

FISCAL REPORT

Seventy-Third
Nevada Legislature



Prepared by

*The Fiscal Analysis Division
Legislative Counsel Bureau*

February 2005

STATE OF NEVADA
LEGISLATIVE COUNSEL BUREAU

LEGISLATIVE COMMISSION (775) 684-6800
RANDOLPH J. TOWNSEND, *Senator, Chairman*
Lorne J. Malkiewicz, *Director, Secretary*

CARSON CITY OFFICE:

Legislative Building, 401 S. Carson Street
Carson City, Nevada 89701-4747
Fax No.: (775) 684-6600

LORNE J. MALKIEWICH, *Director* (775) 684-6800
PAUL V. TOWNSEND, *Legislative Auditor* (775) 684-6815
DONALD O. WILLIAMS, *Research Director* (775) 684-6825
BRENDA J. ERDOES, *Legislative Counsel* (775) 684-6830



INTERIM FINANCE COMMITTEE (775) 684-6821
WILLIAM J. RAGGIO, *Senator, Chairman*
Mark Stevens, *Fiscal Analyst*
Gary L. Ghiggeri, *Fiscal Analyst*

LAS VEGAS OFFICE:

555 E. Washington Avenue, Room 4400
Las Vegas, Nevada 89101-1049
Fax No.: (702) 486-2810
BRIAN L. DAVIE, *Legislative Services Officer* (702) 486-2800

Date: February 28, 2005
To: MEMBERS OF THE 73rd LEGISLATURE
FROM: Fiscal Analysis Division
SUBJECT: **2005-07 Nevada Legislative Fiscal Report**

The Legislative Fiscal Report, prepared by the Fiscal Analysis Division, is designed to provide you with a summary of the financial status of the state and the Governor's budget recommendations for the next biennium.

The report is divided into sections and includes historical revenue and expenditure trends, the revenue projections of the Economic Forum, an overview of taxes and the Governor's recommended appropriations for the upcoming biennium, including supplementals, restorations of fund balances and capital improvements. In addition, budget summaries by each functional area of state government are included. The budget summaries will allow comparisons of work program (budgeted) amounts in fiscal year 2004-05, each agency's budget request, and the Governor's recommendations in each year of the 2005-07 biennium.

This report contains general information, including the highlights of the various governmental functions. Emphasis is placed on changes and expansion of existing programs and recommended new programs; therefore, this report should be used in conjunction with The Executive Budget where more complete information is presented.

If you have questions on this material, feel free to contact us at any time.

TABLE OF CONTENTS

	PAGE
SECTION I – HISTORICAL PERSPECTIVE	1
GENERAL FUND REVENUE TRENDS.....	1
GENERAL FUND APPROPRIATION TRENDS	8
TOTAL STATE BUDGET TRENDS.....	8
 SECTION II – GENERAL FUND PROJECTED FUND BALANCE.....	 13
STABILIZATION FUND (NRS 353.288).....	14
 SECTION III – TAX OVERVIEW	 17
1995 TO 2003 TAX LEGISLATION.....	17
1995 SESSION.....	17
1997 SESSION.....	17
1999 SESSION.....	18
2001 SESSION.....	19
2003 SESSION AND 20 TH SPECIAL SESSION	20
 SECTION IV – GENERAL FUND APPROPRIATIONS AND TOTAL BUDGET	 25
SOURCE OF FUNDS SUMMARY	26
SUPPLEMENTAL APPROPRIATIONS	30
ONE-TIME OR SPECIAL APPROPRIATIONS	31
RESTORE FUND BALANCES	33
CAPITAL IMPROVEMENT PROGRAM	34
POSITION SUMMARY	45
 SECTION V – GOVERNOR’S RECOMMENDATIONS BY FUNCTION	 47
ELECTED OFFICIALS	47
GOVERNOR’S OFFICE	47
WASHINGTON OFFICE	48
HIGH LEVEL NUCLEAR WASTE	48
CONSUMER HEALTH ASSISTANCE	49
ENERGY CONSERVATION.....	49
ATTORNEY GENERAL.....	50
CONTROLLER'S OFFICE	51
SECRETARY OF STATE	51
STATE TREASURER.....	51
STATE DEBT.....	52
HIGHER EDUCATION TUITION ADMINISTRATION.....	52
MILLENNIUM SCHOLARSHIP ADMINISTRATION.....	52
COLLEGE SAVINGS PROGRAM ADMINISTRATION	53
ETHICS COMMISSION	53
LEGISLATIVE COUNSEL BUREAU.....	54
JUDICIAL BRANCH	54

	PAGE
FINANCE AND ADMINISTRATION	65
DEPARTMENT OF ADMINISTRATION	65
BUDGET AND PLANNING DIVISION	65
SALARY ADJUSTMENTS	65
ADMINISTRATIVE SERVICES DIVISION	66
INFORMATION TECHNOLOGY DIVISION	66
INSURANCE AND LOSS PREVENTION	66
DIVISION OF INTERNAL AUDITS	67
STATE MOTOR POOL	68
COMMODITY FOOD PROGRAM	68
DIVISION OF BUILDINGS AND GROUNDS	69
STATE PUBLIC WORKS BOARD	69
HEARINGS DIVISION	70
VICTIMS OF CRIME	70
DEPARTMENT OF TAXATION	70
DEPARTMENT OF INFORMATION TECHNOLOGY	71
DIRECTOR'S OFFICE	72
PLANNING AND RESEARCH DIVISION	72
APPLICATIONS DESIGN AND DEVELOPMENT DIVISION	72
COMPUTING DIVISION	73
DATA COMMUNICATIONS AND TECHNICAL SERVICES	73
TELECOMMUNICATIONS DIVISION	74
COMMUNICATIONS SYSTEM UNIT	74
DEPARTMENT OF PERSONNEL	74
 EDUCATION	 83
EDUCATION (K-12)	83
DISTRIBUTIVE SCHOOL ACCOUNT	83
ENROLLMENT	87
POSITIONS AND SALARIES	87
SPECIAL EDUCATION	87
CLASS-SIZE REDUCTION	88
SCHOOL IMPROVEMENT PROGRAMS	89
SPECIAL FUNDING	89
DEPARTMENT OF EDUCATION	89
SAIN-SYSTEM FOR ACCOUNTABILITY INFORMATION IN NEVADA	90
IMPROVING AMERICA'S SCHOOLS TITLE I	90
IMPROVING AMERICA'S SCHOOLS TITLE II, V & VI	90
PROFICIENCY TESTING	91
STUDENT INCENTIVE GRANTS	91
UNIVERSITY AND COMMUNITY COLLEGE SYSTEM OF NEVADA	91
ESTATE TAX REVENUES	92
ADJUSTED BASE BUDGET	92
MAINTENANCE ITEMS	94
ENHANCEMENT DECISION MODULES	95
ONE SHOTS AND SUPPLEMENTALS	96
PROPOSED STUDENT FEES	97

	PAGE
STUDENT ENROLLMENTS	97
LEGISLATIVE AUDITS.....	98
ITEMS FOR SPECIAL CONSIDERTION	99
CAPITAL IMPROVEMENTS	99
WICHE	99
DEPARTMENT OF CULTURAL AFFAIRS.....	100
ADMINISTRATION.....	101
STATE HISTORIC PRESERVATION OFFICE	101
NEVADA STATE LIBRARY/ARCHIVES AND RECORDS	102
NEVADA ARTS COUNCIL	102
DIVISION OF MUSEUMS AND HISTORY	102
COMMERCE AND INDUSTRY	113
DEPARTMENT OF AGRICULTURE.....	113
DIVISION OF ADMINISTRATION.....	113
DIVISION OF PLANT INDUSTRY.....	113
DIVISION OF LIVESTOCK IDENTIFICATION.....	114
DIVISION OF ANIMAL INDUSTRY	114
DIVISION OF MEASUREMENT STANDARDS.....	114
GAMING CONTROL BOARD	114
PUBLIC UTILITIES COMMISSION.....	115
DEPARTMENT OF BUSINESS AND INDUSTRY.....	116
DIRECTOR'S OFFICE	116
MANUFACTURED HOUSING DIVISION.....	116
CONSUMER AFFAIRS DIVISION	117
REAL ESTATE DIVISION	117
FINANCIAL INSTITUTIONS DIVISION	118
MORTGAGE LENDING DIVISION.....	118
DIVISION OF INSURANCE	119
DIVISION OF INDUSTRIAL RELATIONS	119
NEVADA ATTORNEY FOR INJURED WORKERS.....	120
LABOR COMMISSIONER	120
TAXICAB AUTHORITY.....	121
ECONOMIC DEVELOPMENT AND TOURISM.....	121
COMMISSION ON ECONOMIC DEVELOPMENT	121
NEVADA FILM OFFICE	122
RURAL COMMUNITY DEVELOPMENT	122
PROCUREMENT OUTREACH PROGRAM.....	122
COMMISSION ON TOURISM	123
NEVADA MAGAZINE.....	123
HUMAN SERVICES.....	133
DEPARTMENT OF HUMAN RESOURCES.....	133
DIRECTOR'S OFFICE	133
DEVELOPMENTAL DISABILITIES	134
COMMUNITY-BASED SERVICES.....	134
HEALTHY NEVADA FUND.....	134

GRANTS MANAGEMENT UNIT.....	135
CHILDREN'S TRUST ACCOUNT.....	136
DIVISION OF HEALTH CARE FINANCING AND POLICY	136
HEALTH CARE FINANCING AND POLICY ADMINISTRATION.....	137
MEDICAID	138
INCREASED QUALITY OF NURSING CARE	140
NEVADA CHECK-UP PROGRAM	141
HIFA MEDICAL AND HIAF HOLDING ACCOUNT.....	142
INTERGOVERNMENTAL TRANSFER PROGRAM	143
DIVISION OF MENTAL HEALTH AND DEVELOPMENTAL SERVICES.....	144
DIVISION ADMINISTRATION	145
NORTHERN NEVADA ADULT MENTAL HEALTH SERVICES	145
LAKES' CROSSING FACILITY FOR THE MENTAL OFFENDER	145
RURAL CLINICS	145
SOUTHERN NEVADA ADULT MENTAL HEALTH SERVICES	146
DEVELOPMENTAL SERVICES.....	147
FAMILY PRESERVATION PROGRAM	148
HEALTH DIVISION.....	148
OFFICE OF HEALTH ADMINISTRATION	149
VITAL STATISTICS.....	149
CONSUMER HEALTH PROTECTION	149
HEALTH FACILITIES HOSPITAL LICENSING	150
COMMUNICABLE DISEASE CONTROL	150
IMMUNIZATION PROGRAM.....	150
EARLY INTERVENTION SERVICES.....	151
WOMEN, INFANTS, AND CHILDREN PROGRAM	151
BUREAU OF ALCOHOL AND DRUG ABUSE.....	152
WELFARE DIVISION.....	152
WELFARE ADMINISTRATION	152
WELFARE FIELD SERVICES	153
TANF	153
CHILD SUPPORT ENFORCEMENT PROGRAM.....	155
ASSISTANCE TO AGED AND BLIND.....	155
CHILD ASSISTANCE AND DEVELOPMENT.....	156
ENERGY ASSISTANCE	156
DIVISION FOR AGING SERVICES	157
COMMUNITY HOME-BASED INITIATIVES PROGRAM/GROUP CARE WAIVER	157
HOMEMAKER PROGRAMS	158
SENIOR CITIZEN'S PROPERTY TAX ASSISTANCE	159
DIVISION OF CHILD AND FAMILY SERVICES.....	159
CHILD AND FAMILY SERVICES ADMINISTRATION.....	160
CHILD WELFARE INTEGRATION.....	160
UNITY/SACWIS	161
RURAL CHILD WELFARE.....	162
CHILD CARE SERVICES.....	162
CHILD DEATHS REVIEW	163
YOUTH ALTERNATIVE PLACEMENT	163

	PAGE
JUVENILE CORRECTIONAL FACILITY	163
CALIENTE YOUTH CENTER	164
NEVADA YOUTH TRAINING CENTER.....	164
YOUTH PAROLE SERVICES.....	165
NORTHERN NEVADA CHILD AND ADOLESCENT SERVICES	165
SOUTHERN NEVADA CHILD AND ADOLESCENT SERVICES	165
DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION	166
ADMINISTRATION.....	167
INFORMATION DEVELOPMENT AND PROCESSING DIVISION	167
EQUAL RIGHTS COMMISSION	167
REHABILITATION DIVISION	168
EMPLOYMENT SECURITY DIVISION.....	168
EMPLOYMENT SECURITY SPECIAL FUND.....	169
 PUBLIC SAFETY	 185
DEPARTMENT OF CORRECTIONS	185
DEPARTMENT OF MOTOR VEHICLES	189
DIRECTOR'S OFFICE	190
ADMINISTRATIVE SERVICES	190
FIELD SERVICES.....	191
CENTRAL SERVICES.....	191
MOTOR CARRIER.....	192
SALVAGE WRECKERS	192
MOTOR VEHICLE POLLUTION CONTROL	193
AUTOMATION	193
DEPARTMENT OF PUBLIC SAFETY	194
TECHNOLOGY DIVISION.....	194
DIVISION OF EMERGENCY MANAGEMENT.....	194
OFFICE OF HOMELAND SECURITY	195
CRIMINAL HISTORY REPOSITORY.....	195
DIGNITARY PROTECTION	196
NEVADA HIGHWAY PATROL.....	197
PAROLE AND PROBATION	197
TRAINING DIVISION	198
STATE FIRE MARSHAL	198
PAROLE BOARD	198
 INFRASTRUCTURE	 209
DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES	209
QUESTION 1 - \$200 MILLION CONSERVATION BOND	210
DIRECTOR'S OFFICE	210
DIVISION OF STATE LANDS.....	210
DIVISION OF STATE PARKS	211
DIVISION OF WATER RESOURCES	211
DIVISION OF ENVIROMENTAL PROTECTION	211
DIVISION OF FORESTRY.....	212
FOREST FIRE SUPPRESSION.....	212

	PAGE
FORESTRY HONOR CAMPS	213
TAHOE REGIONAL PLANNING AGENCY	213
DEPARTMENT OF WILDLIFE	214
NEVADA DEPARTMENT OF TRANSPORTATION	215
SPECIAL PURPOSE AGENCIES	223
PUBLIC EMPLOYEES' RETIREMENT SYSTEM	223
PUBLIC EMPLOYEES' BENEFITS PROGRAM	224
RETIRED EMPLOYEE GROUP INSURANCE PROGRAM	225
ACTIVE EMPLOYEE GROUP INSURANCE PROGRAM	226
OFFICE OF THE MILITARY	227
OFFICE OF VETERANS' SERVICES	227
VETERANS' HOME	228
 APPENDIX	
REPORT OF THE STATE OF NEVADA ECONOMIC FORUM, DECEMBER 1, 2004	231

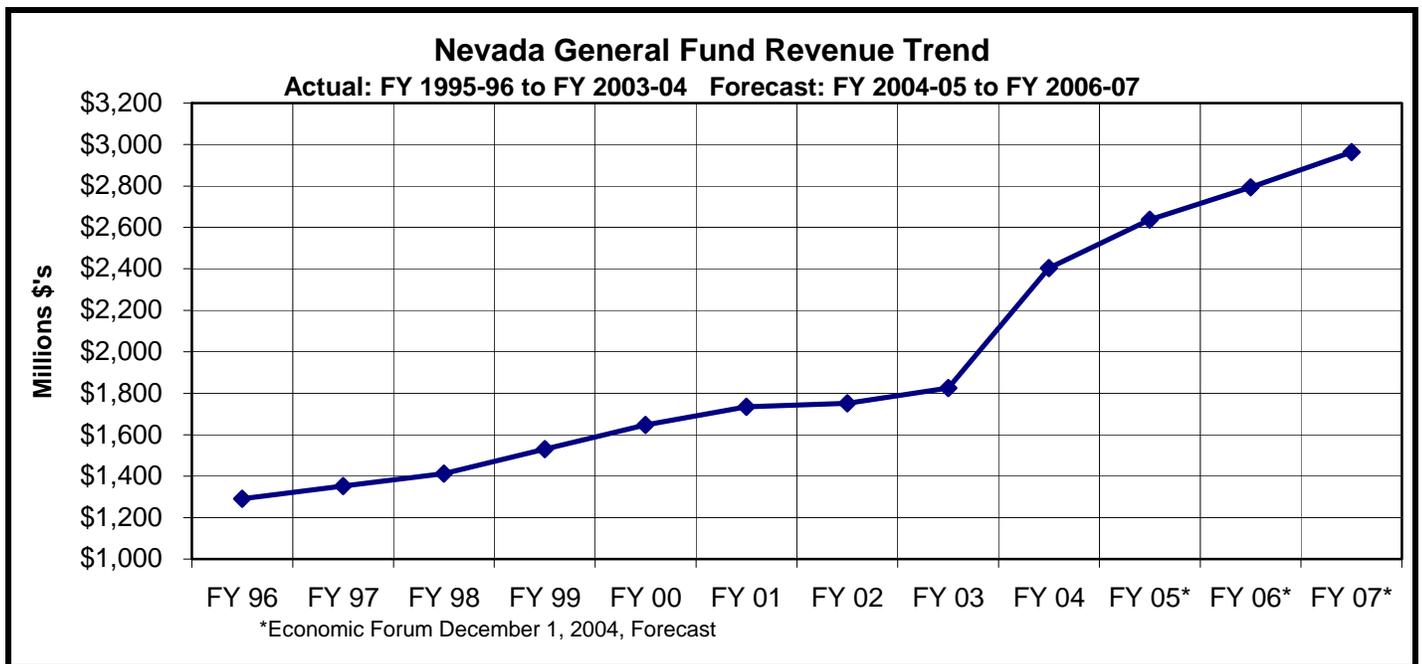
SECTION I HISTORICAL PERSPECTIVE

This section contains a historical review of actual state General Fund revenues and the Economic Forum's December 1, 2004, forecasts for the 2005-07 biennium as well as a historical presentation of General Fund operating appropriations combined with the Governor's recommendations for the 2005-07 biennium. Graphs depicting the trends in both General Fund revenues since FY 1995-96 are outlined below. The appropriations table on page 10 shows the total state budget level, which includes General Fund and all other available funding sources.

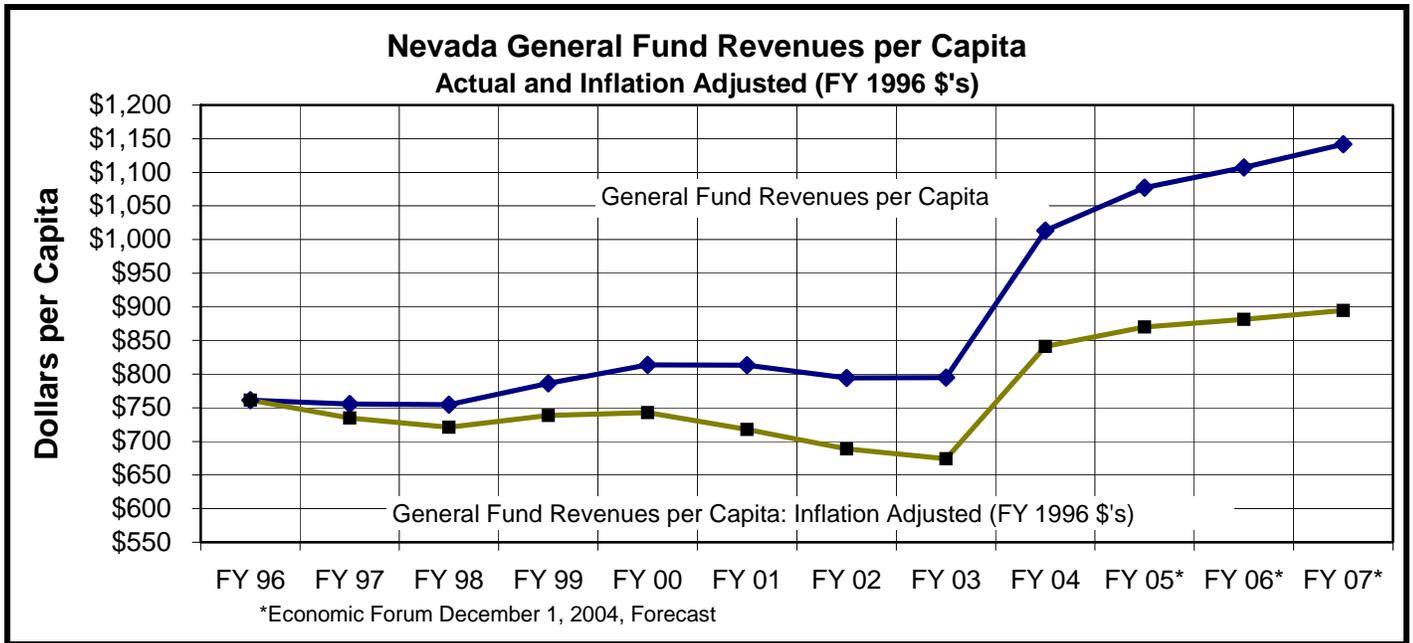
GENERAL FUND REVENUE TRENDS

FY 1995 to FY 2003

General Fund revenues were approximately \$1.83 billion in FY 2002-03, a 41.4 percent increase over FY 1995-96 revenues, yielding an average annual growth rate over the last eight years of 5.1 percent. Yearly growth rates, after adjusting for the effects of accounting changes, have ranged from a low of 1.0 percent in FY 2001-02 to a high of 10.7 percent in FY 1995-96. The 1.0 percent growth in FY 2001-02 is attributable to the national recession and the effects of the September 11, 2001 terrorist attacks. As the national and our state economy recovered from the negative impacts in FY 2001-02, General Fund revenues increased by 4.2 percent in FY 2002-03. Sluggish growth in FY 1997-98 reflected a slowdown in gaming and sales tax collections. In FY 1998-99 and FY 1999-2000, strong growth was observed in both of these revenue sources, especially gaming taxes, due to the well-received openings of several new mega-resort casinos during this period. Total General Fund revenues grew 8.4 percent in FY 1998-99, 7.6 percent in FY 1999-2000, and 5.3 percent in FY 2000-01.



When state population growth and inflation are taken into consideration, real per capita state General Fund revenues were approximately 11 percent lower in FY 2002-03 compared to FY 1995-96. In fact, real per capita revenues declined an average of 1.7 percent over the eight year period from FY 1995-96 to FY 2002-03.



FY 2003-04

Primarily due to the tax increases and new taxes approved in S.B. 2, S.B. 8 and A.B. 4 during the 20th Special Session, total General Fund revenues increased by 31.7 percent in FY 2003-04. Information on the tax plan approved during the 20th Special Session is provided in Section III – Tax Overview of this report. Additional factors contributing to the growth in FY 2003-04 were significantly stronger than anticipated growth in sales tax and gaming percentage fee tax collections. Sales tax collections were expected to grow 5.0 percent, but actual growth was approximately 14.0 percent in FY 2003-04. Gaming percentage fee tax collections were projected to increase by 14.2 percent (including the 0.5 percent tax increase), but actual collections increased by 21.0 percent.

Adjusting for state population growth and inflation, real per capita state revenues in FY 2003-04 increased by approximately 25 percent compared to FY 2002-03. However, FY 2003-04 inflation-adjusted per capita General Fund revenues of \$841 per person are approximately 10 percent above the inflation-adjusted per capita revenues in FY 1995-96 of \$761 per person. The impact of the tax changes and strong economy resulted in FY 2003-04 inflation-adjusted per capita General Fund revenues of \$841 being approximately 3.4 percent higher than the actual (non-inflation adjusted) revenues per capita of \$814 observed in FY 1999-2000.

Forecast: FY 2004-05 to FY 2006-07

Based on the Economic Forum’s December 1, 2004, forecast, total General Fund revenues are projected to increase by 9.7 percent to \$2,637.2 million in FY 2004-05, by 5.9 percent to

\$2,793.4 million in FY 2005-06, and by 6.1 percent to \$2,963.4 million in FY 2006-07. Total projected General Fund revenues for the 2005-07 biennium of \$5,756.8 million are forecast to be 14.2 percent above the projected revenues for the 2003-05 biennium of \$5,041.3 million (figure includes FY 2003-04 actual collection and FY 2004-05 projected collections – December 2004 Economic Forum). The double-digit increase can be attributed to the continued positive outlook for Nevada's economy over the 2005-07 biennium and the fact that the tax changes approved during the 20th Special Session were not in effect for the full 2003-05 biennium. Tables displaying the Economic Forum's December 1, 2004, General Fund forecast are included in this report on page 6.

Adjusting for projected growth in state population and inflation, real per capita state General Fund revenues are estimated to increase by 3.4 percent in FY 2004-05. Over the 2005-07 biennium, inflation-adjusted per capita state General Fund revenues are projected to increase by 1.3 percent in FY 2005-06 to \$881 per person and increase by 1.5 percent in FY 2006-07 to \$894 per person.

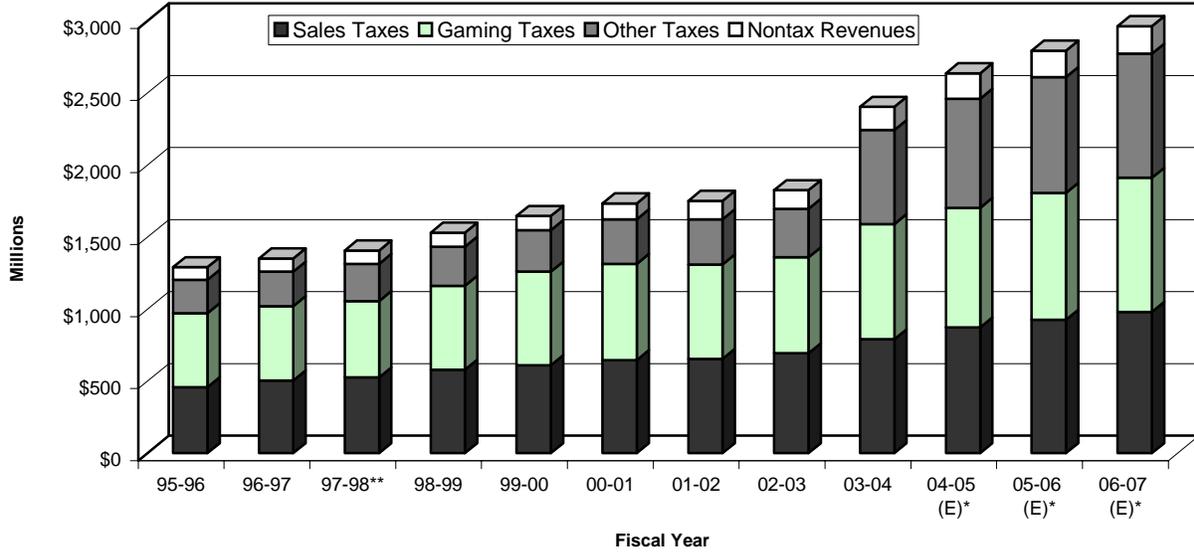
Composition of General Fund Revenues

From FY 1995-96 to FY 2002-03, taxes, on average, accounted for approximately 93.3 percent of total General Fund revenues. On average over this eight-year period, sales tax accounted for 37.2 percent and gaming taxes contributed 38.2 percent with other taxes accounting for an average of 17.9 percent of total General Fund revenues. Non-tax revenues generated approximately 6.6 percent of total General Fund revenues on average over the FY 1995-96 to FY 2002-03 historical period.

The tax changes approved during the 20th Special Session did not alter the share of revenue provided by tax versus non-tax sources. However, the distribution amongst the sources of revenue generated within the tax category was changed. In FY 2003-04, total taxes accounted for 93.3 percent of total General Fund revenues while non-tax revenue sources provided 6.7 percent, almost identical to the average shares observed prior to FY 2003-04. Sales tax accounted for 32.9 percent and gaming taxes (including the gaming portion of the live entertainment tax) generated 33.3 percent of total General Fund revenues in FY 2003-04, compared to the previous eight-year average of 37.2 percent and 38.2 percent, respectively. Revenues contributed from other taxes increased to 27.1 percent in FY 2003-04, primarily due to the implementation of the modified business tax and real property transfer tax, effective October 1, 2003.

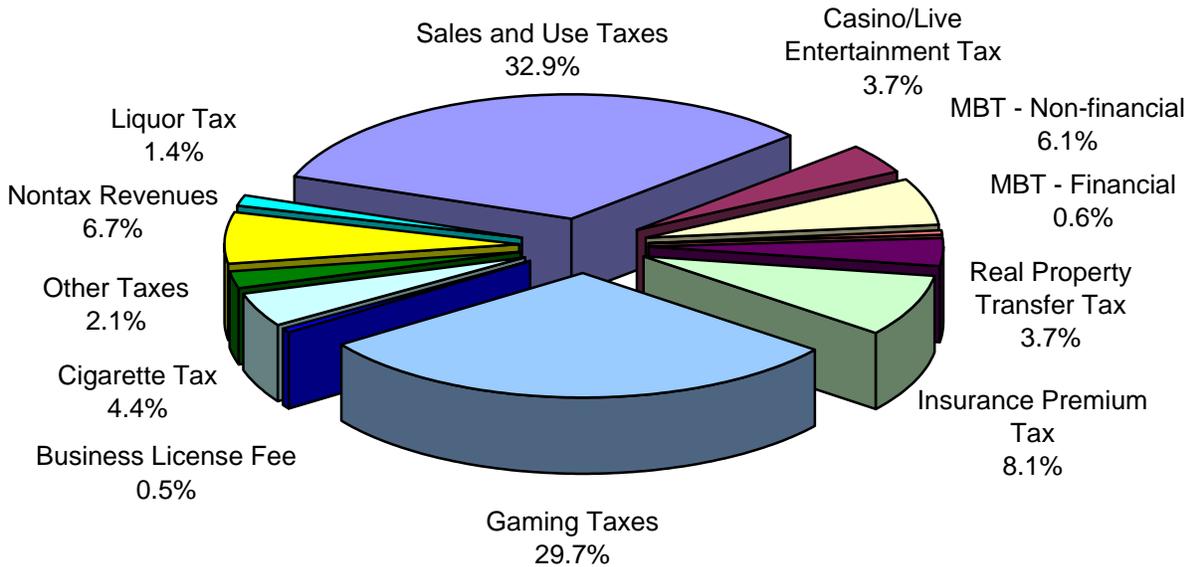
Based on the Economic Forum's December 1, 2004, forecast, total taxes over the 2005-07 biennium are projected to account for approximately 93.5 percent of total General Fund revenues. On average over the 2005-07 biennium, sales tax collections are estimated to generate 33.1 percent; gaming taxes would contribute 31.5 percent; other taxes are projected to provide 28.9 percent; and non-tax revenue sources are forecast to account for 6.5 percent of total General Fund revenues.

NEVADA GENERAL FUND REVENUES
By Type, FY 1995-96 to FY 2006-07



* Revenue estimates for FY 2004-05, FY 2005-06, and FY 2006-07 are the Economic Forum's December 1, 2004, Forecast and does not include the Governor's recommendation included in The Executive Budget to use approximately \$7.6 million of Unclaimed Property revenue per fiscal year to retire debt for the Millenium Scholarship program. ** Revenues for FY 1994-95 and FY 1997-98 exclude one-time revenues from GASB 22 accounting rule changes.

