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**JOINT SUBCOMMITTEE ON
GENERAL GOVERNMENT
CLOSING LIST #10**

BUDGET ACCOUNT

Department of Taxation

1. Department of Taxation (101-2361)

Department of Business and Industry

2. Real Estate Administration (101-3823)
3. Nevada Attorney for Injured Workers (101-1013)

**EXECUTIVE
BUDGET PAGE**

Volume I

Tax – 1

Volume II

B&I – 9

B&I – 137

Title: DEPARTMENT OF TAXATION
Account: 101 - 2361

2003 - W01
Wrkg Ver #1

	2002 Actual	2003 W. P.	% Chg	2004 Gov Rec	% Chg	2005 Gov Rec	% Chg
Revenues							
GENERAL FUND	11,970,487	14,577,170	21.78	16,082,024	10.32	16,654,232	3.56
BALANCE FORWARD	1,607,538	1,021,635	-36.45				
FEDERAL FUND	12,740						
HIGHWAY FUND	423,290						
INTER AGENCY TRANSFER	6,989			6,989		6,989	
OTHER FUND	1,092,553	636,850	-41.71	779,954	22.47	780,203	.03
Total Revenues	15,113,597	16,235,655	7.42	16,868,967	3.90	17,441,424	3.39

					% of tot.		% of tot.
Expenses							
Base				15,987,947	94.78	16,145,895	92.57
Maintenance				613,936	3.64	774,264	4.44
Enhancement				267,084	1.58	521,265	2.99
Total Expenses				16,868,967		17,441,424	

					% of tot.		% of tot.
Percentage of Base							
Maintenance					3.84		4.80
Enhancement					1.67		3.23

Total FTE		224.02		229.02		229.02	
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Adjustments to Revenue				FY2004	FY2005
Dec Unit	Cat	GL	Description		
B-000	00	2501	Adjust General Fund for Adjustment to Expenses	120	121
M-100	00	2501	Adjust General Fund for Tort Assessment	0	10
M-300	00	2501	Adjust General Fund for Vacancy Savings Recalculation	(27)	(33)
E-600	00	2501	Adjust General Fund for Adjustment to Expenses	94	39
E-710	00	2501	Adjust General Fund for Computer Software/Hardware Revisions	(11,928)	(19,917)
E-850	00	2501	Adjust General Fund to Privatize Lockbox Services - Budget Amendment # 129 and Funding to implement S.B. 314	131,695	92,630
Sub-Total				119,954	72,850
Line Item Changes to Revenues				119,954	72,850

Adjustments to Expenditures				FY2004	FY2005
Dec Unit	Cat	GL	Description		
B-000	01	5000	Recalculation of Vacancy Savings	(655)	(654)
B-000	04	7000	Adjust B & G Assessment - Eliminate Assessment for Out-of-State Auditors	(91)	(91)
B-000	04	7000	Adjust Copier Costs - New Copier in Reno Office	(235)	(235)
B-000	04	7000	Adjust Lease Payments for Copiers & Elko Postage Meter	1,101	1,101
M-100	04	7000	Adjust Tort Expense	0	10
M-300	01	5000	Recalculate Vacancy Saving	(27)	(33)
E-600	01	5000	Recalculate Vacancy Savings	(57)	(118)
E-600	04	7000	Add Employee Bond	3	3
E-600	04	7000	Add Employee Tort Expense	148	154
E-710	26	7000	Adjust Computer Software to Delete Items Funded in Base	(11,928)	(27,901)
E-710	26	8000	Adjust Computer Hardware per Updated Prices	0	7,984
E-850	01	5000	Eliminate Seasonal Salaries - Lockbox Privatized	(118,575)	(118,575)
E-850	01	5000	Eliminate Vacancy Savings - Lockbox Privatized	4,899	5,228
E-850	01	5000	Eliminate 2 Admin Aids - Lockbox Privatized	(62,414)	(68,684)
E-850	01	5000	Eliminate Admin Assist II - Lockbox Privatized	(35,636)	(39,031)
E-850	01	5000	Eliminate Admin Assist III - Lockbox Privatized	(38,184)	(41,771)

