

FINANCE AND ADMINISTRATION

Finance and Administration includes those agencies that generally control, coordinate, assist and provide services to other line agencies and programs in state government. These include the Department of Administration (which includes the Budget Division, Internal Audit, Insurance Loss and Prevention, Printing, Purchasing, Buildings and Grounds, and the Public Works Board), the Department of Taxation, the Department of Personnel and the Department of Information Services.

The Governor has recommended General Fund appropriations for Finance and Administration of \$19.9 million for FY 2001-02, an 8.4 percent increase from FY 2000-01 (excluding appropriations for salary increases), and \$21.8 million for FY 2002-03, another 9.6 percent increase. Total budget requests from all funding sources is \$66.3 million in FY 2001-02 and \$67.0 million in FY 2002-03 after inter-agency transfers are deducted.

DEPARTMENT OF ADMINISTRATION

BUDGET AND PLANNING DIVISION

The Budget and Planning Division provides policy direction, management oversight and coordinated planning for state agencies. The division's primary duties are to prepare and present The Executive Budget and to provide support to the State Board of Examiners and the Advisory Commission on Sentencing. A bill draft has been submitted to eliminate the Advisory Commission on Sentencing. The Governor's budget recommends the transfer of six pre-audit positions to the Division of Internal Audit as a result of the continued roll-out of the Integrated Financial System (IFS). The Governor also recommends one additional Budget Analyst IV position due to state growth and budget complexity, and a Public Service Intern II for special projects. A Management Analyst III is recommended for elimination, contingent upon legislative approval to exempt occupational licensing boards from the Budget Act. Total funding is recommended to increase from \$2.34 million in FY 1999-2000 to \$2.96 million in FY 2001-02 and \$3.14 million in FY 2002-03. Recommended increases include funding to transfer the New Executive Budget System (NEBS) from the state mainframe to a UNIX platform.

The Executive Budget includes a supplemental appropriation of \$295,000 to the Integrated Financial System to finance anticipated expenses as a result of accounting changes required by GASB Statement 34. An additional \$12.3 million is recommended from the General Fund and \$2.7 million from the Highway Fund for continued development and implementation of IFS during the 2001-03 biennium.

DIVISION OF INTERNAL AUDITS

The 1999 Legislature approved Senate Bill 550 creating the Division of Internal Audits that was incorporated within the Office of Financial Management, Training and Controls. SB 550 also created the Executive Branch Audit Committee that adopts division policies and procedures, approves the division's audit plan, and approves the audit reports prepared by the division. The Executive Branch Audit Committee members are the Governor (Chairman), Lieutenant

Governor, Secretary of State, State Treasurer, State Controller, Attorney General, and one member of the general public appointed by the Governor. The Executive Budget recommends General Fund appropriations of \$3.9 million during the 2001-03 biennium to support the division's existing 18 full-time positions and the recommended transfer of 6 pre-audit positions from the Budget Division to transition into a post-audit environment as a result of the continuing roll-out of the Integrated Financial System.

INSURANCE AND LOSS PREVENTION

The State Employees Workers' Compensation account was consolidated into Insurance and Loss Prevention as approved by the Interim Finance Committee on June 14, 2000. The consolidation resulted from the separation of the Risk Management Division from the Public Employees' Benefits Program in July, 1999. The Insurance and Loss Section is responsible for administering various self-funded and purchased premium insurance coverages for state-owned automobiles, aircraft, property and contents; identifying potential sources of loss to property, employees and the general public; developing programs to reduce loss; and developing the appropriate balance between retained loss (self-insurance) and insured loss. The Workers' Compensation Section is responsible for the administration of workers' compensation insurance coverage for state workers; the implementation of statewide safety and loss prevention programs; administration of statewide occupational health contracts to minimize losses associated with health and occupational diseases; and provision of training and technical assistance to state agencies.

