

SENATE BILL NO. 272—SENATOR ROBERSON

MARCH 18, 2011

Referred to Committee on Finance

SUMMARY—Makes various changes concerning the state budget process. (BDR 31-780)

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

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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; eliminating the required use of base budgets in the state budget process; removing the requirement that the proposed budget for the Executive Department of the State Government include information setting out the cost of continuing each program at the same level of service as the current year; removing the requirement that the proposed budget include information comparing proposed expenditures and anticipated income with expenditures and income for the last completed fiscal year and current fiscal year; removing the requirement that the Chief of the Budget Division of the Department of Administration provide the Fiscal Analysis Division of the Legislative Counsel Bureau with the adjusted base budgets for the Executive Department and an estimated range of the costs for continuing the operation of State Government and providing elementary, secondary and higher education at the current level of service; removing the requirement that the final proposed budget prepared by the Chief and submitted by the Governor to the Legislature include adjusted base budgets for the Executive Department and the costs for continuing each program at the current level of service; revising provisions relating to the Legislature's fundamental review of base budgets; and providing other matters properly relating thereto.



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Legislative Counsel's Digest:

This bill eliminates the required use of base budgets in the state budget process. **Section 1** of this bill removes the requirement that the proposed budget for the Executive Department of the State Government contain, in part, a detailed budgetary estimate which sets forth separately the cost of continuing each program at the same level of service as the current year and the cost, by budgetary issue, of any recommendations to enhance or reduce that level of service. **Section 1** also removes the requirement that the proposed budget include information contrasting total proposed expenditures and total anticipated revenues with the corresponding figures for the last completed fiscal year and the fiscal year in progress. **Section 2** of this bill similarly removes the requirement that, as part of the state budget process, agencies of the Executive Department submit to the Chief of the Budget Division of the Department of Administration information which compares expenditures and income for the last completed fiscal year and the current fiscal year with estimates of their expenditure requirements and anticipated income for the next 2 fiscal years.

Section 3 of this bill removes the requirement that, as part of the state budget process, the Chief provide the Fiscal Analysis Division of the Legislative Counsel Bureau with the base budgets of the agencies of the Executive Department and an estimated range of costs for continuing the operation of State Government and providing elementary, secondary and higher education at the current level of service. **Section 4** of this bill removes the requirement that the final proposed budget prepared by the Chief and submitted by the Governor to the Legislature include: (1) the adjusted base budgets of the agencies of the Executive Department; (2) the costs for continuing each program at the current level of service; and (3) the costs, if any, for new programs, recommended enhancements of existing programs or reductions for the Executive Department.

Sections 5-7 of this bill revise provisions governing legislative committees for the fundamental review of the base budgets of state agencies.

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

Section 1. NRS 353.205 is hereby amended to read as follows:
353.205 1. The proposed budget for the Executive Department of the State Government for each fiscal year must be set up in three parts:

(a) Part 1 must consist of a budgetary message by the Governor which outlines the financial policy of the Executive Department of the State Government for the next 2 fiscal years, describing in connection therewith the important features of the financial plan. It must also embrace a general summary of the proposed budget setting forth the aggregate figures of the proposed budget in such a manner as to show the balanced relations between the total proposed expenditures and the total anticipated revenues, together with the other means of financing the proposed budget for the next 2 fiscal years . ~~[, contrasted with the corresponding figures for the last completed fiscal year and fiscal year in progress.]~~ The general summary of the proposed budget must be supported by explanatory



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1 schedules or statements, classifying the expenditures contained
2 therein by organizational units, objects and funds, and the income
3 by organizational units, sources and funds.