1A

E-850	04	7000	Eliminate Consulting Services - Lockbox Privatized	(8,344)	(8,344)
E-850	04	7000	Eliminate Insurance - Lockbox Privatized	(585)	(585)
E-850	04	7000	Eliminate Insurance Expense - Lockbox Privatized	(12)	(12)
E-850	04	7000	Eliminate Nonstate Building Rent - Lockbox Privatized	(45,917)	(47,059)
E-850	04	7000	Eliminate Operating Supplies - Lockbox Privatized	(1,396)	(1,396)
E-850	04	7000	Eliminate Telephone - Lockbox Privatized	(1,141)	(1,141)
E-850	15	7000	Add Contract Funding for Lockbox Services	414,000	414,000
E-850	21	7000	Add Contract Funding per S.B. 314	25,000	0
Sub-Total				119,954	72,850
Line Item Changes to Expenditures				119,954	72,850
Total				0	0
Grand Total General Fund Impact of Closing Changes				119,954	72,850

OVERVIEW

The Department of Taxation collects and distributes statewide sales and use tax, business tax, estate tax, liquor tax, cigarette and other tobacco products tax, insurance premium taxes, tire tax, short-term car lessor fee, net proceeds of mines tax and property tax on interstate and inter-county companies. The department is also responsible for administering various property tax programs and providing oversight to the financial administration of local governments. Effective January 1, 2002, the responsibility for the collection of taxes and fees imposed on certain motor fuels was transferred from the Department of Taxation to the Department of Motor Vehicles (A.B. 584, 1999). In FY 2001-02, gross revenue collected by the Department of Taxation was \$2,758,575,994, a decrease of \$290,276,459, or 9.52 percent below FY 2000-01 revenue collections. This decrease resulted primarily from the transfer of the responsibility for the collection of taxes and fees imposed on certain motor vehicle fuels (motor vehicle fuel taxes, jet fuel and petroleum products cleanup fees) to the Department of Motor Vehicles.

CLOSING ISSUES

1. Continued privatization of lockbox services.
2. Funding required for implementing Senate Bill 314 as approved by the Senate Committee on Finance.
3. Implementation of new/increased taxes as recommended by the Governor and approved by the 2003 Legislature.

DISCUSSION OF CLOSING ISSUES

1. Continued privatization of lockbox services. The Executive Budget in E-850 recommended a General Fund appropriation of \$307,305 in fiscal year 2004 and \$321,370 in fiscal year 2005 for the Department of Taxation to assume the lockbox function effective July 1, 2003. Not included in the recommended funding were the estimated costs to acquire the equipment and "start-up" costs for the department to assume the lockbox service (estimated cost of \$370,000). The Budget Division submitted amendment #129 to increase the General Fund appropriation by \$106,695 in fiscal year 2004 and \$92,630 in fiscal year 2005 (total of \$414,000 per fiscal year) to permit the department to continue the use of "privatized" lockbox services. This adjustment deletes the four new positions, seasonal salary and operating costs that were recommended in The Executive Budget. Staff has reflected this budget amendment in the recommended closing for this account.
2. Funding required for implementing Senate Bill 314 as approved by the Senate Committee on Finance. Senate Bill 314, as approved by the Senate Committee on Finance, requires the Department of Taxation to collect data regarding electronic commerce that is conducted in Nevada and to report the results of that study to the 73rd Session of the Nevada Legislature. This report is intended to provide information to the 73rd Session of the Nevada Legislature that will disclose the financial impact more stringent requirements for the collection of the sales and use tax on electronic commerce would have on retailers in Nevada. Staff has adjusted the recommended closing to reflect the department's estimated cost (\$25,000) to complete the study and compile the report. The department has provided information indicating a contract will be utilized to have the State Demographer, in conjunction with University System, to complete the study.

3. Implementation of new/increased taxes as recommended by the Governor and approved by the 2003 Legislature. The Executive Budget estimated a cost of approximately \$12.5 million in fiscal year 2004 and approximately \$20 million in fiscal year 2005 will be required to implement the Governor's tax plan. This funding is not included in the operating budget for the department and will be considered when a tax plan has been decided, with the funding to implement the plan included in the legislation for the plan.