The Executive Budget recommends total funding of \$15.6 million in FY 2001-02 and \$17.8 million in FY 2002-03, a decrease of 9.5 percent and an increase of 3.3 percent, respectively, when compared to the FY 2000-01 work program of \$17.2 million. The Governor recommended a decrease in workers' compensation premium expense of \$3.2 million in FY 2001-02 and \$1.2 million in FY 2002-03 as a result of a new insurance plan purchased in FY 2000-01 to replace coverage previously provided by the Employers Insurance Company of Nevada (EICON). Assessments to state agencies for employee bonds, tort claims, vehicle, and property and contents insurance are recommended to increase from a total of \$4.7 million during the 1999-2001 biennium to \$7.6 million in the 2001-03 biennium. The 60 percent increase results from higher insurance premiums, increasing values of property and contents, and an increase in reserve levels.

STATE PRINTING OFFICE

The State Printing Office provides printing and reproduction services for state agencies and is funded from payments for printing and reproduction work completed by the division, excess property sales and scrap material sales. Rates are established based on direct labor, material cost and overhead. The State Printing Office is comprised of union employees in printing trade positions, in addition to administrative and other positions that are in the state classified system. The Executive Budget recommends continued funding of the "quick print" office in Las Vegas at a cost of \$154,079 in FY 2001-02 and \$154,210 in FY 2002-03. The Governor recommends total funding from all sources of \$5.5 million in FY 2001-02, a 2.5 percent decrease from the FY 2000-01 work program, and \$5.6 million in FY 2002-03, a 1 percent increase from FY 2001-02. A bill draft has been submitted by the Department of Administration as a result of the

Governor's Steering Committee to Conduct a Fundamental Review of Government that would require the Printing Office to be one of three bidders for state agency printing jobs.

STATE MOTOR POOL

The Motor Pool Division is responsible for the administration of the state's vehicle fleet and currently maintains and services 762 vehicles. 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 primarily generated from vehicle rental charges. Although The Executive Budget does not include an increase in daily or monthly rental rates, the Budget Office has indicated a rate increase may be necessary due to insufficient reserve levels projected for the end of FY 2002-03.

The Executive Budget includes additional revenue to operate 102 new vehicles that are recommended for various agencies. Funding for the acquisition of the 102 new vehicles is recommended in a one-time General Fund appropriation of \$2.05 million. The Governor recommends a Capital Improvement Project (01-C4) in the amount of \$2.9 million to construct a new motor pool facility in Las Vegas. The lease with the Clark County Airport Authority for the existing facility expires in May 2002 and will not be renewed.

In the Motor Pool Vehicle Purchase budget account, the Governor recommends the purchase of 106 replacement vehicles at a cost of \$1.9 million over the 2001-03 biennium. Transfer of depreciation expenses from the main Motor Pool budget account will fund the acquisition of the replacement 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 a reasonable cost. The 1999 Legislature approved the Governor's recommendation to eliminate the 4.5 percent administrative charge used to fund the division and replace it with a purchasing assessment based on a history of purchase orders and purchased dollar volumes for commodities. The Executive Budget recommends a new assessment methodology based upon historical dollar volumes of commodities and services purchased. The Executive Budget for the 2001-03 biennium increases funding by 8.6 percent over the 1999-2001 biennium. The Governor recommends consolidation of the Surplus Property account into the Purchasing account, resulting in the transfer of a Management Analyst position to Purchasing and elimination of a half-time Program Assistant position.

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 Motor Vehicles and 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 Motor Vehicles and 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. Rents collected by Buildings and Grounds will total \$11,801,105 in each year of the 2001-03 biennium. The table that follows identifies the recommended rents per square foot established for this biennium:

	FY 2001	FY 2002	FY 2003
No Security	\$.62	\$.87	\$.85
Contract Security	\$.74	\$1.01	\$1.01
Capitol Police	\$.79	\$1.05	\$1.04

The Executive Budget recommends \$1,069,869 in FY 2002 and \$700,927 in FY 2003 for building maintenance and renovation projects. The Executive Budget also recommends \$364,441 in FY 2002 and \$1,055,927 in FY 2003 for operating and utility costs that will be necessary for new state buildings completed during the 2001-03 biennium. Expenses are recommended for the Carson City Courthouse (CIP 99-C4), the Highway Patrol building in Las Vegas (CIP 99-H2), and the current National Guard Armory building on Carson Street, which will be vacated by the Department of the Military when its new Readiness Center (CIP 99-C3) is completed.