NEVADA GENERAL FUND REVENUE ACTUAL BY SOURCE, FY 2003-04



ACTUAL GENERAL FUND REVENUE - FY 2003-04

	Millions \$'s	% of Total		Millions \$'s	% of Total
Taxes:			Other Taxes:		
State Gaming Taxes	\$714.7	29.7%	Business License Tax (b)	\$22.2	0.9%
Sales and Use Taxes	\$790.6	32.9%	Mining Tax	\$16.8	0.6%
Insurance Premium Tax	\$194.5	8.1%	Annual Slot Tax Transfer	\$5.0	0.2%
Cigarette Tax	\$106.8	4.4%	Tobacco & Other Taxes	\$6.9	0.3%
Casino/Live Entertainment Tax (a) (b):			Branch Bank Excise Tax (a)	\$1.5	0.1%
Gaming Establishments	\$84.9	3.5%	Subtotal Other Taxes	\$52.5	2.1%
Non-Gaming Establishments	\$4.3	0.2%			
Modified Business Tax (MBT) (a):			Subtotal Taxes	\$2,242.7	93.3%
Non-Financial Institutions	\$146.2	6.1%			
Financial Institutions	\$15.5	0.6%	Nontax Revenues		
Real Property Transfer Tax (a)	\$88.0	3.7%	Licenses	\$91.7	3.8%
Business License Fee (a)	\$11.9	0.5%	Fees and Fines	\$32.0	1.3%
Liquor Tax	\$33.0	1.4%	Use of Money and Property	\$6.5	0.3%
			Miscellaneous Revenues	\$31.1	1.3%
			Subtotal Nontax Revenues	\$161.3	6.7%
			Total General Fund	\$2,404.0	100.0%

(a) New state taxes approved by the 2003 Legislature (A.B. 4 and S.B. 8 - 20th Special Session)

(b) Taxes repealed in FY 2003-04 by the 2003 Legislature (S.B. 8 - 20th Special Session)

GENERAL FUND REVENUES - ECONOMIC FORUM DECEMBER 1, 2004 FORECAST
ACTUAL: FY 2001 THROUGH FY 2004 AND FORECAST: FY 2005 THROUGH FY 2007

Economic Forum December 1, 2004 Meeting - 12/1/04 - 1:00 PM

GL NO.	DESCRIPTION	DECEMBER 1, 2004 ECONOMIC FORUM FORECAST													
		FY 2001 ACTUAL	% Change	FY 2002 ACTUAL	% Change	FY 2003 ACTUAL	% Change	FY 2004 ACTUAL [a.]	% Change	FY 2005	% Change	FY 2006	% Change	FY 2007	% Change
TAXES															
	TOTAL MINING TAXES	\$14,672,692	9.1%	\$9,418,008	-35.8%	\$10,641,100	13.0%	\$16,817,927	58.0%	\$17,146,000	2.0%	\$17,086,000	-0.3%	\$17,284,000	1.2%
	TOTAL SALES AND USE TAX [1-FY04]	\$645,767,621	5.9%	\$655,068,480	1.4%	\$693,528,823	5.9%	\$790,602,667	14.0%	\$873,282,000	10.5%	\$925,680,000	6.0%	\$981,221,000	6.0%
	TOTAL GAMING TAXES [2-FY04][3-FY04]	\$604,464,065	2.0%	\$589,803,811	-2.4%	\$596,260,210	1.1%	\$714,653,673	19.9%	\$732,314,300	2.5%	\$758,657,800	3.6%	\$796,701,800	5.0%
	CASINO/LIVE ENTERTAINMENT TAX [4a-FY04][4b-FY04]	\$63,919,196	9.2%	\$64,817,715	1.4%	\$70,212,815	8.3%	\$89,201,827	27.0%	\$105,954,000	18.8%	\$131,108,000	23.7%	\$142,976,000	9.1%
	INSURANCE PREMIUM TAX	\$146,925,032	13.6%	\$156,550,893	6.6%	\$174,135,736	11.2%	\$194,457,058	11.7%	\$213,797,000	9.9%	\$234,980,000	9.9%	\$258,061,000	9.8%
	LIQUOR TAX [5-FY04]	\$15,745,514	0.5%	\$15,995,650	1.6%	\$16,531,358	3.3%	\$33,025,941	99.8%	\$35,865,000	8.6%	\$36,818,000	2.7%	\$37,771,000	2.6%
	CIGARETTE TAX [6-FY04]	\$43,691,552	3.5%	\$41,843,892	-4.2%	\$44,019,969	5.2%	\$106,770,729	142.6%	\$117,600,000	10.1%	\$117,600,000		\$117,600,000	
	OTHER TOBACCO TAX [7-FY04]	\$5,602,823	-6.0%	\$5,557,893	-0.8%	\$5,916,301	6.4%	\$6,927,276	17.1%	\$7,342,900	6.0%	\$7,746,800	5.5%	\$8,134,100	5.0%
	LAETRILE & GEROVITAL MFG.	\$2,692	-28.7%												
	HECC TRANSFER	\$5,000,000		\$5,000,000		\$5,000,000		\$5,000,000		\$5,000,000		\$5,000,000		\$5,000,000	
	BUSINESS LICENSE FEE [8-FY04]	\$523,072	1.8%	\$680,845	30.2%	\$739,561	8.6%	\$11,851,752		\$18,000,000	51.9%	\$22,000,000	22.2%	\$26,000,000	18.2%
	BUSINESS LICENSE TAX [9-FY04]	\$77,270,722	1.8%	\$78,394,651	1.5%	\$79,026,132	0.8%	\$22,216,500	-71.9%	\$250,000					
	MODIFIED BUSINESS TAX - NONFINANCIAL INSTITUTIONS [10-FY04]							\$146,161,812		\$194,404,000	33.0%	\$207,152,000	6.6%	\$220,297,000	6.3%
	MODIFIED BUSINESS TAX - FINANCIAL INSTITUTIONS [11-FY04]							\$15,487,677		\$20,000,000	29.1%	\$22,000,000	10.0%	\$25,000,000	13.6%
	BRANCH BANK EXCISE TAX [12-FY04]							\$1,508,192		\$3,024,000	100.5%	\$3,059,000	1.2%	\$3,094,000	1.1%
	REAL PROPERTY TRANSFER TAX [13-FY04]							\$88,024,738		\$116,734,000	32.6%	\$121,279,000	3.9%	\$133,407,000	10.0%
	TOTAL TAXES	\$1,623,584,982	4.8%	\$1,623,131,839	0.0%	\$1,696,012,005	4.5%	\$2,242,707,768	32.2%	\$2,460,713,200	9.7%	\$2,610,166,600	6.1%	\$2,772,546,900	6.2%
LICENSES															
	INSURANCE LICENSES	\$6,889,858	6.2%	\$7,806,594	13.3%	\$10,076,143	29.1%	\$10,578,744	5.0%	\$11,128,800	5.2%	\$12,241,700	10.0%	\$12,878,300	5.2%
	BANKING LICENSES [1-FY01][16-FY04]	\$23,785	35.7%	\$23,600	-0.8%	\$20,400	-13.6%								
	MARRIAGE LICENSES	\$638,691	3.5%	\$587,774	-8.0%	\$587,712	0.0%	\$594,588	1.2%	\$609,800	2.6%	\$629,700	3.3%	\$645,300	2.5%
	TOTAL SECRETARY OF STATE [1-FY02][14-FY04]	\$36,442,206	3.4%	\$50,064,820	37.4%	\$54,026,461	7.9%	\$75,312,846	39.4%	\$83,119,000	10.4%	\$89,216,000	7.3%	\$95,912,000	7.5%
	PRIVATE SCHOOL LICENSES	\$156,485	9.8%	\$181,009	15.7%	\$207,145	14.4%	\$251,705	21.5%	\$268,600	6.7%	\$288,900	7.6%	\$309,400	7.1%
	PRIVATE EMPLOYMENT AGENCY	\$29,800	-5.4%	\$29,100	-2.7%	\$29,100	0.3%	\$26,000	-10.7%	\$13,800	-46.9%	\$13,800		\$13,800	
	TOTAL REAL ESTATE [2-FY02][15-FY04][16-FY04]	\$1,451,867	-4.4%	\$1,690,734	16.5%	\$1,548,788	-8.4%	\$2,653,740	71.3%	\$2,429,000	-8.5%	\$2,804,000	15.4%	\$2,567,000	-8.5%
	TOTAL FINANCIAL INSTITUTIONS [1-FY01] [16-FY04]	\$1,626,149	7.5%	\$1,795,162	10.4%	\$1,926,415	7.3%								
	ATHLETIC COMMISSION FEES [5-FY02]	\$2,853,655	1.2%	\$1,706,730	-40.2%	\$1,901,357	11.4%	\$2,258,306	18.8%	\$1,700,000	-24.7%	\$1,700,000		\$1,700,000	
	TOTAL LICENSES	\$50,112,496	3.6%	\$63,885,422	27.5%	\$70,323,520	10.1%	\$91,675,929	30.4%	\$99,269,000	8.3%	\$106,894,100	7.7%	\$114,025,800	6.7%
FEES AND FINES															
	VITAL STATISTICS FEES [17-FY04]	\$534,243	2.1%	\$576,967	8.0%	\$647,213	12.2%	\$759,587	17.4%	\$784,700	3.3%	\$809,800	3.2%	\$834,100	3.0%
	DIVORCE FEES	\$203,454	1.4%	\$196,953	-3.2%	\$201,070	2.1%	\$205,535	2.2%	\$209,100	1.7%	\$215,000	2.8%	\$220,900	2.7%
	CIVIL ACTION FEES	\$1,215,362	2.0%	\$1,250,147	2.9%	\$1,322,518	5.8%	\$1,376,653	4.1%	\$1,423,000	3.4%	\$1,469,300	3.3%	\$1,515,700	3.2%
	INSURANCE FEES	\$537,507	-27.2%	\$719,183	33.8%	\$617,132	-14.2%	\$624,149	1.1%	\$624,100	0.0%	\$624,100		\$624,100	
	TOTAL REAL ESTATE FEES	\$388,128	-10.9%	\$397,274	2.4%	\$436,415	9.9%	\$1,097,847	151.6%	\$1,154,000	5.1%	\$1,245,300	7.9%	\$1,313,300	5.5%
	SHORT-TERM CAR LEASE [2-FY02]	\$8,288,217	0.2%	\$19,662,998	137.2%	\$22,208,165	12.9%	\$25,638,556	15.4%	\$27,177,000	6.0%	\$28,672,000	5.5%	\$30,105,000	5.0%
	ATHLETIC COMMISSION LICENSES/FINES [5-FY02]			\$122,908		\$210,920	71.6%	\$109,825	-47.9%	\$110,000	0.2%	\$110,000		\$110,000	
	WATER PLANNING FEES [4-FY02]	\$21,069	31.6%												
	STATE ENGINEER SALES	\$1,588,378	4.6%	\$1,572,066	-1.0%	\$1,590,428	1.2%	\$1,698,473	6.8%	\$1,532,000	-9.8%	\$1,532,000		\$1,532,000	
	SUPREME COURT FEES	\$204,075	-12.2%	\$207,830	1.8%	\$212,035	2.0%	\$219,042	3.3%	\$223,000	1.8%	\$227,000	1.8%	\$231,100	1.8%
	MISC. FINES/FORFEITURES	\$136,957	16.4%	\$172,541	26.0%	\$350,947	103.4%	\$261,421	-25.5%	\$250,200	-4.3%	\$261,200	4.4%	\$272,300	4.2%
	TOTAL FEES AND FINES	\$13,117,391	-1.0%	\$24,878,868	89.7%	\$27,796,842	11.7%	\$31,991,088	15.1%	\$33,487,100	4.7%	\$35,165,700	5.0%	\$36,758,500	4.5%
USE OF MONEY AND PROPERTY															
	LYON COUNTY REPAYMENTS	\$177,450													
	OTHER REPAYMENTS [7-FY02][8-FY02][18-FY04]	\$1,118,866	-2.4%	\$931,938	-16.7%	\$2,405,277	158.1%	\$2,008,738	-16.5%	\$2,009,503	0.0%	\$2,110,318	5.0%	\$2,161,185	2.4%
	MARLETTE REPAYMENT	\$10,483	65.4%	\$10,512	0.3%	\$10,512		\$10,512		\$10,512		\$10,512		\$10,512	
	INTEREST INCOME	\$26,333,458	34.0%	\$12,501,357	-52.5%	\$5,990,047	-52.1%	\$4,528,633	-24.4%	\$10,570,000	133.4%	\$11,339,000	7.3%	\$10,090,000	-11.0%
	TOTAL USE OF MONEY AND PROPERTY	\$27,640,257	32.9%	\$13,443,808	-51.4%	\$8,405,836	-37.5%	\$6,547,883	-22.1%	\$12,590,015	92.3%	\$13,459,830	6.9%	\$12,261,697	-8.9%
OTHER REVENUE															
	HOOVER DAM REVENUE	\$300,000		\$300,000		\$300,000		\$300,000		\$300,000		\$300,000		\$300,000	
	MISC. SALES AND REFUNDS	\$4,515,462	84.6%	\$1,431,898	-68.3%	\$932,709	-34.9%	\$899,132	-3.6%	\$871,050	-3.1%	\$921,550	5.8%	\$881,650	-4.3%
	COST RECOVERY PLAN	\$4,251,236	-2.9%	\$5,006,463	17.8%	\$5,004,477	0.0%	\$9,714,586	94.1%	\$9,856,700	1.5%	\$9,856,700		\$9,856,700	
	PETROLEUM INSPECTION FEES	\$516,320	-3.5%	\$550,736	6.7%	\$563,727	2.4%	\$557,966	-1.0%	\$558,000	0.0%	\$558,000		\$558,000	
	UNCLAIMED PROPERTY [9-FY02]	\$10,078,369	30.4%	\$19,328,933	91.8%	\$16,014,824	-17.1%	\$19,611,605	22.5%	\$19,604,500	0.0%	\$16,076,900	-18.0%	\$16,236,500	1.0%
	TOTAL OTHER REVENUE	\$19,661,386	27.8%	\$26,618,030	35.4%	\$22,815,737	-14.3%	\$31,083,289	36.2%	\$31,190,250	0.3%	\$27,713,150	-11.1%	\$27,832,850	0.4%
	TOTAL GENERAL FUND REVENUE	\$1,734,116,512	5.3%	\$1,751,957,967	1.0%	\$1,825,353,940	4.2%	\$2,404,005,956	31.7%	\$2,637,249,565	9.7%	\$2,793,399,380	5.9%	\$2,963,425,747	6.1%

**GENERAL FUND REVENUES - ECONOMIC FORUM DECEMBER 1, 2004 FORECAST
ACTUAL: FY 2001 THROUGH FY 2004 AND FORECAST: FY 2005 THROUGH FY 2007**

Economic Forum December 1, 2004 Meeting - 12/1/04 - 1:00 PM

GL NO.	DESCRIPTION	DECEMBER 1, 2004 ECONOMIC FORUM FORECAST											
		FY 2001 ACTUAL	% Change	FY 2002 ACTUAL	% Change	FY 2003 ACTUAL	% Change	FY 2004 ACTUAL [a.]	% Change	FY 2005 Change	% Change	FY 2006 Change	% Change

NOTES:

[a.] Subject to adjustment based on reconciliation with the Controller's Office and Budget Division

FY 2001

[1-FY01] Amount for FY 2001-01 (5-Oct-01) for GL 3179 reflects adjustments of \$198,388.19, \$534,222.45, and \$153,128.65 that should have been deposited to GL 3179 - Financial Institution Fees, but were recorded in the Controller's system by the Financial Institutions Division under GL 3100 Credit Union Fees, GL 3110 - Banking Fees, and GL 3177 - Thrift Institution Fees, respectively. Adjustment made to maintain historical pattern of collections for comparison.

FY 2002

- [1-FY02] FY 2002 and FY 2003 collections reflect the 50% increase in most Secretary of State fees (approved by the 2001 Legislature in S.B. 577).
- [2-FY02] FY 2002 and FY 2003 collections reflect the revenue enhancement approved by the 2001 Legislature in S.B. 307.
- [3-FY02] Collections FY 2002 and FY 2003 reflect additional revenues from the increase in short-term car rental rate resulting from approval of A.B. 460 (2001 Legislature).
- [4-FY02] Beginning in FY 2002, GL 3180 - Water Planning Fees were deposited in GL 3205 - State Engineer Sales due to elimination of the account by the agency.
- [5-FY02] Beginning in FY 2002, Licenses/Fines (GL 3103) revenues collected by the Athletic Commission are reported separately. Previously, these revenues were recorded in GL 3102 along with the fees assessed on the gross receipts from admission fees to unarmed combat events.
- [6-FY02] In FY 2001-02, the Treasurer deposited \$20,000,000 in GL 3291 due to the "2002 Forward Delivery Agreement" for prepayment of interest from the Bond Interest Redemption Fund. The amount is not shown in the General Fund Revenue Tables, but is accounted for on the General Fund Ending Fund Balance Statement as a one-time revenue adjustment.
- [7-FY02] The Department of Information of Technology (DOIT) did not make the scheduled repayment for the noted projects totaling \$114,749 in FY 2002. These payments for FY 2002 will be made in FY 2003 in addition to their normal scheduled repayments for FY 2003.
- [8-FY02] The Printing Division did not make the scheduled repayment of \$70,669 in FY 2002 and is currently not budgeting to make payments in FY 2003, FY 2004, and FY 2005.
- [9-FY02] Collections for FY 2002 includes amount generated from "one-time" acceleration of holding period for determining property to be unclaimed approved by the 2001 Legislature in A.B. 77.

FY 2004

- [1-FY04] A.B. 4 (20th S.S.) reduced the collection allowance provided to the taxpayer for collecting and remitting the sales tax to the state from 1.25% to 0.5%, effective July 1, 2003.
- [2-FY04] S.B. 8 (20th S.S.) increased gross gaming tax rates by 0.5%: 3.0% to 3.5% on monthly revenue up to \$50,000; 4.0% to 4.5% on revenue over \$50,000 and up to \$134,000; 6.25% to 6.75% on revenue exceeding \$134,000, effective August 1, 2003.
- [3-FY04] S.B. 8 (20th S.S.) increased quarterly restricted slot fees by 33%: from \$61 to \$81 per machine, up to 5 machines; from \$106 to \$141 for each machine over 5, up to 15 machines, effective July 22, 2003.
- [4a-FY04] S.B. 8 (20th S.S.) modified types of establishments and entertainment subject to the current 10% Casino Entertainment Tax (CET), effective September 1 to December 31, 2003 [Estimated to generate \$4,982,000 additional collections during 4-month period].
- [4b-FY04] S.B. 8 (20th S.S.) repealed CET and replaced by Live Entertainment Tax (LET): 5% of admissions price, if entertainment is in facility with 7,500 or more seats; 10% of admissions price & food, beverage, and merchandise purchased, if facility has more than 300 and up to 7,500 seats; exempt from the tax if facility is a non-gaming establishment with less than 300 seats or is gaming establishment with less than 300 seats and less than 51 slot machines, 6 games, or any combination thereof, effective January 1, 2004.
- [5-FY04] S.B. 8 (20th S.S.) increased liquor taxes by 75%: beer from 9 cents to 16 cents per gallon; liquor up to 14% alcohol from 40 cents to 70 cents per gallon; liquor over 14% and up to 22% alcohol from 75 cents to \$1.30 per gallon; liquor over 22% alcohol from \$2.05 (15 cents for alcohol abuse program, 50 cents to local government, and \$1.40 to state general fund) to \$3.60 per gallon (15 cents for alcohol abuse program, 50 cents to local government, and \$2.95 to state general fund), effective August 1, 2003. [Estimated to generate \$13,873,000 in FY 2004 and \$15,536,000 in FY 2005]. A.B. 4 (20th S.S.) reduced the collection allowance provided to the taxpayer for collecting and remitting the liquor tax to the state from 3% to 0.5%, effective August 1, 2003. [Estimated to generate \$734,000 in FY 2004 and \$822,000 in FY 2005]
- [6-FY04] S.B. 8 (20th S.S.) increased cigarette tax per pack of 20 by 45 cents: from 35 cents per pack (10 cents to Local Government Distribution Fund, 25 cents to state general fund) to 80 cents per pack (10 cents to Local Government Distribution Fund, 70 cents to state general fund), effective July 22, 2003. [Estimated to generate \$63,268,000 in FY 2004 and \$70,047,000 in FY 2005] A.B. 4 (20th S.S.) reduced the collection allowance provided to the taxpayer for collecting and remitting the cigarette tax to the state from 3% to 0.5%, effective August 1, 2003. [Estimated to generate \$2,538,000 in FY 2004 and \$2,884,000 in FY 2005]
- [7-FY04] A.B. 4 (20th S.S.) reduced collection allowance provided to taxpayer for collecting and remitting tax on other tobacco items from 2.0% to 0.5%, effective August 1, 2003.
- [8-FY04] S.B. 8 (20th S.S.) changed the \$25 one-time annual business license fee to an annual fee of \$100, effective July 22, 2003.
- [9-FY04] S.B. 8 (20th S.S.) repealed the current quarterly \$25 per employee tax when the Modified Business Tax comes online, effective October 1, 2003. [See Notes 10 and 11]
- [10-FY04] S.B. 8 (20th S.S.) imposes tax on gross payroll of a business less a deduction for health care provided to employees, effective October 1, 2003. Tax rate is 0.70% in FY 2004 and 0.65% in FY 2005.
- [11-FY04] S.B. 8 (20th S.S.) imposes tax of 2.0% on gross payroll of a financial institution less a deduction for health care provided to employees, effective October 1, 2003.
- [12-FY04] S.B. 8 (20th S.S.) imposes excise tax on each bank of \$7,000 per year (\$1,750 per quarter) on each branch office, effective January 1, 2004.
- [13-FY04] S.B. 8 (20th S.S.) imposes tax of \$1.30 per \$500 of value on the transfers of real property, effective October 1, 2003.
- [14-FY04] S.B.2 and A.B. 4 (20th S.S.) makes changes to the rates and structure of the fees collected from entities filing with the Secretary of State's office, effective September 1, 2003 for Securities and UCC fee increases and November 1, 2003 for changes to commercial recording fees.
- [15-FY04] S.B. 428 (2003 Session) increases real estate salesman, broker-salesman, and brokers licensing fees by \$20 for an original license and \$10 for renewal of license (original and renewal license fee varies depending on type of license), effective July 1, 2003.
- [16-FY04] A.B. 493 (2003 Session) established that revenues from fees collected by the Division of Financial Institutions of the Department of Business & Industry will be deposited in a separate fund to pay the expenses related to the operations of the Commissioner of Financial Institutions and the Division of Financial Institutions, effective January 1, 2004. Previously, the revenues from the fees were deposited in the state general fund.
- [17-FY04] A.B. 550 (2003 Session) increased state's portion of the fee for issuing copy of a birth certificate by \$2 and fee for issuing copy of death certificate by \$1, effective October 1, 2003
- [18-FY04] S.B. 504 (2003 Session) transferred the State Printing Division of the Department of Administration to the Legislative Counsel Bureau and all debt to the state general fund was forgiven, effective July 1, 2003.
- [19-FY04] Beginning in FY 2004, the portion of the fees collected by the Real Estate Division for Real Estate Testing Fees that belong to the general fund are transferred from Category 28 in BA 3823 to GL 4741 in the General Fund. Previously, the revenue from these fees were reverted to the general fund at the end of the fiscal year.

GENERAL FUND APPROPRIATION TRENDS

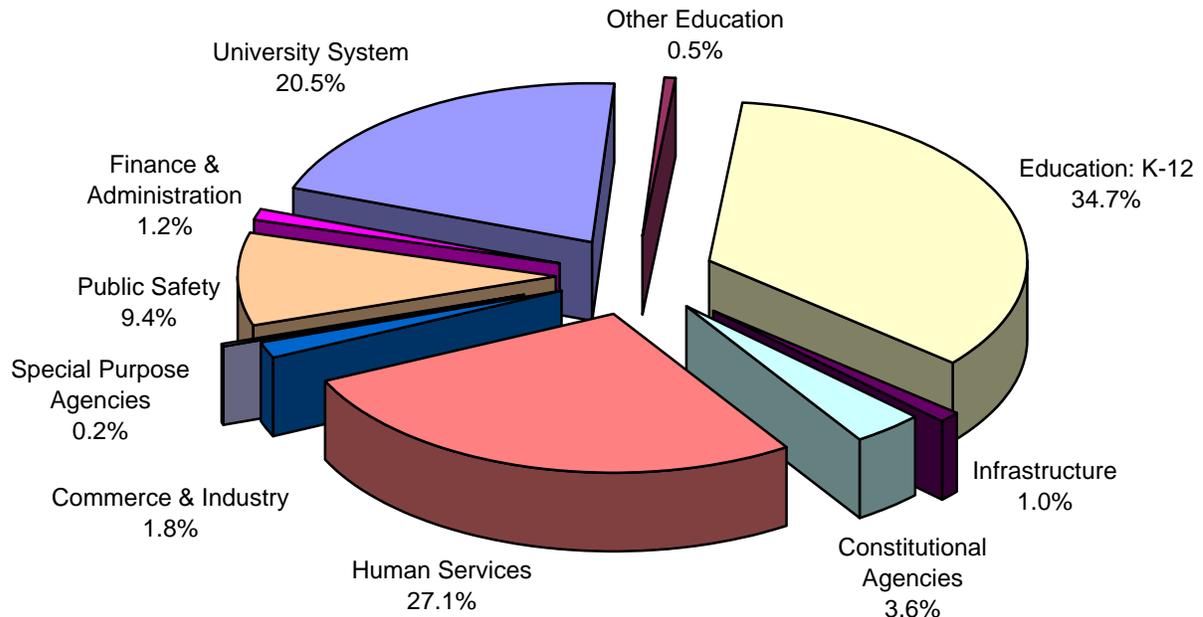
General Fund appropriations over the last eight years have grown from \$1.438 billion in FY 1997-98 to \$2.536 billion in FY 2004-05, a 76.4 percent increase. The average annual growth in General Fund appropriations over this period has been 8.5 percent. The schedule on the following page depicts those appropriations as approved by the Legislature for the 2003-05 biennium.

The General Fund budget for the current biennium, displayed here graphically, depicts how the budget was allocated on a functional basis during the 2003-05 biennium. Education, which received 55.7 percent of state appropriations, has historically represented the largest responsibility of state government.

TOTAL STATE BUDGET TRENDS

The total legislatively approved state budget, which includes the General Fund, the Highway Fund, federal funds and other funds available to state agencies, has grown over the last eight years from \$3.7 billion in FY 1997-98 to \$6.2 billion in FY 2004-05, a 67.2 percent increase. The average annual increase for this time period has been 7.7 percent after adjusting FY 1997-98 through FY 2000-01 for funding provided to the State Industrial Insurance System (SIIS) and FY 1999-2000 and FY 2000-01 for the privatization of EICON (Employer's Insurance Company of Nevada) and excluding funding provided for the state's boards and commissions for FY 1997-98 through FY 2000-01 for comparison purposes.

NEVADA GENERAL FUND APPROPRIATIONS LEGISLATURE APPROVES, 2003-05 BIENNIUM



	<u>2003-05 BIENNIUM</u>	<u>% of TOTAL</u>
CONSTITUTIONAL AGENCIES^{A,E}	\$ 176,148,795	3.6%
FINANCE & ADMINISTRATION^B	\$ 55,683,454	1.2%
EDUCATION:		
UNIVERSITY SYSTEM^C	\$ 989,401,895	20.5%
KINDERGARTEN TO 12TH GRADE	\$ 1,676,582,947	34.7%
OTHER EDUCATION^D	\$ 25,654,322	0.5%
SUBTOTAL EDUCATION	<u>\$ 2,691,639,164</u>	<u>55.7%</u>
HUMAN SERVICES	\$ 1,311,746,350	27.1%
COMMERCE & INDUSTRY	\$ 85,325,833	1.8%
PUBLIC SAFETY	\$ 452,677,934	9.4%
INFRASTRUCTURE	\$ 49,680,105	1.0%
SPECIAL PURPOSE AGENCIES^E	\$ 11,965,813	0.2%
TOTAL	<u><u>\$ 4,834,867,448</u></u>	<u><u>100.0%</u></u>

^A Includes \$12.5 million in FY 2004 and \$15.0 million in FY 2005 for allocation by IFC for collection of new and enhanced General Fund revenues as approved by the Legislature and approximately \$800,000 per year for allocation by IFC for Retired Employee Group Insurance.

^B Includes \$5.7 million for salary increases for State employees.

^C Includes \$45.8 million in FY 2004 and \$43.4 million in FY 2005 in appropriation of Estate Tax receipts deposited to the General Fund. FY 2005 includes \$8 million for salary increases for employees of the UCCSN and approximately \$800,000 per fiscal year for Retired Employees Group Insurance.

^D Other Education includes Commission on Postsecondary Education, WICHE, and Department of Cultural Affairs.

^E Reflects transfer of \$229,819 from Special Purpose Agencies to Constitutional Agencies for Homeland Security funding.

**COMPARISON OF GENERAL FUND OPERATING APPROPRIATIONS
1997-99 Biennium Through 2005-07 Biennium**

Function	1997-98 Legislatively Approved ^a	1998-99 Legislatively Approved ^a	1999-00 Legislatively Approved ^b	2000-01 Legislatively Approved ^b	2001-02 Legislatively Approved ^c	2002-03 Legislatively Approved ^c	2003-04 Legislatively Approved ^d	2004-05 Legislatively Approved ^d	2005-06 Governor Recommends ^e	2006-07 Governor Recommends ^e
Constitutional Agencies	\$ 46,606,029	\$ 48,501,302	\$ 55,014,710	\$ 55,888,757	\$ 59,973,939	\$ 63,193,358	\$ 87,472,806	\$ 88,675,989	\$ 83,512,171	\$ 83,241,003
% of Total	3.2%	3.1%	3.5%	3.4%	3.2%	3.1%	3.8%	3.5%	3.0%	2.8%
Finance & Administration	\$ 28,134,114	\$ 39,814,176	\$ 19,853,441	\$ 29,405,686	\$ 41,939,420	\$ 54,558,706	\$ 24,505,634	\$ 31,177,820	\$ 88,240,596	\$ 72,170,694
% of Total	2.0%	2.6%	1.3%	1.8%	2.2%	2.7%	1.1%	1.2%	3.2%	2.5%
Education	\$ 775,775,725	\$ 844,066,777	\$ 867,550,965	\$ 897,485,467	\$ 1,000,549,556	\$ 1,065,398,628	\$ 1,264,657,265	\$ 1,426,981,899	\$ 1,481,089,462	\$ 1,561,335,905
% of Total	54.0%	54.3%	55.4%	54.6%	53.5%	52.8%	55.0%	56.3%	53.5%	53.0%
Human Services	\$ 368,712,420	\$ 398,740,450	\$ 379,066,773	\$ 405,828,871	\$ 498,159,712	\$ 559,695,995	\$ 627,028,394	\$ 684,717,956	\$ 777,380,220	\$ 868,732,006
% of Total	25.6%	25.6%	24.2%	24.7%	26.6%	27.7%	27.3%	27.0%	28.1%	29.5%
Public Safety	\$ 159,561,614	\$ 165,636,358	\$ 180,031,613	\$ 190,883,315	\$ 201,589,367	\$ 207,387,787	\$ 221,047,364	\$ 231,630,570	\$ 252,245,398	\$ 273,666,523
% of Total	11.1%	10.6%	11.5%	11.6%	10.8%	10.3%	9.6%	9.1%	9.1%	9.3%
Commerce & Industry	\$ 34,814,991	\$ 35,481,043	\$ 38,520,338	\$ 38,875,828	\$ 39,889,056	\$ 40,183,137	\$ 42,734,818	\$ 42,591,015	\$ 50,965,148	\$ 50,435,084
% of Total	2.4%	2.3%	2.5%	2.4%	2.1%	2.0%	1.9%	1.7%	1.8%	1.7%
Infrastructure	\$ 21,652,182	\$ 20,833,565	\$ 22,356,758	\$ 20,894,719	\$ 21,532,651	\$ 21,615,919	\$ 25,160,142	\$ 24,519,963	\$ 28,552,098	\$ 27,647,444
% of Total	1.5%	1.3%	1.4%	1.3%	1.2%	1.1%	1.1%	1.0%	1.0%	0.9%
Special Purpose Agencies	\$ 2,292,888	\$ 2,284,659	\$ 3,126,075	\$ 5,264,452	\$ 6,971,421	\$ 6,589,862	\$ 6,006,478	\$ 5,959,335	\$ 6,269,016	\$ 6,534,756
% of Total	0.2%	0.1%	0.2%	0.3%	0.4%	0.3%	0.3%	0.2%	0.0	0.0
Total General Fund	\$ 1,437,549,963	\$ 1,555,358,330	\$ 1,565,520,673	\$ 1,644,527,095	\$ 1,870,605,122	\$ 2,018,623,392	\$ 2,298,612,901	\$ 2,536,254,547	\$ 2,768,254,109	\$ 2,943,763,415
% of Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
% Increase	8.6%	8.2%	0.7%	5.0%	13.7%	7.9%	13.9%	10.3%	9.1%	6.3%
% of Total State Budget	38.6%	40.4%	39.0%	39.6%	38.6%	39.0%	39.0%	40.7%	41.1%	41.7%
Total State Budget (All Funds)	\$ 3,728,300,909	\$ 3,851,032,255	\$ 4,014,770,358	\$ 4,150,608,591	\$ 4,849,386,818	\$ 5,180,690,334	\$ 5,895,609,624	\$ 6,232,856,981	\$6,742,601,604	\$7,064,029,115

NOTES:

1. The amount for Finance and Administration in the 1997-99 biennium included \$11.4 million in FY 1997-98 and \$21 million in FY 1998-99 in Salary Adjustment Funds.
2. The amount for Finance and Administration in the 1999-01 biennium included \$78,979 in FY 1999-00 and \$8.4 million in FY 2000-01 in Salary Adjustment Funds.
3. The amount for Finance and Administration in the 2001-03 biennium included \$23.6 million in FY 2001-02 and \$34.2 in FY 2002-03 in Salary Adjustment Funds.
4. The Total State Budget is Net of Inter-Agency Transfers.
5. The Total State Budget includes the following adjustments for comparison with recommendations in The Executive Budget for the 2005-07 biennium.:
 - a. Excludes funding provided for the State Industrial Insurance System (SIIS) for fiscal years 1995-96 through 2000-01 to reflect the privatization of the Employer's Insurance Company of Nevada (EICON).
 - b. Excludes funding provided for the state's boards and commissions for fiscal years 1995-96 through 2000-01.

**Comparison of General Fund Operating Appropriations
1997-99 Biennium Through 2005-07 Biennium
Notes to Preceding Table**

a. Source: Legislative Appropriations Report; Sixty-Ninth Legislature. Includes the following adjustments:

Constitutional Agencies	\$19,663	Supplementals; 1999 Legislature
Finance & Administration	\$165,000	Supplementals; 1999 Legislature
Education	\$12,298,402	DSA Transfer from FY 1999 to FY 1998
Education	\$38,459,502	Supplementals; 1999 Legislature
Human Services	(\$564,371)	DCFS Transfer from FY 1998 to FY 1999
Public Safety	\$387,307	Supplementals; 1999 Legislature
Commerce and Industry	\$203,403	Supplementals; 1999 Legislature
Infrastructure	\$13,918	Supplementals; 1999 Legislature

b. Source: Legislative Appropriations Report; Seventieth Legislature. Includes the following adjustments:

Constitutional Agencies	\$16,987	Attorney General Special Fund Transfer from FY 2001 to FY 2000
Constitutional Agencies	\$81,793	District Court/Spouse Pension Transfer from FY 2001 To FY 2000
Constitutional Agencies	\$330,704	Supplementals; 2001 Legislature
Finance & Administration	\$525,000	Senior Citizens Property Tax Assistance Transfer from FY 2001 to FY 2000
Education	(\$715,665)	Proficiency Testing Transfer from FY 2000 to FY 2001
Education	\$80,681	Supplementals; 2001 Legislature
Human Services	(\$10,000)	Community Juvenile Justice Transfer from FY 2000 to FY 2001
Human Services	(\$1,796,931)	UNITY/SACWIS Transfer from FY 2000 to FY 2001
Human Services	(\$296,135)	Youth Alternative Services Transfer from FY 2000 to FY 2001
Human Services	\$595,194	Youth Community Services Transfer from FY 2001 to FY 2000
Human Services	\$3,179,817	Supplementals; 2001 Legislature
Public Safety	\$8,993	Supplementals; 2001 Legislature
Commerce and Industry	\$21,963	Supplementals; 2001 Legislature
Infrastructure	\$40,181	Supplementals; 2001 Legislature
Special Purpose Agencies	(\$250,098)	Veteran's Home Account Transfer from FY 2000 to FY 2001

c. Source: Legislative Appropriations Report; Seventy-First Legislature. Includes the following adjustments:

Constitutional Agencies	\$610,000	Supplementals; 2003 Legislature
Finance & Administration	(\$237,492)	Budget & Planning Transfer from FY 2002 to FY 2003
Education	\$43,852,000	DSA Transfer from FY 2003 to FY 2002
Education	\$74,950,271	Supplementals; 2003 Legislature
Human Services	(\$721,079)	Child Welfare Integration Transfer from FY 2002 to FY 2003
Human Services	\$65,544	Nevada Check-Up Program Transfer from FY 2003 to FY 2002
Human Services	\$209,112	Youth Community Services Transfer from FY 2003 to FY 2002
Human Services	\$142,043	Assistance to Aged & Blind Transfer from FY 2003 to FY 2002
Human Services	\$16,455,401	Supplementals; 2003 Legislature
Commerce & Industry	\$50,352	Supplementals; 2003 Legislature
Public Safety	\$491,050	Outstanding General Fund Advance; Close of FY 2002
Infrastructure	\$250,000	Outstanding General Fund Advance; Close of FY 2002
Special Purpose Agencies	\$137,000	Supplementals; 2003 Legislature

d. Source: Legislative Appropriations Report; Seventy-Second Legislature. Amounts shown do not include Supplemental Appropriations recommended by the Governor in The Executive Budget for FY 2004-05, but the following adjustments are included:

Constitutional Agencies	(\$314,561)	Appropriation moved from FY 2004 to FY 2005: Secretary of State-HAVA (\$299,820) and Ethics Commission (\$14,741)
Constitutional Agencies	\$229,819	Amounts for Homeland Security shown in Special Purpose Agencies at the close of 2003 session are included in Constitutional Agencies (Governor's Office): \$118,750 in FY 2004 and \$111,069 in FY 2005
Finance & Administration	(\$790,257)	Transfer of Department of Administration-Information Technology Projects from FY 2004 to FY 2005
Education	(\$1,161,993)	Transfer Other State Education Programs (\$899,374) and Proficiency Testing (\$262,619) from FY 2004 to FY 2005
Human Services	(\$2,196,192)	Transfer Child Welfare Integration from FY 2004 to FY 2005
Special Purpose Agencies	(\$229,819)	Amounts for Homeland Security shown in Special Purpose Agencies at the close of 2003 session are included in Constitutional Agencies (Governor's Office): \$118,750 in FY 2004 and \$111,069 in FY 2005

e. For display purposes, reflects the Governor's Recommended Organizational Changes in The Executive Budget for the 2005-07 Biennium:

Constitutional Agencies/ Public Safety	Reflects the transfer of the Homeland Security funding from the Office of the Governor to the Department of Public Safety within the Public Safety Functional area
---	--

SECTION II

GENERAL FUND PROJECTED FUND BALANCE

Senate Bill 23 (1993) established an Economic Forum to forecast state General Fund revenues for use by all state agencies, the Governor and the Legislature (NRS 353.226 - NRS 353-229). The Economic Forum must forecast revenues by December 1 of even-numbered years and revise the forecast by May 1 during the Legislative Session, if necessary. If either the Governor or the Legislature wants to appropriate more than what is available pursuant to the official forecast, a revenue enhancement proposal must be made. The Governor has not recommended any General Fund revenue enhancements for consideration by the 2005 Legislature. However, the Governor has recommended the transfer of \$7.6 million of existing General Fund revenues (Unclaimed Property) to the "Unclaimed Property Pledged Revenue Fund" in each year of the 2005-07 biennium. These funds are intended to support the issuance of \$100 million in bonds for support of "Millennium Scholarships".