OTHER CLOSING ISSUES

1. E-600 - Addition of a Computer Network Technician position in lieu of continued use of a DoIT Network Technician. As included in The Executive Budget, General Fund savings of \$65,256 in fiscal year 2004 and \$49,226 in fiscal year 2005 is recommended based on the department's discontinuation of the use of DoIT services for this function. Staff has made a technical adjustment to provide funding for employee tort/bond costs for the position added. It should be noted the effective date of this position as recommended in The Executive Budget is October 1, 2003.
2. E-710 - Funding for replacement computer hardware and software. Staff has reviewed this request with the department and has made adjustments to eliminate software costs that were funded in the base and has adjusted the prices for the remaining software and hardware to reflect the most current pricing. Funding as recommended will provide for 41 replacement desktop computers, 19 laptops with printers and docking stations, 1 file and print server, 2 database servers and 1 application server.
3. E-720 - Funding for two FAX machines (Carson City and Las Vegas) and a cash register for Elko.
4. Funding from Estate Tax Revenues to support the operation of the department's activities for the collection and distribution of estate tax revenue is recommended by the Governor to increase from \$126,971 in fiscal year 2002 to \$173,440 in each year of the 2003-05 biennium. The Subcommittee should be cognizant that revenue from estate tax collections will be diminishing due to the *Economic Growth and Tax Relief Reconciliation Act of 2001*, which the state estate tax credit is reduced by 25 percent in 2002, by 50 percent in 2003, and by 75 percent in 2004. In 2005, the state estate tax credit is repealed entirely. This act also changes estate tax exemptions from \$675,000 in 2001 to \$1.0 million in 2002 and \$1.5 million in 2004. Staff has not adjusted the funding from estate tax, since the only replacement revenue would be General Fund support.
5. Attorney General Cost Allocation - Staff has recently been advised the assessment for Attorney General Cost Allocation is recommended to be increased by approximately \$20,000+ in each year of the 2003-05 biennium with the increase cost being funded by an increase in "Audit Fees." This will result in audit fee revenue being increased from approximately \$38,000 as charged in fiscal year 2002 to in excess of \$62,000 in each year of the 2003-05 biennium. This adjustment is not reflected in the closing as presented, but will be adjusted when "other" closing adjustments are made, i.e., statewide cost allocation, etc.

TECHNICAL ADJUSTMENTS

Staff has made technical adjustments for vacancy savings, buildings and grounds assessments, and copier and equipment lease costs.

Title: B&I, REAL ESTATE ADMINISTRATION
Account: 101 - 3823

2003 - W02
Wrkng Ver #2

	2002 Actual	2003 W. P.	% Chg	2004 Gov Rec	% Chg	2005 Gov Rec	% Chg
Revenues							
GENERAL FUND	645,532	1,202,631	86.30	1,205,386	.23	1,226,663	1.77
INTER AGENCY TRANSFER	39,949	39,949		59,227	48.26	59,227	
OTHER FUND	1,484,359	1,144,788	-22.88	1,555,234	35.85	1,546,994	-.53
Total Revenues	2,169,840	2,387,368	10.03	2,819,847	18.12	2,832,884	.46
Expenses							
Base				2,633,715	of tot. 93.40	2,654,292	of tot. 93.70
Maintenance				93,694	3.32	113,824	4.02
Enhancement				92,438	3.28	64,768	2.29
Total Expenses				2,819,847		2,832,884	
Percentage of Base							
Maintenance					of tot. 3.56		of tot. 4.29
Enhancement					3.51		2.44
Total FTE							
		29.00		30.51		30.51	

Adjustments to Revenue						FY2004	FY2005
Dec Unit	Cat	GL	Description				
B-000	00	2501	Adjust General Fund for change in expenditures			(2,370)	(2,370)
B-000	00	3601	Adjust License and Fee revenue to reflect agency's revised revenue estimates			14,580	14,580
E-710	00	2501	Adjust General Fund for change in expenditure			(18,699)	253
Sub-Total						(6,489)	12,463
Adjustments to Expenditures						FY2004	FY2005
Dec Unit	Cat	GL	Description				
B-000	04	7000	Adjust State-Owned Building Rent to align amounts with B&G rent schedule			1,302	1,302
B-000	26	7000	Adjust Purchasing Assessment to eliminate duplicate expense			(3,672)	(3,672)
B-000	28	9000	Adjust Transfer to General Fund to reflect agency's revised licensing revenue estimates			14,580	14,580
E-710	26	7000	Adjust Computer Software for pricing adjustments			(1,824)	0
E-710	26	7000	Adjust DoIT Charges for in-house computer installation			(15,900)	(147)
E-710	26	8000	Adjust Computer Hardware prices for pricing adjustments			(975)	400
Sub-Total						(6,489)	12,463
Line Item Changes to Expenditures						(6,888)	12,463
Grand Total General Fund Impact of Closing Changes						(21,069)	(2,117)