STATE PUBLIC WORKS BOARD

The State Public Works Board (SPWB) consists of seven members. The Director of the Department of Administration serves as chairman, and the six other members are appointed by the Governor to terms of four years. The board, through its operational staff, is responsible for developing the recommended capital improvement program (CIP), the advance planning, design, and construction of the projects included in the approved CIP, and the provision of architectural and engineering services to all state agencies. The board's operational staff currently consists of 63 legislatively approved positions.

The Executive Budget recommends six new positions in the agency's Inspection account to improve project management and coordination. The recommendation includes increasing two half-time Management Assistant positions to full-time, creating a new Management Analyst position, and creating four new Project Manager positions. One of the Project Manager positions would serve as a Fire Protection Engineer, and another of the Project Manager positions would serve as the Manager of the SPWB office in Las Vegas. The new positions would be funded through the collection of project management and inspection and plan review fees assessed against public works projects.

The Executive Budget recommends transferring two accounting positions from the agency's Administration account and five accounting positions from the agency's Inspection account to the Administrative Services Division of the Department of Administration. The transfers are recommended to increase the reliability and efficiency of the accounting services provided for capital improvement projects.

HEARINGS DIVISION

The Hearings Division is responsible for adjudicating contested workers' compensation claims for the Employers Insurance Company of Nevada, formerly the State Industrial Insurance System, and self-insured employers. Beginning July 1, 1999, this duty was expanded to include private insurance companies with the implementation of a three-way workers' compensation insurance system in Nevada. 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 recommended budget increases from \$3.0 million in FY 1999-2000 to \$3.8 million in each year of the 2001-03 biennium, which provides funding for the continuation of 45 existing positions and related operating expenses.

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 and the Senior Citizens' Property Tax Assistance Act. In FY 1999-2000, gross revenue collected by the Department of Taxation was \$2,951,359,726, an increase of \$234,327,702, or 8.6 percent, over FY 1998-99 revenues. The state General Fund receives 30.6 percent of these revenue collections, while 58.1 percent are distributed to local governments. The remaining 11.3 percent goes to other distributions, such as the Highway Fund, State Distributive School Fund, estate tax distributions, and state debt service.

The recommended FY 2001-02 total funding increase is only 0.3 percent higher than the current FY 2000-01 work program, from \$15,830,729 to \$15,873,728, with an additional increase of 4.5 percent in FY 2002-03. The Executive Budget reflects a 9.9 percent increase in General Fund support from \$13,057,151 in FY 2000-01 to \$14,351,534 in FY 2001-02 and an additional 10.7 percent in FY 2002-03.

The 1999 Legislature passed Assembly Bill 584 transferring responsibility for the collection of taxes and fees imposed on certain motor fuels from the Department of Taxation to the Department of Motor Vehicles and Public Safety, effective January 1, 2002. The cost allocation methodology used to determine the motor fuel administrative fees resulted in greater revenues being allocated to the department than the actual costs to administer the fuel tax program. As a consequence, the transfer of this program requires an increase in the General Fund appropriation of \$740,421 in FY 2001-02 and \$1,461,962 in FY 2002-03 to offset the loss of operating funds.

The Executive Budget recommends the transfer of four Information Systems Specialists from the Department of Information Technology (DoIT) to the Department of Taxation, one of three agencies selected to participate in the Governor's pilot program to decentralize computer programming and computer technician services.

The Executive Budget recommends a one-time appropriation of \$1,300,000 to allow the department to fund Phase II – System Requirements for a new integrated revenue management computer system, based on recommendations of a Business Process Re-Engineering (BPR) study completed in May 1999.