Once the official forecast of state revenues has been completed, an estimate of the unappropriated General Fund balance (surplus) can be made. The following schedule displays the General Fund balance as estimated by the Budget Division for fiscal years 2004-05 through 2006-07. This balance is estimated to be achieved based on the General Fund revenue projections as provided by the Economic Forum on December 1, 2004, (increase of \$172.7 million for FY 2004-05 from the May 1, 2003, projections and the amount approved by the 2003 Legislature and subsequent special sessions) and reversions in FY 2004-05 totaling \$199.7 million as follows:

- From ongoing appropriations - \$37.3 million;
- From the Distributive School Account - \$137.0 million;
- From the Welfare Division - \$18.1 million; and,
- From the Interim Finance Committee - \$7.3 million.

Reversions for FY 2005-06 and FY 2006-07 are projected by the Budget Division to be \$55.3 million and \$88.4 million, respectively. The Budget Division advises these projections are predicated on 2 percent of the ongoing appropriations for FY 2005-06 and 3 percent for FY 2006-07.

The projected General Fund balance, before any legislative action, on June 30, 2005, is projected to be \$512.8 million. Pursuant to NRS 353.213, the recommended budget must provide for a reserve of not less than 5 percent or more than 10 percent of the total of all proposed ongoing appropriations from the state General Fund. Based on this statute, the ending fund balance for FY 2004-05 requires a minimum reserve of \$126.8 million (5 percent); this results in \$386 million available for appropriation in FY 2004-05 by the 2005 Legislature. Under the proposed budget, the balance would decrease from \$221.2 million on June 30, 2004, to \$151.9 million on June 30, 2007 (minimum 5 percent reserve would be \$147.2 million).

STABILIZATION FUND (NRS 353.288)

In 1991, the Legislature created the Fund to Stabilize Operations of State Government (rainy day fund) to help stabilize the budget. The idea was to create a state trust fund which could be funded during good times and accessed in a fiscal emergency. The concept of the trust fund is relatively simple. When the state General Fund surplus reaches a certain threshold at the end of a fiscal year, a portion of the excess is to be held in trust to help the state through financial emergencies. The conditions under which monies held in trust can be expended are tightly defined in law (NRS 353.288) and require concurrence of both the Legislature and the Governor. The 2003 Legislature approved A.B. 259 which provided for the transfer of \$135 million from the rainy day fund to the state General Fund. Following this transfer, approximately \$1.3 million remained in the rainy day fund.

The statutory provisions governing the Fund to Stabilize the Operation of State Government were amended in the approval of S.B. 8 by the 20th Special Session. Effective in FY 2003-04, the threshold for transferring funds to the rainy day fund was reduced from 10 percent to 5 percent of all appropriations made from the state General Fund for the operation of all departments, institutions and agencies of State Government and for the funding of schools. This legislation also increased the maximum limit on the fund from 10 percent of annual General Fund appropriations to 15 percent of annual General Fund appropriations.

At the close of FY 2003-04, surplus General Funds exceeded the revised threshold of 5 percent and, pursuant to the law, the Controller transferred two-fifths (40 percent) of the excess to the rainy day fund. The actual transfer following the close of FY 2003-04 was \$70.6 million. The remaining three-fifths (60 percent) of the excess remained in the General Fund. Pursuant to section 185.9 of S.B. 8 as approved by the 20th Special Session, the Interim Finance Committee at their January 12, 2005, meeting, approved a \$50 million contingent appropriation to the rainy day fund. This contingent appropriation was approved based upon the revenue estimates provided by the Economic Forum at their meeting on December 1, 2004. Prior to actions by the 2005 Legislature, the balance of the rainy day fund is \$121.9 million; 4.8 percent of operating appropriations for FY 2004-05 (includes recommended supplemental appropriations of \$17 million for FY 2004-05).

The Executive Budget recommends \$71 million be allocated to the rainy day fund from the state General Fund over the 2005-07 biennium (\$3 million in FY 2005-06 and \$68 million in FY 2006-07). In addition, since the ending General Fund balance as projected in The Executive Budget exceeds 5 percent, statutory transfers to the rainy day fund are anticipated of approximately \$1.8 million in FY 2004-05 and \$3.1 million in both fiscal years 2005 -06 and 2006-07. The Executive Budget estimates the balance of the rainy day fund, at the close of FY 2006-07, to be \$201 million; this is approximately 6.8 percent of the recommended operating appropriations for FY 2006-07.

**STATEMENT OF PROJECTED UNAPPROPRIATED
GENERAL FUND BALANCE - FISCAL YEARS 2005-07 - GOVERNOR RECOMMENDS**

Unappropriated Balance July 1, 2004 ^a		\$ 221,240,754
Projected Revenues FY 2004-05 - Economic Forum December 1, 2004	\$ 2,637,249,565	
Deposit Estate Tax Revenue in General Fund - UCCSN	\$ 43,398,297	
Projected General Fund Reversions	<u>\$ 199,720,000</u>	
Total Funds Available		\$ 3,101,608,616
Less Appropriations:		
FY 2004-05 Operating Appropriations	\$ (2,531,791,544)	
Appropriations Transferred Between Fiscal Years	\$ (4,463,003)	
Contingent Appropriations Approved by January 12, 2005 IFC	\$ (50,350,000)	
Cost of the 21st Special Session	<u>\$ (250,000)</u>	
Total FY 2004-05 Appropriations Before Legislative Action		\$ (2,586,854,547)
Transfer to Disaster Relief Account		<u>\$ (2,000,000)</u>
Total Estimated General Fund Balance July 1, 2005 ^a		\$ 512,754,069
Statutory 5% Minimum Required Fund Balance (NRS 353.213)		\$ 126,812,727
^a Subject to reconciliation with the Controller's Annual Report. Does not include \$71,950,806 in the Stabilization Fund (Rainy Day Fund).		
<u>Estimated General Fund Balance Before Legislative Action</u>		
Projected Revenues FY 2005-06 - Economic Forum December 1, 2004	\$ 2,793,399,380	
Projected Reversions FY 2005-06	\$ 55,340,000	
Transfer to Disaster Relief Account	<u>\$ (2,000,000)</u>	
Total Estimated Revenues & Reversions FY 2005-06		\$ 2,846,739,380
Projected Revenues FY 2006-07 - Economic Forum December 1, 2004	\$ 2,963,425,747	
Projected Reversions FY 2006-07	\$ 88,370,000	
Transfer to Disaster Relief Account	<u>\$ (2,000,000)</u>	
Total Estimated Revenues & Reversions FY 2006-07		\$ 3,049,795,747
Estimated Unappropriated Balance July 1, 2007 Before Legislative Action ^b		\$ 6,409,289,196
^b Does not include \$121,950,806 in the Stabilization Fund (Rainy Day Fund).		
<u>Recommended General Fund Appropriations Before the 73rd Nevada Legislature</u>		
FY 2004-05 Restore Fund Balances	\$ (19,000,000)	
FY 2004-05 Supplemental Appropriations	\$ (17,024,938)	
FY 2004-05 One-Shot Appropriations	\$ (27,155,934)	
Tax Rebate	\$ (300,000,000)	
Estimated Cost of the 73rd Legislative Session	\$ (17,500,000)	
Transfer to Stabilization Fund ^c	<u>\$ (1,763,690)</u>	
FY 2004-05 Recommended Appropriations/Transfer		\$ (382,444,562)
FY 2005-06 Operating Appropriations	\$ (2,768,254,109)	
FY 2005-06 Appropriation to Stabilization Fund	\$ (3,000,000)	
FY 2005-06 Appropriation for Capital Improvement Projects	\$ (52,000,000)	
Transfer to the Unclaimed Property Pledged Revenue Fund	\$ (7,600,000)	
Transfer to Stabilization Fund ^c	<u>\$ (3,112,829)</u>	
FY 2005-06 Recommended Appropriations/Transfer		\$ (2,833,966,938)
FY 2006-07 Operating Appropriations	\$ (2,943,763,415)	
FY 2006-07 Appropriation to Stabilization Fund	\$ (68,000,000)	
Transfer to the Unclaimed Property Pledged Revenue Fund	\$ (7,600,000)	
Estimated Cost of the 74th Legislature	\$ (18,500,000)	
Transfer to Stabilization Fund ^c	<u>\$ (3,130,444)</u>	
FY 2005-06 Recommended Appropriations/Transfer		\$ (3,040,993,859)
Estimated Unappropriated Balance July 1, 2007 ^d		\$ 151,883,837
Statutory 5% Minimum Required Fund Balance (NRS 353.213)		\$ 147,188,171
^c NRS 353.288 requires 40% of ending fund balance in excess of 5% of operating appropriations be transferred to Stabilization Fund.		
^d Does not include \$200,957,768 in the Stabilization Fund (Rainy Day Fund).		

SECTION III TAX OVERVIEW

This section reviews the major tax policy changes approved by the Legislature each session since 1995. Summaries of tax policy changes back to 1979 are included in the Revenue Reference Manual available from the Fiscal Analysis Division.

1995 SESSION

Proposals in The Executive Budget and actions during the Legislative Session were, for the first time, predicated on the General Fund revenue projections of the Economic Forum. With the expected opening of several major casinos during the 1995-97 biennium, the revenue forecast was optimistic and The Executive Budget was fully funded by the existing revenue structure.

After identifying reduced caseload projections for Medicaid and Aid to Dependent Children programs and an upward revised Economic Forum forecast, the Legislature was able to stray from the status quo revenue plan submitted by the Governor. These modifications included delaying the prepayment of the insurance premium tax and adoption of several tax exemptions contingent on voter approval and tax incentives for economic development. Voters subsequently approved sales tax exemptions for orthotic equipment and supplies and for sales by charitable organizations.

The Legislature also eliminated the prepayment of taxes on the net proceeds of minerals, but designed the plan to minimize any revenue loss. Also approved was a measure to move the collection of the tax on diesel fuel to the terminal-rack level. This bill ultimately resulted in a substantial increase in revenues for the Highway Fund because of simplified enforcement and increased compliance. The Legislature approved no tax increases and only a few fee increases.

Among local government revenue issues, one of the most hotly debated was a bill that allows new urban towns within Clark County to share in revenues from the Supplemental City/County Relief Tax (SCCRT) and motor vehicle privilege tax. Because these two taxes provide fixed amounts of revenue each year, the effect of the legislation is to transfer resources from the five cities in Clark County to the county government whenever a new urban town is established.

1997 SESSION

Within a backdrop of national prosperity marked by the lowest inflation, unemployment rates and federal budget deficits since the 1960s, the state revenue forecasts produced by the Economic Forum were strong. Another factor tempering support for tax changes was a new constitutional provision adopted through voter initiative that requires a two-thirds approval of both houses of the Legislature to increase any tax or fee. As a result, the General Fund portion of The Executive Budget once again contained no major tax proposals.

After realizing The Executive Budget included most of the one-time revenue from the prepayment of the insurance premium tax in the ending fund balance for the second year of the biennium, the Legislature approved legislation to repeal the prepayment. This legislation, which required taxes to be paid on actual premium volume rather than prior year activity, produced a net reduction of \$50 million in the ending fund balance.

Much of the Legislature's work on taxes during the 1997 session involved issues important to local governments. One of its most significant actions was to approve a plan developed by an interim committee to pool local government revenue from six different revenue sources at the county level and to distribute those revenues to eligible local governments within the county based on a formula tied to inflation and the growth in population and assessed valuation. The Legislature further ratified the work of the interim committee by reauthorizing it as a statutory committee through July 1, 2001.

The Legislature authorized Clark County to impose a ¼ percent sales tax for additional water delivery and wastewater facilities and extended the additional sales tax authority to other counties for their particular infrastructure needs. To provide additional funding for the rapidly growing school population in Clark County, the Legislature approved an additional 1 percent room tax, redirected a 5/8 percent room tax from the convention and visitors authority, and increased the real property transfer tax by 60 cents per \$500 of value and earmarked the revenue for school infrastructure.

1999 SESSION

General Fund revenue collections during the 1997-99 biennium were disappointing and came in below the Economic Forum forecast produced in April 1997. Nevertheless, The Executive Budget contained no significant revenue enhancements for the third consecutive budgetary cycle.

The Legislature approved the two minor General Fund revenue changes that were included in the Governor's proposals. First, about \$2.6 million of revenue that had accrued in the permanent net proceeds fund was redirected to the General Fund in FY 1998-99. Also, the permanent net proceeds allocation was eliminated in future years with the formerly earmarked proceeds going to the General Fund. The latter change increased net proceeds revenue for the General Fund by about \$700,000 in each year of the biennium. The second change set the General Fund commission for the collection of local sales taxes at 0.75 percent rather than 0.5 percent, adding about \$7.5 million to the state General Fund and reducing local government and school revenues by a like amount during the biennium.

Only a handful of bills that affect state revenue collections were approved in 1999. These included the transfer, effective January 1, 2002, of the collection of the gasoline tax to the Department of Motor Vehicles and a change in the collection point of that tax to the terminal-rack level. Other bills approved make it easier for Nevadans to purchase wine for personal consumption directly from out-of-state wineries, outlaw the sale of

cigarettes in Nevada that were produced for export to another country and then re-imported into the U.S., and require cigarette manufacturers who have not signed the master settlement agreement to put money into an escrow account based on the number of cigarettes they sell in Nevada.

The Legislature also passed a number of bills affecting the revenues of local governments. Included were more than ten bills recommended by the statutory committee on the distribution of local government revenue that was created in the previous session. One of these bills standardized the criteria for tax abatements for economic development. Another bill from the statutory committee allows the \$3.64 property tax rate cap to be exceeded in certain jurisdictions under very limited circumstances. A third committee bill prohibits a local government from “buying down” the tax rate of another local government to bring the combined tax rate in that local government within the statutory rate cap. Other important legislation increased the room tax in Washoe County to improve convention and visitor facilities, and revised the property and sales tax exemptions for the public display of fine art.

2001 SESSION

The 2001 session convened with clouds across the economic horizon. Stock values had been dropping, most severely in the high-tech sector, and various economic measures indicated a national recession was a strong possibility. In addition, an energy shortage in California threatened to adversely affect the economies of western states.

The modest General Fund revenue increases forecasted by the Economic Forum were used to fully fund the Governor’s budget proposals. No General Fund revenue increases were proposed, although the Legislature adopted two non-General Fund revenue enhancements included in The Executive Budget. The first, A.B. 134, increases fraud assessments on insurers. The bill produces about \$359,500 in additional revenue annually, of which \$263,000 is used to fully fund the Attorney General’s Insurance Fraud Unit. The remaining additional revenue is used to replace a portion of General Fund support for insurance regulation. The second measure, A.B. 199, doubles the trout stamp fee to \$10. The additional revenue is used to repay \$3.5 billion in bonds to be issued to rehabilitate fish hatcheries.

The modest General Fund revenue forecast used in The Executive Budget ultimately proved too optimistic. The Economic Forum’s May 1 revisions reduced projected General Fund revenues by \$87 million during the 2001-03 biennium. After receiving the reduced revenue numbers, the Legislature approved three General Fund revenue enhancements to replace approximately \$65 million of that “shortfall” over the biennium.

The bills providing revenue increases included A.B. 77 and S.B. 489, which shortened the period that certain property is considered unclaimed and remitted to the state. These bills were expected to produce an estimated one-time increase in revenues of approximately \$8.3 million in FY 2001-02. Senate Bill 577 was designed to provide an additional \$29 million during the biennium through increases in a variety of fees on

business transactions handled through the Secretary of State's office. Finally, A.B. 460 was designed to increase the state's share of the car rental fees to a full 6 percent rate and provide for quarterly rather than annual payment of those fees, generating an additional \$27.5 million for the state General Fund during the 2001-03 biennium.

Because of concerns over the state's long-term revenue picture, the Legislature approved A.C.R. 1 during the 17th Special Session. This resolution created a Governor's Task Force on Tax Policy in Nevada to review state revenues during the interim. The 2001 Legislature and the 17th Special Session also approved a number of bills affecting local government finances, including several that contained recommendations from the Legislative Committee Studying the Distribution of Revenue among Local Governments (S.B. 253 of the 1997 Legislative Session). One of those bills, S.B. 557, extended the authority of the Committee through June 30, 2005, and renamed it the Legislative Committee for Local Government Taxes and Finance to better recognize the Committee's areas of study.

In addition to the bills affecting state revenues and local government finances, the Legislature also approved numerous technical tax law changes and continued to revise tax exemptions in 2001.

2003 SESSION AND 20TH SPECIAL SESSION

During the 2001-03 Interim, the Governor's Task Force on Tax Policy in Nevada (Task Force), created by the 17th Special Session, conducted a study of the state's revenue and expenditure structure. The Task Force was created principally to examine the state's long-term revenue needs with regard to the potential for the state's revenue growth to not keep pace with the growth in population and inflation. The Task Force's proposed solution to the state's revenue structure was brought forward for the Legislature's consideration in A.B. 281 during the 2003 regular session.

Using the Task Force's recommendations as a template, The Executive Budget for the 2003-05 biennium proposed tax increases and other revenue changes to support the Governor's recommended budget for the 2003-05 biennium and future biennia. Included in the proposal were increases in the cigarette, liquor and business license taxes and Secretary of State and restricted slot fees. These new revenues were recommended to take effect April 1, 2003, to help balance the FY 2002-03 budget and to partially replenish the state's stabilization fund.

Continuation of the tax and fee increases recommended for FY 2002-03, and proposals to adopt an annual business license fee and a transactions tax on non-participatory amusement activities and several minor revenue changes were designed to support the FY 2003-04 budget recommended in The Executive Budget. To finance the recommended FY 2004-05 spending amount, revenues were to be further supplemented with a statewide property tax of 15 cents per \$100 of assessed valuation.

The Governor's budget also requested the 2003 Legislature to approve a gross receipts tax on businesses and increase the top gaming tax rate combined with a reduction in

the business license tax to support the budget beginning with the 2005-07 biennium and beyond. The enactment of a gross receipts tax was a key component of the revenue recommendations made by the Governor's Task Force on Tax Policy in Nevada.

In May 2003, the Economic Forum forecasted modest increases of 4.5 and 5.0 percent in General Fund revenues for FY 2003-04 and FY 2004-05, respectively, from a FY 2002-03 base that was considerably reduced from the Forum's May 2001 projections. With these revised forecasts, overall revenue growth would remain far below the combined effects of population growth and inflation since FY 2000-01. The Executive Budget proposal and various alternative revenue enhancement plans to support the Governor's budgetary recommendations proved to be the most debated and controversial issue for the Legislature, not only during the 72nd Regular Session, but through the 19th and 20th Special Sessions, as well.

The revenue package to support the General Fund appropriations was ultimately adopted at the conclusion of the 20th Special Session of the Nevada Legislature, which ended on July 22, 2003. The three bills approved to raise revenue, A.B. 4, S.B. 2, and S.B. 8, included several of the elements contained in the revenue proposal submitted in January 2003 by the Governor. Nevertheless, the final funding plan also differed from the Governor's revenue proposal in many important details.

One of the Governor's proposals that was not approved by the Legislature was bridge revenues to help balance the FY 2002-03 budget. Instead, the Legislature approved the transfer of \$135 million from the Rainy Day Fund, which represented almost the entire balance of the fund and \$85 million more than was recommended by the Governor. The increases in cigarette and liquor taxes and restricted slot fees recommended by the Governor to take effect in April 2003 were included in S.B. 8, but their effective dates were delayed by more than three months because the bill was not approved until July 22, 2003.

Senate Bill 8, which encompasses more than 90 percent of the revenue package, includes the annual business license fee and a live entertainment tax. The Governor's proposals for a state property tax and a gross receipts tax were not adopted. In their place, the revenue needs for the 2003-05 biennium and future biennia were met with a combination of a real property transfer tax, a modified business tax and a larger gaming tax increase than was proposed by the Governor. The enactment of a modified business tax, in the form of a payroll tax with a special higher rate on financial institutions and a deduction for costs of providing health insurance coverage for employees, also resulted in the repeal of the state business license tax.

The remaining two bills, A.B. 4 and S.B. 2, provided additional revenue over the 2003-05 biennium through reductions in tax payment and collection allowances for liquor, cigarette, other tobacco and sales taxes, and higher fees on commercial recordings and securities collected through the Secretary of State's office.

The table on the following page presents a summary of the tax changes approved in S.B. 2, S.B. 8, and A.B. 4 during the 20th Special Session.

TAX INCREASES AND CHANGES APPROVED IN SENATE BILL 2, SENATE BILL 8, AND ASSEMBLY BILL 4 OF THE 20TH SPECIAL SESSION			
REVENUE SOURCE	TAX RATE/FEE	DESCRIPTION	EFFECTIVE DATE
INCREASES AND CHANGES IN EXISTING TAXES AND FEES APPROVED DURING THE 20TH SPECIAL SESSION			
Cigarette Tax (SB 8)	Increased tax by 45 cents per pack of 20 cigarettes.	Tax of 35 cents/pack (10 cents to counties and 25 cents to state general fund) increased to 80 cents/pack (10 cents to counties and 70 cents to state General Fund).	July 22, 2003
Liquor Tax (SB 8)	Increased per gallon tax on alcoholic products by 75 percent.	Over 22 percent alcohol by volume—increased from \$2.05 to \$3.60 per gallon (15 cents per gallon deposited in liquor program account, 50 cents per gallon distributed to counties by statutory formula, and \$2.95 per gallon to state General Fund); 14 to 22 percent alcohol by volume—increased from 75 cents to \$1.30 per gallon; Under 14 percent alcohol by volume—increased from 40 cents to 70 cents per gallon; and Beer (malt beverages)—increased from 9 cents to 16 cents per gallon.	August 1, 2003
Quarterly Restricted Slot Fee (SB 8)	Increased fee for operation of slot machines in restricted locations by 33 percent.	Quarterly fees increased from \$61 to \$81 per machine for first five slot machines. For each additional machine over 5, quarterly fees increased from \$106 to \$141 up to a maximum of 15 machines allowed to be operated by a restricted licensee.	July 22, 2003
Secretary of State Filing Fees (SB 2 and AB 4)	Increased and created fees paid by entities for filing with the Secretary of State.	Increased existing and created new fees payable by businesses and other entities and persons in Chapters 78–90, 92A, 104, 105, 116, and 225 of the Nevada Revised Statutes for filing activities and services provided by the Secretary of State's office.	November 1, 2003 with certain exceptions
Gross Gaming Revenue Tax (SB 8)	Increased gross gaming revenue tax rate by 0.5 percent for non-restricted licensees.	3 percent tax on monthly gross gaming revenue up to \$50,000 increased to 3.5 percent; 4 percent tax on monthly gross gaming revenue over \$50,000 and up to \$134,000 increased to 4.5 percent; and 6.25 percent tax on monthly gross gaming revenue over \$134,000 increased to 6.75 percent.	August 1, 2003
Business License Fee (SB 8)	Created \$100 annual license fee for businesses.	One-time licensing fee of \$25 replaced by annual business license fee of \$100.	July 22, 2003
NEW TAXES APPROVED DURING THE 20TH SPECIAL SESSION			
Live Entertainment Tax (SB 8)	If maximum occupancy is less than 7,500 — 10 percent tax on admission charge, plus food, refreshments, and merchandise. If maximum occupancy is 7,500 or more—5 percent tax on admission charge only.	Exemptions from tax include: (1) non-gaming establishments with maximum seating less than 300; (2) gaming establishments with maximum seating less than 300 and with less than 51 slots or 6 games or any combination within those limits; (3) nonprofit organizations; (4) boxing matches; (5) private events; and (6) certain accessory entertainment in venues such as trade shows or shopping malls.	January 1, 2004
Real Property Transfer Tax (SB 8)	Imposed state tax of \$1.30 per \$500 of value on transfer of real property.	Live Entertainment Tax replaced the Casino Entertainment Tax, effective January 1, 2004. Existing county level transfer tax is 65 cents per \$500 of value, plus an additional 60 cents per \$500 of value in Clark County (proceeds to school district for capital projects). All proceeds from \$1.30 tax go to the state General Fund.	October 1, 2003
Modified Business Tax - General Business (SB 8)	Imposed 0.7 percent tax on October 1, 2003; lowered to 0.65 percent on July 1, 2004.	Imposed 0.7 percent tax for FY 2003-04 on gross wages paid, lowering to 0.65 percent on July 1, 2004, with deduction for the amount paid by the employer for health insurance or health benefit plans.	October 1, 2003
Modified Business Tax - Financial Institutions (SB 8)	Imposed 2 percent tax.	Imposed 2 percent tax on gross wages paid by financial institutions with deduction for the amount paid by the employer for health insurance or health benefit plans.	October 1, 2003
Branch Bank Excise Tax (SB 8)	Annual fee of \$7,000.	Annual franchise fee of \$7,000, assessed at a quarterly rate of \$1,750 for each branch office in Nevada in excess of one.	January 1, 2004

REDUCTION IN COLLECTION DISCOUNTS PROVIDED TO TAXPAYERS FOR COLLECTING AND REMITTING TAX TO THE STATE		
Liquor, Cigarette and Other Tobacco Tax Collection Discounts (AB 4)	Reduced collection discounts granted to retailers and wholesalers to offset the costs of collection of certain taxes.	Reduced collection discounts provided to taxpayer for collecting and remitting the taxes to the state from: 3 percent to 0.5 percent for liquor tax and cigarette tax, and 2 percent to 0.5 percent for tax on other tobacco products.
Sales Tax Collection Discount (AB 4)	Reduced discount provided to taxpayer for collecting and remitting the sales tax.	Reduced collection discounts provided to taxpayer for collecting and remitting tax to the state from: 1.25 percent to 0.5 percent for timely payment of sales and use taxes. (This change provided additional revenues to the state General Fund and the Distributive School Account.)
REPEALED TAXES		
Business License Tax (SB 8)	\$25 per full-time equivalent employee per quarter.	Tax was repealed October 1, 2003, and replaced by the Modified Business Tax – General Business and Modified Business Tax – Financial Institutions.
Casino Entertainment Tax (SB 8)	10 percent of all amounts paid for admission, food, refreshments, and merchandise.	10 percent of all amounts paid for admission, food, refreshments, and merchandise paid for covered entertainment events provided in non-restricted gaming establishments. Modifications to the Casino Entertainment Tax (CET) were approved in SB 8 that were effective September 1, 2003, and were in effect until the CET was repealed January 1, 2004.
		August 1, 2003
		July 1, 2003
		October 1, 2003
		January 1, 2004

SECTION IV GENERAL FUND APPROPRIATIONS AND TOTAL BUDGET

On January 24, 2005, Governor Kenny Guinn transmitted his 2005-07 Executive Budget to the 73rd Nevada Legislature. The budget includes recommendations for a capital improvement program, supplemental and special “one-shot” appropriations, as well as operating appropriations and authorizations for fiscal years 2005-06 and 2006 -07.

The Governor’s recommended budget includes approximately \$5.7 billion in General Fund operating appropriations for the 2005-07 biennium, approximately \$450 million in special “one-shot” appropriations, \$17 million in supplemental appropriations, and \$19 million to restore certain fund balances, bringing the total recommended General Fund appropriations to nearly \$6.2 billion. Recommended on-going (operating) appropriations increase from \$4.83 billion for the 2003-05 biennium to \$5.71 billion, a 18.1 percent increase.

After adjusting for interagency transfers, appropriations and authorizations for new spending for the 2005-07 biennium from all revenue sources totals \$13.8 billion which compares to the \$12.1 billion approved by the 2003 Legislature. This represents a 14.2 percent increase in total funding recommended for the 2005-07 biennium compared to the 2003-05 biennium.

The schedules that follow contain all of the appropriations recommended by the Governor for the 2005-07 biennium. Also included is a “pie chart” which illustrates the proposed distribution of General Fund appropriations among the various governmental functions.

Following are summaries and schedules, which reflect the proposed spending in the Governor’s budget. Included is a “Source of Funds Summary” which compares the proposed operating appropriations and authorizations for the 2005-07 biennium with the current biennium by funding source, a list of proposed supplemental appropriations for the current year, a list of “one-shot” or one-time appropriation requests and the Governor’s proposed capital improvement program.

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 04 Actual	2004 - 05 Work Program	2005 - 06 Governor Recommended	% Change	2006 - 07 Governor Recommended	% Change
CONSTITUTIONAL AGENCIES						
GENERAL FUND	83,786,380	88,675,989	83,512,171	-5.82	83,241,003	-.32
BALANCE FORWARD	-24,383,828	82,533,731	57,056,914	-30.87	65,131,467	14.15
FEDERAL FUND	5,070,926	23,416,882	4,574,155	-80.47	4,344,079	-5.03
HIGHWAY FUND	168,368	169,450	2,500	-98.52	2,500	
INTER AGENCY TRANSFER	105,365,488	114,476,644	119,781,480	4.63	116,210,760	-2.98
INTERIM FINANCE	8,075	1,787,532				
OTHER FUND	253,992,260	234,972,060	277,002,147	17.89	280,708,710	1.34
TOTAL-CONSTITUTIONAL AGENCIES	424,007,669	546,032,288	541,929,367	-.75	549,638,519	1.42
Less: INTER AGENCY TRANSFER	105,365,488	114,476,644	119,781,480	4.63	116,210,760	-2.98
NET-CONSTITUTIONAL AGENCIES	318,642,181	431,555,644	422,147,887	-2.18	433,427,759	2.67
FINANCE & ADMINISTRATION						
GENERAL FUND	23,316,568	31,177,820	88,240,596	183.02	72,170,694	-18.21
BALANCE FORWARD	-2,424,377	29,389,272	30,582,792	4.06	40,594,130	32.74
FEDERAL FUND	3,481,667	3,183,460	3,675,197	15.45	3,342,369	-9.06
HIGHWAY FUND	1,828,245	6,620,162	8,377,526	26.55	12,255,055	46.28
INTER AGENCY TRANSFER	94,703,830	111,160,386	94,508,817	-14.98	96,709,912	2.33
INTERIM FINANCE	3,932,498					
OTHER FUND	25,637,511	34,441,964	39,354,682	14.26	41,090,014	4.41
TOTAL-FINANCE & ADMINISTRATION	150,475,942	215,973,064	264,739,610	22.58	266,162,174	.54
Less: INTER AGENCY TRANSFER	94,703,830	111,160,386	94,508,817	-14.98	96,709,912	2.33
NET-FINANCE & ADMINISTRATION	55,772,112	104,812,678	170,230,793	62.41	169,452,262	-.46
EDUCATION						
GENERAL FUND	1,261,583,495	1,426,981,899	1,481,089,462	3.79	1,561,335,905	5.42
BALANCE FORWARD	-18,047,120	53,656,032	667,446	-98.76	474,331	-28.93
FEDERAL FUND	264,155,430	306,684,756	277,433,317	-9.54	283,719,255	2.27
INTER AGENCY TRANSFER	7,819,653	9,313,736	20,229,694	117.20	29,713,381	46.88
INTERIM FINANCE	8,947,368	456,926				
OTHER FUND	258,069,546	285,852,124	279,883,392	-2.09	298,277,398	6.57
TOTAL-EDUCATION	1,782,528,372	2,082,945,473	2,059,303,311	-1.14	2,173,520,270	5.55
Less: INTER AGENCY TRANSFER	7,819,653	9,313,736	20,229,694	117.20	29,713,381	46.88
NET-EDUCATION	1,774,708,719	2,073,631,737	2,039,073,617	-1.67	2,143,806,889	5.14

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

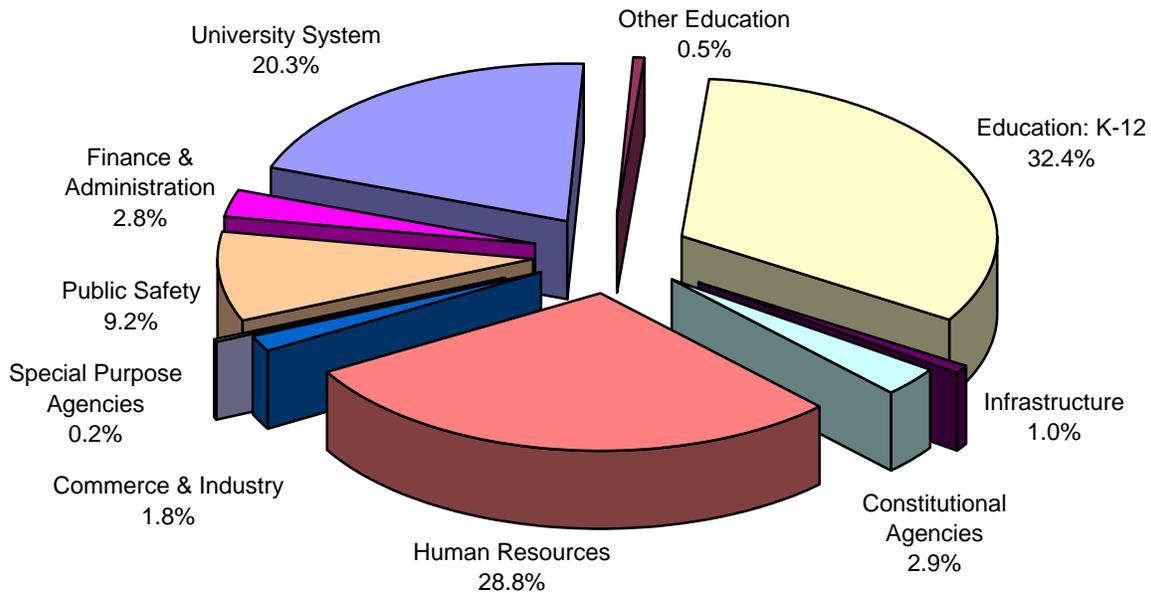
	2003 - 04 Actual	2004 - 05 Work Program	2005 - 06 Governor Recommended	% Change	2006 - 07 Governor Recommended	% Change
HUMAN SERVICES						
GENERAL FUND	600,937,704	684,717,956	777,380,220	13.53	868,732,006	11.75
BALANCE FORWARD	-5,575,260	61,199,651	43,163,324	-29.47	40,699,942	-5.71
FEDERAL FUND	992,540,964	1,087,770,507	1,124,685,596	3.39	1,190,607,218	5.86
INTER AGENCY TRANSFER	224,249,868	253,429,670	248,661,689	-1.88	272,979,223	9.78
INTERIM FINANCE	364,609	520,000				
OTHER FUND	193,585,923	195,541,675	191,667,858	-1.98	202,739,869	5.78
TOTAL-HUMAN SERVICES	2,006,103,808	2,283,179,459	2,385,558,687	4.48	2,575,758,258	7.97
Less: INTER AGENCY TRANSFER	224,249,868	253,429,670	248,661,689	-1.88	272,979,223	9.78
NET-HUMAN SERVICES	1,781,853,940	2,029,749,789	2,136,896,998	5.28	2,302,779,035	7.76
COMMERCE & INDUSTRY						
GENERAL FUND	38,093,809	42,591,015	50,965,148	19.66	50,435,084	-1.04
BALANCE FORWARD	19,427,720	39,061,848	42,080,927	7.73	44,268,130	5.20
FEDERAL FUND	12,967,597	16,465,118	10,396,980	-36.85	10,400,963	.04
HIGHWAY FUND	2,121,615	2,136,959	2,201,799	3.03	2,249,138	2.15
INTER AGENCY TRANSFER	15,183,585	13,426,191	15,907,592	18.48	16,553,786	4.06
INTERIM FINANCE	1,797	35,160				
OTHER FUND	95,220,883	95,249,000	107,496,060	12.86	109,782,716	2.13
TOTAL-COMMERCE & INDUSTRY	183,017,006	208,965,291	229,048,506	9.61	233,689,817	2.03
Less: INTER AGENCY TRANSFER	15,183,585	13,426,191	15,907,592	18.48	16,553,786	4.06
NET-COMMERCE & INDUSTRY	167,833,421	195,539,100	213,140,914	9.00	217,136,031	1.87
PUBLIC SAFETY						
GENERAL FUND	209,141,930	231,630,570	252,245,398	8.90	273,666,523	8.49
BALANCE FORWARD	2,214,740	11,846,768	9,148,177	-22.78	11,512,289	25.84
FEDERAL FUND	28,397,136	97,631,300	27,077,083	-72.27	26,320,245	-2.80
HIGHWAY FUND	79,393,858	103,119,247	108,633,548	5.35	102,905,468	-5.27
INTER AGENCY TRANSFER	28,029,435	35,650,088	52,072,978	46.07	58,268,986	11.90
INTERIM FINANCE	8,137	507,533				
OTHER FUND	103,974,943	118,717,783	120,061,326	1.13	128,494,351	7.02
TOTAL-PUBLIC SAFETY	451,160,179	599,103,289	569,238,510	-4.98	601,167,862	5.61
Less: INTER AGENCY TRANSFER	28,029,435	35,650,088	52,072,978	46.07	58,268,986	11.90
NET-PUBLIC SAFETY	423,130,744	563,453,201	517,165,532	-8.21	542,898,876	4.98