OVERVIEW

The Real Estate Division is responsible for regulating real estate brokers and salesmen, property managers, appraisers, qualified intermediaries, and building inspectors. The division is also responsible for the enforcement of the statutory and regulatory provisions regarding the sale of subdivided lands, time-shares, and campground memberships, and also administers continuing education programs for real estate licensees in Nevada. The division is funded through a combination of General Fund, fees, and inter-agency transfers.

CLOSING ISSUES

- 1. Proposed Fee Revisions – S.B. 428
- 2. New Licensing System – Reduced Expenditures
- 3-5. Staffing – 2.5 New Positions

DISCUSSION OF CLOSING ISSUES

1. **S.B. 428, as amended, includes fee increases and the establishment of new fees.** S.B. 428, as amended, has been approved by the Senate and is currently in the Assembly Committee on Commerce and Labor. The division indicates fee increases are necessary due to an increase in applicants for licensure and operating cost increases, which has created the need for additional staff, office space and equipment. If S.B. 428 is approved, the division projects additional fee revenue of \$460,825 over the 2003-05 biennium, of which \$286,265 would be a revenue enhancement for the General Fund (Volume I, INTRO-5). The remaining \$174,560 has been built into this budget in Base.
2. **DoIT Programming & Data Communication Charges (Base, B&I-11)** are recommended by staff to be decreased by \$17,997 in FY 2003-04 and \$18,459 in 2004-05 to eliminate expenses that would not be required if the integrated licensing system is approved by the Legislature (B/A 1325 – Information Technology Projects, E-300). The B&I Director's office has agreed to these reductions.
3. **New Position (E-500, B&I-13). Program Officer II** - The Governor recommends the addition of a full-time Program Officer II position to oversee the Inspector of Structures program (NRS 645D) to review applications and experience qualifications, pre-permit education curriculum and establish a review advisory committee of master inspectors, and to handle complaints. Total General Fund support recommended for this full-time position and associated costs would be \$93,103 over the 2003-05 biennium. The administrator is currently managing the program. Per the agency, there are approximately 392 certified inspectors, plus 169 in application status. The agency indicates this position is necessary to carry out the requirements of NRS 645D. **If the Subcommittee chooses to approve this position, computer hardware and software costs would be reduced by \$133 in FY 2003-04 based on revised pricing from State Purchasing.**
4. **New Position (E-501, B&I-13). Administrative Assistant II, half-time** - The Governor recommends the addition of a half-time Administrative Assistant II position to support the Projects Chief by tracking owner/developer registrations, registered projects and project manager registrations. Total General Fund support recommended for this half-time position and associated costs would be \$42,566 over the upcoming biennium. The agency indicates that this position will allow the Projects Chief time to enforce the project manager registration requirement, review audits of owner/developer funds, to review registration filings and conduct site investigations. The agency testified that there has been growth in the number of registrations to be processed and that there is currently a backlog that would be addressed by the addition of this half-time position. **If the Subcommittee chooses to approve this position, computer hardware and software costs would be reduced by \$133 in FY 2003-04 based on revised pricing from State Purchasing.**
5. **New Position (E-502, B&I-13). Account Assistant III** - The Governor recommends the addition of a full-time Account Assistant III position to perform annual audits of real estate broker trust accounts (approximately 1,800) required by NRS 645.310(5) to initiate investigations for violations, and assist with case hearing preparation. The position would also track brokers and agents with property management permits. The agency indicates that trust account audits are currently being performed by investigators, and other duties are performed by Compliance Section staff. **If the Subcommittee chooses to approve this position, computer hardware and software costs would be reduced by \$133 in FY 2003-04 based on revised pricing from State Purchasing**