SENIOR CITIZENS' PROPERTY TAX REBATE

The Senior Citizens' Property Tax Assistance program provides relief to eligible senior citizens who are carrying an excessive residential burden in relation to their income and to those senior citizens who, through rent payments, pay a disproportionate amount of their income for property taxes.

The Executive Budget recommends the transfer of the Senior Citizens' Property Tax Rebate program from the Department of Taxation to the Department of Human Resources, Aging Services Division, effective October 1, 2001. The Executive Budget also recommends increasing the General Fund appropriation dedicated to the Senior Citizens' Property Tax Rebate program from \$3,717,387 in the FY 2000-01 Work Program (includes an Interim Finance Committee allocation of \$975,000 to allow funding of rebates at 100 percent of the eligible amount) to \$7,615,189 in FY 2001-02 and \$8,268,736 in FY 2002-03. This results in a total General Fund increase of \$8.7 million for the 2001-03 biennium.

DEPARTMENT OF INFORMATION TECHNOLOGY

The Department of Information Technology (DoIT) is comprised of the Director's Office, the Planning and Research Unit, and five service divisions: Applications Design and Development; Computing; Telecommunications; Data Communications; and Communications. The Governor's budget proposes some significant functional and organizational changes for the department over the biennium. Major recommendations include elimination of DoIT's Master Service Agreement (MSA) funding pass-through responsibility, the decentralization of certain information technology programming and data entry staff (19 programmers/computer specialists and 2 data entry positions), 7 intra-departmental transfers, and the addition of 21 new FTE. The Executive Budget also provides for significant investment in DoIT's information technology infrastructure and in personnel training. If approved, the Governor's recommendations will reduce DoIT's average annual operating budget from approximately \$43.0 million to \$37.8 million, or 12 percent over the biennium when compared to FY 2000 actual and FY 2001 work program amounts. The total number of FTE positions will be reduced from 223 to 222.

DIRECTOR'S OFFICE

The Director's Office currently employs 19 FTE positions and oversees the operation of the DoIT divisions. The scope and responsibilities of the office are defined by the Legislature and further defined and directed by the Director. Current functions performed by the office include billing for all services performed by the operating divisions; budgetary oversight for each of the divisions; department-wide clerical support; and planning and preparation of the biennial budget for the divisions. In addition, the Contract Administration Unit within the Director's Office is responsible for developing and issuing requests for proposals that include information technology components, contract review, and monitoring and coordination of state agency requests for information technology consultants through DoIT's Master Service Agreements.

No major program changes or new positions are being recommended for this budget account. However, The Executive Budget does recommend the transfer of three positions to this account from other DoIT service divisions: a Software Systems Executive and a Management Assistant II from DoIT's Applications Design and Development Division, and a Management Assistant II from the Computing Division. The positions are being transferred in accordance with DoIT's revised billing and cost allocation plan.

The Executive Budget recommends a total operating budget for the Director's Office of \$3.5 million, a 28.3 percent increase over the biennium when compared to FY 2000 and FY 2001 actual and work program amounts. Personnel expenditures account for \$497,488, or 64.5 percent, of the total change in funding over the biennium.

PLANNING AND RESEARCH DIVISION

The Planning and Research Division currently employs 18 FTE positions and provides information technology planning services for the Executive Branch of state government, assists agencies in planning their short- and long-term information technology needs, and provides a variety of project management and oversight services. The Information Administration Unit, within Planning and Research, provides database and information management services for the Executive Branch of state government. This includes administration and fine-tuning of multi-user database management systems, as well as database support for new computer applications and designs.

The Executive Budget recommends funding for three new positions: one Information Specialist IV position to function as the division's Systems Capacity Planner, and two Project Manager positions to provide project management oversight for Information Technology projects in the Executive Branch. In addition to the recommended new positions, the Governor is recommending the transfer of a Computer Systems Technician position from the Applications, Design and Development Division to provide the division with needed technical and systems documentation support, and sufficient funding to meet the division's training budget goal of \$2,500 per FTE per year.