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 04 Actual	2004 - 05 Work Program	2005 - 06 Governor Recommended	% Change	2006 - 07 Governor Recommended	% Change
INFRASTRUCTURE						
GENERAL FUND	23,384,066	24,519,963	28,552,098	16.44	27,647,444	-3.17
BALANCE FORWARD	-13,031,077	50,214,929	51,696,667	2.95	42,470,537	-17.85
FEDERAL FUND	246,020,494	244,798,833	269,913,767	10.26	270,643,845	.27
HIGHWAY FUND	268,081,583	277,894,824	244,528,882	-12.01	247,666,521	1.28
INTER AGENCY TRANSFER	13,698,208	16,520,167	21,675,556	31.21	24,260,410	11.93
INTERIM FINANCE	15,504,727	303,619				
OTHER FUND	187,639,882	660,477,839	524,437,727	-20.60	531,162,131	1.28
TOTAL-INFRASTRUCTURE	741,297,883	1,274,730,174	1,140,804,697	-10.51	1,143,850,888	.27
Less: INTER AGENCY TRANSFER	13,698,208	16,520,167	21,675,556	31.21	24,260,410	11.93
NET-INFRASTRUCTURE	727,599,675	1,258,210,007	1,119,129,141	-11.05	1,119,590,478	.04
SPECIAL PURPOSE AGENCIES						
GENERAL FUND	5,682,011	5,959,335	6,269,016	5.20	6,534,756	4.24
BALANCE FORWARD	-42,390,153	47,007,889	52,499,502	11.68	57,494,467	9.51
FEDERAL FUND	9,260,786	13,670,375	16,157,708	18.20	16,992,802	5.17
INTER AGENCY TRANSFER	181,498,571	219,446,404	376,460,717	71.55	398,717,071	5.91
OTHER FUND	47,407,533	49,507,454	71,182,833	43.78	75,117,619	5.53
TOTAL-SPECIAL PURPOSE AGENCIES	201,458,748	335,591,457	522,569,776	55.72	554,856,715	6.18
Less: INTER AGENCY TRANSFER	181,498,571	219,446,404	376,460,717	71.55	398,717,071	5.91
NET-SPECIAL PURPOSE AGENCIES	19,960,177	116,145,053	146,109,059	25.80	156,139,644	6.87
STATEWIDE SUMMARY:						
GENERAL FUND	2,245,925,963	2,536,254,547	2,768,254,109	9.15	2,943,763,415	6.34
BALANCE FORWARD	-84,209,355	374,910,120	286,895,749	-23.48	302,645,293	5.49
FEDERAL FUND	1,561,895,000	1,793,621,231	1,733,913,803	-3.33	1,806,370,776	4.18
HIGHWAY FUND	351,593,669	389,940,642	363,744,255	-6.72	365,078,682	.37
INTER AGENCY TRANSFER	670,548,638	773,423,286	949,298,523	22.74	1,013,413,529	6.75
INTERIM FINANCE	28,767,211	3,610,770				
OTHER FUND	1,165,528,481	1,674,759,899	1,611,086,025	-3.80	1,667,372,808	3.49
TOTAL STATEWIDE	5,940,049,607	7,546,520,495	7,713,192,464	2.21	8,098,644,503	5.00
Less: INTER AGENCY TRANSFER	670,548,638	773,423,286	949,298,523	22.74	1,013,413,529	6.75
NET STATEWIDE	5,269,500,969	6,773,097,209	6,763,893,941	-.14	7,085,230,974	4.75

NEVADA GENERAL FUND APPROPRIATIONS

GOVERNOR RECOMMENDS, 2005-07 BIENNIUM



GOVERNOR RECOMMENDS - 2005-07 BIENNIUM

	<u>2005-07 BIENNIUM</u>	<u>% of TOTAL</u>
CONSTITUTIONAL AGENCIES	\$ 166,753,174	2.9%
FINANCE & ADMINISTRATION^{1,2}	\$ 160,411,290	2.8%
EDUCATION:		
UNIVERSITY SYSTEM¹	\$ 1,162,014,114	20.3%
KINDERGARTEN TO 12TH GRADE	\$ 1,852,039,112	32.4%
OTHER EDUCATION³	\$ 28,372,141	0.5%
SUBTOTAL EDUCATION	\$ 3,042,425,367	53.3%
HUMAN SERVICES	\$ 1,646,112,226	28.8%
COMMERCE & INDUSTRY	\$ 101,400,232	1.8%
PUBLIC SAFETY	\$ 525,911,921	9.2%
INFRASTRUCTURE	\$ 56,199,542	1.0%
SPECIAL PURPOSE AGENCIES	\$ 12,803,772	0.2%
TOTAL	\$ 5,712,017,524	100.0%

¹ The Governor Recommends amount for the University System for the 2005-07 Biennium includes \$5,388,203 for payraises for classified employees of the UCCSN, which were included in Finance and Administration in the Governor's Executive Budget. The Governor Recommends amount includes \$16.4 million for payraises for UCCSN professional staff.

² Finance & Administration includes \$51.0 million recommended by the Governor in The Executive Budget for payraises for state employees and \$43.9 million for various information technology projects (Department of Administration - \$20.2 million and Department of Taxation - \$23.7 million).

³ Other Education includes Commission on Postsecondary Education, WICHE, and Department of Cultural Affairs.

**GENERAL FUND SUPPLEMENTAL APPROPRIATIONS
GOVERNOR RECOMMENDS - 2005 LEGISLATURE
2005-2007 BIENNIUM**

DEPARTMENT/ DIVISION	PURPOSE ¹	EXECUTIVE BUDGET		
		FY 2005	FY 2006	FY 2007
CONSTITUTIONAL AGENCIES				
Ethics Commission	Temporary lease of office space as approved by the Interim Finance Committee.	\$4,450		
EDUCATION				
Department of Education - DSA	Supports costs in the Distributive School Account associated with providing healthcare subsidies to retired school district employees.	\$9,645,678		
Department of Cultural Affairs	Records storage costs for the Nevada State Library.	\$9,444		
Department of Cultural Affairs	Funds anticipated operating costs for the Comstock Historic District.	\$3,037		
UCCSN	Matching funds for the National Direct Student Loan Program.	\$1,400		
	SUBTOTAL - EDUCATION	\$9,659,559		
HUMAN SERVICES				
Department of Human Resources - Health Division	Substance Abuse Prevention and Treatment block grant Maintenance of Effort requirements in the Health Division.	\$521,620		
Department of Human Resources - MH/DS Division	Funds operating costs at emergency hospital annex at Desert Regional Center.	\$2,730,965		
Department of Human Resources - MH/DS Division	Funds anticipated revenue shortfall for Rural Clinics.	\$483,315		
	SUBTOTAL - HUMAN SERVICES	\$3,735,900		
COMMERCE AND INDUSTRY				
Department of Business and Industry	Athletic Commission position reclassifications.	\$7,963		
PUBLIC SAFETY				
Department of Corrections	Funds anticipated operating costs.	\$2,141,674		
Department of Corrections	Takeover of Southern Nevada Women's Correctional Facility.	\$1,352,710		
Department of Public Safety	Dignitary Protection operating costs.	\$28,710		
	SUBTOTAL - PUBLIC SAFETY	\$3,523,094		
INFRASTRUCTURE				
Department of Conservation and Natural Resources	Terminal leave costs.	\$42,460		
Department of Conservation and Natural Resources	Tort insurance premiums paid by the Division of Conservation Districts.	\$36,532		
Department of Conservation and Natural Resources	Brings Joint Funding Agreements with USGS in the Division of Water Resources up-to-date.	\$14,980		
	SUBTOTAL - INFRASTRUCTURE	\$93,972		
TOTAL GENERAL FUND SUPPLEMENTAL APPROPRIATIONS		\$17,024,938		

¹ NOTE: "PURPOSE" comments replicate descriptions provided in The Executive Budget, INTRO-14.

**GENERAL FUND ONE-TIME OR SPECIAL APPROPRIATIONS
GOVERNOR RECOMMENDS - 2005 LEGISLATURE
2005-2007 BIENNIUM**

DEPARTMENT/ DIVISION	PURPOSE ¹	EXECUTIVE BUDGET		
		FY 2005	FY 2006	FY 2007
CONSTITUTIONAL AGENCIES				
Governor's Office	Hires contractor to update the state's Energy Assurance Plan per federal guidelines.	\$125,000		
Account for the Governor's Portrait	Funds a portrait of the Governor pursuant to NRS 223.121.	\$20,000		
Supreme Court	Funds remodeling costs associated with the conversion of two attorney rooms into a meeting and training room.	\$20,000		
Legislative Counsel Bureau	Funds production of out-of-print publications, information technology upgrades, building improvements, and a State Printing Office emergency generator.	\$1,557,077		
	SUBTOTAL - CONSTITUTIONAL AGENCIES	\$1,722,077		
FINANCE AND ADMINISTRATION				
Governmental Services Tax Refund	Provides funding for a rebate of 2004 vehicle registration fees to a maximum of \$300 per vehicle.	\$300,000,000		
Department of Administration	Security enhancements in the Attorney General's Office, the Capitol Building, and the Supreme Court Building.	\$447,655		
Department of Administration	Purchase of 49 additional monthly State Motor Pool vehicles in FY 2006 and five additional monthly vehicles in FY 2007.	\$1,100,603		
Department of Administration	Provides for appropriation necessary to assist the Nevada Prostate Cancer Task Force.	\$50,000		
Department of Administration	Supports the Southwest Defense Alliance and Nevada's representative serving on the Alliance.	\$50,000		
Department of Administration	Assists Opportunity Village in the construction of a new Southwest Campus designed to serve additional Nevadans.	\$1,000,000		
Department of Administration	Provides for appropriation to the Nevada Commission for National and Community Service to match federal funding to promote volunteerism.	\$365,000		
Department of Administration	Offsets litigation costs incurred by the Interstate Commission for Adult Offender Supervision.	\$3,000		
Department of Administration	Assists the Nevada Humanities Committee with the operation of the southern Nevada Office.	\$200,000		
Department of Administration	Supports the establishment of a loan/grant pool for rural healthcare providers by the Nevada Rural Hospital Partners.	\$1,000,000		
Board of Examiners	Assists White Pine County in the construction of a new court facility.	\$8,000,000		
Public Works Board	Partial funding for the Capital Improvement Program.		\$52,000,000	
	SUBTOTAL - FINANCE AND ADMINISTRATION	\$312,216,258	\$52,000,000	

**GENERAL FUND ONE-TIME OR SPECIAL APPROPRIATIONS
GOVERNOR RECOMMENDS - 2005 LEGISLATURE
2005-2007 BIENNIUM**

DEPARTMENT/ DIVISION	PURPOSE ¹	EXECUTIVE BUDGET		
		FY 2005	FY 2006	FY 2007
EDUCATION				
UCCSN	Provides for appropriation to the School of Medicine in support of its partnership with the Nevada Cancer Institute to expand research, treatment, education, and teaching opportunities in Nevada.	\$10,000,000		
Department of Cultural Affairs	Development, renovation, and expansion of the Southern Nevada Railroad Museum.	\$859,140		
W.I.C.H.E.	Information technology improvements in accounting system.	\$67,900		
	SUBTOTAL - EDUCATION	\$10,927,040		
COMMERCE AND INDUSTRY				
Department of Agriculture	Acquisition of equipment for the Bureau of Weights and Measures.	\$290,000		
PUBLIC SAFETY				
Department of Corrections	Funds 48 replacement vehicles.	\$1,012,482		
INFRASTRUCTURE				
Department of Conservation and Natural Resources	Funds various purchases necessary to prepare new offices for occupancy (New Building - Carson City).	\$462,077		
Department of Conservation and Natural Resources	Replenishment of Channel Clearance Account pursuant to NRS 532.220.	\$250,000		
Department of Conservation and Natural Resources	Division of Water Resources litigation costs.	\$150,000		
	SUBTOTAL - INFRASTRUCTURE	\$862,077		
SPECIAL PURPOSE AGENCIES				
Office of Veteran's Services	Funds shelter to protect State-owned vehicles (State Veteran's Home).	\$126,000		
TOTAL GENERAL FUND ONE-TIME AND SPECIAL APPROPRIATIONS		\$327,155,934	\$52,000,000	

¹ NOTE: "PURPOSE" comments replicate descriptions provided in The Executive Budget, INTRO-16.

**HIGHWAY FUND SUPPLEMENTAL APPROPRIATIONS
GOVERNOR RECOMMENDS - 2005 LEGISLATURE
2005-2007 BIENNIUM**

DEPARTMENT/ DIVISION	PURPOSE ¹	EXECUTIVE BUDGET		
		FY 2005	FY 2006	FY 2007
COMMERCE AND INDUSTRY				
Department of Motor Vehicles	Funds anticipated operating costs in Administrative Services (Credit Card Fees).	\$1,770,000		
PUBLIC SAFETY				
Department of Public Safety	Funds anticipated Highway Patrol operating costs.	\$755,414		
TOTAL HIGHWAY FUND SUPPLEMENTAL APPROPRIATIONS		\$2,525,414		

¹ NOTE: "PURPOSE" comments replicate descriptions provided in The Executive Budget, INTRO-17.

**GENERAL FUND APPROPRIATIONS TO RESTORE FUND BALANCES
GOVERNOR RECOMMENDS - 2005 LEGISLATURE
2005-2007 BIENNIUM**

FUND	PURPOSE ¹	EXECUTIVE BUDGET		
		FY 2005	FY 2006	FY 2007
Fund to Stabilize the Operation of State Government	Provides for appropriation to the Rainy Day Fund.		\$3,000,000	\$68,000,000
State Claims Fund	Restores and increases the balance to approximately \$3,500,000.	\$3,500,000		
Emergency Fund	Restores and increases the balance to approximately \$500,000.	\$500,000		
Interim Finance Contingency Fund	Restores and increases the balance to approximately \$12,000,000.	\$12,000,000		
Statutory Contingency Fund	Restores and increases the balance to approximately \$3,000,000.	\$3,000,000		
TOTAL GENERAL FUND APPROPRIATIONS TO RESTORE FUND BALANCES		\$19,000,000		\$68,000,000

¹ NOTE: "PURPOSE" comments replicate descriptions provided in The Executive Budget, INTRO-17.

**HIGHWAY FUND APPROPRIATIONS TO RESTORE FUND BALANCES
GOVERNOR RECOMMENDS - 2005 LEGISLATURE
2005-2007 BIENNIUM**

FUND	PURPOSE ¹	EXECUTIVE BUDGET		
		FY 2005	FY 2006	FY 2007
Interim Finance Contingency Fund	Restores balance.	\$2,000,000		
TOTAL HIGHWAY FUND APPROPRIATIONS TO RESTORE FUND BALANCES		\$2,000,000		

¹ NOTE: "PURPOSE" comments replicate descriptions provided in The Executive Budget, INTRO-17.

CAPITAL IMPROVEMENT PROGRAM

The Governor has recommended a Capital Improvement Program (CIP) for the 2005-07 biennium in the amount of \$321.9 million. The 2005 program compares to programs of \$218.5 million approved by the 2003 Legislature, \$293.7 million approved by the 2001 Legislature, and \$230.9 million approved by the 1999 Legislature. The Governor recommends supporting the costs of the 2005 program through a General Fund appropriation of \$52 million and the issuance of \$224.9 million in General Obligation Bonds. The Governor's recommended program also includes \$24.0 million in funds provided by the University and Community College System of Nevada (UCCSN), \$400,000 in state agency funds, \$1.9 million in Highway Funds, and \$13.8 million in federal funds. Additionally, the Governor recommends funding UCCSN maintenance projects with \$5 million from the Special Higher Education Capital Construction Fund.

The following table provides state funding, other funding, and total funding, with the percentage of each funding source that is recommended to be received by each state agency in the Governor's recommended 2005 Capital Improvement Program:

Agency	State Funding	% of State Funding	Other Funding	% of Other Funding	Total Funding	% of Total Funding
Univ. & Community College System	\$96,138,708	34.7%	\$29,001,884	64.5%	\$125,140,592	38.9%
Dept. of Human Resources	\$25,278,793	9.1%	\$0	0.0%	\$25,278,793	7.8%
Dept. of Conservation & Natural Resources	\$703,191	0.2%	\$0	0.0%	\$703,191	0.2%
Dept. of Administration	\$46,961,579	17.0%	\$1,243,728	2.8%	\$48,205,307	15.0%
Dept. of Motor Vehicles	\$0	0.0%	\$974,403	2.2%	\$974,403	0.3%
Dept. of Public Safety	\$2,439,059	0.9%	\$0	0.0%	\$2,439,059	0.8%
Dept. of Information Technology	\$3,268,698	1.2%	\$0	0.0%	\$3,268,698	1.0%
Dept. of Corrections	\$80,217,430	29.0%	\$0	0.0%	\$80,217,430	24.9%
Dept. of Cultural Affairs	\$4,859,193	1.7%	\$0	0.0%	\$4,859,193	1.5%
Dept. of Agriculture	\$5,830,615	2.1%	\$0	0.0%	\$5,830,615	1.8%
Dept. of the Military	\$10,529,510	3.8%	\$13,170,520	29.2%	\$23,700,030	7.4%
Dept. of Education	\$167,981	0.1%	\$0	0.0%	\$167,981	0.1%
Office of Veterans' Services	\$527,184	0.2%	\$589,731	1.3%	\$1,116,915	0.3%
TOTAL ALL PROJECTS	\$276,921,941	100.00%	\$44,980,266	100.00%	\$321,902,207	100.00%

The Governor recommends continuing the current property tax rate of \$0.16 for debt service for each year of the 2005-07 biennium. If additional funding were required, it would be taken from the Bond Interest and Redemption Account reserve. As recommended by the Governor, the 2003 Legislature approved the levy of an additional \$0.01 property tax rate above the historical \$0.15 rate to support the principal and interest payments on the general obligation bonds issued for new and existing capital

improvement projects. This additional \$0.01 levy is not subject to the \$3.64 local government property tax cap. According to information contained in the Governor's recommended 2005 CIP program and the State Treasurer's Debt Capacity Report for the 2005-07 biennium, the need for continuation of the current property tax rate for debt service is predicated upon the issuance of bonds according to the following schedule:

FY 2005-06

Capital Improvement Bonds	\$ 80,000,000
Tahoe Environmental Improvement Bonds	\$ 8,000,000
Water Systems Bonds (NRS 349.981)	\$ 9,000,000
Cultural Affairs Bonds (NRS 233C.225) ^(a)	\$ 3,000,000
Total	\$100,000,000

FY 2006-07

Capital Improvement Bonds	\$ 97,000,000
Tahoe Environmental Improvement Bonds	\$ 9,000,000
Water Systems Bonds (NRS 349.981)	\$ 6,000,000
Cultural Affairs Bonds (NRS 233C.225) ^(a)	\$ 3,000,000
Total	\$115,000,000

FY 2007-08

Capital Improvement Bonds	\$ 34,216,941
Tahoe Environmental Improvement Bonds	\$ 5,000,000
Water Systems Bonds (NRS 349.981)	\$ 4,000,000
Cultural Affairs Bonds (NRS 233C.225) ^(a)	\$ 3,000,000
Total	\$ 46,216,941

The Office of the State Treasurer computes the debt capacity as of June 30, 2004, as follows:

State's Estimated Assessed Valuation	\$69,700,111,729 ^(b)
Multiplied by the 2 Percent Constitutional Limit	\$1,394,002,235
Minus the Bonds Outstanding	(\$910,625,256)
Equals the State's Unused Bonding Capacity	\$483,376,979

Source: Debt Capacity Report –2005-2007 Biennium – Office of the State Treasurer

Notes:

- (a) Current statutory limit is \$2,000,000 per year. Senate Bill 4, 2005 Legislative Session, proposes to amend statutory limit to \$3,000,000 per year.
- (b) Does not include assessed valuations for redevelopment agencies.

Assessed Valuations

Forecasts of assessed valuations are prepared and certified by the Department of Taxation and are used for those portions of The Executive Budget dependent upon property assessments and/or local property tax collections. The forecasts for

FY 2005-06 and FY 2006-07 are highlighted below along with historical information of actual assessed valuations. The actual assessed valuation amounts are established annually in April and include net proceeds of minerals and exclude redevelopment agencies and other general exemptions.

Fiscal Year	Assessed Value	Percent Change
Actual:		
1998	\$37,313,864,077	9.4%
1999	\$40,814,503,598	9.4%
2000	\$44,967,465,094	10.2%
2001	\$49,749,247,957	10.6%
2002	\$52,943,737,483	6.4%
2003	\$57,768,732,697	9.1%
2004	\$62,958,855,390	9.0%
2005	\$69,700,111,729	10.7%
Forecast:		
2006	\$75,566,277,158	8.4%
2007	\$82,497,674,585	9.2%

Source: Debt Capacity Report –2005-2007 Biennium – Office of the State Treasurer

The following pages present the Governor’s recommended CIP program for the 2005-07 biennium.

**GOVERNOR'S RECOMMENDED CIP PROGRAM
FOR THE 2005-07 BIENNIUM**

Project Number	Agency	Location	Project Title	State Funding	Other Funding	Other Funding Source	Remarks
CONSTRUCTION PROJECTS							
05-C01	Buildings and Grounds	Las Vegas	Sawyer Building Tile Repair	\$8,611,979			Temporary safety measures, ongoing forensic investigation, and some tile removal have been implemented under CIP 01-M04, 03-M01 and 03-A02.
05-C02	DMV	N. Las Vegas	North LV DMV Office - FF&E		\$974,403	Highway Fund	FF&E funding approved in CIP 03-C09 was reallocated to construction. Street improvements required by City.
05-C03	SNAMHS	Las Vegas	Southern Nevada Psychiatric Hospital - FF&E	\$4,593,047			FF&E deferred by 2003 Legislature.
05-C04	CCSN	Las Vegas	Health Sciences Building - FF&E	\$5,200,000			FF&E deferred by 2003 Legislature.
05-C05	UNR	Reno	UNR Knowledge Center	\$16,800,000			Additional funding needed to complete construction. Construction funding was approved in CIP 01-C24. FF&E deferred until 2007 Session.
05-C06	UNLV	Las Vegas	Science & Engineering Building - FF&E	\$15,822,050			FF&E deferred by 2003 Legislature. Cabinetry funding approved in CIP 03-C23 was reallocated to construction.
05-C07	NNAMHS	Sparks	Central Kitchen - FF&E	\$437,778			IFC authorized construction of new kitchen in lieu of renovation of existing facility. FF&E not previously funded.
05-C08	Emergency Mgmt.	Carson City	Telephone Data Switches for Emergency Operations Center	\$527,490			Telephone and data switches for new State Emergency Operations Center. Construction funding approved in CIP 03-C06.
05-C09	Emergency Mgmt.	Carson City	Microwave Station for Emergency Operations Center	\$554,954			Microwave station for new State Emergency Operations Center. Construction funding approved in CIP 03-C06.
05-C10	NSC	Henderson	Liberal Arts Bldg. - FF&E and Master Plan	\$3,936,114			FF&E deferred by 2001 Legislature. Building construction has not been initiated.
05-C11	Buildings and Grounds	Las Vegas	NHP E. Sahara Office Demolition		\$343,632	Highway Fund	New Highway Patrol building funded in CIP 99-H1.
05-C12	DoIT	Carson City	Redundant UPS and Generator	\$900,198			Additional electrical generator and uninterruptible power supply system for Computer Facility.
05-C13	Military/NVARNG	Las Vegas	Las Vegas Readiness Center	\$9,983,510	\$13,170,520	Federal Funds	New facility to house 5 Army National Guard units. Initial design funded in CIP 03-P05.

37

**GOVERNOR'S RECOMMENDED CIP PROGRAM
FOR THE 2005-07 BIENNIUM**

Project Number	Agency	Location	Project Title	State Funding	Other Funding	Other Funding Source	Remarks
05-C14	SNAMHS	Las Vegas	Addition of 4th Pod to Psychiatric Hospital	\$11,334,293			Provides additional 40 beds to address mental health acute care needs in southern Nevada.
05-C15	DRC	Las Vegas	Rehab Food Services Facilities #4 & #5	\$1,898,598			Rehabilitate interior/exterior of buildings, repair plumbing, upgrade electrical, replace HVAC, refrigeration units and fire suppression system and correct ADA compliance deficiencies.
05-C16	UNLV	Las Vegas	Greenspun College of Urban Affairs	\$24,166,389	\$13,055,551	University Funds	New 90,000 square foot building to centralize College of Urban Affairs programs and facilitate similar unification of other departments in the vacated space.
05-C17	Veterans Services	Boulder City	Veterans Nursing Home Central Dining Room	\$527,184	\$589,731	Federal Funds	Adds central dining facility to replace existing 3 dining rooms to address space and safety issues.
05-C18	GBC	Elko	Electrical and Industrial Technology Building	\$12,674,032	\$500,000	University Funds	New 36,400 square foot building to house expanded electrical and industrial technology programs.
05-C19	Agriculture	Elko	Elko Branch Office	\$4,520,852			New 6,000 square foot building to replace existing building on Great Basin College campus that would be demolished to construct CIP 05-C18.
05-C20	Buildings and Grounds	Carson City	Lease Purchase Subsidy - 208,000 GSF	\$20,878,925			Subsidize 208,000 square foot lease purchase building in the Capitol Complex in Carson City for the Dept. of Human Resources.
05-C20a	DoIT	Carson City	Computer Facility Renovation/Addition Supplement	\$2,368,500			Additional funding needed to complete construction. Construction funding was approved in CIP 03-C10, 01-M26 and 01-M27.
05-C20b	HDSP	Indian Springs	HDSP Phase IV, 3 Housing Units	\$58,570,649			Design and construct 3 housing units (168 cells each) at High Desert State Prison.
05-C20c	CCSN	Las Vegas	Classroom Building	\$5,000,000	\$5,000,000	University Funds	Design and construction of 28,500 square foot classroom facility. FF&E deferred until 2007 Session.

38

**GOVERNOR'S RECOMMENDED CIP PROGRAM
FOR THE 2005-07 BIENNIUM**

Project Number	Agency	Location	Project Title	State Funding	Other Funding	Other Funding Source	Remarks
05-C25	Military/NVARNG	N. Las Vegas	Acquire Land for Future Facility and Training Sites	\$546,000			Funding to patent 790.5 acres @ approximately \$700/acre for future space needs of Military department and other state agencies.
05-C27	Nevada State Museum	Carson City	ADA Entrance and Connecting Structure	\$3,230,894			Resolves ADA issues with current lack of passenger elevator in main museum building.
05-C35	NYTC	Elko	Gym and Multi-Purpose Building Remodel	\$3,477,399			Roofing, ceiling, flooring, HVAC, and wall treatment replacements; ADA retrofits; fire sprinkler/alarm installation.
CONSTRUCTION PROJECTS TOTAL				\$216,560,835	\$33,633,837		
MAINTENANCE PROJECTS							
05-M02	Lakes Crossing	Reno	Platform Guardrail for Rooftop HVAC Unit	\$18,196			Safety guardrail for rooftop HVAC access platform. Platform installed as part of CIP 01-M23.
05-M03	TMCC	Reno	Red Mountain Building Fire Code Renovations	\$2,000,000			Renovation to address fire code and life safety deficiencies. Reno Fire Dept. and State Fire Marshal indicate renovation needed for safe occupancy of building.
05-M04	Lost City Museum	Overton	Electrical and Lighting Upgrade	\$390,306			Replace exposed electrical conductors, broken conduit. Install more efficient lighting.
05-M05	Forestry	Indian Springs	Indian Springs Camp Upgrade	\$87,166			Upgrade inadequate fire alarm, emergency exit signage and lighting.
05-M06	HDSP	Indian Springs	Installation of Generator No. 4	\$532,738			Adds 4th generator due to additional load requirements from SDCC, ISCC, and Prison Industry facility.
05-M07	DRC	Las Vegas	Replace Emergency Generators	\$261,486			Upgrade/replace generators, emergency lighting. New natural gas lines for generators.
05-M08	SNAMHS	Las Vegas	Secure Egress Area for Building 3A	\$130,703			Install enclosures for safe and secure outdoor patient area and egress area.
05-M09	WNCC	Carson City	Bristlecone Building Life Safety	\$79,398			Renovate existing fire sprinkler system due to modifications in wall locations.
05-M10	WNCC	Fallon	Pinion Hill Building New Fire Sprinkler System	\$184,950			Install fire sprinkler system in Pinion Hill Building.

39

**GOVERNOR'S RECOMMENDED CIP PROGRAM
FOR THE 2005-07 BIENNIUM**

Project Number	Agency	Location	Project Title	State Funding	Other Funding	Other Funding Source	Remarks
05-M11	Buildings and Grounds	Reno	Purchasing Warehouse Structural Evaluation and Repairs	\$188,910			Perform structural evaluations of load bearing walls and \$110,250 in funding for some repairs.
05-M12	Nevada State Museum	Carson City	Light Control Switching	\$90,721			Design/construct new light control switches in lieu of using circuit breakers to turn on/off lighting.
05-M13	NNCC/NSP	Carson City	Install Backflow Preventors - NNCC & NSP	\$188,047			Install backflow preventors on water mains connected to city water system.
05-M14	SSCC	Silver Springs	Expand Sewage Leachfield	\$598,929			Double size of sewage leachfield due to rising level of leachate.
05-M15	ESP	Ely	Sewage Treatment Upgrades	\$3,102,880			Upgrade sewage system to comply with nitrate levels permitted in NDEP discharge permit.
05-M16	PCC	Pioche	Sewage Disposal Upgrades	\$234,467			Addition of 2 sewage infiltration basins. Existing basins are being expanded in CIP 01-M40.
05-M17	HDSP	Indian Springs	Indian Springs Sewage Disposal	\$2,658,136			Upgrade 2 sewage basins, install new basin, rehabilitate 5 existing basins.
05-M18	ESP	Ely	Replace Air Handling Units Phase 1	\$3,781,902			Replace 13 rooftop air handling units due to age.
05-M19	NNCC	Carson City	Phone Cable Replacement	\$146,649			Replace failing telephone cabling that is over 40 years old.
05-M21	SNCAS	Las Vegas	Generator for HVAC Systems	\$421,629			Provide generator system for HVAC system to enable continued cooling of facility during extended loss of power.
05-M22	LCC	Lovelock	Central Boiler Plant Renovation	\$337,999			Repair and upgrade existing boilers due to age.
05-M23	Railroad Museum	Ely	Drainage and Walkway Projects	\$170,076			Install trench drain around the facility and replace asphalt walkways.
05-M24	WSCC	Carson City	Locks, Doors, Control Panel, Intercom	\$513,173			Repair/replace malfunctioning doors, locks, control panels and intercom systems.
05-M25	SDCC	Indian Springs	Repair/Replace Doors, Locks, Control Panels	\$406,599			Repair/replace malfunctioning doors, locks, and control panels.
05-M26	Lakes Crossing	Sparks	HVAC System Renovation	\$167,193			Renovate and rebalance existing HVAC system.
05-M27	Forestry	Las Vegas	Renovate Las Vegas Native Plant Nursery	\$474,995			Renovate greenhouses, irrigation system and replace shade structure due to age of facilities.

40

**GOVERNOR'S RECOMMENDED CIP PROGRAM
FOR THE 2005-07 BIENNIUM**

Project Number	Agency	Location	Project Title	State Funding	Other Funding	Other Funding Source	Remarks
05-M28	Forestry	Las Vegas	Kyle Canyon Fire Station Upgrade	\$96,930			Replace flooring and pipe insulation containing asbestos. Upgrade exit signage. Install backflow preventors on water lines.
05-M29	CCC	Carlin	Groundwater Protection	\$599,874			Wastewater treatment improvements to address level of nitrates.
05-M30	LCC	Lovelock	Building Structural Remediation	\$313,747			Structural remediation of exterior masonry walls. Costs to be determined based on engineering study.
05-M31	SDCC	Indian Springs	Boiler Replacement	\$397,421			Replace boiler that is failing due to age.
05-M32	NNAMHS	Sparks	HVAC System Renovation Building #5	\$245,179			Renovate HVAC systems in Building #5, including replacement of boilers and cooling tower.
05-M33	NNAMHS	Sparks	HVAC System Renovation Building #8	\$341,997			Renovate HVAC systems in Building #8, including replacement of boilers and air handling units.
05-M34	Lakes Crossing	Sparks	Failing Door and Hardware Replacement	\$114,499			Replacement/rekeying of doorlocks.
05-M35	Lakes Crossing	Sparks	Domestic Hot Water System Upgrades	\$56,720			Upgrade hot water re-circulating system to provide prompt delivery of hot water throughout facility.
05-M36	LCC	Lovelock	Central Chiller Plant Renovation	\$1,122,864			Replace air-cooled chillers with more reliable and energy efficient units.
05-M37	ESP	Ely	Replace High Mast Cable System and Operators	\$454,465			Replace deteriorated/damaged high mast lighting operating mechanisms.
05-M38	WSCC	Carson City	Boiler Replacement	\$205,547			Replace boiler, water tank, and heat exchanger in multi-purpose building due to age.
05-M39	DPS	Carson City	State Criminal Justice Computer System - UPS Replacement	\$98,847			Replace uninterruptible power system for State Criminal Justice System due to age.
05-M40	LCC	Lovelock	Repair Perimeter Fence	\$56,056			Repair fence post corrosion of perimeter security fence.
05-M41	SNAMHS	Las Vegas	Remodel Bathrooms in Buildings 1,2,3 & 3A	\$1,236,722			Remodel 60 bathrooms in 4 buildings to address ADA and health issues.
05-M42	NNAMHS	Sparks	Secure Uninhabited Buildings	\$265,943			Disconnect utilities and weatherize plumbing in 6 uninhabited and unserviceable buildings.

**GOVERNOR'S RECOMMENDED CIP PROGRAM
FOR THE 2005-07 BIENNIUM**

Project Number	Agency	Location	Project Title	State Funding	Other Funding	Other Funding Source	Remarks
05-M43	Nevada State Library and Archives	Carson City	Security Upgrade	\$683,593			Upgrade security equipment including video surveillance, card key access system. Replace fire alarm system prone to failure.
05-M44	Railroad Museum	Carson City	Replace Failing Doors	\$113,139			Rehabilitate roof overhangs, replace train doors and storefront doors to address safety issues.
MAINTENANCE PROJECTS TOTAL				\$23,570,791	\$0		
ADVANCE PLANNING PROJECTS							
05-P01	SSCC/HCC	Silver Springs and Winnemucca	Arsenic Reduction in Domestic Water	\$65,599			Funds monitoring of groundwater for arsenic.
05-P02	SDCC	Indian Springs	Water Line Replacement-Advance Planning	\$488,297			Design to replace underground waterlines that often rupture. Facility constructed in 1980.
05-P03	HDSP	Indian Springs	Erosion Control	\$61,718			Study/develop solutions for ground erosion related to drainage.
05-P04	WNCC	Carson City	ADA Advance Planning	\$275,775			Planning project for ADA compliance of WNCC buildings and site.
05-P05	NDOC	N. Las Vegas	Women's Reentry Center-Advance Planning	\$1,246,100			Planning for 250-bed women's re-entry center for Dept. of Corrections in Las Vegas.
05-P06	Nevada State Library and Archives	Las Vegas	State Records Center	\$180,464			Design to convert existing state museum at Lorenzi Park into a state records center and department offices.
05-P07	NDOC	Indian Springs	New Prison #8 - Advance Planning	\$1,800,000			Planning for new correctional center in southern Nevada. Projected need for beds is 2010.
05-P08	Parole & Probation	Las Vegas	New Campos Building - Advance Planning	\$1,257,768			Planning for 59,287 square foot building and parking garage to replace the Campos Building in Las Vegas.
05-P09	Agriculture	Sparks	Headquarters and Lab Building - Advance Planning	\$1,309,763			Complete design of facility. Schematic design funded in CIP 03-P03.
05-P10	Education	Carson City	Department of Education Programming	\$167,981			Programming Dept. of Education future space needs in Capitol Complex.