OTHER CLOSING ITEMS

1. **E-605 Revised (B&I-14) Budget Reductions – Staffing** – The Governor recommends the elimination of a **Compliance/Audit Investigator II** position. The elimination of this position would represent a reduction of \$123,283 in General Fund support over the upcoming biennium. **Amendment #01 (attached) to this budget was submitted by the Budget Division which changed the position recommended for elimination from Compliance/Audit Investigator II to Auditor II (vacant since January 2003) and would reduce personnel expenditures by \$144,821 (\$123,283+ \$21,538) over the 2003-05 biennium.**

2. **E-710 (B&I-14) Replacement Equipment** - The Governor recommends General Fund support of \$66,493 in the upcoming biennium to fund replacement equipment consisting of 25 desktop computers (purchased in 1997), 1 laptop computer (purchased in 1997), 2 network printers (purchased in 1993 and 1997), and 14 replacement desk chairs. **Computer hardware and software costs have been reduced by \$18,699 in FY 2003-04 and \$253 in FY 2004-05 based on revised pricing from State Purchasing and to remove hardware and software installation costs.** Hardware and software installation can be completed by the department's technical staff.
3. **Base (B&I-9) Revenue** - At the agency's request, an adjustment has been made to increase license and fee revenue, proposed in S.B. 428, by \$14,580 in each year of the 2003-05 biennium to reflect revised revenue estimates which are included in the fiscal note to S.B. 428.
4. **E-225 (B&I-11) Out-of-State Travel** - The Governor recommends General Fund support of \$893 in each year of the 2003-05 biennium for the administrator to attend the Association of Real Estate License Law Officials conference. The additional funding would provide a total of \$2,429 (\$893 + \$1,536 in base) for out-of-state travel in each year of the biennium.
5. **E-227 (B&I-12) Operating** - The Governor recommends General Fund support of \$1,035 in each year of the 2003-05 biennium to augment funding for operating supplies. The additional funding would provide a total of \$9,416 (\$1,035 + \$8,381 in base) for operating supplies in each year of the biennium. This funding level would equate to \$325 per person in this budget. The agency indicates that the additional funding is needed to provide adequate operating supplies for their northern and southern offices.
6. **E-229 (B&I-12) Training** - The Governor recommends General Fund support of \$500 in each year of the 2003-05 biennium to re-establish funding for training that was eliminated in the base year. The additional funding would provide a total of \$659 (\$500 + \$159 in base) for training in each year of the upcoming biennium.

OTHER TECHNICAL ADJUSTMENTS

1. **Base (B&I-11) State-Owned Building Rent** has been increased by \$1,302 in each year of the biennium to align amounts with Building & Grounds rent schedule.
2. **Base (B&I-11) Purchasing Assessment** has been decreased by \$3,672 in each year of the biennium to eliminate a duplicate expense.

Staff requests authority to make adjustments to assessments and cost allocations that may be necessitated by budget closings in other accounts.

ATTACHMENT - 1 PAGE

18,699
253
18,952

KENNY C. GUINN
Governor

STATE OF NEVADA

JOHN P. COMEAUX
Director



DEPARTMENT OF ADMINISTRATION

209 E. Musser Street, Room 200

Carson City, Nevada 89701-4298

Fax (775) 684-0260

(775) 684-0222

January 31, 2003

To: Andrew Clinger
Deputy Director

From: Kathalie Koche
Budget Analyst

Kathalie

Subject: Modification to 2003-05 Executive Budget

The purpose of this memorandum is to propose an amendment to the 2003-05 Executive Budget. The summary of the proposed modification is as follows:

- Amendment #: 01
- Budget Account Number: 101-3823
- Budget Account Title: Real Estate Division
- Decision Unit: E605
- Page #'s in Executive Budget: Volume II, B&I – page 14
- Amount of Change: E605: FY 04 = (\$12,163) & FY 05 = (\$9,375)
- Source of Funding: General Fund

Explanation:

To replace the elimination of a Compliance/Audit Investigator II, Grade 33, Step 4 (position #0055) with a vacant Auditor II, Grade 34, Step 9, Grade Add 1 (position #0031) per memorandum dated January 24, 2003 from the Administrator of the Real Estate Division.

I have included a copy of the Governor Recommended Decision Unit E 605 and Items for Special Consideration Decision Unit E 605 displaying the costs associated for each position and the memorandum from the Real Estate Division.

