

SENATE BILL NO. 381—SENATOR RHOADS

MARCH 17, 2003

Referred to Committee on Finance

SUMMARY—Authorizes pilot program to allow state agencies to retain certain cost savings. (BDR 31-936)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: Yes.

~

EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to state finances; authorizing a pilot program to allow a state agency to retain a portion of its unexpended budget that is identified as savings under certain circumstances; authorizing the use of that portion of the savings for training of employees and equipment purchases; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

- 1 **Section 1.** Chapter 353 of NRS is hereby amended by adding
2 thereto the provisions set forth as sections 2 to 10, inclusive, of this
3 act.
4 **Sec. 2.** *As used in sections 2 to 10, inclusive, of this act,*
5 *unless the context otherwise requires, the words and terms defined*
6 *in sections 3 and 4 of this act have the meanings ascribed to them*
7 *in those sections.*
8 **Sec. 3.** *“Chief” means the Chief of the Budget Division of*
9 *the Department of Administration.*
10 **Sec. 4.** *Except as otherwise provided in NRS 353.005, “state*
11 *agency” means a department, division, bureau, institution, office,*
12 *board, commission or other agency of the Executive Department*
13 *of the State Government.*
14 **Sec. 5. 1.** *On or before October 1 of each fiscal year, the*
15 *Chief shall identify the amount of each reversion to the State*



* S B 3 8 1 R 1 *

1 *General Fund of the unencumbered balance of the sums*
2 *appropriated to a state agency for expenditure in the preceding*
3 *fiscal year.*

4 *2. On or before December 1 of each fiscal year, the State*
5 *Controller shall, with the consent of the Governor and except as*
6 *otherwise required by specific state statute or other legislative*
7 *measure, by federal law or as a condition to the receipt of money*
8 *from any source:*

9 *(a) Establish a special account in the State General Fund on*
10 *behalf of a state agency for which a portion of the reversion has*
11 *been identified by the Legislative Auditor as savings, unless the*
12 *state agency has ceased to exist; and*

13 *(b) Transfer one-half of the identified savings into the account*
14 *and one-half of the identified savings into the Fund to Stabilize*
15 *the Operation of the State Government.*

16 **Sec. 6. 1.** *On or before October 1 of each fiscal year, the*
17 *Chief shall identify the unexpended balance after subtracting the*
18 *sum expended by a state agency during the preceding fiscal year*
19 *from the sum authorized during the most recent legislative session*
20 *for expenditure from sources other than appropriations from the*
21 *State General Fund.*

22 *2. On or before December 1 of each fiscal year, the*
23 *administrator of a fund in which is maintained any unexpended*
24 *balance identified pursuant to subsection 1 shall, with the consent*
25 *of the Governor and except as otherwise required by specific state*
26 *statute or other legislative measure, by federal law or as a*
27 *condition to the receipt of money from any source:*

28 *(a) Establish a special account in that fund on behalf of a state*
29 *agency for which a portion of the unexpended balance has been*
30 *identified by the Legislative Auditor as savings, unless the state*
31 *agency has ceased to exist; and*

32 *(b) Transfer one-half of the identified savings into the account*
33 *and one-half of the identified savings into the Fund to Stabilize*
34 *the Operation of the State Government.*

35 **Sec. 7. 1.** *The Interim Finance Committee shall develop a*
36 *form to be used by state agencies to determine the portion of the*
37 *reversion identified pursuant to section 5 of this act or of the*
38 *unexpended balance identified pursuant to section 6 of this act*
39 *that constitutes savings.*

40 *2. A state agency may, on or before October 15 of each year,*
41 *submit to the Legislative Auditor an application to identify*
42 *unspent money as savings. The application must be submitted on*
43 *the form developed by the Interim Finance Committee pursuant to*
44 *subsection 1. The application must include:*



1 (a) *The amount appropriated to the state agency for its work*
2 *program for the fiscal year;*

3 (b) *The amount authorized for expenditure by the state agency*
4 *in its work program for the fiscal year; and*

5 (c) *A description of the claimed savings and the manner in*
6 *which they were realized.*

7 3. *Except as otherwise provided in subsection 4, the*
8 *description of the manner in which savings were realized must*
9 *include:*

10 (a) *The amount of the claimed savings;*

11 (b) *The program used to realize the savings;*

12 (c) *The date on which the program was initiated;*

13 (d) *The time required to carry out the program;*

14 (e) *The manner in which the program improved the efficiency*
15 *of the state agency or the service provided by the state agency, or*
16 *both; and*