In total, the Governor is recommending an operating budget for Planning and Research of \$3.96 million, a 56.3 percent increase over the current biennium, including an increase in personnel costs of \$1.1 million over the current biennium.

APPLICATIONS DESIGN AND DEVELOPMENT

The Applications Design and Development Unit currently has 84 FTE positions and is comprised of three functional sub-units: the Programming Unit, the Application Support Unit, and the Quality Assurance Unit. The Programming Unit provides a variety of services, including consultation, development of functional requirements, analysis, systems development, implementation, and maintenance for various platforms of information systems. The Quality Assurance (QA) Unit provides oversight on all aspects of DoIT projects. The QA staff monitors, evaluates, and measures the progress of major project developments.

The Application Support Unit provides services to programmer/analysts and their related customer agencies by writing, maintaining, and controlling system and program documentation. Additionally, this unit provides programming, testing, and product support services, technical library control and maintenance, and is responsible for developing and implementing the department's standards, policies, and procedures.

The Governor is recommending significant changes to this budget account. The most significant recommendation proposed is the decentralization of DoIT's programming and data entry staff. The Executive Budget is recommending that DoIT transfer (decentralize) 21 of its programming and data entry staff out to the individual agencies: 19 programmers and 2 data entry positions in total. State agencies that will be affected by this recommendation are the Secretary of State (3 programmers), the Department of Taxation (4 programmers), Project UNITY (12 programmers), and the Department of Personnel (2 data entry positions).

The Executive Budget also recommends that the Master Service Agreement (MSA) funding pass-through to DoIT be eliminated. If approved, this would remove an estimated \$12.6 million in each year of the biennium in pass-through funding from DoIT's budget (based on FY 2000 actual MSA expenditures) and place it with the state agencies receiving the service. Since funding for MSAs is currently a pass-through revenue to DoIT, elimination of the DoIT MSA funding mechanism will have no effect on the calculation of DoIT's overhead and billing rates.

In total, the Governor is recommending an operating budget for the Applications Design and Development Division of \$14.0 million, a 62.1 percent decrease in total funding over the biennium. However, it should be noted that elimination of the MSA funding from the DoIT budget convolutes the relative budgetary effect of the Governor's recommendation. When adjusted for the effect of the MSA pass-through costs, the relative net change to the division's budget would be a total reduction in funding of -\$950,825, or -6.35 percent, over the biennium when compared to FY 1999-2001 actual and work program amounts, and a reduction in staff from 84 FTE to 59 FTE.

COMPUTING DIVISION

Currently, the Communications and Computing Division has 53 FTE positions and is responsible for all tasks related to managing, operating, and supporting two enterprise servers on a 24-hour, seven-days-per-week basis. Staff assigned to this unit are responsible for computer operations, production services, support of system software, tape library management, disk storage management, enterprise server communications support, help desk functions, data security functions, printing, internet server support, and some disaster recovery functions. This unit serves over 60 state departments, divisions, agencies, boards, commissions, and elected officials.

The Executive Budget recommends funding for 11 new positions. Eight of the positions will be dedicated to DoIT's Web Development Unit (four per year) and will be responsible for assisting state agencies in implementing the Governor's e-government initiatives. Included in the 11 new positions is the Governor's recommendation to continue funding for a Computer Systems

Programmer position approved by the Interim Finance Committee on December 4, 2000, and two Database Management Specialist positions needed to address a critical need for database management resources. These positions will maintain and upgrade current database systems, as well as provide support for the implementation of new systems. The total net funding change associated with the Governor's recommendations is an increase in revenue authority of approximately \$2,181,110 over the biennium.

The Executive Budget also recommends \$1,413,756 during the 2001-03 biennium in funding for upgrades to DoIT's disk and tape storage capacity, software conversion package for NOMADS source code conversion, and additional servers for DoIT's Web Development Unit. The Governor is also recommending \$2.29 million in funding to upgrade the state's R-46 mainframe to an R-56. This proposed upgrade would increase the computing capacity of the R-46 mainframe by approximately 25 percent, or 120 MIPS (Million of Instructions Per Second).