Cc John P. Comeaux, Director

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FISCAL ANALYSIS DIVISION

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Title: B&I, NV ATTORNEY FOR INJURED WORKERS
Account: 101 - 1013

2003 - W02
Wrkng Ver #2

	2002 Actual	2003 W. P.	% Chg	2004 Gov Rec	% Chg	2005 Gov Rec	% Chg
Revenues							
INTER AGENCY TRANSFER	2,432,354	2,525,032	3.81	3,225,502	27.74	2,896,719	-10.19
OTHER FUND	-223,954						
Total Revenues	2,208,400	2,525,032	14.34	3,225,502	27.74	2,896,719	-10.19
Expenses							
Base				2,448,131	75.90	2,469,489	85.25
Maintenance				108,582	3.37	105,221	3.63
Enhancement				668,789	20.73	322,009	11.12
Total Expenses				3,225,502		2,896,719	
Percentage of Base							
Maintenance					4.44		4.26
Enhancement					27.32		13.04
Total FTE		28.53		31.02		31.02	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	FY2004	FY2005
B-000	00	4659	Adjust transfer from Industrial Relations for change in expenditure	(7,474)	(5,180)
E-710	00	4659	Adjust Transfer from Industrial Relations for change in expenditures	(42,880)	(3,196)
Sub-Total				(50,354)	(8,376)

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	FY2004	FY2005
B-000	04	7000	Adjust Contract Services to eliminate increase in funding for agency's "anticipated" increase in costs	(5,180)	(5,180)
B-000	04	7000	Adjust Publications & Periodicals to eliminate increase in funding for agency's "anticipated" increase in costs	(2,294)	0
E-710	26	7000	Adjust to eliminate installation of software upgrades	(7,420)	(318)
E-710	26	7000	Adjust to eliminate software assurance	(553)	0
E-710	26	7000	Adjust to eliminate software upgrades	(25,014)	(1,078)
E-710	26	8000	Adjust computer equipment pricing	(8,093)	0
E-710	26	8000	Adjust computer hardware pricing	(1,800)	(1,800)
Sub-Total				(50,354)	(8,376)

OVERVIEW

The Nevada Attorney for Injured Workers (NAIW), represents, without charge, injured workers in their appeal of workers' compensation benefit decisions through the state's administrative appeals level, District Court, or the State Supreme Court in their efforts to obtain workers' compensation benefits. The NAIW also provides advice to claimants regarding their rights before the administrative hearings officer and assists with vocational rehabilitation "buy-out" offers. The agency is funded through a transfer from the Workers' Compensation and Safety Fund administered by the Division of Industrial Relations (DIR). Funding for the Workers' Compensation and Safety Fund is derived from an assessment of workers' compensation insurers. The assessment is based on a formula that funds 100 percent of budgeted expenditures of several agencies, including the DIR and NAIW.

CLOSING ISSUES

1. Relocate Las Vegas office
2. Additions to staff – 3 FTE
3. Budget reductions -staffing
4. New data management system

DISCUSSION OF CLOSING ISSUES

1. Relocate Las Vegas Office (E-275, B&I 139) – The Governor recommends \$230,382 in FY 2003-04 and \$128,060 in FY 2004-05 to relocate the Las Vegas office from the Grant Sawyer State Office Building to the Rancho Sahara Corporate Center. The agency's request to relocate is based on the proposed move of the Hearings & Appeals Division from the Sawyer Building to the above-mentioned location.

NAIW believes it would not be feasible to remain at the Sawyer Building if the Division of Hearings and Appeals moves, considering the number of daily court appearances required by staff attorneys and the associated travel time between two separate office locations. The agency's square footage of office space would almost double from 3,383 square feet to 6,592 square feet, and the cost per square foot would increase from \$1.14 to \$2.05 in FY 2003-04, and from \$1.15 to \$2.10 in FY 2004-05. Moving costs would include an increase in rent from approximately \$46,000 in each year of the biennium to \$119,369 (160 percent approximate increase) in FY2003-04 and to \$123,324 in FY 2004-05 (168 percent approximate increase). Additional expenses associated with a move would include \$84,127 to purchase new office furnishings and equipment, and \$19,488 for DoIT services, which includes \$13,600 for new telephone equipment.

If the Subcommittee chooses to approve this decision unit, Staff recommends reducing new furnishing costs by \$16,356 to reflect budget guidelines for new staff. Staff has made an adjustment to add funding for credenzas to accommodate the needs of agency staff identified by the agency. Staff would note that the Hearings & Appeals offices budgets, with similar functions, were closed with new furniture pricing that is in line with budgeting guidelines.