42

**GOVERNOR'S RECOMMENDED CIP PROGRAM
FOR THE 2005-07 BIENNIUM**

Project Number	Agency	Location	Project Title	State Funding	Other Funding	Other Funding Source	Remarks
05-P12	NDOC	Statewide	Corrections Statewide Utilization Plan	\$363,189			Planning for utilization of existing facilities/sites, including possible expansion of NNCC and development of prototype minimum/medium security housing.
05-P18	Forestry	Las Vegas	Kyle Canyon Fire Station Feasibility Study	\$44,100			Feasibility study to determine adaptability of current fire station to needs of agency and building and safety codes.
05-P19	NNAMHS	Sparks	Consolidated Facilities Building Study	\$277,411			Master plan, feasibility study and programming for a consolidated facilities building to replace unserviceable buildings.
05-P20	UNR	Reno	Biotechnology & Genomics Research Facility		\$5,446,333	University Funds	Design of 110,000 square foot teaching and research facility to expand research and development activities in biotechnology.
05-P28	ISWC	Indian Springs	Indian Springs Work Center - Advance Planning	\$1,970,385			Planning for 626-bed conservation camp in southern Nevada. To provide increased programming and work opportunities for inmates.
ADVANCE PLANNING PROJECTS TOTAL				\$9,508,550	\$5,446,333		
STATEWIDE PROJECTS							
05-S01	Public Works Board	Statewide	Statewide Roofing Program	\$3,619,052			Includes 10 buildings at Ely State Prison and buildings at Stewart.
05-S02	Public Works Board	Statewide	Statewide ADA Program	\$3,227,032	\$71,952	Highway Fund	Includes Carson City and Ely railroad museums, Reno NHP, and two buildings at Desert Regional Center and site access at NNCC.
05-S03	Public Works Board	Statewide	Statewide Fire and Life Safety Program	\$5,143,513	\$52,500	Highway Fund	Projects include new fire alarm and fire suppression systems and upgrades to existing systems.
05-S04	Public Works Board	Statewide	Statewide Advance Planning	\$591,299			Includes funding for Reno master plan, interim study projects, and costs for formulation of 2007 CIP.
05-S05	Public Works Board	Statewide	Statewide Paving Program	\$3,763,264	\$375,644	Highway Fund	Includes projects for Dept. of Corrections, Forestry, Military, B&G, MHDS, and DCFS.

43

**GOVERNOR'S RECOMMENDED CIP PROGRAM
FOR THE 2005-07 BIENNIUM**

Project Number	Agency	Location	Project Title	State Funding	Other Funding	Other Funding Source	Remarks
05-S06	Public Works Board	Statewide	Statewide Asbestos, Lead, IAQ, Mold	\$705,074	\$400,000	Agency Funds	Funds unanticipated mold, indoor air quality and other environmental projects. Agency funds from Risk Management.
05-S07	Public Works Board	Statewide	Statewide Underground Storage Tank	\$232,531			Funds site inspections, testing, and replacements. No specific sites identified.
STATEWIDE PROJECTS TOTAL				\$17,281,765	\$900,096		
UNIVERSITY CAMPUS IMPROVEMENT PROJECTS							
05-U01	UCCSN	Statewide	Campus Improvement Projects	\$10,000,000	\$5,000,000	SHECC	Campus maintenance projects.
UNIVERSITY CAMPUS IMPROVEMENT PROJECTS TOTAL				\$10,000,000	\$5,000,000		
TOTAL ALL PROJECTS				\$276,921,941	\$44,980,266		
GRAND TOTAL ALL FUNDS				\$321,902,207			

POSITION SUMMARY

The following table displays the existing and new positions recommended in The Executive Budget for the 2005-07 biennium. The FY 2004-05 (work program year) is displayed to provide a perspective of the total number of positions in the current fiscal year compared to the total number of positions approved by the 2003 Legislature for FY 2004-05. A comparison can then be made to the total number of existing and new positions recommended by the Governor for the 2005-07 biennium. The total number of positions for the University and Community College System of Nevada (UCCSN) are detailed separately and are included in the grand totals.

Over the 2003-05 biennium, the number of positions, excluding UCCSN, increased from 16,665.92 as approved by the 2003 Legislature to 17,069.38, an increase of 403.46 positions. The Governor's recommended budget increases the number of positions from the FY 2004-05 work program of 17,069.38 to 17,951.64 in FY 2006 and 18,230.31 in FY 2007, and net increase of 1,160.93 positions.

For FY 2005-06, excluding UCCSN, the Governor has recommended a total of 17,951.64 positions, including 1,088.51 new positions. Of the new positions recommended, 558.56 are being added to the Human Services functional area, and 296.45 are being added to the Public Safety functional area. The additional positions in Human Services are being recommended largely to address projected caseload growth within the Divisions of Health, Mental Health and Child and Family Services. The additional positions in Public Safety are being recommended primarily due to the reopening of the Southern Nevada Correctional Center. The Governor's recommendation provides for a net increase of 882.26 positions when compared to the FY 2004-05 work program year, and a net increase of 1,285.72 when compared to the total number of positions approved by the 2003 Legislature for the same period.

For FY 2006-07, excluding UCCSN, the Governor has recommended an additional 278.67 positions, for a total of 18,230.31 positions. Over the 2005-07 biennium, the Governor's recommendation provides for a total of 1,160.93 additional positions when compared to the FY 2004-05 work program year and an increase of 1,564.39 when compared to the total number of positions approved by the 2003 Legislature for the same period.

The Governor's recommended budget reflects an increase of 50.82 positions for UCCSN for the 2005-07 biennium when compared to the FY 2004-05 work program year. However, The Executive Budget recommends significant increases in formula funding that have not been translated into position counts. New UCCSN position counts for the 2005-07 biennium will be calculated during the legislative budget closing process.

**Nevada Legislative Counsel Bureau
Governor Recommends Position Count
(Full-Time Equivalency Count)**

	FY 2004-05 Legislature Approved	FY 2004-05 Work Program ^a	Governor Recommends FY 2005-06			Governor Recommends FY 2006-07		
			Existing	New ^d	Total ^b	Existing	New ^d	Total ^b
Government Function								
Constitutional Agencies	1,045.48	1,056.46	1,048.50	44.50	1,093.00	1,048.50	45.00	1,093.50
Finance & Administration	824.52	925.02	879.02	34.00	913.02	879.02	38.00	917.02
Education	295.18	297.18	297.18	11.51	308.69	297.18	11.51	308.69
Human Services	5,185.90	5,267.61	5,158.02	558.56	5,716.58	5,153.51	733.98	5,887.49
Commerce & Industry	1,294.80	1,320.20	1,303.99	35.49	1,339.48	1,301.74	36.49	1,338.23
Public Safety	4,998.17	5,158.05	5,129.05	296.45	5,425.50	5,127.05	396.96	5,524.01
Infrastructure	2,643.85	2,668.35	2,670.86	48.00	2,718.86	2,670.86	49.00	2,719.86
Special Purpose Agencies	378.02	376.51	376.51	60.00	436.51	376.51	65.00	441.51
Sub-Total	16,665.92	17,069.38	16,863.13	1,088.51	17,951.64	16,854.37	1,375.94	18,230.31
University and Community College System								
Professional	4,452.88	4,657.98			4,688.54			4,696.54
Classified	2,467.58	2,550.86			2,561.12			2,563.12
Sub-Total	6,920.46	7,208.84			7,249.66			7,259.66
Total ^c	23,586.38	24,278.22	16,863.13	1,088.51	25,201.30	16,854.37	1,375.94	25,489.97

a. The FY 2004-05 work program sub-total by Government Function in The Fiscal Report differs from The Executive Budget due to necessary adjustments for those items which are not reflected in The Executive Budget work program. Reconciliation is on file in the Fiscal Division.

b. The Constitutional Agencies sub-total in The Fiscal Report for both FY 2005-06 and FY 2006-07 differs from The Executive Budget due to adjustment to the position count for the Legislative Counsel Bureau. Reconciliation is on file with the Fiscal Analysis Division.

c. Total does not include Boards and Commissions.

d. Does not include UCCSN formula-driven positions.

SECTION V

GOVERNOR'S RECOMMENDATIONS BY FUNCTION

This section includes a report by budget account of the Governor's recommended level of spending by funding source. In each budget, the recommendation for FY 2005-06 and FY 2006-07 is compared to the current budget year (FY 2004-05). The percentage change for each year is also displayed.

Each functional area's schedule of recommended spending is preceded by a brief narrative description of the major program changes and issues reflected in the proposed budgets. This narrative is not exhaustive, nor does it address issues in great depth. It is designed to alert the reader to those issues that may arise during the 2005 Legislative Session.

ELECTED OFFICIALS

The Elected Officials function encompasses three sub-functions: The executive elective offices; the judicial agencies; and the legislative agencies. The executive agencies include the Governor's Office, the Office of the Attorney General, Secretary of State, State Controller and State Treasurer. Judicial agencies include the Supreme Court, Administrative Offices of the Court, District Courts, Commission on Judicial Discipline and the Commission on Judicial Selection. The legislative agency is the Legislative Counsel Bureau, which includes an Interim Finance Committee (IFC).

The recommended General Fund appropriations for Elected Officials total approximately \$83.5 million in FY 2005-06, a 5.8 percent decrease compared to FY 2004-05, and \$83.2 million for FY 2006-07, a decrease of 0.3 percent compared to FY 2005-06. The decrease in General Fund support in FY 2005-06 is due to appropriations made to the IFC by the 2003 Legislature that are not continued during the 2005-07 biennium. The major appropriation made to the IFC in FY 2004-05 was \$15 million to support the implementation of a new revenue collection system for the Department of Taxation. The appropriation to continue this effort during the 2005-07 biennium is included within the budget of the Department of Taxation.

Budget requests from all funding sources total approximately \$422.1 million in FY 2005-06 and \$433.4 million in FY 2006-07 after inter-agency transfers are deducted.

ELECTED OFFICIALS

GOVERNOR'S OFFICE

The Governor is the Chief Executive Officer of the state and is elected to a four-year term. The Governor also serves as the Commander in Chief of all state military forces. The Office of the Governor is supported entirely by a General Fund appropriation.

The Executive Budget proposes the transfer of two positions supporting the Office of Homeland Security from the Governor's budget to the Department of Public Safety.

WASHINGTON OFFICE

The establishment of the Washington, D.C. Office was authorized by the 1985 Legislature to identify, monitor and provide information on selected federal issues of high priority to Nevada, such as nuclear waste, transportation funding, gaming, and economic development. The Governor recommends continued funding of \$267,079 in each year of the 2005-07 biennium, the same level approved by the Legislature for FY 2003-05 biennium. The office is funded through transfers from the Department of Transportation, the Commission on Economic Development and the Commission on Tourism.

HIGH LEVEL NUCLEAR WASTE

The Nevada Nuclear Waste Project Office was formally established by executive order in 1983 and by the Nevada State Legislature in 1985, following passage of the federal Nuclear Waste Policy Act (NWPA) of 1982. Funding for the operation of the office comes primarily from the state of Nevada, an annual grant from the Federal Government Department of Energy (DOE) and from Nevada's Department of Transportation (NDOT) for transportation studies. In addition to state funds, the office has received funding from other sources including cities, counties and private citizens to stop the federal effort to store high-level nuclear waste in Nevada. Under federal guidelines, federal funds may only be used for specific research activities and may not be used to support the agency's general personnel and operating costs. As a result of the federal actions in limiting the use of the federal funding, General Fund support was increased to provide adequate funding for the agency's oversight activities at Yucca Mountain.

The Governor's budget recommends General Funds of \$1 million in each year of the 2005-07 biennium for the Nevada Nuclear Waste Project Office (NWPO), which reflects a 7 percent increase in state funding over the amount appropriated for FY 2004-05. The agency is projected to receive federal funding of \$2.5 million during the current fiscal year; however, as of February 3, 2005, the agency has received no federal funding. The Governor's budget recommends the continuation of federal funding support, which may flow through the state Division of Emergency Management (DEM) or directly from the federal government, at the current level of \$2.5 million each year of the 2005-07 biennium. The federal funds can only be used for "scientific oversight," which the DOE has defined as meaning only physical sciences; therefore, these funds cannot be used for impact assessment, environmental, transportation, or any other activities. For the 2005-07 biennium, the agency anticipates it will continue to contract with experts in key areas such as hydrology and volcanism.

The Governor's budget recommends an appropriation of \$2 million in the coming biennium in the separate Nevada Protection Account to assist with Nevada's efforts concerning the Department of Energy's licensing application before the Nuclear Regulatory Commission.

CONSUMER HEALTH ASSISTANCE

The Office for Consumer Health Assistance was created by the 1999 Legislature, within the Office of the Governor, to assist consumers and injured employees in understanding their rights and responsibilities under health care plans and policies of industrial insurance, including responding to and investigating complaints regarding those plans and policies. Responsibilities of the former Office for Hospital Patients were transferred to this agency by the 2001 Legislature and include resolving disputes between patients and hospitals. The 2003 Legislature added the responsibility of providing information to consumers concerning prescription drug programs offered by manufacturers of prescription drugs or by the state of Nevada. The agency is located in Las Vegas and is supported by a General Fund appropriation, Medicaid funding, hospital assessments, and funding from the Workers' Compensation and Safety Fund.

For each fiscal year of the 2005-07 biennium, The Executive Budget recommends funding related to workers' compensation assistance be set at 7.80 percent of the total agency budgeted expenditures based upon the FY 2003-04 workload; this is compared to 27 percent approved by the 2003 Legislature. The General Fund impact of this funding change is an increase of \$137,266 and \$127,760 in FY 2005-06 and 2006-07, respectively. In addition, The Executive Budget recommends funding related to Medicaid services at 12.03 percent in each fiscal year of the 2005-07 biennium based upon the FY 2003-04 workload; this is compared to 3 percent approved by the 2003 Legislature.

ENERGY CONSERVATION

The Nevada State Office of Energy (NSOE) is responsible for implementing the Governor's Comprehensive Energy Plan for Nevada and serving as the State's point of contact for the Energy Efficiency and the Renewable Energy Division of the U.S. Department of Energy's State Energy Program (SEP). The NSOE administers grants and contracts that promote the economic development of the state, encourages conservation and energy efficiency, as well as the development of renewable energy sources in Nevada. The activities of the NSOE include energy emergency support, energy policy formulation and implementation, technical assistance and public information and education. The NSOE was transferred from the Department of Business & Industry (B & I) to the Office of the Governor under the Governor's Energy Advisor in December 2001 (A.B. 661 - 2001 Legislative Session).

The Governor is recommending a new Deputy Director position to be funded from a General Fund appropriation and a new Grants and Projects Analyst to be federally funded. The agency has not received a general fund appropriation in the past.

The governor is recommending a one-time appropriation of \$125,000 to use contractors to update the state's Energy Assurance Plan.

ATTORNEY GENERAL

The Office of the Attorney General (AG) serves as legal advisor to nearly all state agencies, boards, and commissions and assists the county district attorneys of the state. The office consists of nine divisions and four fraud units. The four fraud units are the Workers' Compensation Fraud Unit, the Medicaid Fraud Unit, the Insurance Fraud Unit, and the Office of Consumer Protection. The Executive Budget recommends reorganizing the Office of the Attorney General's fraud units by eliminating the Insurance Fraud Unit, and transferring all revenues and expenditures (and associated 10 FTE positions) to the Worker's Compensation Fraud Unit. In addition, The Executive Budget recommends further reorganization of the Worker's Compensation Fraud Unit by eliminating 2 Investigator positions and reclassifying 2 existing positions, resulting in net expenditure reductions of \$318,344.

The Executive Budget recommends the creation of a new Violence Against Women Grant budget, which would consolidate all domestic violence grants into one budget.

To address the increasing workload in the Office of the Attorney General, The Executive Budget recommends 8 new positions: an Investigator and a Legal Secretary for the Litigation Division, funded with General Funds and fees; 2 Investigators for Insurance Fraud, funded with reserve reductions; a Legal Secretary, an Investigator, and a Program Assistant for Consumer Protection, funded with General Funds and reserve reductions; and an Administrative Assistant for Domestic Violence, funded with federal funds. In addition, the Governor recommends \$208,297 to upgrade a total of 13 positions within the Office of the Attorney General to be funded with a combination of General Funds, interagency transfers, and court assessments.

The Executive Budget recommends \$436,828 to purchase computer hardware and software for the various divisions and units in the Office of the Attorney General as recommended by the Department of Information Technology replacement schedule. The Governor recommends funding the replacement equipment purchases primarily through General Fund appropriations totaling \$386,314 for the 2005-07 biennium, with the balance coming from federal funds and interagency transfers.

The Executive Budget recommends appropriating \$1 million in FY 2005-06 to fund legal costs for activities to prevent the location of a federal nuclear waste repository at Yucca Mountain. The Governor recommends this appropriation be authorized for use in both years of the 2005-07 biennium.

CONTROLLER'S OFFICE

The State Controller maintains the state's accounting system and publishes the annual financial statements. The Executive Budget recommends \$7.83 million for the 2005-07 biennium, which is the same amount approved for the 2003-05 biennium. The Governor recommends General Funds totaling \$120,456 to reclassify 10 existing classified positions and \$39,969 for salary and benefit increases for 2 unclassified positions. The Governor also recommends funding to purchase computer hardware and software to expand the Data Warehouse of Nevada (DAWN) storage capacity and for ongoing IFS software maintenance costs.

SECRETARY OF STATE

The Secretary of State maintains records of all official acts of the legislative and executive branches of government, keeps records of all corporations and limited partnerships in Nevada, and is the chief election official of the state. The Governor recommends funding for several enhancements to the Secretary of State's budget for the 2005-07 biennium that are related to two major projects: 1) implementation and maintenance of the e-SoS system, allowing electronic filing of commercial recording documents and electronic payment of the required fees for various filing services provided; and 2) implementation and maintenance of the Statewide Voter Registration System (SVRS) mandated by the Help America Vote Act of 2001 (HAVA). The Executive Budget recommends funding for 6 new Information Technology positions to maintain and support the e-SoS and SVRS systems. The Governor also recommends a new Deputy position to assist the Chief Deputy and Deputy of Elections and a new Compliance Audit Investigator position in the Securities Division. The Governor recommends General Fund support of \$11.6 million in FY 2005-06, an increase of 7.6 percent over FY 2004-05; an additional 6.5 percent increase is recommended in FY 2006-07.

STATE TREASURER

The State Treasurer is responsible for the receipt and disbursement of all monies of the state; invests the state's idle cash; and handles the state's bond programs, including the Municipal Bond Bank. The Treasurer is also responsible for administration of the Higher Education Tuition Trust; the Millennium Scholarship program; the College Savings Program; and the Unclaimed Property Division, which was transferred to the Treasurer's Office from the Department of Business and Industry (B&I) by the 2001 Legislature.

The Governor recommends \$2.2 million in General Funds for FY 2005-06, an increase of 13.1 percent over FY 2004-05; an additional 1.1 percent increase is recommended in FY 2006-07.

STATE DEBT

The Nevada Constitution limits the aggregate principal amount of the state's General Fund obligation debt at 2 percent of the total assessed value of the state. The limitation does not extend to debt incurred for the protection and preservation of property or natural resources of the state.

The Office of the State Treasurer indicates that the estimated unused bonding capacity as of June 30, 2004, is approximately \$469 million. The Governor's Capital Improvement Program recommends issuing \$224.9 million in new bonds, which would require retaining the current property tax debt rate of 16 cents per \$100 of assessed valuation.

HIGHER EDUCATION TUITION ADMINISTRATION (PREPAID TUITION)

The Nevada Higher Education Tuition Program is a qualified IRS Section 529 plan that provides a method to prepay tuition in advance of enrollment at an institution of higher education. The program was originally established through S.B. 271 of the 1997 Legislative Session and included a sunset provision at the end of FY 2000-01. Assembly Bill 554 of the 2001 Legislative Session retained the Prepaid Tuition program. The Prepaid Tuition program covers the costs of undergraduate studies at a university, state college or community college within the University & Community College System (UCCSN). The Prepaid Tuition Administration account includes revenues and costs associated with administration of the program. Prepaid Tuition Trust Fund receipts and expenditures are not reflected in The Executive Budget.

The Higher Education Tuition Administration account was established and maintained with the assistance of General Fund appropriation loans totaling \$4.4 million (FY 1997-98 through FY 2002-03). The 2003 Legislature approved the Governor's recommendation to begin funding the Prepaid Tuition Administration account entirely with transfers from the Higher Education Tuition Trust Fund, and initiate repayment of the General Fund loans. Through FY 2003-04, the Higher Education Tuition Administration budget has repaid or reverted \$726,099 to the General Fund. The agency anticipates the \$3.67 million loan balance will be repaid by the end of FY 2012-13. The Governor recommends General Fund payback amounts of \$125,000 in FY 2005-06 and \$175,000 in FY 2006-07.

The Governor recommends transferring a Senior Deputy State Treasurer position and a half-time Information Technology position to the administration budget.

MILLENNIUM SCHOLARSHIP ADMINISTRATION

The Millennium Scholarship program was recommended by the Governor and approved by the 1999 Legislature to increase the number of Nevada students who attend and graduate from Nevada institutions of higher education. Generally, to be eligible for a Millennium Scholarship, a student must graduate from a high school in

Nevada with at least a 3.1 grade point average (which will increase to 3.25 beginning with the graduating class of 2007), pass all areas of the Nevada High School Proficiency Examination (HSPE), and have been a resident of Nevada for at least two years of high school. The maximum total award is \$10,000. Program costs are paid from the Millennium Scholarship trust fund which receives 40 percent of all money collected by the state of Nevada pursuant to the tobacco settlement agreement. Trust Fund revenues are not reflected in The Executive Budget.

Projections of Millennium Scholarship program costs and trust fund revenues indicate that program costs will exceed trust fund revenues in FY 2005-06. In order to continue the Millennium Scholarship program, the Governor recommends the sale of bonds to provide a one-time influx of \$100 million to the Millennium Scholarship trust fund. The Governor proposes to pledge annual proceeds of \$7.6 million from the Unclaimed Property trust fund to retire the bonds.

The Governor recommends the addition of one new Administrative Assistant position and the transfer of a half-time Information Technology position to administration.

COLLEGE SAVINGS PROGRAM ADMINISTRATION

Assembly Bill 554 of the 2001 Legislative Session established the Nevada College Savings Program, which provides an additional IRS Section 529 educational savings program for the children of Nevada. The plan allows individuals to contribute to a child's account and to then use the savings proceeds to pay for qualified higher education expenses. Withdrawals that are used for qualified educational expenses are not subject to federal taxation. The value of each account is based upon investment performance. Unlike the Prepaid Tuition program, which locks-in the cost of future educational expenses at current prices, the value of college savings plans is subject to investment risk. Savings plan proceeds can be used at any eligible educational institution in the United States.

The Governor recommends transfers to the Higher Education Tuition Administration budget totaling \$125,000 in FY 2005-06 and \$175,000 in FY 2006-07 to assist with the General Fund payback of Prepaid Tuition program loans.

ETHICS COMMISSION

The Ethics Commission was created by the 1985 Legislature and consists of eight members. The Commission is responsible for receiving inquiries and complaints involving the ethical conduct of public officials and employees, providing ethical guidance through published opinions, and maintaining records of financial disclosure of candidates for public offices and officeholders.

The 2003 Legislature passed A.B. 551, which allocates the Commission's operating costs between state and local governments based upon usage of the agency and the population of the local government. The Executive Budget recommends the state

finance 35 percent of the Ethics Commission's budget with the balance financed by local governments.

In September 2004, the Interim Finance Committee (IFC) approved funding to establish an office in Las Vegas, which includes one additional position. The Executive Budget recommends funding to continue the office in Las Vegas during the 2005-07 biennium. The Governor also recommends one new position for the Las Vegas office to provide the Commission with investigative assistance and support.

LEGISLATIVE COUNSEL BUREAU

The Legislative Counsel Bureau is the administrative support agency for the Nevada Legislature. The Bureau includes an Administrative Division, Legal Division, Research Division, Audit Division and Fiscal Analysis Division. The 2003 Legislature, through passage of S.B. 504, approved the transfer of the State Printing Office from the Department of Administration to the Legislative Counsel Bureau.

Total Funding of \$27.1 million in FY 2005-06 and \$26.8 million in FY 2006-07 is included in The Executive Budget to support the operations of the Legislative Counsel Bureau during the 2005-07 biennium.

JUDICIAL BRANCH

The budgets of judicial agencies are included in The Executive Budget but are not subject to review by the Governor pursuant to NRS 353.246. Therefore, all judiciary budget amounts presented in this report reflect funding requests to the Legislature as presented by the Courts, without any adjustments by Executive Branch staff.

The judiciary budgets include funding for the Supreme Court, the Administrative Office of the Courts (AOC), the Division of Planning and Analysis, and the Uniform System of Judicial Records. The budgets also include funding for the salaries, travel expenses and pension costs of District Court Judges; the continuing education requirements of judges, justices of the peace, municipal court judges and Supreme Court personnel; and the salaries and travel expenses of retired judges and justices who are recalled by the Chief Justice to expedite judicial business. Also included in the judiciary budgets, is funding for Specialty Courts throughout the State, the Supreme Court Law Library, the Commission on Judicial Selection, and the Commission on Judicial Discipline.

The Judicial Branch budgets are supported primarily through General Fund appropriations and court administrative assessments. Other sources of funding include District Judge disqualification fees, filing fees, miscellaneous other fees and federal grants. Pursuant to NRS 176.059, 51 percent of the revenue that is deposited to the state General Fund from court administrative assessments against defendants, who plead or are found guilty of misdemeanors, must be distributed to the Office of Court Administrator for allocation among the various judicial budgets.

The Executive Budget requests an increase of 1.0 percent for the Judiciary Branch's total budget from the FY 2004-05 work program amount of approximately \$37.3 million to approximately \$37.7 million in FY 2005-06. In FY 2006-07, the total budget of approximately \$38.9 million represents an increase of 3.1 percent from the amount the judiciary is requesting in FY 2005-06. Although the increase in the overall budget is minimal, the General Fund request of approximately \$23.1 million for FY 2005-06 is 10.7 percent higher than amounts approved in FY 2004-05. In FY 2006-07, the request for General Fund appropriations is approximately \$23.9 million, which is an increase of 3.4 percent from the amount requested in FY 2005-06.

The Judicial Branch budgets include a request to remove 16 senior management positions from the unclassified service of the state and move them to non-classified positions and to authorize the Supreme Court to establish the salaries of those positions without legislative approval. The budgets also include a request totaling \$237,474 in each year of the 2005-07 biennium for a restructuring of the senior professional management staff positions to ensure the appropriate salary levels for those positions and to align supervisory attorney position salaries with comparable positions in the court system and in other state agencies.

The Executive Budget request for FY 2005-06 represents a 10.5 percent increase over the amount approved in FY 2004-05. The General Fund portion of the budget for FY 2005-06 (approximately \$6.1 million) increases by 15.7 percent from the General Fund appropriation approved for FY 2004-05. In the maintenance decision units General Fund support totaling \$225,090 in FY 2005-06 and \$252,680 in FY 2006-07 is requested for 4 new positions. The positions include a Court Document Specialist, a Facilities Manager, an Electronics Technician, and an Attorney for the Civil Division. The expenditures associated with the Court Document Specialist position are offset by reductions in operating expenditures for printing.

General Fund support for the Division of Planning and Analysis is requested at \$654,272, an increase of 30.8 percent over FY 2004-05; an additional 5.0 percent increase is requested in FY 2006-07. A new Rural Courts Coordinator position is requested at a cost of \$73,346 in FY 2005-06 and \$91,375 in FY 2006-07 based on a recommendation from the Interim Study of the Criminal Justice System in Rural Nevada and Transitional Housing for Released Offenders, which was created by the 2003 Legislature through the enactment of SCR 32. The division's budget also includes a request to transfer a Judicial Branch Auditor position to the division from the AOC budget. Currently, the position is funded entirely with court administrative assessment revenue; however, if the transfer of the position is approved, it would be funded through General Fund appropriations totaling \$94,639 in FY 2005-06 and \$96,070 in FY 2006-07.

The Uniform System for Judicial Records account includes \$91,076 in FY 2006-07 for the addition of a Data Base Specialist position to provide in-house support for the Multi-County Integrated Justice Information System software application. The account

is funded through court administrative assessments, district court filing fees and user charges.

For the Retired Justice Duty Fund, The Executive Budget includes General Fund appropriations totaling \$1.2 million in FY 2005-06 and \$1.8 million in FY 2006-07 to establish a more comprehensive senior judge program statewide. The budget account funds the costs associated with recalling former judges to expedite judicial business, to assist in districts with congested calendars and to act for those judges who are disqualified or unable to perform for any reason. The enhanced program requested in The Executive Budget would attempt to alleviate the congested court calendar in the Eighth Judicial District (Clark County).

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
CONSTITUTIONAL AGENCIES						
ELECTED OFFICIALS						
OFFICE OF THE GOVERNOR	2,281,890	2,426,736	2,342,288	-3.48	2,404,421	2.65
GENERAL FUND	2,106,758	2,244,236	2,311,736	3.01	2,342,738	1.34
BALANCE FORWARD		182,500		-100.00		
INTER AGENCY TRANSFER	175,132		30,552		61,683	101.90
MANSION MAINTENANCE	231,979	347,840	282,698	-18.73	352,301	24.62
GENERAL FUND	231,979	347,840	280,169	-19.45	347,193	23.92
INTER AGENCY TRANSFER			2,529		5,108	101.98
WASHINGTON OFFICE	267,079	267,079	267,079		267,079	
INTER AGENCY TRANSFER	267,079	267,079	267,079		267,079	
HIGH LEVEL NUCLEAR WASTE	4,997,646	4,681,046	4,111,790	-12.16	4,113,207	.03
GENERAL FUND	978,945	981,416	1,048,956	6.88	1,037,304	-1.11
BALANCE FORWARD	950,244	599,630		-100.00		
FEDERAL FUND	1,210,459	2,650,000	150,000	-94.34	150,000	
INTER AGENCY TRANSFER	1,857,997	450,000	2,912,834	547.30	2,925,903	.45
OTHER FUND	1					
NEVADA PROTECTION ACCOUNT		1,622,853	2,000,000	23.24		-100.00
GENERAL FUND			2,000,000			-100.00
BALANCE FORWARD		522,853		-100.00		
INTERIM FINANCE		1,100,000		-100.00		
GOV, OFFICE OF CONSUMER HEALTH AS	697,551	840,246	917,585	9.20	949,073	3.43
GENERAL FUND	456,308	382,952	505,404	31.98	491,928	-2.67
BALANCE FORWARD	41,069	112,941	117,838	4.34	156,498	32.81
INTER AGENCY TRANSFER	18,634	18,697	99,705	433.27	106,650	6.97
OTHER FUND	181,540	325,656	194,638	-40.23	193,997	-.33
ENERGY CONSERVATION	863,043	1,483,869	992,561	-33.11	1,041,677	4.95
GENERAL FUND			58,777		81,203	38.15
BALANCE FORWARD	-266,669					
FEDERAL FUND	807,291	1,125,601	861,363	-23.48	888,053	3.10
INTER AGENCY TRANSFER	250,000	250,000		-100.00		
OTHER FUND	72,421	108,268	72,421	-33.11	72,421	
LIEUTENANT GOVERNOR	477,630	512,210	533,853	4.23	562,002	5.27
GENERAL FUND	477,630	512,210	527,878	3.06	549,948	4.18
INTER AGENCY TRANSFER			5,975		12,054	101.74
ATTORNEY GENERAL ADMIN FUND	19,377,523	20,738,833	21,629,831	4.30	22,246,298	2.85
GENERAL FUND	9,505,908	10,832,555	10,862,981	.28	10,999,611	1.26
INTER AGENCY TRANSFER	9,268,624	9,235,821	9,949,208	7.72	10,415,581	4.69
OTHER FUND	602,991	670,457	817,642	21.95	831,106	1.65
SPECIAL FUND	1,042,219	731,301	1,121,168	53.31	121,168	-89.19
GENERAL FUND	999,671	81,301	1,078,620	1,226.70	78,620	-92.71
INTERIM FINANCE		650,000		-100.00		
OTHER FUND	42,548		42,548		42,548	

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
CONSTITUTIONAL AGENCIES						
ATTORNEY GENERAL INSURANCE FRAU	903,713	1,260,657		-100.00		
BALANCE FORWARD	-73,656	262,080		-100.00		
INTER AGENCY TRANSFER	961,233	980,779		-100.00		
OTHER FUND	16,136	17,798		-100.00		
AG MEDICAID FRAUD	1,603,705	1,776,699	1,684,127	-5.21	1,713,045	1.72
GENERAL FUND		1,000	31,572	3,057.20	288,290	813.12
BALANCE FORWARD	255,580	359,822	249,649	-30.62		-100.00
FEDERAL FUND	1,254,146	1,188,145	1,308,357	10.12	1,330,206	1.67
OTHER FUND	93,979	227,732	94,549	-58.48	94,549	
ATTORNEY GENERAL-WORKERS' COMP	2,174,733	2,480,899	4,030,999	62.48	4,113,702	2.05
BALANCE FORWARD			420,858		434,946	3.35
INTER AGENCY TRANSFER	399	30	1,127,607	3,758,590.00	1,128,445	.07
OTHER FUND	2,174,334	2,480,869	2,482,534	.07	2,550,311	2.73
AG OFFICE OF CONSUMER PROTECTION	3,541,495	4,450,851	4,654,492	4.58	4,657,712	.07
GENERAL FUND	1,146,735	1,221,264	1,319,034	8.01	1,372,577	4.06
BALANCE FORWARD	-221,939	724,244	778,111	7.44	706,063	-9.26
INTER AGENCY TRANSFER	2,063		52,004		73,729	41.78
OTHER FUND	2,614,636	2,505,343	2,505,343		2,505,343	
AG CRIME PREVENTION	225,675	232,978	256,554	10.12	262,800	2.43
GENERAL FUND	183,856	203,927	210,485	3.22	212,332	.88
INTER AGENCY TRANSFER			4,250		8,649	103.51
OTHER FUND	41,819	29,051	41,819	43.95	41,819	
ATTORNEY GENERAL TORT CLAIM FUNC	2,511,672	8,843,127	8,510,158	-3.77	8,345,986	-1.93
BALANCE FORWARD	-1,792,275	4,526,397	4,540,511	.31	4,118,128	-9.30
INTER AGENCY TRANSFER	4,243,947	4,311,730	3,909,647	-9.33	4,167,858	6.60
OTHER FUND	60,000	5,000	60,000	1,100.00	60,000	
AG EXTRADITION COORDINATOR	663,231	664,165	667,887	.56	667,079	-.12
GENERAL FUND	554,516	550,845	564,965	2.56	561,388	-.63
INTER AGENCY TRANSFER			2,716		5,485	101.95
OTHER FUND	108,715	113,320	100,206	-11.57	100,206	
AG COUNCIL FOR PROSECUTING ATTOF	175,402	128,711	189,158	46.96	204,643	8.19
GENERAL FUND		100	100		100	
BALANCE FORWARD	24,644	6,429	13,078	103.42	19,724	50.82
INTER AGENCY TRANSFER	21,046		40,000		40,000	
OTHER FUND	129,712	122,182	135,980	11.29	144,819	6.50
AG, VICTIMS OF DOMESTIC VIOLENCE	1,579,515	2,103,139	283,481	-86.52	310,143	9.41
GENERAL FUND			68,972		70,463	2.16
BALANCE FORWARD	-144,801	146,910	95,500	-34.99	120,183	25.85
FEDERAL FUND	1,650,479	1,890,156	45,172	-97.61	45,660	1.08
OTHER FUND	73,837	66,073	73,837	11.75	73,837	
VIOLENCE AGAINST WOMEN GRANTS			2,095,269		1,816,166	-13.32
FEDERAL FUND			2,095,269		1,816,166	-13.32