In total, the Governor is recommending an operating budget for DoIT's Computing Division of \$33.25 million, an increase of approximately 24 percent over the current biennium when compared to FY 1999-2001 actual and work program amounts. The Governor's recommendation increases the number of FTE positions for this budget from 53 to 65 by the end of the biennium and personnel costs by approximately \$2.36 million, or 42 percent, when compared to the current biennium.

DATA COMMUNICATIONS AND TECHNICAL SERVICES DIVISION

The Data Communications and Technical Services Division is responsible for the support of a majority of the personal computers, non-intelligent workstations, Local Area Networks (LANs) and Wide Area Networks (WANs) in the Executive Branch of state government. This unit is also charged with the establishment and support of the statewide data communications infrastructure. Staff in this section support over 8,500 personal computers and non-intelligent workstations in more than 100 locations throughout the state.

The Executive Budget recommends funding to add five positions to this division. Three new Computer System Technician positions are being recommended to help address the department's growing demand for computer services. A new Computer Network Technician is being recommended to provide the division with the capacity to supply network support services in the Las Vegas area, and a Computer System Technician is being transferred in from DoIT's Applications Design and Development Division to provide database applications maintenance and support services. The Governor is also recommending the division transfer a Computer Network Technician position from this budget to the Secretary of State's budget as part of the department's overall strategy to decentralize its programming and data entry staff.

In total, the Governor's budget recommends \$5.3 million in FY 2001-02, which represents flat funding from FY 2000-01 authorized levels. Recommended funding for FY 2002-03 totals \$5.0 million, a slight decrease from FY 2001-02.

COMMUNICATIONS DIVISION

The Communications Unit focuses on delivery and support of wireless communications services to Nevada government agencies. Specific services include: communications service (microwave channels) connecting mountain-top sites, dispatch centers and remote locations; management and maintenance of mountain-top communications sites to provide space for individual agency transmitting and receiving equipment; and other related communication engineering and maintenance services requested by state agencies. There are currently 47 communication sites—13 urban terminals and 34 mountain-top sites. There will be 11 additional sites added as a result of the digital microwave upgrade currently taking place.

The Governor's budget recommends funding for the addition of three positions: two new Maintenance Repair Specialist positions and the transfer of a Computer System Technician position from the Applications Design and Development Division, to deal with the division's backlog of maintenance action items. The Executive Budget is also recommending funding for the purchase of five utility trucks used in servicing remote communication sites. The total recommended operating budget for the Communications Division is \$3.64 million (\$1.87 million in FY 2002 and \$1.77 in FY 2003), a 25.9 percent increase over the biennium when compared to FY 1999-2001 actual and work program amounts.

DEPARTMENT OF PERSONNEL

The Department of Personnel is funded by uniform assessments to all state agencies for personnel and payroll services. The Governor's recommended budget in FY 2001-02 of \$8.4 million is a 5.6 percent increase over the FY 2000-01 work program budget of \$8.0 million. Fiscal year 2002-03 increases by 0.8 percent to \$8.5 million. The budget recommends a decrease in the personnel assessment from .94 percent of employee gross salaries in FY 2000-01 to .90 percent for the 2001-03 biennium. The budget recommends that the payroll assessment increase from the current rate of .22 percent of employee gross salaries to .25 percent in FY 2001-02 and to .24 percent in FY 2002-03.

The 1997 Legislature appropriated General Fund and Highway Fund revenue to the Department of Administration for the State of Nevada's Technology Improvement Plan, including the initial implementation of the state's Integrated Financial System (IFS), which includes a new payroll/personnel system. The new payroll/personnel system became operational in March 1999 and roll-out to all state agencies is currently ongoing.

The Executive Budget recommends the addition of a Management Assistant position to address growth issues in the Las Vegas office, and the transfer of two positions that have been providing information technology support to Personnel from the Department of Information Technology to the Department of Personnel.