- Does the Subcommittee wish to approve the relocation of the Las Vegas office?
- Does the Subcommittee wish to approve a \$16,356 reduction for new office furnishings?

The Governor recommends \$13,600 in FY 2003-04 fund a replacement telephone system for the new office space proposed in decision unit E-275. The agency has requested a \$6,702 increase in this decision unit in FY 2003-04 for recent pricing adjustments ($\$6,702 + \$13,600 = \$20,302$). The funding in this decision unit represents 24% of a new telephone system that would be shared with the Hearings and Appeals office.

Does the Subcommittee wish to fund the agency's portion of a new telephone system, as revised?

Amendment #01 (attached) to this budget was submitted by the Budget Division which increases funding by \$8,107 in each fiscal year for DoIT charges that were inadvertently omitted from the Governor's recommended budget.

Does the Subcommittee wish to fund the additional DoIT charges?

2. Additions to Staff (E-277, B&I 140) - Three new FTE positions for the Las Vegas office and associated operating expenses are recommended by the Governor in the next biennium (\$213,428 in FY 2003-04 and \$201,817 in FY 2004-05) to address attorney caseload and staff workload in the Las Vegas office. The new positions include one Deputy Attorney, one Legal Secretary II, and one Legal Research Assistant I (restores an existing position eliminated in E-605 below). The agency is currently authorized 12.02 FTE Deputy Attorney positions, 3.0 full time equivalent Legal Research Assistant positions, and 7.0 FTE Legal Secretary II positions. The agency indicates the new positions are needed to address caseload and workload growth. The agency's order of priority for these positions is #1-Deputy Attorney, #2 Legal Secretary II, and #3-Legal Research Assistant I.

In discussions with the agency, it appears that there are alternatives to hiring three new positions, which include the following:

- 1) Assign a 0.51 Deputy Attorney position from the Carson City office to the Las Vegas office, as turnover occurs, to address a heavier caseload in Las Vegas.
- 2) Change a .51 Deputy Attorney position to a full-time position in the Las Vegas office. The additional salary costs would be approximately \$35,600 in each year of the upcoming biennium for a total salary of approximately \$72,649 (\$35,598 + \$37,051).

The Subcommittee should note that the Performance Indicators (B&I-137) show no caseload growth. As shown below, a small decrease in cases appointed by the Appeals Office is shown in each year of the next biennium compared to FY 2001-02. The average caseload from FY 1999 to FY 2005 projections is 1,560 case appointments per year.

NAIW – Case Appointments from Appeals Office								
FY 1999 through FY 2003								
	Actual FY 1999	Actual FY 2000	Actual FY 2001	Actual FY 2002	Projected FY 2003	Projected FY 2004	Projected FY 2005	Average Caseload
Number of Appeals Office case appointments	1,545	1,443	1,581	1,586	1,622	1,570	1,575	1,560
% Change each year	-	-6.6%	9.6%	0.3%	2.3%	-3.2%	0.3%	0.4%

- Does the Subcommittee wish to assign a 0.51 Deputy Attorney position from the Carson City office to the Las Vegas office, as turnover occurs, to address a heavier caseload in Las Vegas?
- Does the Subcommittee wish to approve the funding to change a .51 position to a full-time position in the Las Vegas office?
- Does the Subcommittee wish to approve the funding for three new positions?

3. In-State Travel (E-500, B&I-141) – The Governor recommends \$6,452 in additional in-state travel funding in each year of the 2003-05 biennium to allow Carson City attorneys to travel to the Las Vegas office to assist with caseload. It also would allow for increased staff supervision and management in the Las Vegas office. The additional funding would provide a total of \$23,417 (\$6,452 + \$16,859 in base + \$106 in E-277) for in-state travel in each year of the biennium. The Subcommittee should note that travel expenditures in FY 2002-03, through May 6, 2003, have been just \$10,230 (per the Budget Status Report). The agency has not provided satisfactory justification for additional out-of-state travel, and Staff does not recommend funding this decision unit.

Does the Subcommittee wish to approve additional in-state travel funding?