4 (b) Part 2 must embrace the detailed budgetary estimates both of
5 expenditures and revenues as provided in NRS 353.150 to 353.246,
6 inclusive. ~~[The information must be presented in a manner which
7 sets forth separately the cost of continuing each program at the same
8 level of service as the current year and the cost, by budgetary issue,
9 of any recommendations to enhance or reduce that level of service.]~~

10 Revenues must be summarized by type, and expenditures must be
11 summarized by category of expense. Part 2 must include a mission
12 statement and measurement indicators for each program. It must
13 also include statements of the bonded indebtedness of the State
14 Government, showing the requirements for redemption of debt, the
15 debt authorized and unissued, and the condition of the sinking
16 funds, and any statements relative to the financial plan which the
17 Governor may deem desirable, or which may be required by the
18 Legislature.

19 (c) Part 3 must include a recommendation to the Legislature for
20 the drafting of a general appropriation bill authorizing, by
21 departments, institutions and agencies, and by funds, all
22 expenditures of the Executive Department of the State Government
23 for the next 2 fiscal years, and may include recommendations to the
24 Legislature for the drafting of such other bills as may be required to
25 provide the income necessary to finance the proposed budget and to
26 give legal sanction to the financial plan if adopted by the
27 Legislature.

28 2. Except as otherwise provided in NRS 353.211, as soon as
29 each part of the proposed budget is prepared, a copy of the part must
30 be transmitted to the Fiscal Analysis Division of the Legislative
31 Counsel Bureau for confidential examination and retention.

32 3. Except for the information provided to the Fiscal Analysis
33 Division of the Legislative Counsel Bureau pursuant to NRS
34 353.211, parts 1 and 2 of the proposed budget are confidential until
35 the Governor transmits the proposed budget to the Legislature
36 pursuant to NRS 353.230, regardless of whether those parts are in
37 the possession of the Executive or Legislative Department of the
38 State Government. Part 3 of the proposed budget is confidential
39 until the bills which result from the proposed budget are introduced
40 in the Legislature.

41 **Sec. 2.** NRS 353.210 is hereby amended to read as follows:

42 353.210 1. Except as otherwise provided in subsection 6, on
43 or before September 1 of each even-numbered year, all departments,
44 institutions and other agencies of the Executive Department of the
45 State Government, and all agencies of the Executive Department of



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1 the State Government receiving state money, fees or other money
2 under the authority of the State, including those operating on money
3 designated for specific purposes by the Nevada Constitution or
4 otherwise, shall prepare, on blanks furnished them by the Chief, and
5 submit to the Chief:

6 (a) The number of positions within the department, institution or
7 agency that have been vacant for at least 12 months, the number of
8 months each such position has been vacant and the reasons for each
9 such vacancy;

10 (b) Any existing contracts the department, institution or agency
11 has with consultants or temporary employment services, the
12 proposed expenditures for such contracts in the next 2 fiscal years
13 and the reasons for the use of such consultants or services; and

14 (c) Estimates of their expenditure requirements, together with all
15 anticipated income from fees and all other sources, for the next 2
16 fiscal years . ~~[compared with the corresponding figures of the last~~
17 ~~completed fiscal year and the estimated figures for the current fiscal~~
18 ~~year.]~~

19 2. The Chief shall direct that one copy of the forms submitted
20 pursuant to subsection 1, accompanied by every supporting schedule
21 and any other related material, be delivered directly to the Fiscal
22 Analysis Division of the Legislative Counsel Bureau on or before
23 September 1 of each even-numbered year.

24 3. The Budget Division of the Department of Administration
25 shall give advance notice to the Fiscal Analysis Division of the
26 Legislative Counsel Bureau of any conference between the Budget
27 Division of the Department of Administration and personnel of
28 other state agencies regarding budget estimates. A Fiscal Analyst of
29 the Legislative Counsel Bureau or his or her designated
30 representative may attend any such conference.

31 4. The estimates of expenditure requirements submitted
32 pursuant to subsection 1 must be classified to set forth the data of
33 funds, organizational units, and the character and objects of
34 expenditures, and must include a mission statement and
35 measurement indicators for each program. The organizational units
36 may be subclassified by functions and activities, or in any other
37 manner at the discretion of the Chief.