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
CONSTITUTIONAL AGENCIES						
CONTROLLER'S OFFICE	3,606,855	3,937,896	3,988,951	1.30	4,048,525	1.49
GENERAL FUND	3,606,493	3,937,896	3,913,767	-0.61	3,916,389	0.07
INTER AGENCY TRANSFER			74,822		131,774	76.12
OTHER FUND	362		362		362	
SECRETARY OF STATE	9,290,341	10,762,832	11,577,537	7.57	12,333,034	6.53
GENERAL FUND	5,663,729	6,231,619	7,750,891	24.38	8,341,307	7.62
BALANCE FORWARD	156,284	985,663		-100.00		
INTER AGENCY TRANSFER			174,220		313,058	79.69
OTHER FUND	3,470,328	3,545,550	3,652,426	3.01	3,678,669	0.72
SoS HAVA ELECTION REFORM	3,015,979	19,088,637	4,822,812	-74.73	2,801,060	-41.92
GENERAL FUND		299,820	724	-99.76	1,325	83.01
BALANCE FORWARD	2,928,549	2,071,452	4,820,026	132.69	2,795,411	-42.00
FEDERAL FUND		16,166,810		-100.00		
INTER AGENCY TRANSFER		550,555	2,062	-99.63	4,324	109.70
OTHER FUND	87,430					
STATE TREASURER	1,749,127	1,919,094	2,170,915	13.12	2,194,972	1.11
GENERAL FUND	1,239,186	1,458,169	1,616,868	10.88	1,597,147	-1.22
BALANCE FORWARD	-31,196	31,197		-100.00		
INTER AGENCY TRANSFER	399,429	306,397	289,185	-5.62	336,586	16.39
OTHER FUND	141,708	123,331	264,862	114.76	261,239	-1.37
TREASURER HIGHER EDUCATION TUITION	419,781	677,500	598,864	-11.61	643,561	7.46
INTER AGENCY TRANSFER			125,000		175,000	40.00
OTHER FUND	419,781	677,500	473,864	-30.06	468,561	-1.12
MILLENNIUM SCHOLARSHIP ADMINISTRATION	328,868	325,732	372,988	14.51	391,827	5.05
OTHER FUND	328,868	325,732	372,988	14.51	391,827	5.05
UNCLAIMED PROPERTY	722,758	814,530	1,024,127	25.73	1,051,120	2.64
OTHER FUND	722,758	814,530	1,024,127	25.73	1,051,120	2.64
NEVADA COLLEGE SAVINGS TRUST	199,391	531,921	578,297	8.72	628,232	8.63
BALANCE FORWARD	-190,608	238,067	238,067		238,067	
OTHER FUND	389,999	293,854	340,230	15.78	390,165	14.68
BOND INTEREST & REDEMPTION	134,038,395	182,202,498	206,282,068	13.22	226,446,485	9.78
BALANCE FORWARD	-13,877,517	54,199,818	43,672,787	-19.42	54,227,499	24.17
INTER AGENCY TRANSFER	741,249	6,760,241	4,763,664	-29.53	4,970,239	4.34
OTHER FUND	147,174,663	121,242,439	157,845,617	30.19	167,248,747	5.96
MUNICIPAL BOND BANK REVENUE	82,432,913	87,521,429	92,283,055	5.44	87,035,547	-5.69
BALANCE FORWARD	-16,122	16,122		-100.00		
OTHER FUND	82,449,035	87,505,307	92,283,055	5.46	87,035,547	-5.69
MUNICIPAL BOND BANK DEBT SERVICE	82,665,783	87,540,370	92,408,819	5.56	87,162,415	-5.68
INTER AGENCY TRANSFER	82,413,994	87,490,370	92,228,296	5.42	86,981,892	-5.69
OTHER FUND	251,789	50,000	180,523	261.05	180,523	

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
CONSTITUTIONAL AGENCIES						
ETHICS COMMISSION	346,920	419,329	602,078	43.58	609,398	1.22
GENERAL FUND	111,387	141,814	202,295	42.65	202,828	.26
INTER AGENCY TRANSFER			10,671		12,965	21.50
INTERIM FINANCE		37,532		-100.00		
OTHER FUND	235,533	239,983	389,112	62.14	393,605	1.15
TOTAL-ELECTED OFFICIALS	362,432,812	451,335,007	473,281,489	4.86	479,494,678	1.31
GENERAL FUND	27,263,101	29,428,964	34,354,194	16.74	32,492,691	-5.42
BALANCE FORWARD	-12,258,413	64,986,125	54,946,425	-15.45	62,816,519	14.32
FEDERAL FUND	4,922,375	23,020,712	4,460,161	-80.63	4,230,085	-5.16
INTER AGENCY TRANSFER	100,620,826	110,621,699	116,072,026	4.93	112,144,062	-3.38
INTERIM FINANCE		1,787,532				.00
OTHER FUND	241,884,923	221,489,975	263,448,683	18.94	267,811,321	1.66

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
CONSTITUTIONAL AGENCIES						
JUDICIAL BRANCH						
DISTRICT JUDGE/SURVIVING SPOUSE PI	1,459,900	1,503,700	1,554,600	3.38	1,608,800	3.49
GENERAL FUND	1,459,900	1,503,700	1,554,600	3.38	1,608,800	3.49
SUPREME COURT	9,269,615	10,448,465	11,541,295	10.46	11,586,252	.39
GENERAL FUND	4,314,134	5,241,966	6,065,500	15.71	5,960,312	-1.73
INTER AGENCY TRANSFER			146,606		296,751	102.41
OTHER FUND	4,955,481	5,206,499	5,329,189	2.36	5,329,189	
ADMINISTRATIVE OFFICE OF THE COUR	1,315,940	2,075,888	1,929,861	-7.03	1,902,032	-1.44
BALANCE FORWARD	-194,789	480,696	305,468	-36.45	277,639	-9.11
OTHER FUND	1,510,729	1,595,192	1,624,393	1.83	1,624,393	
DIVISION OF PLANNING & ANALYSIS	475,487	736,921	776,104	5.32	816,688	5.23
GENERAL FUND	342,218	500,414	654,272	30.75	686,670	4.95
FEDERAL FUND	113,994	236,507	113,994	-51.80	113,994	
INTER AGENCY TRANSFER	19,275		7,838		16,024	104.44
UNIFORM SYSTEM OF JUDICIAL RECORD	837,735	2,103,394	1,831,161	-12.94	1,716,711	-6.25
BALANCE FORWARD	-349,799	641,771	607,338	-5.37	487,888	-19.67
INTER AGENCY TRANSFER	226,507	115,964	80,000	-31.01	40,000	-50.00
OTHER FUND	961,027	1,345,659	1,143,823	-15.00	1,188,823	3.93
JUDICIAL EDUCATION	548,822	1,268,613	1,185,592	-6.54	1,142,035	-3.67
BALANCE FORWARD	-205,858	492,574	395,347	-19.74	351,790	-11.02
INTER AGENCY TRANSFER	579					
OTHER FUND	754,101	776,039	790,245	1.83	790,245	
DISTRICT JUDGES' SALARY	11,319,873	11,661,641	11,664,365	.02	11,829,529	1.42
GENERAL FUND	11,319,873	11,661,641	11,664,365	.02	11,829,529	1.42
SPECIALTY COURT	1,535,197	4,427,073	2,964,931	-33.03	3,307,118	11.54
GENERAL FUND	328,586					
BALANCE FORWARD	-821,654	821,655	342,189	-58.35	684,376	100.00
FEDERAL FUND	34,557	159,663		-100.00		
OTHER FUND	1,993,708	3,445,755	2,622,742	-23.88	2,622,742	
JUDICIAL TRAVEL AND SUPPORT	178,565	496,506	568,765	14.55	661,246	16.26
BALANCE FORWARD	-97,585	220,306	292,575	32.80	385,056	31.61
OTHER FUND	276,150	276,200	276,190	-.00	276,190	
RETIRED JUSTICE DUTY FUND	283,145	650,698	1,728,199	165.59	2,288,826	32.44
GENERAL FUND			1,200,000		1,800,000	50.00
BALANCE FORWARD	-85,977	172,120	167,572	-2.64	128,199	-23.50
OTHER FUND	369,122	478,578	360,627	-24.65	360,627	
JUDICIAL SELECTION	13,073	4,998	8,859	77.25	8,859	
GENERAL FUND	4,998	4,998	8,859	77.25	8,859	
INTERIM FINANCE	8,075					

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
CONSTITUTIONAL AGENCIES						
LAW LIBRARY	1,382,358	1,455,866	1,457,805	.13	1,505,750	3.29
GENERAL FUND	1,377,159	1,449,819	1,444,867	-.34	1,484,229	2.72
INTER AGENCY TRANSFER			8,163		16,746	105.15
OTHER FUND	5,199	6,047	4,775	-21.04	4,775	
JUDICIAL DISCIPLINE	442,318	488,363	499,137	2.21	500,008	.17
GENERAL FUND	440,014	488,363	494,292	1.21	490,235	-.82
INTER AGENCY TRANSFER			4,845		9,773	101.71
OTHER FUND	2,304					
TOTAL-JUDICIAL BRANCH	29,062,028	37,322,126	37,710,674	1.04	38,873,854	3.08
GENERAL FUND	19,586,882	20,850,901	23,086,755	10.72	23,868,634	3.39
BALANCE FORWARD	-1,755,662	2,829,122	2,110,489	-25.40	2,314,948	9.69
FEDERAL FUND	148,551	396,170	113,994		113,994	.00
INTER AGENCY TRANSFER	246,361	115,964	247,452	113.39	379,294	53.28
INTERIM FINANCE	8,075					
OTHER FUND	10,827,821	13,129,969	12,151,984	-7.45	12,196,984	.37
LEGISLATIVE BRANCH						
LEGISLATIVE COUNSEL BUREAU	24,322,457	26,733,797	27,088,275	1.33	26,820,521	-.99
GENERAL FUND	23,136,891	22,116,106	25,567,295	15.60	26,364,616	3.12
BALANCE FORWARD	-445,436	3,933,075		-100.00		
HIGHWAY FUND	7,500	7,500	2,500	-66.67	2,500	
INTER AGENCY TRANSFER	344,061	325,000	125,000	-61.54	115,000	-8.00
OTHER FUND	1,279,441	352,116	1,393,480	295.74	338,405	-75.72
NEVADA LEGISLATURE INTERIM	438,333	473,530	503,927	6.42	515,062	2.21
GENERAL FUND	475,115	473,530	503,927	6.42	515,062	2.21
BALANCE FORWARD	-36,782					
PRINTING OFFICE	2,936,219	5,443,495	3,345,002	-38.55	3,934,404	17.62
BALANCE FORWARD	-1,218,096	2,029,514		-100.00		
INTER AGENCY TRANSFER	4,154,240	3,413,981	3,337,002	-2.25	3,572,404	7.05
OTHER FUND	75		8,000		362,000	4,425.00
PRINTING OFFICE EQUIPMENT PURCHASE	1,314	85,142		-100.00		
BALANCE FORWARD	1,314	85,142		-100.00		
INTERIM FINANCE COMMITTEE	4,814,506	24,639,191		-100.00		
GENERAL FUND	13,324,391	15,806,488		-100.00		
BALANCE FORWARD	-8,670,753	8,670,753		-100.00		
HIGHWAY FUND	160,868	161,950		-100.00		
TOTAL-LEGISLATIVE BRANCH	32,512,829	57,375,155	30,937,204	-46.08	31,269,987	1.08
GENERAL FUND	36,936,397	38,396,124	26,071,222	-32.10	26,879,678	3.10
BALANCE FORWARD	-10,369,753	14,718,484				.00
HIGHWAY FUND	168,368	169,450	2,500		2,500	.00
INTER AGENCY TRANSFER	4,498,301	3,738,981	3,462,002	-7.41	3,687,404	6.51
OTHER FUND	1,279,516	352,116	1,401,480	298.02	700,405	-50.02

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
CONSTITUTIONAL AGENCIES						
CONSTITUTIONAL AGENCIES						
GENERAL FUND	83,786,380	88,675,989	83,512,171	-5.82	83,241,003	-.32
BALANCE FORWARD	-24,383,828	82,533,731	57,056,914	-30.87	65,131,467	14.15
FEDERAL FUND	5,070,926	23,416,882	4,574,155	-80.47	4,344,079	-5.03
HIGHWAY FUND	168,368	169,450	2,500	-98.52	2,500	
INTER AGENCY TRANSFER	105,365,488	114,476,644	119,781,480	4.63	116,210,760	-2.98
INTERIM FINANCE	8,075	1,787,532				
OTHER FUND	253,992,260	234,972,060	277,002,147	17.89	280,708,710	1.34
TOTAL-CONSTITUTIONAL AGENCIES	424,007,669	546,032,288	541,929,367	- .75	549,638,519	1.42
Less: INTER AGENCY TRANSFER	105,365,488	114,476,644	119,781,480	4.63	116,210,760	-2.98
NET-CONSTITUTIONAL AGENCIES	318,642,181	431,555,644	422,147,887	-2.18	433,427,759	2.67

FINANCE AND ADMINISTRATION

Finance and Administration includes those agencies that generally control, coordinate, assist and provide services to other agencies and programs in state government. These include the Department of Administration, which includes the Budget Division, Internal Audit, Insurance Loss and Prevention, Purchasing, Buildings and Grounds and the Public Works Board; the Department of Taxation; the Department of Personnel; and the Department of Information Services.

The Governor has recommended General Fund appropriations for Finance and Administration of \$88.2 million in FY 2005-06 and \$72.2 million in FY 2006-07. After excluding appropriations for salary adjustments (\$51.0 million over the 2005-07 biennium) and information technology projects (including the Department of Taxation, \$43.9 million over the 2005-07 biennium), General Fund appropriations are recommended to increase by 11.8 percent in FY 2005-06 over FY 2004-05 levels and decrease by 11.9 percent in FY 2006-07. The large increase in FY 2005-06 is due mainly to additional personnel for the Department of Taxation added during the interim period with the approval of the Interim Finance Committee and deferred maintenance funds for state buildings recommended within the Buildings and Grounds budget. The budget recommendations for all funding sources are \$170.2 million in FY 2005-06 and \$169.5 million in FY 2006-07 after inter-agency transfers are deducted.

DEPARTMENT OF ADMINISTRATION

BUDGET AND PLANNING DIVISION

The Budget and Planning Division provides policy direction, management oversight and coordinated planning for state agencies. The division's primary duties are to prepare and present The Executive Budget and to provide staff support to the State Board of Examiners and the Economic Forum. The Governor's budget recommends 2 new positions: a new Chief Assistant for Policy and Planning and a Public Service Intern. Total funding is recommended at \$3.2 million in FY 2005-06, with an increase to \$3.7 million in FY 2006-07, compared to the legislatively approved amount for FY 2004-05 of \$3.3 million.

SALARY ADJUSTMENTS

The Executive Budget recommends a 2 percent salary increase for all employee groups (state, UCCSN and school districts) in each year of the 2005-07 biennium. An additional two-grade pay increase is recommended for law enforcement personnel within the Department of Corrections, Public Safety, Wildlife and Conservation and Natural Resources. A two-grade pay increase is also recommended for nurses, dispatchers and some youth correctional staff.

ADMINISTRATIVE SERVICES DIVISION

The Administrative Services Division provides administrative support to the Department of Administration, including accounting, budgeting, contract administration, fiscal, and management analysis. The division also provides fiscal services to the Board of Examiners, the Governor's Office, the Deferred Compensation Committee, and the Ethics Commission. The division allocates charges to the divisions and agencies it serves to pay for its operations. The Executive Budget recommends the addition of 2 positions, an Administrative Services Officer II and an Accounting Assistant II. Total funding for this division is recommended in the amount of \$1.8 million for FY 2005-06, which is an increase of 5.7 percent when compared to the legislatively approved amount for FY 2004-05. In FY 2006-07, funding is recommended to increase 8.2 percent from FY 2005-06.

INFORMATION TECHNOLOGY DIVISION

The Information Technology Division provides budgetary oversight of designated large information technology projects for state agencies and provides a budgetary perspective to statewide information technology issues. In addition, the division provides operational oversight of the Integrated Financial System, the Nevada Executive Budget System, and the Enterprise Electronic Payment System and direct project management of Department of Administration information technology projects. The Executive Budget recommends the addition of one new Information Services Manager position to accommodate the increased number of information technology projects for which the division will provide oversight during the 2005-07 biennium.

The Executive Budget recommends funding of approximately \$21.2 million in FY 2005-06 and \$5.8 million in FY 2006-07 for a total of 19 separate information technology projects for which the division will provide budgetary and/or direct project management oversight. Of the total funding for these projects, approximately \$20.2 million is recommended from the General Fund, \$5.7 million from the Highway Fund, \$922,030 from federal funds, and \$184,572 from other funds. Specific projects recommended include an Offender Tracking System for the Department of Corrections, Phase IV of the Digital Microwave Upgrade project for the Department of Information Technology, and the Nevada "1" Electronic Application expansion project for the Welfare Division.

INSURANCE AND LOSS PREVENTION

The Insurance and Loss Prevention Division (Risk Management) has two major areas of responsibility:

- Insurance and Loss Prevention – This is the administration of the large deductible property insurance program; the self-funded automobile physical liability program; the insurance purchase and management of commercial insurance policies; and

the provision of training, technical assistance and loss prevention information and feedback to agency management and representatives.

- Workers' Compensation – This is the negotiation, purchase, and oversight of the Workers' Compensation Insurance Policy and Program; the coordination and oversight of the statewide safety program; and the promotion and adoption of loss prevention programs to minimize risk.

The Executive Budget recommends total funding of \$24.3 million in FY 2005-06, which represents a 6.8 percent increase over FY 2004-05, and \$25.5 million in FY 2006-07, an additional 5.0 percent increase over the previous year. Costs associated with the Workers' Compensation program are recommended at \$15.0 million in FY 2005-06 and \$16.4 million in FY 2006-07, compared to the FY 2004-05 work program amount of \$13.8 million. These budget amounts provide for claim costs up to the \$2.5 million deductible, insurance premiums for claim costs that exceed \$2.5 million (per incident), and associated broker fees. In addition, reserves for unexpected workers' compensation claims are recommended at \$5.0 million in FY 2005-06 and \$4.7 million in FY 2006-07. Below is a summary of the workers' compensation rates assessed by Risk Management to State agencies (up to \$36,000 salary per employee per calendar year):

Workers' Compensation	Calendar Year 2004	Calendar Year 2005	Calendar Year 2006 (Gov Rec)	Calendar Year 2007 (Gov Rec)
Central Payroll	0.0466	0.0152	0.0286	0.0208
NDOT	0.0262	0.0544	0.0544	0.0444

Expenses for all other lines of coverage besides workers' compensation (deductible amounts, insurance premiums, and broker fees) are recommend at \$1.6 million in FY 2005-06 and \$1.7 million in FY 2006-07 compared to the FY 2004-05 work program amount of \$2.0 million. In addition, reserves for unexpected claims (other than workers' compensation) are recommended at \$750,877 in FY 2005-06 and \$759,092 in FY 2006-07.

DIVISION OF INTERNAL AUDITS

The Division of Internal Audits consists of three sections: The Internal Audits section, which provides innovative solutions to improve the efficiency and effectiveness of executive branch agencies; the Financial Management section, which reviews executive branch agencies' internal controls and provides training to ensure effective financial administration; and the Post Review section, which statistically samples executive branch agency transactions for compliance with laws, regulations, guidelines, and contract stipulations. The Internal Audits section also independently reports to the Executive Branch Audit Committee, which the Governor chairs, and includes the Lieutenant Governor, Secretary of State, State Treasurer, State Controller, Attorney General, and a representative of the public. General Fund support for the division in FY 2005-06 is recommended at \$2.1 million, which represents an increase of

3.5 percent over FY 2004-05 with an additional 8.0 percent increase recommended in FY 2006-07.

STATE MOTOR POOL

The Motor Pool Division is responsible for the administration of the state's vehicle fleet and currently maintains and services 744 vehicles. State agencies have access to vehicles in Carson City, Reno and Las Vegas; service and maintenance of the vehicles are provided at the three facilities. Funding for the division is primarily generated from vehicle rental charges. The Executive Budget includes an increase in the daily rates and monthly rates for all types of vehicles. The cost for each type of monthly rental is recommended to increase by \$13 per month, and the daily rental rates are recommended to increase by \$2 per day for each type of vehicle; per mile surcharges are recommended to increase by two cents per mile. The recommended budget includes funding in the amount of \$60,172 to demolish the existing Las Vegas Motor Pool facility in preparation for the Las Vegas facility's move to another location. Overall funding for the Motor Pool Division is recommended at \$4.6 million, an increase of 12.2 percent in FY 2005-06 from the FY 2004-05 legislatively approved amount, and an additional 6.8 percent is recommended in FY 2006-07.

In the Motor Pool Vehicle Purchase budget account, the Governor recommends the purchase of 151 replacement vehicles at a cost of \$2,662,262 over the 2005-07 biennium and 41 additional vehicles in FY 2005-06 at a cost of \$718,957. Transfers of depreciation from the main Motor Pool budget account and transfers from operating reserve will fund the acquisition of the replacement and new vehicles. The Governor also recommends a one-shot appropriation from the General Fund to purchase 54 new vehicles at a cost of \$1,100,603 FY 2005-06 and FY 2006-07.

COMMODITY FOOD PROGRAM

The Commodity Food Program administers the distribution of food received from the U.S. Department of Agriculture (USDA). Congress authorizes food program entitlements and benefits annually. There is no General Fund appropriation in this account. Food distribution is carried out through three sub-programs. The first distributes food to schools, childcare sites, charitable organizations, senior nutrition programs, and summer camps. The second program distributes food to needy households residing on Indian reservations. The third, the Emergency Food Assistance Program, distributes surplus products to food banks for re-distribution to low-income households statewide. The Executive Budget recommends funding for a new Warehouse Driver/Supervisor position to support the Commodity Supplemental Food Program in the Las Vegas Warehouse. The position is recommended to be funded from service and handling charges for processed food. Position costs would be \$32,776 in FY 2005-06 and 48,178 in FY 2006-07.

DIVISION OF BUILDINGS AND GROUNDS

The Buildings and Grounds Division provides physical maintenance and housekeeping for most state-owned and leased buildings. The Capitol Police Division of the Department of Public Safety provides security services for certain buildings. The Buildings and Grounds Division recovers the security cost as part of the rent charged to state agencies and pays the Department of Public Safety for the service. The primary source of funding for the division is rent charged to state agencies for the use of state-owned building space. Rents collected by the division will total approximately \$28.6 million over the 2005-07 biennium through a charge of \$0.91 per gross square foot.

The Executive Budget recommends \$1.2 million in FY 2005-06 and \$669,355 in FY 2006-07 for building maintenance and renovation projects funded through building rent revenue. In addition, a General Fund appropriation of approximately \$5 million and a Highway Fund appropriation of \$150,000 are recommended for deferred building maintenance projects. The Executive Budget also recommends \$691,157 in FY 2005-06 and \$772,721 in FY 2006-07 for operating and utility costs that will be necessary for the new Department of Motor Vehicles (DMV) building in North Las Vegas and the new Department of Conservation and Natural Resources (DCNR) building in Carson City that will be occupied during the 2005-07 biennium.

The Executive Budget recommends the addition of 6 new positions due to the growth in the number of facilities managed by the division. Total funding for the Buildings and Grounds account is recommended to increase from \$18.0 million in FY 2004-05 to \$23.5 million in FY 2005-06 and decrease to \$17.5 million in FY 2006-07.

STATE PUBLIC WORKS BOARD

The State Public Works Board consists of 7 members. The Director of the Department of Administration serves as a member of the board, and the 6 other members are appointed by the Governor to terms of four years. The State Public Works Board, through its operational staff, is responsible for developing the recommended capital improvement program (CIP), the advance planning, design, and construction of the projects included in the approved CIP, and the provision of architectural and engineering services to all state agencies.

The Executive Budget recommends the addition of 1 new Project Manager position to the current operational staffing of 60 positions, due to the increase in the size of the recommended capital improvement program for the 2005-07 biennium. The new position would be funded through the collection of project management and inspection fees assessed against public works projects. Total funding from project management and inspection fees is recommended to increase from \$4.6 million in FY 2004-05 to \$5.1 million in FY 2005-06 and \$5.2 million in FY 2006-07. Total funding from the General Fund is recommended to increase from \$832,402 in FY 2004-05 to \$925,889 in FY 2005-06 and \$931,788 in FY 2006-07.

HEARINGS DIVISION

The Hearings Division is responsible for adjudicating contested workers' compensation claims for private and public-insured employees, and establishing a bi-level appeal system, utilizing administrative hearings officers at the first administrative level of appeal. Appeals officers, appointed by the Governor, process the second administrative level of appeal. The decision of the appeals officer is the final and binding administrative determination of a workers' compensation claim, and is limited to judicial review by the district court. The division also conducts hearings in Victims of Crime cases and for various state agencies pursuant to interagency agreements. Funding for the division comes primarily from the Workers' Compensation and Safety Fund, with nominal revenues derived from state agencies and the Victims of Crime program. The Governor recommends the addition of 2 positions, a Legal Secretary II and an Administrative Assistant, due to the division's move to a new office during FY 2003-04. The recommended budget increases from \$4.1 million in FY 2004-05 to \$4.6 million in FY 2005-06 and \$4.7 million in FY 2006-07.

VICTIMS OF CRIME

The Victims of Crime program provides compensation to Nevada residents and visitors who are victims of violent crimes committed in the state. Compensation may include counseling, lost wages, financial losses to those responsible for maintaining the victim, living expenses, and funeral and burial expenses. Funding for this program is primarily federal grants and court assessments, fines and fees. From April 2002 to April 2004, claims were reimbursed at a rate of 80 percent. Beginning in April 2004, claims reimbursement was increased to 100 percent. The federal grant that funds this program decreased 21.7 percent FY 2003-04. As a result, overall funding for the program is recommended to decrease by 7.7 percent in FY 2005-06 compared to the legislatively approved amount in FY 2004-05. Funding decreases an additional 2.0 percent in FY 2006-07.

DEPARTMENT OF TAXATION

The Department of Taxation is responsible for administration of most of the tax laws of the state of Nevada, as well as the Local Government Budget Act. In FY 2003-04, gross revenue collected by the Department of Taxation was \$3,644,831,624, an increase of \$713,951,836, or 24.4 percent, above FY 2002-03 revenue collections. General Fund revenues as collected by the Department as compared to projections in FY 2003-04 are noted as follows:

Revenue Source	Projected	Actual	Dollar Change	Percent
Mining Taxes	\$ 11,433,000	\$ 16,817,927	\$ 5,384,927	47.1%
Sales & Use Taxes	\$ 728,392,000	\$ 790,602,667	\$ 62,210,667	8.5%
Live Entertainment - Non-Gaming	\$ 27,491,000	\$ 4,345,868	\$ (23,145,132)	-84.2%
Insurance Premium Taxes	\$ 179,671,000	\$ 194,218,036	\$ 14,547,036	8.1%
Liquor Tax	\$ 31,488,200	\$ 33,025,941	\$ 1,537,741	4.9%
Cigarette Tax	\$ 107,650,000	\$ 106,770,729	\$ (879,271)	-0.8%
Other Tobacco Tax	\$ 5,977,100	\$ 6,927,276	\$ 950,176	15.9%
Business License Fee	\$ 22,729,000	\$ 11,851,752	\$ (10,877,248)	-47.9%
Business License Tax	\$ 20,308,000	\$ 22,216,500	\$ 1,908,500	9.4%
Modified Business Tax - Non-Financial	\$ 139,688,000	\$ 146,161,812	\$ 6,473,812	4.6%
Modified Business Tax - Financial	\$ 15,469,000	\$ 15,487,677	\$ 18,677	0.1%
Branch Bank Excise Tax	\$ 1,302,000	\$ 1,508,192	\$ 206,192	15.8%
Real Property Transfer Tax	\$ 51,423,000	\$ 88,024,738	\$ 36,601,738	71.2%
Total	\$ 1,343,021,300	\$ 1,437,959,115	\$ 94,937,815	7.1%

The Governor's recommended budget for the 2005-07 biennium for the Department of Taxation provides General Fund support in the amount of approximately \$69.3 million, an increase of \$37.2 million over the \$32.1 million approved for the 2003-05 biennium. Not included in the General Fund appropriation for the 2003-05 biennium is approximately \$22.9 million as allocated by the Interim Finance Committee (IFC) to fund the costs of 98.49 new positions and costs related to the implementation of the Department's Unified Tax System (UTS). The 2003 Legislature and the 20th Special Session provided an appropriation of \$27.5 million to the IFC for information technology and additional operating costs that may be required by the department and other state agencies to implement or modify the collections of state General Fund revenues.

The Executive Budget recommends the continuation of 323.51 positions for the department (includes the 98.49 positions as approved by the IFC during the 2003-05 biennium) and recommends \$23.7 million from the state General Fund to continue the development and implementation of the UTS. The Board of Examiners has approved a contract with Accenture LLP for the development and implementation of the UTS. The estimated cost for the development and implementation of the UTS totals \$40.5 million over five fiscal years (2004-2008) with \$14.6 million provided over the 2003-05 biennium, \$24.0 million requested over the 2005-07 biennium and \$1.9 million required in FY 2007-08.

DEPARTMENT OF INFORMATION TECHNOLOGY

The Department of Information Technology provides state agencies of the Executive Branch with a centralized source of information technology related services. Services provided include programming, project management, planning, database management, computing, communications, and technical services. The Executive Budget recommends total funding for the department in the amount of \$34.6 million in FY 2005-06, which represents a decrease of 7.7 percent from FY 2004-05. Funding recommended in FY 2006-07 increases 1.8 percent over the previous year.

DIRECTOR'S OFFICE

The Director's Office provides administrative, financial management, billing, and clerical support to the functional divisions in the department. In addition, the Director's Office contains the Contract Administration Unit that is responsible for developing and issuing requests for proposals for information technology projects and for coordinating and monitoring the utilization of information technology consultants through master service agreements.

The Executive Budget recommends \$505,124 in FY 2005-06 and \$854,069 in FY 2006-07 for funding of 9 new positions and associated operating, equipment, travel and training costs for the department's Security Unit to assist in mitigating vulnerabilities with the state's utilization of technology. For the department's Fiscal Unit, the Governor proposes the addition of a new position to support the department's rate development process; funding of \$60,000 for an accounting system; and funding of \$15,000 in each year of the 2005-07 biennium for a contractor to conduct a review of the rate model.

PLANNING AND RESEARCH DIVISION

The Planning and Research Division is responsible for assisting state agencies in planning for information technology projects, including assisting in acquiring and evaluating cost estimates for information technology alternatives and developing budget requests. In addition, the division is also responsible for developing the department's strategic information technology plan and capacity plan, and supporting the statewide information technology policy committees.

The Governor proposes the establishment of a Project Oversight Unit to provide oversight to project managers and quality assurance personnel assigned to information technology projects. The unit would be staffed with three existing project management positions and one position transferred from the Application Design and Development Division. Funding for the unit is recommended through an assessment on agency information technology projects. The Executive Budget also recommends the addition of a new position to provide support to the statewide information technology policy committees and to provide financial and management analysis for the division.

APPLICATION DESIGN AND DEVELOPMENT DIVISION

The Application Design and Development Division is responsible for application development and maintenance programming, production support, web page support, database development and administration, and information technology project management services. The Governor proposes the transfer of 33 programming, database administration, and technical services positions that provide support to the NOMADS program to the Welfare Division and the transfer of 2 database administration positions that provide support to the UNITY program to the Child and Family Services Division. In addition, The Executive Budget recommends \$199,715 in FY 2005-06 and \$234,913 in FY 2006-07 for additional staff training and the replacement of computer

hardware and software to support existing applications and to develop application replacement plans.

COMPUTING DIVISION

The Computing Division is responsible for managing, operating, and supporting the state's mainframe server, Internet servers, and application servers in a secure 24/7 environment. Staff provides computer operation and production services, server systems software support, tape library management, disk storage management, help desk services, data security functions, printing services, server maintenance, Internet infrastructure monitoring and maintenance, web application hosting, e-mail management, and disaster recovery services.

The Executive Budget recommends \$2,148,572 in FY 2005-06 and \$209,352 in FY 2006-07 (including \$1,853,775 from a General Fund appropriation recommended in the Information Technology Project budget) to establish a second disaster recovery site and a virtual tape storage facility for the State. The site will provide near real-time replication of data. This project represents the second phase of a three-phase plan for business continuity and disaster recovery for computing resources managed by the department. The Executive Budget also recommends \$417,610 in FY 2005-06 and \$110,974 in FY 2006-07 for an upgrade to the existing Z900 mainframe server. Capacity planning performed by the department indicates that mainframe utilization will reach 85 percent of current capacity in March 2006.

The Governor is proposing the addition of 2 new positions for the division to support the growth in the Internet services function and to support the newly installed z/VM and Z/LINUX operating systems. An additional new position is recommended to be shared with the Communications Division to provide financial and operational support to management of these two divisions. The Executive Budget also recommends \$437,500 in FY 2006-07 for a single sign-on/authentication program for users of multiple state computer systems.

DATA COMMUNICATIONS AND TECHNICAL SERVICES

The Data Communications and Technical Services account consists of the Network Engineering Unit and Technical Services Unit of the Communication Division. The Network Engineering Unit is responsible for developing, maintaining, and operating the statewide data communication infrastructure. This includes the state's wide area network that provides Internet access and data communication lines for state agencies. The Technical Services Unit provides personal computer and local area network support to requesting agencies.

The Executive Budget recommends \$498,915 in FY 2005-06 and \$175,018 in FY 2006-07 to fund new and replacement equipment to maintain the state's wide-area network infrastructure. In addition, the Governor proposes the transfer of 10 technical

services positions to the Child and Family Services Division; these positions provide application help desk support for the UNITY program.

TELECOMMUNICATIONS UNIT

The Telecommunications Unit of the Communications Division is responsible for developing, operating and maintaining a statewide telephone network, which integrates state-owned PBX switches and commercial telephone service. The unit provides services for state phone lines, voice mail, toll free service, phone credit cards, voice system administration, conference calling, and state telephone operators.

The Executive Budget recommends \$666,000 in FY 2005-06 to fund the replacement of telephone switches and voice mail systems due to end of manufacturer support and to upgrade selected call accounting and call management systems to ensure compatibility with the replacement switches. In addition, The Executive Budget recommends \$49,500 in FY 2005-06 and \$202,000 in FY 2006-07 to fund telephone system capacity expansion and to allow for video conferencing through Ethernet connections.

COMMUNICATIONS SYSTEMS UNIT

The Communications Systems Unit of the Communications Division is responsible for the installation, operation and maintenance of the State microwave system and remote communication sites. The unit provides site space rental, microwave channel rental, DS1 circuits, and site power recovery. The Executive Budget recommends \$424,004 in FY 2005-06 and \$312,205 in FY 2006-07 to fund new and replacement equipment to operate and maintain the microwave system.