4. Budget Reductions (E-605, B&I-141) – The Governor Recommends eliminating a Legal Research Assistant I position over the 2003-05 biennium (vacant since July 2002). (Please note: Narrative in The Executive Budget incorrectly states, Legal Research Assistant II - #0200 will be eliminated, and should read, Legal Research Assistant I - #0016.) The elimination of this position would represent a reduction of \$101,933 over the 2003-05 biennium. The identical position is being requested in Decision Unit E-277.

5. New Data Management System (E-300, B&I-140) – A new data/case management system is recommended to replace the existing system at a cost of \$144,990 in FY 2003-04 and \$17,820 in FY 2004-05. Ongoing costs of the system are estimated to be \$17,820 in each year. The agency proposes to acquire a commercial off-the-

shelf software designed for law offices to facilitate case management. The vendor will provide daily project management and DoIT would provide project oversight. Ongoing maintenance and technical support would be provided by the vendor and DoIT. The Executive Budget supports this recommendation with reference to an LCB audit dated July 1998. This audit identified the agency's current system as "cumbersome, time-consuming and problematic" and it was recommended the agency purchase a new database management system.

If the Subcommittee chooses to approve this decision unit, a technical adjustment of \$19,332 and \$9,666 is recommended to reduce funding for contingency reserve.

Does the Subcommittee wish to approve funding for a new database management system, with staff's technical adjustments?

OTHER CLOSING ITEMS

1. **E-710 (B&I-141) Replacement Equipment** – The Governor recommends funding in the amount of \$71,669 in the next biennium to replace equipment, including software upgrades (\$25,014), two laser jet printers (\$10,000), three laptop computers (\$8,380), and network equipment (\$6,555). This decision unit has been reduced by \$42,880 in FY 2003-04 and \$3,196 in FY 2004-05 for pricing adjustments, to remove software assurance which is not an approved budgeted item, to remove one laptop for an eliminated Legal Research Asst. position, and to remove software upgrades (funding for the same upgrades was approved by the 2001 Legislature).

Staff recommends additional funding of \$2,400 in FY 2003-04 to purchase three docking stations for the three laptop computers requested in this decision unit. The docking stations would eliminate the duplication of desktop computers for the Attorney for Injured Workers and two Legal Research Assistants.

2. **E-720 (B&I-142) New Equipment** – The Governor recommends funding in the amount of \$69,786 in FY 2003-04 to purchase new office and other equipment. The recommended purchases include \$36,439 to purchase computer equipment, including two additional backup drives for each existing server (\$15,000 each) and \$11,222 to replace the existing telephone system in Carson City which the agency indicates is outdated and faulty.

Does the Subcommittee wish to approve funding for new equipment?

OTHER TECHNICAL ADJUSTMENTS

1. **Base (B&I-137) Contract Services** has been reduced by \$5,180 in each fiscal year to eliminate an increase in funding for the agency's anticipated increase in costs. Staff would note that anticipated increases in costs are not customarily included in the budget.
2. **Base (B&I-137) Publications & Periodicals** has been reduced by \$2,294 in FY 2003-04 to eliminate an increase in funding for the agency's anticipated increase in costs. Staff would note that anticipated increases in costs are not customarily included in the budget.
3. Staff requests authority to make adjustments to assessments and cost allocations that may be necessitated by budget closings in other accounts.

ATTACHMENT – 1 page



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DEPARTMENT OF ADMINISTRATION

209 E. Musser Street, Room 200
Carson City, Nevada 89701-4298
Fax (775) 684-0260
(775) 684-0222

March 27, 2003

To: Andrew Clinger
Deputy Director

From: Kathalie Koche
Budget Analyst

Subject: Modification to 2003-05 Executive Budget

The purpose of this memorandum is to propose an amendment to the 2003-05 Executive Budget. The summary of the proposed modification is as follows:

- Amendment #: 01
- Budget Account Number: 101-1013
- Budget Account Title: Nevada Attorney for Injured Workers
- Decision Unit: E 275
- Page #'s in Executive Budget: Volume II, B&I – page 139 – Expenditures
- Amount of Change: Information Technology (Cat 26) FY 04 = \$8,107 & FY 05 = \$8,107
- Source of Funding: Worker's Compensation Fund

Explanation:

To provide funding for DoIT Backbone charges and DoIT DS-3 termination charges through a 12-month period.

Cc John P. Comeaux, -Director