

ASSEMBLY BILL NO. 361—ASSEMBLYMAN HOLCOMB

MARCH 22, 2005

Referred to Committee on Ways and Means

SUMMARY—Revises provisions governing state financial administration. (BDR 31-856)

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

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

AN ACT relating to state financial administration; requiring each state agency to adopt a program to improve the efficiency of the state agency or the service provided by the state agency, or both; requiring a state agency to adopt a program to allow the 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:

Section 1. Chapter 353 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 13, inclusive, of this act.

Sec. 2. *As used in sections 2 to 13, inclusive, of this act, unless the context otherwise requires, the words and terms defined in sections 3, 4 and 5 of this act have the meanings ascribed to them in those sections.*

Sec. 3. *“Chief” means the Chief of the Budget Division of the Department.*

Sec. 4. *“Department” means the Department of Administration.*



1 **Sec. 5.** *Except as otherwise provided in NRS 353.005, "state*
2 *agency" means a department, division, bureau, institution, office,*
3 *board, commission or other agency of the Executive Department*
4 *of the State Government.*

5 **Sec. 6.** 1. *Each state agency shall adopt a program to*
6 *improve the efficiency of the state agency or the service provided*
7 *by the state agency, or both.*

8 2. *The program required pursuant to subsection 1 may*
9 *include, without limitation:*

10 (a) *Contracting with a private entity for the purpose of*
11 *outsourcing any of the functions or services of the state agency.*

12 (b) *Consolidating functions or services within the state agency*
13 *or in combination with other state agencies.*

14 (c) *Offering financial incentives for employee performance.*

15 (d) *Acquiring or improving technology that will result in more*
16 *efficient operations.*

17 (e) *A plan to promote wellness and reduce absence from work*
18 *by employees.*

19 (f) *Any other policy, procedure and internal control that the*
20 *state agency determines is necessary to improve the efficiency of*
21 *the state agency or the service provided by the state agency, or*
22 *both.*

23 **Sec. 7.** 1. *The Department shall establish the factors to be*
24 *used by a state agency in evaluating the effectiveness of the*
25 *program that the state agency established pursuant to section 6 of*
26 *this act. Such factors must assist the state agency to:*

27 (a) *Prioritize spending and promote efficient operations;*

28 (b) *Maximize the performance of existing sources of revenue;*

29 (c) *Identify and evaluate opportunities for obtaining additional*
30 *revenue; and*

31 (d) *Identify methods for increasing operating efficiency within*
32 *the state agency.*

33 2. *Each state agency shall submit a biennial report to the*
34 *Department that includes, without limitation:*

35 (a) *Potential new sources of revenue for the state agency and*
36 *an evaluation of such resources;*

37 (b) *Proposals to maximize existing sources of revenue;*

38 (c) *A summary of the program established pursuant to section*
39 *6 of this act, including, without limitation, an evaluation of the*
40 *effectiveness of the program and an explanation of any changes*
41 *made to such program since the last biennial report; and*

42 (d) *Any other information that the Department determines*
43 *would be helpful in evaluating the effectiveness of a program*
44 *established pursuant to section 6 of this act.*



1 **Sec. 8. 1.** *On or before October 1 of each fiscal year, the*
2 *Chief shall identify the amount of each reversion to the State*
3 *General Fund of the unencumbered balance of the sums*
4 *appropriated to a state agency for expenditure in the preceding*
5 *fiscal year.*

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

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

16 **(b)** *Transfer one-half of the identified savings into the account*
17 *and one-half of the identified savings into the State General Fund.*

18 **Sec. 9. 1.** *On or before October 1 of each fiscal year, the*
19 *Chief shall identify the unexpended balance after subtracting the*
20 *sum expended by a state agency during the preceding fiscal year*
21 *from the sum authorized during the most recent legislative session*
22 *for expenditure from sources other than appropriations from the*
23 *State General Fund.*

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

30 **(a)** *Establish a special account in that fund on behalf of a state*
31 *agency for which a portion of the unexpended balance has been*
32 *identified by the Legislative Auditor as savings pursuant to section*
33 *11 of this act, unless the state agency has ceased to exist; and*

34 **(b)** *Transfer one-half of the identified savings into the account*
35 *and one-half of the identified savings into the State General Fund.*

36 **Sec. 10. 1.** *The Interim Finance Committee shall develop a*
37 *form to be used by state agencies to determine the portion of the*
38 *reversion identified pursuant to section 8 of this act or of the*
39 *unexpended balance identified pursuant to section 9 of this act*
40 *that constitutes savings.*

41 **2.** *A state agency may, on or before October 15 of each year,*
42 *submit to the Legislative Auditor an application to identify*
43 *unspent money as savings. The application must be submitted on*
44 *the form developed by the Interim Finance Committee pursuant to*
45 *subsection 1. The application must include, without limitation:*



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 those savings 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, without limitation:

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

37 1. Review the forms submitted pursuant to section 10 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. 12.** For the purposes of NRS 353.205 to 353.220,
45 inclusive, and 353.230, money transferred to a special account



1 *pursuant to section 8 or 9 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. 13.** 1. *A state agency may expend money transferred to*
6 *a special account pursuant to section 8 or 9 of this act for:*

7 *(a) Purchasing equipment, including, without limitation,*
8 *computers; and*

9 *(b) Expenses incurred for training employees of the state*
10 *agency.*

11 2. *Any interest earned on money in a special account*
12 *established on behalf of a state agency pursuant to section 8 or 9*
13 *of this act must be credited to the special account.*

14 **Sec. 14.** NRS 353.255 is hereby amended to read as follows:

15 353.255 1. ~~{The}~~ *Except as otherwise provided in sections 8*
16 *to 13, inclusive, of this act, the* sums appropriated for the various
17 branches of expenditure in the public service of the State ~~{shall}~~
18 *must* be applied solely to the objects for which they are respectively
19 made, and for no others.

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

22 **Sec. 15.** NRS 285.070 is hereby amended to read as follows:

23 285.070 1. Insofar as it may be equitable and practicable, the
24 amount of the cash award allowed for an employee's suggestion
25 must be predicated upon the savings to the State. No cash award
26 may exceed ~~[\$500.]~~ *\$1,000.*

27 2. Cash payments to employees arising out of adopted
28 suggestions must be paid from money appropriated by the
29 Legislature for that purpose.

30 3. No more than \$5,000 each fiscal year may be distributed as
31 cash payments to employees pursuant to NRS 285.010 to 285.070,
32 inclusive.



