance decision units, five positions are being requested: two Information Technology positions, a staff attorney to assist with the reporting of judicial decisions and two Management Analysts in support of the Uniform System of Judicial Records. In the enhancement decision units, three additional positions are requested: two Information Technology positions (a Website Administrator and an Applications Specialist) and a Management Analyst to coordinate a program for the certification of court interpreters.

The funding requested for the Supreme Court is up significantly from the previous biennium. Major factors for these changes are the proposed implementation of a Certified Court Interpreter Program, funding for the relocation and occupancy of the Las Vegas Supreme Court facilities within the new Regional Justice Center, and various computer hardware and software replacement and upgrades, as well as other technology improvements. The requested funding in

the District Judges' Salary budget is approximately \$2.8 million greater than the current biennium. The increase is due to the addition of five judges during the previous two legislative sessions, increased longevity payments, and a requested 30 percent increase in salary beginning January, 2003.

LEGISLATIVE COUNSEL BUREAU

The Legislative Counsel Bureau is the administrative support agency for the Nevada Legislature. The Bureau includes an Administrative Division, Legal Division, Research Division, and Fiscal Analysis Division. A total of \$19.0 million in FY 2001-02 and \$18.6 million in FY 2002-03 is included in The Executive Budget to support the operation of the Legislative Counsel Bureau during the 2001-03 biennium.