17 (f) *Any other information necessary to determine whether the*
18 *savings were realized as a result of increased efficiency and not*
19 *from money that does not qualify for consideration as savings*
20 *pursuant to subsection 4.*

21 4. *The following sources of money do not qualify for*
22 *consideration as savings:*

23 (a) *Money that was set aside as a reserve pursuant to*
24 *NRS 353.225;*

25 (b) *Money realized from the deferred payment of a capital*
26 *expense or for equipment purchased by the state agency;*

27 (c) *Supplemental appropriations;*

28 (d) *Money realized from shifting costs to another state agency*
29 *or governmental entity;*

30 (e) *Money realized by the state agency from the failure to fill a*
31 *position, unless the position is eliminated;*

32 (f) *Money received from a grant that was not expended; and*

33 (g) *Money realized from reducing the amount or quality of*
34 *services provided by the state agency.*

35 **Sec. 8.** *On or before November 15 of each fiscal year, the*
36 *Legislative Auditor shall:*

37 1. *Review the forms submitted pursuant to section 7 of this*
38 *act to identify any amounts that qualify as savings pursuant to that*
39 *section; and*

40 2. *Transmit to the Governor for his approval all forms that*
41 *the Legislative Auditor determines to include amounts that qualify*
42 *as savings, indicating the amount that the Legislative Auditor has*
43 *identified as savings.*

44 **Sec. 9.** *For the purposes of NRS 353.205 to 353.220,*
45 *inclusive, and 353.230, money transferred to a special account*



* S B 3 8 1 R 1 *

1 *pursuant to section 5 or 6 of this act, and money expended from*
2 *such an account, must not be considered as a source of revenue or*
3 *an expenditure of a state agency or be included in the budget of a*
4 *state agency.*

5 **Sec. 10.** 1. *A state agency may expend money transferred to*
6 *a special account pursuant to section 5 or 6 of this act for:*

7 (a) *Purchasing equipment, including computers; and*

8 (b) *The expenses of training for employees of the state agency.*

9 2. *Any interest earned on money in a special account*
10 *established on behalf of a state agency pursuant to section 5 or 6*
11 *of this act must be credited to the special account.*

12 **Sec. 11.** NRS 353.255 is hereby amended to read as follows:

13 353.255 1. ~~{The}~~ *Except as otherwise provided in sections 2*
14 *to 10, inclusive, of this act, the* sums appropriated for the various
15 branches of expenditure in the public service of the State ~~{shall}~~
16 *must* be applied solely to the objects for which they are respectively
17 made, and for no others.

18 2. Any person violating the provisions of subsection 1 shall be
19 punished by a fine of not more than \$500.

20 **Sec. 12.** 1. Notwithstanding the provisions of sections 2 to
21 10, inclusive, of this act, a state agency may apply to identify
22 unspent money as savings pursuant to those sections only if it has
23 been approved pursuant to this section to participate in a pilot
24 program for the fiscal year for which the savings are sought to be
25 identified.

26 2. A state agency that wishes to participate in a pilot program
27 pursuant to sections 2 to 10, inclusive, of this act for the Fiscal Year
28 2003-2004, 2004-2005 or 2005-2006 shall submit an application to
29 the Chief of the Budget Division on or before August 15 of the
30 respective fiscal year. The application must identify that budget
31 account to which the program would apply, the reasons that the state
32 agency believes that it should participate in the pilot program and
33 any programs that it believes could save money that would
34 constitute savings for the purposes of sections 2 to 10, inclusive, of
35 this act.

36 3. The Chief shall review the applications received pursuant to
37 subsection 2 and approve not more than 16 budget accounts for
38 participation in the pilot program in any fiscal year. To the extent
39 practicable, the Chief shall select budget accounts that:

40 (a) Have, as indicated in the application, a demonstrated
41 potential to generate savings; and

42 (b) Represent a variety of state agencies and programs.

43 4. The Chief shall notify the state agencies selected to
44 participate in the pilot program each fiscal year on or before
45 October 1 of that year. The Chief shall indicate the budget account



* S B 3 8 1 R 1 *

1 to which the provisions of sections 2 to 10, inclusive, of this act will
2 apply. A state agency selected to participate in the pilot program
3 shall submit the application required pursuant to section 7 of this act
4 and otherwise carry out the provisions of sections 2 to 10, inclusive,
5 of this act for that budget account for that fiscal year.

6 5. As used in this section:

7 (a) “Chief” means the Chief of the Budget Division of the
8 Department of Administration.

9 (b) “State agency” has the meaning ascribed to it in section 4 of
10 this act.

11 **Sec. 13.** This act becomes effective on July 1, 2003, and
12 expires by limitation on July 1, 2007.

