ASSEMBLY BILL NO. 74–ASSEMBLYWOMEN GANSERT AND KIRKPATRICK

PREFILED FEBRUARY 2, 2007

Referred to Committee on Ways and Means

SUMMARY—Revises provisions relating to state financial administration. (BDR 31-163)

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 certain state agencies to adopt a program to improve efficiency and the provision of services; authorizing such a state agency to expend a portion of its budgetary savings resulting from carrying out such a program for certain purposes; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Section 2 of this bill requires each state agency that receives money from the State General Fund to adopt a program to improve the efficiency of the state agency and the services provided by the agency. **Section 3** of this bill requires the Chief of the Budget Division of the Department of Administration to identify annually the amount of any reversion to the State General Fund of the unencumbered balance of money appropriated to a state agency for expenditure in the immediately preceding fiscal year. **Section 3** also authorizes each state agency that had such a reversion to apply to receive a portion of the reversion that constitutes savings resulting from the carrying out of the agency's program.

Section 4 of this bill requires the Legislative Auditor to review the applications submitted by state agencies to verify the amount of the savings claimed and to transmit to the Governor any applications that the Legislative Auditor determines include amounts that qualify as savings from carrying out the agency's program. The Governor is required to review those applications and to transmit any of those applications that he finds to contain savings to the Interim Finance Committee. If the Interim Finance Committee approves any such application transmitted by the Governor, the Committee is required to establish by resolution the amount of savings for each agency whose application was approved and to direct the State

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Controller to: (1) establish a special account in the State General Fund on behalf of each agency whose application was approved by the Committee; and (2) transfer one-half of the amount of the savings established for the agency into the agency's special account and one-half of the savings into the State General Fund. The Director of the Legislative Counsel Bureau is required to post a list of the amounts established as savings for state agencies by the Committee on the website of the Nevada Legislature.

Section 5 of this bill appropriates and authorizes a state agency to expend money transferred to its special account for purchasing equipment for the agency and for training employees of the agency. **Section 5** stipulates that money transferred into and expended from such a special account may not be considered a source of revenue or an expenditure of a state agency and may not be included in the agency's budget for purposes of the State Budget Act.

Section 6 of this bill increases the maximum amount that can be awarded to a state employee who has saved an agency money from $500 to $1,000. (NRS 285.070)

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 5, inclusive, of this act.

Sec. 2. ***1. Each state agency that receives money from the State General Fund shall adopt a program to improve the efficiency of the state agency and the services provided by the state agency.***

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

(a) Contracting with a private person who is able to provide any of the functions or services of the state agency in a more efficient manner to the extent money is otherwise available and authorized for expenditure for this purpose;

(b) Consolidating functions or services within the state agency or in combination with other state agencies in a manner that does not conflict with any statutes existing at the time the consolidation becomes effective;

(c) Acquiring or improving technology that will result in more efficient operations; and

(d) Any other policy, procedure and internal control that the state agency determines is necessary to improve the efficiency of the state agency and the services provided by the state agency.

Sec. 3. ***1. On or before October 1 of each fiscal year, the Chief of the Budget Division of the Department of Administration shall identify the amount of each reversion to the State General Fund of the unencumbered balance of the sums appropriated to a state agency for expenditure in the immediately preceding fiscal***

year. The Chief shall provide written notice of the amount of each such reversion to the applicable state agency and the Legislative Auditor.

2. A state agency may, on or before October 15 of each year, submit to the Legislative Auditor, on a form prescribed by the Legislative Auditor, an application to receive a portion of the reversion identified pursuant to subsection 1 that constitutes savings resulting from the carrying out of the program adopted by the state agency pursuant to section 2 of this act.

3. The application submitted pursuant to subsection 2 must include, without limitation:

(a) The amount appropriated to the state agency for its work program for the relevant fiscal year; and

(b) Except as otherwise provided in subsection 4, a description of the savings claimed by the state agency from the carrying out of the program, which must include, without limitation:

(1) The amount of the savings claimed by the state agency;

(2) Each method used by the state agency to realize the savings;

(3) The date on which the method was initiated;

(4) The time required to carry out the method;

(5) The manner in which the method improved the efficiency of the state agency and the services provided by the state agency; and

(6) Any other information necessary to determine the source of the savings.

4. A state agency may not claim as savings on an application submitted pursuant to this section:

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

(b) Money realized from the deferred payment of a capital expense or for equipment purchased by the state agency, including, without limitation, savings realized from reductions in the price of such a capital expense or equipment;

(c) Supplemental appropriations;

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

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

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

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

Sec. 4. ***1. On or before November 15 of each fiscal year, the Legislative Auditor shall:***

(a) Review each application submitted pursuant to section 3 of this act to verify the amount of the savings claimed in the application that resulted from the carrying out of a program adopted pursuant to section 2 of this act; and

(b) Transmit to the Governor for his review each application that the Legislative Auditor determines to include an amount that qualifies as such savings, with an indication of that amount.

2. The Governor shall review the applications transmitted by the Legislative Auditor pursuant to subsection 1 and transmit to the Interim Finance Committee any application that he finds to contain an amount that qualifies as savings that resulted from the carrying out of a program adopted pursuant to section 2 of this act, with his recommendation of the proposed amount of the savings.

3. If the Interim Finance Committee approves any application transmitted by the Governor pursuant to subsection 2, the Committee shall by resolution establish the amount of savings for each agency whose application is approved and direct the State Controller to, except as otherwise required by specific statute or other legislative measure, by federal law or as a condition of the receipt of money from any source:

(a) Establish a special account in the State General Fund on behalf of each state agency whose application is approved by the Interim Finance Committee pursuant to this subsection, unless the state agency has ceased to exist; and

(b) Transfer one-half of the amount of the savings established by the Interim Finance Committee for the state agency to the special account and one-half of the savings to the State General Fund.

4. The Director of the Legislative Counsel Bureau shall post a list of the amounts established as savings for state agencies by the Interim Finance Committee pursuant to subsection 3 on the Internet website of the Nevada Legislature.

Sec. 5. ***1. Any interest earned on money in a special account established on behalf of a state agency pursuant to subsection 3 of section 4 of this act must be credited to the special account.***

2. There is hereby appropriated and a state agency may expend money transferred to a special account pursuant to subsection 3 of section 4 of this act for:

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

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

3. For the purposes of NRS 353.205 to 353.220, inclusive, and 353.230, money transferred to a special account pursuant to subsection 3 of section 4 of this act, and money expended from such an account, must not be considered as a source of revenue or an expenditure of a state agency or be included in the budget of a state agency.

Sec. 6. NRS 285.070 is hereby amended to read as follows:

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

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

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

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