38 5. If any department, institution or other agency of the
39 Executive Department of the State Government, whether its money
40 is derived from state money or from other money collected under
41 the authority of the State, fails or neglects to submit estimates of its
42 expenditure requirements as provided in this section, the Chief may,
43 from any data at hand in the Chief's office or which the Chief may
44 examine or obtain elsewhere, make and enter a proposed budget for
45 the department, institution or agency in accordance with the data.



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6. Agencies, bureaus, commissions and officers of the Legislative Department, the Public Employees' Retirement System and the Judicial Department of the State Government shall submit to the Chief for his or her information in preparing the proposed executive budget the budgets which they propose to submit to the Legislature.

Sec. 3. NRS 353.211 is hereby amended to read as follows:

353.211 1. On or before October 15 of each even-numbered year, the Chief shall provide to the Fiscal Analysis Division of the Legislative Counsel Bureau:

(a) Computerized budget files containing the actual data regarding revenues and expenditures for the previous year;

(b) The work programs for the current year; and

(c) Each agency's requested budget for the next 2 fiscal years.

2. On or before December 31 of each even-numbered year, the Chief shall provide to the Fiscal Analysis Division ~~the~~:

~~—(a) Each~~ *each* agency's adjusted ~~[base]~~ budget by budgetary account for the next 2 fiscal years. ~~the~~; and

~~—(b) An estimated range of the costs for:~~

~~—(1) Continuing the operation of State Government; and~~

~~—(2) Providing elementary, secondary and higher public education;~~

~~— at the current level of service.]~~

3. The information provided to the Fiscal Analysis Division pursuant to subsections 1 and 2 is open for public inspection.

Sec. 4. NRS 353.230 is hereby amended to read as follows:

353.230 1. The Chief shall review the estimates, altering, revising, increasing or decreasing the items of the estimates as the Chief may deem necessary in view of the needs of the various departments, institutions and agencies in the Executive Department of the State Government and the total anticipated income of the State Government and of the various departments, institutions and agencies of the Executive Department during the next fiscal year. In performing the duties required by this subsection, the Chief shall use the projections and estimates prepared by the Economic Forum pursuant to NRS 353.228.

2. The Chief shall meet with a Fiscal Analyst of the Legislative Counsel Bureau or his or her designated representative and personnel of the various departments, institutions and agencies of the Executive Department to discuss:

(a) The budgetary requests of each department, institution and agency; and

(b) The budgetary recommendations of the Budget Division for each department, institution and agency,



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1 ↳ for the next 2 fiscal years. The Chief shall allow the Fiscal
2 Analyst of the Legislative Counsel Bureau or his or her designated
3 representative full access to all materials connected with the review.

4 3. The Chief shall then prepare a final version of the proposed
5 budget, in accordance with NRS 353.150 to 353.246, inclusive, and
6 shall deliver it to the Governor. The final version of the proposed
7 budget must include the adjusted ~~{base}~~ budget for each department,
8 institution and agency of the Executive Department ~~{, the costs for~~
9 ~~continuing each program at the current level of service and the~~
10 ~~costs, if any, for new programs, recommended enhancements of~~
11 ~~existing programs or reductions for the departments, institutions and~~
12 ~~agencies of the Executive Department}~~ for the next 2 fiscal years.
13 All projections of revenue and any other information concerning
14 future state revenue contained in the proposed budget must be based
15 upon the projections and estimates prepared by the Economic Forum
16 pursuant to NRS 353.228.

17 4. The Governor shall, not later than 14 calendar days before
18 the commencement of the regular legislative session, submit the
19 proposed budget to the Director of the Legislative Counsel Bureau
20 for transmittal to the Legislature. The Governor shall simultaneously
21 submit, as a separate document ~~{~~

22 ~~—(a) An analysis of any new programs or enhancements of~~
23 ~~existing programs being recommended; and~~

24 ~~—(b) Any~~ , any increase in or new revenues which are being
25 recommended in the proposed budget.