DEPARTMENT OF PERSONNEL

The Department of Personnel is funded by uniform assessments to all state agencies for personnel and payroll services. The Governor's recommended budget in FY 2005-06 of \$12.6 million is a 13.4 percent increase over the FY 2004-05 legislatively approved budget of \$11.1 million. Recommended funding for FY 2006-07 increases by 5.3 percent to \$13.3 million. The Governor recommends an increase in the personnel assessment rate from the current rate of .97 percent of employee gross salaries to 1.03 percent in FY 2005-06 and to 1.0 percent in FY 2006-07. The personnel assessment funds the costs of recruitment, examining, classification, pay and training that the Department of Personnel performs. Elected and unclassified salaries are not charged this assessment.

The Governor recommends the payroll assessment decrease from the current rate of .35 percent of employee gross salaries to .33 percent in FY 2005-06 and to .31 percent in FY 2006-07. The payroll assessment funds the cost of operating the payroll section of the Department.

The Governor recommends several upgrades to the Nevada Employee Action and Timekeeping System (NEATS). The recommendations are as follows:

1. Funding to replace the existing applicant tracking system and to offer online applications processing for state job seekers, at a cost of \$285,500 over the biennium;
2. Funding for a time-data-capture module to ensure that timesheets have appropriate approvals and state employees' paychecks are correct, at a cost of \$50,050 in FY 2006-07;
3. Funding for an employee incident tracking module for employee grievances, appeals and discrimination claims, at a cost of \$98,700 in FY 2006-07;
4. Funding for a time data capture module to track leave and overtime pre-approvals, in order to provide a consistent electronic overtime and leave approval process for employees, at a cost of \$54,075 in FY 2005-06;
5. Funding for an employee training location scheduling feature to consolidate scheduling for multiple training locations in one centralized master calendar at a cost of \$97,475 in FY 2006-07; and
6. Funding for an employee-training module that permits waiting lists for state training classes, to ensure optimal class attendance, at a cost of \$40,075 in FY 2005-06.

In addition, the Governor recommends conversion of approximately 13 years of Personnel records from microfilm to the Department's digital imaging database, established by the state Micrographics Division with funding from the 2003 Legislature. This enhancement would cost \$138,354 in FY 2005-06.

The Executive Budget recommends the addition of 2 positions to the Department. The first is a Program Officer III, to be assigned to the IFS-HR Help Desk. This position would cost \$39,462 in FY 2005-06 and \$39,633 in FY 2006-07. The second position relates to the Discrimination/Harassment Unit created by the 2003 Legislature. The Governor recommends the addition of a Personnel Analyst III to the Unit's office in Las Vegas; this position would cost \$60,352 in FY 2005-06 and \$57,020 in FY 2006-07.

Funding is recommended to certify 80 managers in the Certified Public Manager (CPM) program, which was proposed by Personnel and approved by the 2003 Legislature. Recommended funding of \$99,388 in FY 2005-06 and \$87,621 in FY 2006-07 will pay cost of six courses of specialized training.

Finally, the department, working with the Personnel Task Force, developed recommendations to transfer over 200 positions from classified to unclassified status. The Task Force did not review positions in the following agencies: Elected Officials, Economic Development, Gaming Control Board, Public Utilities Commission, Colorado River Commission, Minerals, or the Public Employees' Benefit Program. The Executive Budget recommends including in the unclassified service all Deputy Directors, Division Administrators, Deputy Administrators, Bureau Chiefs, Attorneys, Hearing Officers, Executive Assistants and Public Information Officers. The salary level for each of these

positions was reviewed and adjustments were recommended in The Executive Budget at a total cost of \$5.5 million over the 2005-07 biennium.

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
FINANCE & ADMINISTRATION						
DEPARTMENT OF ADMINISTRATION						
BUDGET AND PLANNING	2,940,191	3,250,722	3,194,860	-1.72	3,656,428	14.45
GENERAL FUND	2,680,835	2,949,933	2,803,530	-4.96	3,218,922	14.82
INTER AGENCY TRANSFER	259,356	300,643	391,330	30.16	437,360	11.76
OTHER FUND		146		-100.00	146	
JUDICIAL COLL & COLL OF JUVENILE & F			375,000		375,000	
GENERAL FUND			375,000		375,000	
GENERAL FUND SALARY ADJUSTMENTS		5,725,502	21,095,832	268.45	29,894,024	41.71
GENERAL FUND		5,725,502	21,095,832	268.45	29,894,024	41.71
HIGHWAY FUND SALARY ADJUSTMENT		1,621,717	5,772,148	255.93	9,000,253	55.93
HIGHWAY FUND		1,621,717	5,772,148	255.93	9,000,253	55.93
ADMIN - ADMINISTRATIVE SERVICES	1,336,167	1,659,149	1,753,272	5.67	1,896,536	8.17
BALANCE FORWARD	108,336	232,130	234,618	1.07	222,262	-5.27
INTER AGENCY TRANSFER	1,227,831	1,427,019	1,518,654	6.42	1,674,274	10.25
DEFERRED COMPENSATION COMMITTEE	119,604	249,423	240,374	-3.63	252,986	5.25
BALANCE FORWARD	-22,898	95,580	97,890	2.42	110,502	12.88
OTHER FUND	142,502	153,843	142,484	-7.38	142,484	
MERIT AWARD BOARD	3,849	5,000	5,000		5,000	
GENERAL FUND	3,849	5,000	5,000		5,000	
INFORMATION TECHNOLOGY DIVISION	842,391	890,990	931,254	4.52	948,539	1.86
GENERAL FUND	842,391	890,990	928,149	4.17	942,148	1.51
INTER AGENCY TRANSFER			3,105		6,391	105.83
INFORMATION TECHNOLOGY PROJECTS	5,049,859	7,728,593	21,218,749	174.55	5,784,998	-72.74
GENERAL FUND	1,878,034	2,005,482	17,990,323	797.06	2,196,642	-87.79
BALANCE FORWARD	-348,760	348,760		-100.00		
FEDERAL FUND			627,429		294,601	-53.05
HIGHWAY FUND	1,828,245	4,998,445	2,455,378	-50.88	3,254,802	32.56
INTER AGENCY TRANSFER	422,745	375,906	21,501	-94.28	2,102	-90.22
INTERIM FINANCE	1,269,595					
OTHER FUND			124,118		36,851	-70.31
INSURANCE & LOSS PREVENTION	18,187,102	22,769,040	24,322,443	6.82	25,530,959	4.97
BALANCE FORWARD	-4,102,020	4,103,842	4,986,328	21.50	5,785,543	16.03
INTER AGENCY TRANSFER	22,263,409	18,658,869	19,273,421	3.29	19,682,722	2.12
OTHER FUND	25,713	6,329	62,694	890.58	62,694	
INDIGENT SUPPLEMENTAL ACCOUNT	6,214,103	7,220,181	7,525,407	4.23	9,524,846	26.57
BALANCE FORWARD	-17,984	202,154		-100.00	1,312,360	
OTHER FUND	6,232,087	7,018,027	7,525,407	7.23	8,212,486	9.13
INDIGENT ACCIDENT ACCOUNT	3,038,292	17,500,974	22,637,344	29.35	31,937,987	41.09
BALANCE FORWARD	2,325,446	8,965,880	11,310,488	26.15	19,599,778	73.29
OTHER FUND	712,846	8,535,094	11,326,856	32.71	12,338,209	8.93

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
FINANCE & ADMINISTRATION						
DIVISION OF INTERNAL AUDIT	1,710,018	2,013,536	2,118,929	5.23	2,323,909	9.67
GENERAL FUND	1,710,018	2,013,536	2,083,081	3.45	2,251,177	8.07
INTER AGENCY TRANSFER			35,848		72,732	102.89
MOTOR POOL	3,645,761	4,142,411	4,646,225	12.16	4,962,136	6.80
BALANCE FORWARD	-84,391	339,116	260,071	-23.31	270,769	4.11
INTER AGENCY TRANSFER	3,697,153	3,759,289	4,353,155	15.80	4,658,368	7.01
OTHER FUND	32,999	44,006	32,999	-25.01	32,999	
MOTOR POOL VEHICLE PURCHASE	1,417,273	1,950,928	2,809,889	44.03	2,298,516	-18.20
BALANCE FORWARD	314,781	702,256	1,296,534	84.62	733,610	-43.42
INTER AGENCY TRANSFER	1,001,647	1,207,969	1,412,510	16.93	1,464,061	3.65
OTHER FUND	100,845	40,703	100,845	147.76	100,845	
PURCHASING	2,249,210	2,469,727	2,708,529	9.67	2,765,022	2.09
BALANCE FORWARD	78,586	301,713	158,054	-47.61	213,455	35.05
INTER AGENCY TRANSFER	2,046,248	2,074,422	2,471,733	19.15	2,472,825	.04
OTHER FUND	124,376	93,592	78,742	-15.87	78,742	
PURCHASING - EQUIPMENT PURCHASE	4,443					
BALANCE FORWARD	4,443					
COMMODITY FOOD PROGRAM	6,122,687	7,231,987	8,079,711	11.72	8,337,469	3.19
BALANCE FORWARD	-209,121	1,463,330	1,442,368	-1.43	1,684,733	16.80
FEDERAL FUND	1,486,667	1,188,460	1,486,667	25.09	1,486,667	
INTER AGENCY TRANSFER	103,495	103,014	127,026	23.31	127,017	-.01
OTHER FUND	4,741,646	4,477,183	5,023,650	12.21	5,039,052	.31
BUILDINGS & GROUNDS	14,047,371	18,012,593	23,458,355	30.23	17,460,925	-25.57
GENERAL FUND			4,978,607			-100.00
BALANCE FORWARD	-812,867	2,825,026	2,702,309	-4.34	2,024,259	-25.09
HIGHWAY FUND			150,000			-100.00
INTER AGENCY TRANSFER	14,853,708	15,180,028	15,620,909	2.90	15,430,136	-1.22
OTHER FUND	6,530	7,539	6,530	-13.38	6,530	
MAIL SERVICES	6,622,220	7,126,933	6,851,824	-3.86	6,953,996	1.49
BALANCE FORWARD	120,485	355,246	375,399	5.67	249,543	-33.53
INTER AGENCY TRANSFER	6,501,735	6,771,687	6,476,425	-4.36	6,704,453	3.52
MAIL SERVICES - EQUIPMENT PURCHAS	232	337,107	387,942	15.08	155,898	-59.81
BALANCE FORWARD	-92,819	238,540	310,745	30.27	30,386	-90.22
INTER AGENCY TRANSFER	93,051	98,567	77,197	-21.68	125,512	62.59
CLEAR CREEK YOUTH CENTER	82,858	236,496	99,470	-57.94	101,777	2.32
GENERAL FUND	46,263	62,339	63,246	1.45	64,643	2.21
INTER AGENCY TRANSFER			824		1,734	110.44
OTHER FUND	36,595	174,157	35,400	-79.67	35,400	
MARLETTE LAKE	500,036	853,731	776,939	-8.99	949,225	22.17
BALANCE FORWARD	-119,888	157,233	298,181	89.64	470,467	57.78
INTER AGENCY TRANSFER	244,742	206,860		-100.00		
OTHER FUND	375,182	489,638	478,758	-2.22	478,758	

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
FINANCE & ADMINISTRATION						
PUBLIC WORKS ADMINISTRATION	3,422,718	832,402	948,667	13.97	968,108	2.05
GENERAL FUND	759,815	832,402	925,889	11.23	931,788	.64
INTER AGENCY TRANSFER			22,778		36,320	59.45
INTERIM FINANCE	2,662,903					
PUBLIC WORKS INSPECTION	4,211,913	4,784,712	5,281,225	10.38	5,402,248	2.29
BALANCE FORWARD	-251,214	348,159		-100.00		
INTER AGENCY TRANSFER	35,000	35,000	35,000		35,000	
OTHER FUND	4,428,127	4,401,553	5,246,225	19.19	5,367,248	2.31
DEPT OF ADMINISTRATION - HEARINGS	4,017,792	4,159,397	4,551,760	9.43	4,668,665	2.57
INTER AGENCY TRANSFER	2,232	1,605	2,232	39.07	2,232	
OTHER FUND	4,015,560	4,157,792	4,549,528	9.42	4,666,433	2.57
VICTIMS OF CRIME	5,805,793	6,283,381	5,801,963	-7.66	5,689,063	-1.95
BALANCE FORWARD	-58,791	271,583	285,506	5.13	258,455	-9.47
FEDERAL FUND	1,995,000	1,995,000	1,561,101	-21.75	1,561,101	
OTHER FUND	3,869,584	4,016,798	3,955,356	-1.53	3,869,507	-2.17
TOTAL-DEPARTMENT OF ADMINISTRATIC	91,591,883	129,056,632	177,593,111	37.61	181,844,513	2.39
GENERAL FUND	7,921,205	14,485,184	51,248,657	253.80	39,879,344	-22.18
BALANCE FORWARD	-3,168,676	20,950,548	23,758,491	13.40	32,966,122	38.76
FEDERAL FUND	3,481,667	3,183,460	3,675,197	15.45	3,342,369	-9.06
HIGHWAY FUND	1,828,245	6,620,162	8,377,526	26.55	12,255,055	46.28
INTER AGENCY TRANSFER	52,752,352	50,200,878	51,843,648	3.27	52,933,239	2.10
INTERIM FINANCE	3,932,498					
OTHER FUND	24,844,592	33,616,400	38,689,592	15.09	40,468,384	4.60
DEPARTMENT OF TAXATION						
DEPARTMENT OF TAXATION	19,846,461	36,745,403	38,213,117	3.99	33,845,150	-11.43
GENERAL FUND	15,395,363	16,692,636	36,991,939	121.61	32,291,350	-12.71
BALANCE FORWARD	-649,804	649,804		-100.00		
INTER AGENCY TRANSFER	4,336,156	18,601,399	584,261	-96.86	960,343	64.37
OTHER FUND	764,746	801,564	636,917	-20.54	593,457	-6.82
TOTAL-DEPARTMENT OF TAXATION	19,846,461	36,745,403	38,213,117	3.99	33,845,150	-11.43
GENERAL FUND	15,395,363	16,692,636	36,991,939	121.61	32,291,350	-12.71
INTER AGENCY TRANSFER	4,336,156	18,601,399	584,261	-96.86	960,343	64.37
OTHER FUND	764,746	801,564	636,917	-20.54	593,457	-6.82

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
FINANCE & ADMINISTRATION						
DEPARTMENT OF INFORMATION TECHNOLOGY						
DoIT DIRECTOR'S OFFICE	2,012,320	3,038,729	3,305,617	8.78	3,932,938	18.98
BALANCE FORWARD	-167,599	245,680	205,650	-16.29	428,249	108.24
INTER AGENCY TRANSFER	2,179,919	2,793,049	3,099,967	10.99	3,504,689	13.06
DoIT PLANNING & RESEARCH UNIT	1,498,068	2,085,181	2,755,370	32.14	3,172,350	15.13
BALANCE FORWARD	50,825	505,577	508,939	.66	884,093	73.71
INTER AGENCY TRANSFER	1,447,243	1,579,604	2,246,431	42.21	2,288,257	1.86
DoIT APPLICATION DESIGN & DEVELOPM	4,993,280	6,684,798	3,405,385	-49.06	3,288,138	-3.44
BALANCE FORWARD	-400,997	803,275	907,437	12.97	940,896	3.69
INTER AGENCY TRANSFER	5,394,277	5,881,523	2,497,948	-57.53	2,347,242	-6.03
DoIT COMPUTING DIVISION	11,075,875	14,040,279	13,379,001	-4.71	13,641,431	1.96
BALANCE FORWARD	2,255,861	2,473,641	1,367,208	-44.73	1,306,063	-4.47
INTER AGENCY TRANSFER	8,820,014	11,566,638	12,011,793	3.85	12,335,368	2.69
DoIT DATA COMMUNICATIONS & TECHN	3,060,329	4,516,717	3,752,895	-16.91	3,462,302	-7.74
BALANCE FORWARD	126,570	600,347	901,885	50.23	530,434	-41.19
INTER AGENCY TRANSFER	2,933,759	3,916,370	2,851,010	-27.20	2,931,868	2.84
DoIT TELECOMMUNICATIONS	4,156,079	4,918,234	5,458,327	10.98	5,040,878	-7.65
BALANCE FORWARD	-82,922	1,040,000	908,959	-12.60	926,795	1.96
INTER AGENCY TRANSFER	4,239,001	3,878,234	4,549,368	17.31	4,114,083	-9.57
DoIT COMMUNICATIONS	1,658,494	2,234,272	2,571,253	15.08	2,696,290	4.86
BALANCE FORWARD	-216,707	490,004	422,213	-13.83	537,585	27.33
INTER AGENCY TRANSFER	1,875,201	1,744,268	2,149,040	23.21	2,158,705	.45
TOTAL-DEPARTMENT OF INFORMATION T	28,454,445	37,518,210	34,627,848	-7.70	35,234,327	1.75
BALANCE FORWARD	1,565,031	6,158,524	5,222,291	-15.20	5,554,115	6.35
INTER AGENCY TRANSFER	26,889,414	31,359,686	29,405,557	-6.23	29,680,212	.93
DEPARTMENT OF PERSONNEL						
PERSONNEL	9,606,365	11,117,821	12,604,713	13.37	13,267,813	5.26
BALANCE FORWARD	-255,408	1,313,103	1,198,312	-8.74	1,468,716	22.57
INTER AGENCY TRANSFER	9,833,600	9,780,718	11,378,228	16.33	11,770,924	3.45
OTHER FUND	28,173	24,000	28,173	17.39	28,173	
STATE UNEMPLOYMENT COMPENSATIO	976,788	1,534,998	1,700,821	10.80	1,970,371	15.85
BALANCE FORWARD	84,480	317,293	403,698	27.23	605,177	49.91
INTER AGENCY TRANSFER	892,308	1,217,705	1,297,123	6.52	1,365,194	5.25
TOTAL-DEPARTMENT OF PERSONNEL	10,583,153	12,652,819	14,305,534	13.06	15,238,184	6.52
BALANCE FORWARD	-170,928	1,630,396	1,602,010	-1.74	2,073,893	29.46
INTER AGENCY TRANSFER	10,725,908	10,998,423	12,675,351	15.25	13,136,118	3.64
OTHER FUND	28,173	24,000	28,173		28,173	.00
FINANCE & ADMINISTRATION						
GENERAL FUND	23,316,568	31,177,820	88,240,596	183.02	72,170,694	-18.21
BALANCE FORWARD	-2,424,377	29,389,272	30,582,792	4.06	40,594,130	32.74
FEDERAL FUND	3,481,667	3,183,460	3,675,197	15.45	3,342,369	-9.06

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
FINANCE & ADMINISTRATION						
FINANCE & ADMINISTRATION						
HIGHWAY FUND	1,828,245	6,620,162	8,377,526	26.55	12,255,055	46.28
INTER AGENCY TRANSFER	94,703,830	111,160,386	94,508,817	-14.98	96,709,912	2.33
INTERIM FINANCE	3,932,498					
OTHER FUND	25,637,511	34,441,964	39,354,682	14.26	41,090,014	4.41
TOTAL-FINANCE & ADMINISTRATION	150,475,942	215,973,064	264,739,610	22.58	266,162,174	.54
Less: INTER AGENCY TRANSFER	94,703,830	111,160,386	94,508,817	-14.98	96,709,912	2.33
NET-FINANCE & ADMINISTRATION	55,772,112	104,812,678	170,230,793	62.41	169,452,262	-46

EDUCATION

The education function includes three sub-functions: The Department of Education (K-12); the University and Community College System of Nevada (UCCSN); and other educational programs, which include the Department of Cultural Affairs, the WICHE program, and the Commission on Postsecondary Education. The Governor has recommended General Fund appropriations for education of \$1.48 billion for FY 2005-06, a 3.8 percent increase over FY 2004-05, and \$1.56 billion for FY 2006-07, an additional 5.4 percent increase. Budget recommendations for education from all funding sources total \$2.04 billion in FY 2005-06, a 1.7 percent decrease when compared to FY 2004-05, and \$2.14 billion in FY 2006-07, a 5.1 percent increase after inter-agency transfers are deducted.

EDUCATION (K-12)

DISTRIBUTIVE SCHOOL ACCOUNT

The funding which supports Nevada's public elementary and secondary schools is a shared responsibility with state, local and federal sources contributing to the school districts' operating funds. The Distributive School Account (DSA) budget does not include the entire funding for K-12 education, but rather includes only the portion of the school district operating funds that provide the Basic Support guarantee and other state-supported programs.

The following table summarizes the elements (in millions) that are the basis for the DSA as approved by the 2003 Legislature for the current biennium and as recommended by the Governor for the 2005-07 biennium. Only the portion of the table below "Total Regular Basic Support" is included in the DSA budget account and guaranteed by the state.

	<u>Legislatively Approved</u>			<u>Recommended in The Executive Budget</u>			Percent Change
	FY2003-04	FY2004-05	03-05 Biennium	FY2005-06	FY2006-07	05-07 Biennium	
Total Operating Expenditures	\$ 2,179	\$ 2,325	\$ 4,504	\$ 2,524	\$ 2,688	\$ 5,212	15.7%
Less: Local "Outside" Revenues	\$ (483)	\$ (516)	\$ (999)	\$ (618)	\$ (662)	\$ (1,280)	
Less: Non-Basic Support Programs	\$ (100)	\$ (106)	\$ (206)	\$ (127)	\$ (135)	\$ (262)	
Total Regular Basic Support	\$ 1,596	\$ 1,703	\$ 3,299	\$ 1,779	\$ 1,891	\$ 3,670	11.2%
Plus Programs other than Basic Support	\$ 231	\$ 255	\$ 486	\$ 287	\$ 306	\$ 593	
Total Required State Support	\$ 1,827	\$ 1,958	\$ 3,785	\$ 2,066	\$ 2,197	\$ 4,263	12.6%
Less: Local "Inside" Revenues	\$ (877)	\$ (932)	\$ (1,809)	\$ (1,109)	\$ (1,182)	\$ (2,291)	
Total State Share	\$ 950	\$ 1,026	\$ 1,976	\$ 957	\$ 1,015	\$ 1,972	
Miscellaneous DSA Revenues	\$ (203)	\$ (142)	\$ (345)	\$ (130)	\$ (133)	\$ (263)	
General Fund Support	\$ 747	\$ 884	\$ 1,631	\$ 827	\$ 882	\$ 1,709	4.8%

The Executive Budget anticipates that the total of all Nevada school district budgets will increase to \$2.52 billion in the first year of the 2005-07 biennium and \$2.69 billion in the second year, compared to \$2.18 billion and \$2.33 billion for school district budgets approved by the 2003 Legislature for the 2003-05 biennium; this is an increase of 15.7 percent. As indicated in the previous table, certain locally generated revenues are considered before the state responsibility is determined. These revenues are referred to as being “outside” of the Nevada Plan (the state responsibility) and consist of the following:

- Property Tax: State law requires a property tax rate of 75 cents per \$100 of assessed valuation for the support of schools, of which 25 cents is “inside” the Nevada Plan and 50 cents is outside the DSA funding formula. The Executive Budget projects that the fifty-cent portion of this tax will generate \$377.8 million in FY 2005-06, which represents an 8.8 percent increase over FY 2004-05 and \$412.5 million in FY 2006-07, an increase of 9.2 percent over FY 2005-06.
- Local Government Services Tax: Formerly called the motor vehicle privilege tax, this tax is estimated to generate \$88.5 million in FY 2005-06 and \$97.4 million in FY 2006-07 compared to FY 2003-04 actual collections of \$73.2 million.
- Other Local Sources: Franchise taxes, federal revenue, interest, tuition and other local revenue and opening balances are expected to contribute \$151.9 million in FY 2005-06 and \$152.0 million in FY 2006-07.

These local revenues are not guaranteed by the state, thus the local school districts benefit when actual revenues are in excess of expectations or suffer the loss when revenues do not meet expectations. These locally generated revenues “outside” the Nevada Plan are budgeted to generate approximately 25 percent of the revenue necessary to support the budgets of the school districts (was 22.2 percent in the 2003-05 biennium), with the balance being funded through the Nevada Plan (the state responsibility). Nevada Plan funding for school districts consists of state financial support received through the DSA and locally collected revenues that are “inside” the Nevada Plan, namely the 2.25-cent Local School Support Tax (sales tax) and remaining 25 cents of the Ad Valorem Tax (property tax).

The Legislature determines the level of state aid for schools and each district’s share through a formula called the “Nevada Plan,” which allows for differences across districts in the costs of providing education and in local wealth. A guaranteed amount of basic support per pupil is calculated for each school district and is established in law each session. The state, through the DSA, and local school districts, through the local school support (sales) tax (LSST) and property tax, share the responsibility for providing the money needed to fund the guaranteed basic support.

Local funding from the twenty-five cent portion of the property taxes is budgeted at \$188.9 million for FY 2005-06 and \$206.2 million for FY 2006-07; this represents increases of 8.8 percent and 9.2 percent respectively. The LSST is estimated at

\$920.3 million for FY 2005-06 and \$975.5 million for FY 2006-07, which represents an increase of 6 percent in each year of the 2005-07 biennium. Combined, these two local sources provide approximately 62 percent of the basic support amount with the state contributing the remaining 38 percent. It is important to note that these two local revenue sources are guaranteed by the state (i.e., if budgeted amounts are not actually collected, the state makes up the difference and conversely, if actual revenues exceed projections, the amount of state General Fund support is reduced).

As recommended in the Governor's budget, the total required state support of school district expenditures within the DSA totals \$2.1 billion and \$2.2 billion for FY 2005-06 and FY 2006-07, respectively; this is an increase of 12.6 percent over the legislatively approved amounts for the 2003-05 biennium. These amounts include the recommended increase in all of the programs funded through the DSA (i.e., basic support, class-size reduction, special education, adult programs, school improvement, counseling, early childhood, high-impact and at-risk retirement credits, etc.) and \$10 million annually to fund retired employee health insurance subsidy costs proposed for funding through the DSA. Since the budgeted local revenues (LSST and the twenty-five cent portion of the property tax) for the 2005-07 biennium are increasing approximately 26.7 percent over the amount approved for the 2003-05 biennium, and the increase in required state support is approximately 12.6 percent, the total state share is reduced approximately \$4.5 million when compared to the amounts approved for the 2003-05 biennium.

In the Governor's budget, the state's share of funding is covered largely by General Fund appropriations of \$827.3 million in FY 2005-06 and \$882.0 million in FY 2006-07, totaling \$1.71 billion for the 2005-07 biennium. This is \$68.7 million greater than the \$1.63 billion appropriated for the 2003-05 biennium (including a \$9.6 million supplemental appropriation as recommended by the Governor for health insurance subsidies for school districts); this represents an increase of 4.8 percent. The Executive Budget anticipates a reversion of approximately \$137.1 million from the DSA for the current biennium. If the estimated reversion is reduced from General Fund support approved in the 2003-05 biennium, the General Fund increase would be 14.4 percent.

An annual tax on slot machines, interest earned on investments from the Permanent School Fund, projected estate taxes collections, revenue from leases of federal land for mineral exploration and from royalties, and LSST from sales that cannot be attributed to any particular county also supplement the DSA and are included in the above table as "Miscellaneous DSA Revenues".

The accompanying table displays the DSA budget as approved by the 2003 Legislature, actual revenues and expenditures for FY 2003-04, estimates for FY 2004-05, and the Governor's recommendations for the 2005-07 biennium. The statewide average basic support guarantee per pupil is recommended to change from the FY 2004-05 legislatively approved amount of \$4,424 to \$4,385 in FY 2005-06 and \$4,477 in FY 2006-07. The guaranteed basic support per pupil should not be confused with

DISTRIBUTIVE SCHOOL ACCOUNT - SUMMARY FOR 2005-07 BIENNIUM

	2003-04		2004-05		2005-06	2006-07
	Legislature	2003-04	Legislature	2004-05	Governor	Governor
	Approved	Actual	Approved	Estimated	Recommends	Recommends
TOTAL ENROLLMENT *	371,663	373,498	384,908	387,957	405,606	422,453
BASIC SUPPORT	4,295	4,298	4,424	4,424	4,385	4,477
TOTAL REGULAR BASIC SUPPORT **	1,596,307,778	1,605,251,649	1,702,874,391	1,716,321,768	1,778,644,313	1,891,279,261
CLASS-SIZE REDUCTION	108,937,389	108,937,389	117,142,553	117,142,553	125,248,620	134,953,490
SPECIAL EDUCATION ***	83,185,765	83,185,765	87,866,476	87,866,476	97,617,555	103,715,266
SPECIAL UNITS/GIFTED & TALENTED	181,067	39,777	190,877	190,877	203,808	216,132
ADULT HIGH SCHOOL DIPLOMA	16,926,569	16,926,568	17,843,596	17,843,596	18,521,388	19,624,819
SCHOOL LUNCH PROGRAM STATE MATCH	0	0	0	0	588,732	588,732
NRS ADJUSTMENT	0	0	0	0	0	0
SCHOOL IMPROVEMENT PROGRAMS:						
REMEDATION	6,179,109	3,008,209	6,513,874	7,282,024	6,818,788	7,089,336
RPDP, NELIP & LEAD	8,997,941	8,711,348	9,116,835	9,116,835	10,366,525	10,600,364
SPECIAL FUNDING:						
EARLY CHILDHOOD EDUCATION	2,896,583	2,896,583	2,896,583	2,896,583	3,032,172	3,152,479
AT-RISK SCHOOLS RETIREMENT CREDIT	2,689,206	2,689,204	7,045,056	7,045,056	7,522,331	7,970,482
HIGH IMPACT POSITIONS RETIRE CREDIT	0	0	5,732,643	5,732,643	6,121,008	6,485,674
RETIRED EMPLOYEES' INS SUBSIDY	0	2,704,730	0	0	10,097,192	10,497,817
SPECIAL ELEMENTARY COUNSELING	850,000	850,000	850,000	850,000	850,000	850,000
SPECIAL STUDENT TRANSPORTATION	47,715	81,663	47,715	47,715	81,663	81,663
ADJUSTMENTS TO BALANCE TO 387.303	0	(50)	0	0	0	0
TOTAL REQUIRED STATE SUPPORT	1,827,199,122	1,835,282,835	1,958,120,599	1,972,336,126	2,065,714,095	2,197,105,515
LESS						
LOCAL SCHOOL SUPPORT TAX	(717,955,893)	(785,709,334)	(758,161,426)	(868,208,814)	(920,301,343)	(975,519,424)
\$.25 PROPERTY TAX	(159,067,666)	(157,340,133)	(173,705,519)	(173,705,519)	(188,915,693)	(206,244,186)
CHARTER SCHOOL SPECIAL PAY		28,169		0	28,169	28,169
TOTAL STATE SHARE	950,175,563	892,261,537	1,026,253,654	930,421,793	956,525,228	1,015,370,074
STATE SHARE ELEMENTS						
GENERAL FUND	746,727,016	745,581,887	884,229,250	884,229,250	827,314,002	881,966,488
GENERAL FUND TRANS 05 TO 04	0	0	0	0	0	0
FEDERAL FISCAL RELIEF	67,952,000	67,951,154	0	0	0	0
DSA SHARE OF SLOT TAX	38,303,623	36,643,286	39,898,127	36,127,995	36,958,939	38,189,672
PERMANENT SCHOOL FND	4,704,000	3,366,985	5,497,188	5,497,188	3,503,011	3,573,071
FED MINERAL LEASE REV	5,237,765	3,531,040	5,394,898	5,394,898	3,746,080	3,858,462
OUT OF STATE LSST	71,125,593	68,263,920	75,108,625	75,431,632	79,957,530	84,754,982
ESTATE TAX	16,125,566	12,386,219	16,125,566	15,399,601	5,045,666	3,027,399
PRIOR YR REFUNDS	0	1,145,129	0	0	0	0
TRANSFER FROM IFC	0	2,704,730	0	0	0	0
OTHER STATE FUNDING	0	198,525	0	0	0	0
BALANCE FORWARD	0	(49,511,338)	0	49,511,338	0	0
TOTAL SHARE STATE ELEMENTS	950,175,563	892,261,537	1,026,253,654	1,071,591,902	956,525,228	1,015,370,074
BALANCE (TO/FROM GENERAL FUND)				141,170,109	0	0
*** Special Education Units						
		No. of Units	\$ per Unit		No. of Units	\$ per Unit
	2003-04	2,615	31,811.00	2005-06	2,835	34,433.00
	2004-05	2,708	32,447.00	2006-07	2,953	35,122.00
NET CHANGE IN BIENNIUM APPROPRIATION REQUIREMENT						78,324,224

* FY 04 Apportioned and FY 05, 06, & 07 Weighted

** Totals May Not Balance Due to Rounding

*** Special Education Unit funded separately from Basic Support

expenditures per pupil. As indicated earlier, other resources not considered within the Nevada Plan are also available to cover school districts' operating costs.

ENROLLMENT

Each school district's guaranteed level of funding is determined by multiplying the basic support per pupil by the weighted enrollment. Weighted enrollment equals a full count of pupils enrolled in grades 1 through 12, including children with disabilities enrolled in special education programs within a district, plus six-tenths of the count of pupils enrolled in kindergarten or programs for 3- and 4-year-olds with disabilities. Handicapped preschoolers and kindergarten pupils are only counted as six-tenths of a pupil because they typically attend school for half a day or less. The following chart compares audited weighted enrollment numbers by fiscal year and the percent of increase each year over the preceding year:

1997-98 Actual	1998-99 Actual	1999-00 Actual	2000-01 Actual	2001-02 Actual	2002-03 Actual	2003-04 Actual	2004-05 Estimated	2005-06 Gov Rec	2006-07 Gov Rec
286,084	300,567	315,489	328,867	344,765	358,641	373,498	387,469	405,606	422,453
5.24%	5.06%	4.96%	4.24%	4.83%	4.02%	4.14%	3.74%	4.68%	4.15%

Based on the most recent estimates, weighted enrollment increased by approximately 8.0 percent during the current biennium, to 387,469 students in FY 2004-05. The Executive Budget projects an enrollment increase of 4.68 percent in FY 2005-06 over the FY 2004-05 estimated weighted enrollment and an increase of 4.15 percent in FY 2006-07.

POSITIONS AND SALARIES

The Executive Budget recommends a cost-of-living salary increase of 2 percent for school district employees in each fiscal year of the 2005-07 biennium. The cost of this increase is \$41 million in FY 2005-06 and \$86 million in FY 2006-07.

SPECIAL EDUCATION

For FY 2004-05, the state is funding 2,708 special education units at \$32,447 each, totaling \$87.9 million. For the 2005-07 biennium, the Governor recommends 2,835 special education units, at a cost of \$34,433 each or \$97.6 million for FY 2005-06, and 2,953 special education units, at a cost of \$35,122 each or \$103.7 million for FY 2006-07, an increase of 11.1 percent and 6.2 percent, respectively, to accommodate growth in enrollment and roll-up costs for special education programs.

Additional special education funding is also provided in the 2003-05 biennium for instructional programs incorporating education technology for gifted and talented pupils. For the current biennium, \$181,067 and \$190,877 were authorized for FY 2003-04 and FY 2004-05, respectively. The Executive Budget recommends continued funding, in the amounts of \$203,808 and \$216,132 for FY 2005-06 and FY 2006-07, respectively.

CLASS-SIZE REDUCTION

During the 15 years that the Class-Size Reduction (CSR) program has been implemented in the state, a total of \$994 million in state funds has been spent to pay for teachers to reduce pupil-teacher ratios. Funding was provided by the 2003 Legislature to maintain pupil-teacher ratios of 16 to 1 in first and second grades and 19 to 1 in third grade throughout the 2003-05 biennium. The Legislature also continued 23.5 teachers hired to reduce the pupil-teacher ratio in certain kindergartens with large numbers of students considered at risk of failure.