26 ~~{→ The document must specify the total cost by department,~~
27 ~~institution or agency of new programs or enhancements, but need~~
28 ~~not itemize the specific costs.}~~ All projections of revenue and any
29 other information concerning future state revenue contained in the
30 document must be based upon the projections and estimates
31 prepared by the Economic Forum pursuant to NRS 353.228.

32 5. On or before the 19th calendar day of the regular legislative
33 session, the Governor shall submit to the Legislative Counsel
34 recommendations for each legislative measure which will be
35 necessary to carry out the final version of the proposed budget or to
36 carry out the Governor's legislative agenda. These
37 recommendations must contain sufficient detailed information to
38 enable the Legislative Counsel to prepare the necessary legislative
39 measures.

40 6. During the consideration of the general appropriation bill
41 and any special appropriation bills and bills authorizing budgeted
42 expenditures by the departments, institutions and agencies operating
43 on money designated for specific purposes by the Constitution or
44 otherwise, drafted at the request of the Legislature upon the
45 recommendations submitted by the Governor with the proposed



1 budget, the Governor or a representative of the Governor have the
2 right to appear before and be heard by the appropriation committees
3 of the Legislature in connection with the appropriation bill or bills,
4 and to render any testimony, explanation or assistance required of
5 him or her.

6 **Sec. 5.** NRS 218E.435 is hereby amended to read as follows:

7 218E.435 As used in NRS 218E.435 to 218E.460, inclusive,
8 “committee” means a legislative committee for the fundamental
9 review of the ~~base~~ budgets of state agencies.

10 **Sec. 6.** NRS 218E.440 is hereby amended to read as follows:

11 218E.440 1. If:

12 (a) The Legislature, by concurrent resolution, during a regular
13 legislative session; or

14 (b) The Interim Finance Committee, by resolution, while the
15 Legislature is not in regular session,

16 ➔ determines that the performance of a fundamental review of the
17 ~~base~~ budget of a particular agency is necessary, the Interim
18 Finance Committee shall create a legislative committee for the
19 fundamental review of the ~~base~~ budgets of state agencies. The
20 Interim Finance Committee may create more than one such
21 committee if the number of agencies designated for review warrants
22 additional committees. If more than one such committee is created,
23 the Interim Finance Committee shall determine which agencies are
24 to be reviewed by the respective committees.

25 2. Each such committee must consist of an equal number of
26 members of the Senate and the Assembly. The Interim Finance
27 Committee shall appoint the members of a committee. At least a
28 majority of the members of a committee must be members of the
29 Interim Finance Committee. The Interim Finance Committee shall
30 designate the chair of a committee.

31 3. Any member of a committee who is not a candidate for
32 reelection or who is defeated for reelection continues to serve after
33 the general election until the next regular or special session of the
34 Legislature convenes.

35 4. Vacancies on a committee must be filled in the same manner
36 as original appointments.

37 5. A majority of the members appointed to a committee
38 constitutes a quorum.

39 6. The Director of the Legislative Counsel Bureau shall assign
40 employees of the Legislative Counsel Bureau to provide such
41 technical, clerical and operational assistance to a committee as the
42 functions and operations of the committee may require.



- 1 **Sec. 7.** NRS 218E.450 is hereby amended to read as follows:
2 218E.450 1. A committee shall, during the legislative
3 interim, perform a fundamental review of the ~~base~~ budget of each
4 state agency assigned to it for review.
5 2. A committee may request the state agency under review and
6 any other agency to submit information, analyses and reports which
7 are pertinent to the reviews conducted pursuant to this section. Each
8 agency of the State shall cooperate fully and provide the material
9 requested within the period specified by a committee.
10 3. A committee shall, before the convening of the next regular
11 session of the Legislature, transmit a report of each review
12 conducted pursuant to this section, and any related
13 recommendations, to the Interim Finance Committee and the
14 Legislative Commission.