The 2003 Legislature again granted authority for all school districts, subject to the approval of the State Superintendent of Public Instruction, to carry out alternative programs for reducing the ratio of pupils per teacher or to implement programs of remedial education that have been found to be effective in improving pupil achievement in grades 1, 2, and 3. In addition, the 2003 Legislature expanded flexibility in the use of CSR funding to address class-sizes in grades 4, 5, and 6 in rural school districts (i.e., school districts that are located in a county whose population is under 100,000), subject to the approval of the State Superintendent of Public Instruction. Based upon the success of the Elko County School District demonstration project that was first authorized by the 1999 Legislature, the 2003 Legislature authorized rural school districts to use CSR funding to carry out a program in which alternative pupil-teacher ratios are carried out in grades 1 through 6. The alternative pupil-teacher ratios may not exceed 22 to 1 in grades 1, 2, and 3 and may not exceed 25 to 1 in grades 4 and 5 or grades 4, 5, and 6 in school districts that include grade 6 in elementary school. For urban school districts (i.e., school districts that are located in a county whose population is 100,000 or more), flexibility in the use of CSR funding to address class-sizes in grades 4, 5, and 6 was not authorized. Instead, a study of the current class-sizes is required to determine if alternative pupil-teacher ratios may improve the academic achievement of pupils, decrease pupil discipline, or decrease or eliminate team-teaching in grades 1 and 2. In conducting the study, the urban school districts are required to determine the fiscal effect of carrying out alternative pupil-teacher ratios, including the number of additional classrooms and teachers that would be needed. Although the reports from urban school districts will not be available until February 15, 2005, the Governor has recommended that flexibility be extended to the urban school districts during the 2005-07 biennium.

For FY 2005-06, The Executive Budget recommends \$125.2 million in funding for class-size reduction; \$135 million is recommended for FY 2006-07. This represents an increase of 6.9 percent and an additional 7.7 percent in FY 2006-07 when compared to the FY 2004-05 Legislatively-approved amount of \$117.1 million. These amounts are recommended to maintain the CSR program at its current pupil-teacher ratios and to continue the 23.5 teachers in selected "high-risk" kindergartens.

SCHOOL IMPROVEMENT PROGRAMS

The Governor is recommending continued funding for school improvement programs. The Executive Budget recommends \$13.9 million over the 2005-07 biennium to continue remediation programs to assist low-performing schools with improving student performance and to support tutoring of low-achieving students. This represents an increase of 9.6 percent over the 2003-05 biennium.

In addition to the remediation funding of \$13.9 million included in the DSA budget account, the Governor recommends a total of \$50 million in each year of the 2005-07 biennium be deposited in the newly-created School Remediation Trust Fund. Funds within the trust fund would not revert and would be available for expenditure in future fiscal years. Funding would be available for individual schools as well as school districts to support improvement plans designed to identify problem areas, develop strategies to help students be successful, and assist schools to meet Adequate Yearly Progress (AYP) mandated by the No Child Left Behind Act (NCLBA).

Continued funding for the Regional Professional Development Programs (RPDPs), including the Nevada Early Literacy Intervention Program (NELIP), is recommended at \$21 million for the 2005-07 biennium; this is a 16 percent increase in funds.

SPECIAL FUNDING

For the 2005-07 biennium, the Governor recommends \$3.0 million in FY 2005-06 and \$3.2 million in FY 2006-07 to continue the competitive grants to school districts and community-based organizations for early childhood programs. This represents a 6.8 percent increase in funds from the amount approved for the 2003-05 biennium.

The Executive Budget recommends \$15.5 million to continue retirement credits for teachers in at-risk schools and \$12.6 million to continue retirement credits for high impact positions over the 2005-07 biennium. At-risk schools include those that carry a designation of demonstrating need for improvement or those in which at least 65 percent of pupils enrolled in the school are eligible for free or reduced-price lunches. The high impact fields eligible for retirement credits are mathematics, science, special education, English as a Second Language (ESL), and school psychology.

DEPARTMENT OF EDUCATION

The Executive Budget recommends total funding for the Department of Education (excluding the Distributive School Account and the School Remediation Trust Fund) in the amount of \$294.4 million in FY 2005-06 and \$299.6 million in FY 2006-07, an increase of 23.9 percent for the 2005-07 biennium compared to the 2003-05 biennium. Of this amount, General Fund support is recommended in the amount of \$42.8 million for the upcoming biennium, compared to \$45.6 million (including \$2.8 million for the reporting of test scores) for the 2003-05 biennium. This represents a decrease in General Fund support of approximately 6.3 percent, which is primarily the result of

decreased funding for the SAIN system and the elimination of funding for the reporting of test scores.

The Executive Budget recommends 6 new full-time positions. The positions include 2 charter school consultants, 1 of which would be dedicated to special education services in charter schools; a State Remediation Consultant that would assist with coordinating the Governor recommended School Remediation Trust Fund; a consultant for the state's Writing Assessment; a consultant to oversee test security issues in the state; and an Administrative Assistant to provide support to the other new positions.

The Executive Budget recommends \$5.1 million in each year of the 2005-07 biennium to continue the \$2,000 signing bonuses for teachers who are newly hired by school districts.

Also included in The Executive Budget is recommended funding in the amount of \$9.95 million to continue funding for the educational technology needs of school districts during the 2005-07 biennium. The recommended amounts are the same as approved by the Legislature during the 2001 and 2003 Legislative Sessions; however, in past sessions, this funding was approved through legislation, not through the budget process. If approved, funding would continue support for school district hardware and software needs, the KLVX Distance Learning Satellite Service, the school library databases, and to pilot best practices programs for educational technology.

SAIN – SYSTEM FOR ACCOUNTABILITY INFORMATION IN NEVADA

The Executive Budget recommends funding of \$200,000 in each fiscal year of the 2005-07 biennium to support ongoing maintenance and support of the SAIN program, (previously SMART). The Executive Budget did not recommend continued funding for school district technical support in the amount of \$287,500 in each fiscal year or funding for the SAIN Advisory Committee in the amount of \$5,130 in each fiscal year.

IMPROVING AMERICA'S SCHOOLS – TITLE I

Title I programs include the majority of the federal funds utilized by school districts to comply with the federal "No Child Left Behind Act" (NCLBA) requirements. The Executive Budget includes federal funds of \$82.3 million for each fiscal year of the 2005-07 biennium for Title I programs. Of this amount, \$72.9 million in each fiscal year of the 2005-07 biennium will be utilized for Title I basic programs, including migrant and neglected and delinquent programs; \$1.2 million will continue the federal Even Start program; \$1.6 million will continue the Comprehensive School Reform program; and \$6.7 million will be used for the Reading First program.

IMPROVING AMERICA'S SCHOOLS – TITLES II, V, AND VI

Five of the programs included in the NCLBA federal legislation are included in this budget account. The Governor's 2005-07 biennium budget includes the following grant amounts: Title II – Teacher Quality Grant - \$15.1 million in each fiscal year of the

biennium; Title II – Education Technology Grant - \$3.6 million in each fiscal year of the biennium; Title II – Mathematics and Science Partnerships - \$865,869 in each fiscal year of the biennium; Title V – Innovative Education Grant - \$2.2 million in each fiscal year of the biennium; and Title VI – State Assessment Grant - \$4.9 million in each fiscal year of the biennium.

PROFICIENCY TESTING

Since 1977, the Legislature has required statewide testing to measure how Nevada's pupils compare to those in other states and the nation as a whole. With implementation of the No Child Left Behind Act (NCLBA), the state's accountability system, including the testing program, has been significantly affected. Under the NCLBA, reading and math tests must be given annually in grades 3 through 8 starting in FY 2005-06 and the state's accountability system must take into account the achievement of ALL public elementary and secondary school students.

Historically, the Legislature fully funded the costs of state-required tests. However, with implementation of the NCLBA, the federal government now provides states with a Title VI State Assessment Grant, which provides states with funds to pay the costs of development of the additional state standards and assessments required by the NCLBA. The Executive Budget recommends state General Funds of \$4.2 million in FY 2005-06 and \$4.4 million in FY 2006-07 for the state testing program.

STUDENT INCENTIVE GRANTS

The Executive Budget recommends state General Fund in the amount of \$383,022 in FY 2005-06 and \$383,825 in FY 2006-07 to meet the state matching requirements for the Leveraging Educational Assistance Program (LEAP) and the Special Leveraging Education Assistance Program (SLEAP). The General Fund support in this account is not "new" funding, but simply the same funding that in previous years was placed in the University System's Special Project Account to be transferred to the department for this same purpose.

UNIVERSITY AND COMMUNITY COLLEGE SYSTEM OF NEVADA

The University and Community College System of Nevada (UCCSN) is governed by a 13-member Board of Regents. The system comprises the Chancellor's Office; the University of Nevada, Reno (UNR); the University of Nevada, Las Vegas (UNLV); the Nevada State College at Henderson (NSCH); the Community College of Southern Nevada (CCSN); Western Nevada Community College (WNCC); Great Basin College (GBC); Truckee Meadows Community College (TMCC); the UNR School of Medicine, the UNLV Law School, the UNLV Dental School and the Desert Research Institute (DRI). UCCSN budgets are primarily formula-driven.

Net of interagency transfers, the Governor recommends \$1.49 billion for the UCCSN operating budgets in the 2005-07 biennium representing an increase of \$209.9 million,

or 16.5 percent, over the \$1.28 billion approved by the 2003 Legislature. The Executive Budget includes \$1.16 billion in state General Fund appropriations, or 17.4 percent more than the \$989.4 million approved for the 2003-05 biennium. The \$322.5 million balance includes student fees, tuition and other UCCSN revenues. The Governor's budget allocates 20.5 percent of recommended General Fund appropriations to the UCCSN in FY 2005-06 and 20.2 percent in FY 2006-07. For the 2005-07 biennium, the UCCSN General Fund allocation is recommended to be 20.3 percent of total appropriations.

ESTATE TAX REVENUES

The estate tax is being phased out as a revenue source for Nevada. For the 2003-05 biennium, the 72nd Legislature replaced \$89.2 million in UCCSN estate tax allocations with state General Fund appropriations. The Governor's base budget recommendations continue the General Fund appropriations into the 2005-07 biennium. The replacement appropriations approved by the 2003 legislature included a payback provision, providing for monthly estate tax transfers to the General Fund of \$45.8 million in FY 2003-04 and \$43.4 million in FY 2004-05. During the 2003 Legislative Session, the UCCSN projected estate tax revenues needed to repay the General Fund appropriations could fall short by as much as \$9.6 million. However, estate tax receipts were much higher than anticipated and the full \$89.2 million in General Fund appropriations will be repaid during the 2003-05 biennium.

After fulfilling the repayment obligation, the UCCSN anticipates estate tax revenue balances will reach approximately \$29.3 million by the end of the 2005-07 biennium. The Governor's budget does not allocate any of the remaining estate tax revenues.

ADJUSTED BASE BUDGET

Net of interagency transfers, the adjusted base recommendations for all UCCSN budgets total \$667.8 million in FY 2005-06 and \$677.6 million in FY 2006-07. These amounts are 1.5 and 3.0 percent higher, respectively, than the FY 2004-05 work program of \$658.1 million. The Governor's adjusted base budget funds operating expenditures at the amounts budgeted for FY 2004-05, with the following notable adjustments:

- Nevada National Guard Fee Waivers: Assembly Bill 9 of the 20th Special Session authorized the UCCSN to temporarily waive registration and other fees for certain members of the Nevada National Guard. The authorization expires at the end of the 2003-05 biennium; however, a BDR has been requested to make the authorization permanent (BDR S-89). According to the UCCSN, actual registration and fee waivers totaled \$461,726 in FY 2003-04. UCCSN notes the base budgets for UNR, WNCC and TMCC continue fee waivers in the 2005-07 biennium, while budgets for UNLV, CCSN, GBC and NSCH exclude the waivers.

- Professional Merit Increases: A 2.5 percent merit pool is included for professional employees (excluding positions at or above Assistant Dean). The merit pool totals \$7.61 million in FY 2005-06 and \$15.41 million in FY 2006-07. The Governor's budget continues partial limits on funding for professional salaries at or beyond the maximum salary scale level as approved by the 2003 Legislature. The 2003 Legislature deferred merit pay for the first six months of FY 2003-04 to generate General Fund savings of \$3.23 million. The Governor recommends the full calculated amount with no deferral for the 2005-07 biennium.
- Vacancy Savings: The Governor recommends vacancy savings of 1 percent for professional positions and 3 percent for classified positions in the formula accounts. Factors of 2 and 3 percent, respectively, are used in the non-formula accounts. Vacancy savings total \$8.0 million in FY 2005-06 and \$8.2 million in FY 2006-07.
- Athletic Fee Waivers: During the 2003 Legislative Session, the UCCSN requested General Fund appropriations of \$1.76 million in FY 2003-04 and \$1.79 million in FY 2004-05 to support athletic fee waivers. Neither the Governor nor the Legislature recommended or approved funding. However, during closing hearings, the UCCSN indicated a willingness to cover fee waivers with formula funding, with the understanding that in the 2005-07 biennium, the Legislature would support the fee waiver. The money committees acknowledged UCCSN's intentions, but indicated they could not guarantee the action of future legislatures.

The UCCSN covered fee waivers during the 2003-05 biennium with formula funding, and the Governor's budget continues the waivers in the adjusted base budget. The waivers result in fee revenue losses offset by corresponding General Fund increases during the 2005-07 biennium. The UCCSN reports that athletic fee waivers totaled \$2.66 million in FY 2003-04.

- UNR Energy Conservation Program Savings: The UNR's base budget includes \$1.38 million per year in energy conservation program debt service funding.
- Community College Salary Adjustments: The Community College's adjusted base budget includes professional salary schedule increases approved by the Board of Regents.
- University Police Officer Salaries: A.B. 555 of the 72nd Legislature directed the Department of Personnel to review the University Police Officer series. The department ultimately recommended two-grade increases for the series. The IFC approved the grade increases effective July 1, 2004. No added funding was provided during the 2003-05 biennium; however, the UCCSN estimated the two-grade increase would cost \$275,632. Additional costs related to the increases are recommended in the UCCSN base budgets.
- Graduate Assistant Health Insurance: During the 2003 Legislative Session, the UCCSN sought \$730,539 annually to offer group medical insurance to graduate

assistants at UNR and UNLV. Although funding was not approved for this purpose, the UCCSN allocated 2003-05 formula funds to provide these benefits, which are continued in the adjusted base budget.

MAINTENANCE ITEMS

Maintenance recommendations for all UCCSN budgets total \$52.69 million in FY 2005-06 and \$81.91 million in FY 2006-07 (net of COLA transfers). General Fund appropriations represent \$38.77 million and \$58.29 million of the totals in FY 2005-06 and FY 2006-07, respectively.

- **Inflation:** The Governor proposes net General Fund appropriations of \$620,855 in FY 2005-06 and \$1.57 million in FY 2006-07 for natural gas and electric utilities increases, employee bond insurance and AG tort claim assessment decreases.
- **Formula Funding:** The Governor recommends \$34.9 million in FY 2005-06 and \$53.5 million in FY 2006-07 for enrollment growth as calculated by the UCCSN funding formulas. General Fund appropriations comprise \$22.0 million and \$30.9 million of the totals recommended in FY 2005-06 and 2006-07, respectively. The 2003 Legislature approved formula funding at 84.45 percent in FY 2003-04 and 84.09 percent in FY 2004-05. The current maintenance recommendation retains formula allocations of 84.09 percent in each year of the biennium.

Pursuant to a letter of intent from the 2003 money committees, UCCSN implemented a revised taxonomy that uniformly classifies course costs. The new taxonomy achieves cost neutrality on a system-wide basis.

- **Operations and Maintenance of New Space:** The Governor recommends General Fund appropriations of \$5.0 million in FY 2005-06 and \$5.2 million in FY 2006-07 to support formula-driven operating and position costs for new space added or anticipated during the 2005-07 biennium. The UNR would receive a majority of the new space funding at \$2.93 million in FY 2005-06 and \$3.04 million in FY 2006-07.
- **UNLV Recharge:** Pursuant to a letter of intent from the 2003 money committees, the Governor's budget introduces a recharge process for UNLV's professional schools. Operations and Maintenance expenditures made by UNLV on behalf of the Dental and Law schools would be re-charged to those schools under the Governor's plan.
- **UNLV Academic Leases:** The Governor recommends \$202,632 in FY 2005-06 and \$208,113 in FY 2006-07 to fund new or amended leases executed in FY 2003-04 for the UNLV Art Department and the UNLV Fine Arts Instruction and Studio.
- **UNLV Dental School Enrollments:** The Governor recommends \$2.88 million (\$1.81 million in General Fund) in each year of the 2005-07 biennium for Dental School enrollment growth. As recommended, the Dental School would reach four

full classes, bringing the school from 225 students to its target enrollment of 300 students in FY 2005-06. A total of 46.0 FTE positions would be added.

- Law School Enrollments: The Governor recommends a total of \$685,078 in each year of the 2005-07 biennium to accommodate previously unfunded enrollment growth at the UNLV Law School. The funding would provide for 5.5 FTE faculty and staff, part-time instructors, and operating funding increases.
- Fringe Benefit Adjustments: The Executive Budget includes \$1.20 million in FY 2005-06 and \$3.26 million in FY 2006-07 to fund fringe benefit cost adjustments.
- Classified Position 2 Percent COLA: The Governor recommends \$2.20 million in FY 2005-06 and \$4.53 million in FY 2006-07 to fund annual 2 percent cost-of-living (COLA) increases for UCCSN's classified positions. The appropriations for these increases are in the General Fund Salary Adjustment account, funded at 80 percent of the full COLA cost.
- Professional Position 2 Percent COLA: The Governor recommends General Fund appropriations of \$5.44 million in FY 2005-06 and \$10.99 million in FY 2006-07 in the UCCSN Professional Salary Adjustment account to fund annual 2 percent COLA increases for UCCSN's professional positions. The appropriated amounts represent 80 percent of the full cost of the COLAs.

ENHANCEMENT DECISION MODULES

General Fund enhancement recommendations for all UCCSN budgets total \$5.88 million in FY 2005-06 and \$8.77 million in FY 2006-07.

- National Direct Student Loan (NDSL): The Governor recommends appropriations of \$1,400 per year to provide additional funds needed to match NDSL allocations.
- Incremental Formula Increases: The Governor recommends General Fund appropriations of \$392,137 in FY 2005-06 and \$1.19 million in FY 2006-07 to increase formula funding percentages to 84.15 and 84.25 percent, respectively.
- Medical School Residency: The Governor recommends General Fund appropriations of \$1.28 million in FY 2005-06 and \$2.55 million in FY 2006-07 to expand the number of physician trainees by 17 per year (34 total) in the School of Medicine's residency and fellowship training programs. According to the UCCSN, the trainees would be assigned in Las Vegas and Reno and allocated to existing programs in Family Medicine, Internal Medicine, Obstetrics and Gynecology, Pediatrics, Psychiatry and Surgery.
- Ruvo Center for Alzheimer's: The Governor recommends an appropriation to the Medical School of \$823,380 in FY 2006-07 for 8 professional and 2 classified staff in support of the Lou Ruvo Center for Alzheimer's Disease and Brain Aging.

- Retain 100 Percent of Indirect Cost Recoveries: To supplement competitive research activities, the Governor proposes to allow UCCSN to retain 100 percent of Indirect Cost Recoveries (ICR) charged to grantor agencies. The state has traditionally retained portions of the ICR revenues, but the retentions have decreased gradually over time from 75 percent (prior to 1985) to the current 25 percent rate. The retention was viewed as partial reimbursement for state funding used to create and maintain the infrastructure necessary to generate UCCSN contracts and grants.

To replace the ICR revenues, the Governor recommends General Fund appropriations of \$5.09 million per year. Although this represents the full amount requested by the UCCSN, the recommended amounts do not fully remove ICR revenues from the UCCSN state supported budgets. After replacing the \$5.09 million per year, ICR revenues remaining in the Governor's budgets total \$913,954 in FY 2005-06 and \$1.26 million in FY 2006-07.

- UNLV Dispatcher Grade Increase: The Governor recommends General Fund appropriations of \$34,616 in FY 2005-06 and \$35,399 in FY 2006-07 to fund two-grade increases for dispatchers at UNLV.
- Move Special Projects Funding to the Campus Accounts: The Governor recommends transferring campus-related costs from the Special Projects account to the campus accounts. Special Projects funding generally provides for activities linked directly to individual campuses, such as: financial aid, scholarships and student access; community college part-time faculty compensation; basic research at UNLV, UNR, and DRI; data networking and technical support; and data warehousing. The Executive Budget also transfers Student Incentive Grants from the UCCSN to the State Department of Education. EPSCoR research funding would remain in the Special Projects account under the Governor's plan.

The Governor proposes to redistribute formula funds as a result of merging the Special Projects funding into the campus accounts. Generally, the redistribution produces only nominal losses and gains at each of the UCCSN campuses. However, UNR loses \$90,367 in FY 2005-06 and \$94,358 in FY 2006-07, with CCSN and NSCH being the primary beneficiaries. Inclusion of the Special Projects funding in the campus accounts increases formula percentages to 84.40 percent in FY 2005-06 and 84.49 percent in FY 2006-07.

ONE SHOTS AND SUPPLEMENTALS

- National Direct Student Loan (NDSL): The Governor recommends a supplemental appropriation of \$1,400 in FY 2004-05 needed to match NDSL allocations.
- School of Medicine/Nevada Cancer Institute: The Governor includes a \$10.0 million one-time appropriation to the School of Medicine in support of its

partnership with the Nevada Cancer Institute to expand research, treatment, education and teaching opportunities in Nevada.

PROPOSED STUDENT FEES

The Board of Regents approved student fee increases ranging from \$1.75 per credit to \$13.75 per credit during the 2005-07 biennium. Registration fee and non-resident tuition increases for full-time students range from 1.0 percent to 10.1 percent per year. Current and projected fee schedules are provided below:

Type of Institution/Fee	FY 2005	Regent Aprvd FY 2006	% Change	Regent Aprvd FY 2007	% Change
Community Colleges					
Resident	\$49.00/credit	\$50.75/credit	3.6%	\$52.50/credit	3.5%
Upper Div (GBC)	\$70.00/credit	\$74.50/credit	6.4%	\$79.00/credit	6.0%
Non-Resident	\$4,692/year	\$4,915/year	4.8%	\$4,962/year	1.0%
Nevada State College					
Resident	\$70.00/credit	\$74.50/credit	6.4%	\$79.00/credit	6.0%
Non-Resident	\$6,676/year	\$7,191/year	7.7%	\$7,437/year	3.4%
Universities					
Resident	\$91.00/credit	\$ 98.00/credit	7.7%	\$105.25/credit	7.4%
Graduate	\$123.50/credit	\$136.00/credit	10.1%	\$149.75/credit	10.1%
Non-Resident	\$8,674/year	\$9,467/year	9.1%	\$9,911/year	4.7%

The Executive Budget recommends implementing the Regents' plan whereby significant portions of the annual increases are directed to the UCCSN capital and general improvement fee funds and student access fund. The portions of fee revenues dedicated to the capital and general improvement fee funds and to student access are not reflected in the state-supported budget. The UCCSN also charges students a technology fee of \$4 per credit that provides supplemental funding for campus technology needs. The technology fee is not included in the state-supported budget and is not reflected in the per-credit charges listed in the student fee table above.

STUDENT ENROLLMENTS

The following table depicts the Governor's recommended FTE student enrollments by institution. With the exception of NSCH, FTE enrollment projections in The Executive Budget are based on a weighted three-year average. While still increasing at a significant pace, projected enrollment growth has slowed somewhat at the UCCSN. System-wide, actual FTE enrollments grew by 5.9 percent in FY 2003-04 compared to budgeted enrollment growth of 6.9. Fall 2004 actual enrollments (FY 2004-05) grew by 4.3 percent compared to budgeted growth of 7.0 percent. The Governor's budget includes enrollment percentage increases of 5.9 percent in FY 2005-06 and 6.8 percent in FY 2006-07.

	FY 2002- 03	FY 2003- 04	FY 2003- 04	FY 2004-05	FY2005-06	FY 2006-07
Institution	Actual	Budgeted	Actual	Budgeted	Gov Rec	Gov Rec
Universities						
UNR	11,295	12,200	11,778	13,177	13,319	14,163
% Change		8.0%	4.3%	8.0%	1.1%	6.3%
UNLV	17,267	18,514	18,350	19,852	21,131	22,676
% Change		7.2%	6.3%	7.2%	6.4%	7.3%
Total Univ	28,562	30,714	30,128	33,029	34,450	36,839
% Change		7.5%	5.5%	7.5%	4.3%	6.9%
NSC						
	146	300	394	500	996	1,197
% Change		105.5%	169.9%	66.7%	99.2%	20.2%
Community Colleges						
CCSN	16,647	17,768	17,569	18,964	20,060	21,436
% Change		6.7%	5.5%	6.7%	5.8%	6.9%
GBC	1,263	1,278	1,427	1,293	1,610	1,709
% Change		1.2%	13.0%	1.2%	24.5%	6.1%
TMCC	5,259	5,522	5,523	5,798	6,121	6,444
% Change		5.0%	5.0%	5.0%	5.6%	5.3%
WNCC	2,160	2,193	2,179	2,227	2,243	2,276
% Change		1.5%	0.9%	1.6%	0.7%	1.5%
CC Total	25,329	26,761	26,698	28,282	30,034	31,865
% Change		5.7%	5.4%	5.7%	6.2%	6.1%
UCCSN Total						
	54,037	57,775	57,220	61,811	65,480	69,901
% Change		6.9%	5.9%	7.0%	5.9%	6.8%

FY 2005-06 & FY 2006-07 projections employ a weighted average using FY 2001-02 through FY 2003-04 actual enrollments.

LEGISLATIVE AUDITS

As required by A.B. 148 of the 72nd Session, the Legislative Auditor conducted an audit of the UCCSN including an analysis of capital construction projects; costs of athletic programs; costs of administration; utilization of host accounts; validity and reliability of enrollment data; policies and procedures for the generation and distribution of investment income; contracting and bidding procedures, including construction, retrofit and repair projects and the use of “shared savings” programs to pay for utility costs and energy conservation projects; and statewide programs, including program selection, funding and outcomes.

The Legislative Auditor reports that, “UCCSN’s internal controls did not always ensure that capital construction projects and contracting and bidding procedures were carried out properly.” The Auditor also found, “. . . millions of dollars in energy retrofit projects that were not conducted in accordance with state laws, Board of Regents’ policies, or appropriate management standards.” With regard to athletic programs, the Legislative

Auditor noted that, “. . . additional controls are needed to ensure certain travel costs are appropriate and financial information is reliable.”

Items for Special Consideration

The UCCSN requested Items for Special Consideration totaling \$100.7 million that included funding for nursing capacity expansion; indirect cost recovery retention; endowed chairs; safety and security; technology; economic development; student services; professional schools and health initiatives; statewide programs; part-time salaries; and equipment. The Governor’s budget excludes most of the items except Indirect Cost Recovery (ICR) retention and funding for Medical School residencies and the Ruvo Center.

Capital Improvements

The Governor recommends \$110.14 million in funding for UCCSN Capital Improvements. State funds (general obligation bonds and one-time appropriations) are recommended to fund \$86.14 million of the total amount.

CIP #	Inst	Project Description	State Funds	Other Funds	Total Request
C-04	CCSN	Health Sciences Bldg FF&E	\$ 5.20	\$0	\$ 5.20
C-05	UNR	Knowledge Center FF&E	\$16.80	\$0	\$ 16.80
C-06	UNLV	Science & Engineering Bldg FF&E	\$15.82	\$0	\$ 15.82
C-10	NSC	Master Plan & Liberal Art Bldg FF&E	\$ 3.94	\$0	\$ 3.94
C-16	UNLV	Greenspun College of Urban Affairs	\$24.17	\$13.05	\$ 37.22
C-18	GBC	Electrical & Industrial Technology Building	\$12.67	\$ 0.50	\$ 13.17
C-20c	CCSN	Classroom Building	\$ 5.00	\$ 5.00	\$ 10.00
P-04	WNCC	ADA Advance Planning	\$ 0.28	\$0	\$ 0.28
P-20	UNR	Biotechnology & Genomics Research Facility	\$0	\$ 5.45	\$ 5.45
M-03	TMCC	Red Mountain Bldg Fire Code Renovations	\$ 2.00	\$0	\$ 2.00
M-09	WNCC	Bristle Cone Life Safety	\$ 0.08	\$0	\$ 0.08
M-10	WNCC	Fallon Pinion Hall New Fire Sprinkler System	\$ 0.18	\$0	\$ 0.18
		Total	\$86.14	\$24.00	\$110.14

In addition to the noted projects, the Governor recommends \$10 million in Higher Education Capital Construction (HECC) funds and \$5.0 million in Special Higher Education Capital Construction (SHECC) funds for campus maintenance, repairs and renovations (U-01).

WICHE

In 1959, the Nevada Legislature approved Nevada’s participation as a member of the Western Interstate Commission for Higher Education (WICHE) to provide educational assistance to students seeking education in various professional fields of study not offered by higher education institutions within the state. The 1997 Nevada Legislature expanded the mission of WICHE to include the Health Care Access Program (HCAP). This program provides funds and educational opportunities to students in exchange for a two-year practice obligation to serve the medically under-served population of the state; in-state programs, as well as out-of-state programs are authorized under the

HCAP. Students enrolled in the HCAP are not required to monetarily pay back any portion of the support fee; however, there is a penalty for not fulfilling the practice obligation.

The Executive Budget recommends funding for professional support fees at \$1.33 million in FY 2005-06, a 5 percent decrease compared to \$1.39 million approved in FY 2004-05 and \$1.28 million in FY 2006-07, an additional 4 percent decrease. The Governor recommends the continuation of a pilot program approved by the 2003 Legislature, which provided authority to the agency to obtain matching federal funds for two dental slots under the HCAP program. The funds, both state and federal, are utilized to reimburse the education costs of selected dental school licensed graduates in exchange for a two-year practice obligation to serve the medically underserved population of the state. The Governor is recommending the expansion of the federal matching program into the field of mental health for five professional slots. Finally, the Governor is recommending a new pilot program, which would match funds from the University Medical Center (UMC) in Las Vegas with state funds for five nursing professional slots; a two-year practice obligation at the UMC would be required.

DEPARTMENT OF CULTURAL AFFAIRS

The 1993 Legislature approved the creation of a new Department of Museums, Library and Arts. As part of the Governor's reorganization proposal, the Department of Museums and History was combined with the State Library and Archives System, the Division of Historic Preservation and Archeology and the Comstock Historic District, formerly a part of the Department of Conservation and Natural Resources, and the Nevada Arts Council. The 2001 Legislature, with approval of S.B. 541, renamed the department to the Department of Cultural Affairs.

The department currently operates with 153.66 FTE positions. The Executive Budget recommends the addition of 5.51 positions in FY 2005-06 for a total of 159.17 FTE positions. The total budget for the department is recommended to increase 4.8 percent in FY 2005-06 and decrease 5.4 percent in FY 2006-07. The General Fund support for the department is recommended to increase 20.6 percent during FY 2005-06 and decrease 8.4 percent during FY 2006-07.

The Governor recommends a one-time appropriation of \$859,140 for the department for the development, renovation, and expansion of the Southern Nevada Railroad Museum.

The Executive Budget contains two supplemental appropriations, \$9,444 is recommended for rental costs for the Nevada State Library and \$3,037 is recommended for costs associated with the new exhibit/office building to be occupied by the Comstock Historic District in Virginia City.

ADMINISTRATION

The Director's Office budget supports 6 positions to oversee the administration and finances of the department.

The Governor recommends the addition of 2 new positions for the department in the 2005-07 biennium: a Management Analyst II and a Computer System Technician III. Justification for the positions is based on the increase in requirements placed on the department from other agencies of state government.

The Executive Budget contains a request for new and replacement computer equipment and software to support the needs of the entire department. The request is to be funded by a General Fund appropriation totaling \$145,750 in FY 2005-06 and \$41,765 in FY 2006-07.

The department, along with the Commission for Cultural Affairs, administers the annual distribution of grants for historic preservation and promotion from the sale of Cultural Resource bonds. Senate Bill 4 of the 2005 Legislative Session is proposing the annual sale of the bonds be reauthorized for another ten years and that the annual distribution be increased from \$2 million to \$3 million.

A one-time appropriation of \$200,000 is recommended to the Department of Administration for support of the Nevada Humanities Committee. The same level of support was provided during the 2003-05 biennium by a one-shot appropriation approved during the 20th Special Session.

The Governor recommends a \$75,000 General Fund appropriation within the Department of Cultural Affairs for support of the Governor's Advisory Council on Education Relating to the Holocaust. Expenditures in support of the advisory council formerly were dispersed through the state Department of Education.

STATE HISTORIC PRESERVATION OFFICE

The State Historic Preservation Office assists state and federal agencies, local governments, non-profit organizations and private citizens to preserve historic building and archaeological sites. The agency also manages the nearly 300 historical markers to interpret sites throughout Nevada and oversees the operation of the Comstock Historic District. In addition, the office oversees the annual distribution of the Cultural Resource Bonds. The 2003 Legislature approved Capital Improvement Project - C52 to construct a new 4,000 square-foot building in Virginia City in order to provide office space for the Comstock Historic District and to provide exhibit space for railroad engine #27. The project is scheduled for completion by May 2005. The Governor recommends a new .51 FTE position to assist with the expansion of the operations in the new facility located in Virginia City.

The Executive Budget recommends a Historic Preservation Specialist II position for the State Historic Preservation Office to assist with managing the state's archaeological GIS database.

NEVADA STATE LIBRARY/ARCHIVES AND RECORDS

The Executive Budget recommends continued funding for the bookmobile program of \$77,953 each fiscal year of the 2005-07 biennium. The Governor recommends funding of \$180,464 for Capital Improvement Project - P06 to begin planning of the remodel of the State Museum located at Lorenzi Park to include space for a research and exhibit museum, an addition of the Southern Nevada Records Center, services for the Library to the Blind and Physically Handicapped, the Nevada Arts Council, and the Historic Preservation Office.

NEVADA ARTS COUNCIL

The Nevada Arts Council promotes Nevada's cultural life through grants and technical assistance to individuals and organizations. The Executive Budget maintains existing programs and provides for an enhancement of \$200,000 each year of the 2005-07 biennium for additional grant funds, including an increase for the Challenge Grant Program from \$73,046 to \$123,046 in both FY 2005-06 and FY 2006-07.

DIVISION OF MUSEUMS AND HISTORY

The Administration budget provides oversight and direction to agencies in the division: the Nevada State Museum in Carson City, the Nevada State Railroad Museum in Carson City, the Nevada Historical Society in Reno, the Nevada State Museum and Historical Society in Las Vegas, the Lost City Museum in Overton, the Railroad Museum in Boulder City, and the East Ely Railroad Museum.

The Executive Budget recommends 2 new positions to assist with the increase in train rides at The Railroad Museum in Boulder City. The Governor has supported increased funding in all museum operating budgets for deferred maintenance items, including a number of Capital Improvement Projects to address electrical, lighting, drainage, security and other problems. The Executive Budget further recommends state funding of \$3.23 million for Capital Improvement Project - C27 to construct an entrance to comply with the American's with Disabilities Act (ADA) and a connecting structure for the Nevada State Museum in Carson City.

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
EDUCATION						
DEPARTMENT OF EDUCATION						
DISTRIBUTIVE SCHOOL ACCOUNT	892,063,012	1,075,764,992	956,525,228	-11.08	1,015,370,074	6.15
GENERAL FUND	745,581,887	884,229,250	827,314,002	-6.44	881,966,488	6.61
BALANCE FORWARD	-15,535,761	49,511,338		-100.00		
FEDERAL FUND	37,506,617	5,394,898	3,746,080	-30.56	3,858,462	3.00
INTERIM FINANCE	2,704,730					
OTHER FUND	121,805,539	136,629,506	125,465,146	-8.17	129,545,124	3.25
OTHER STATE EDUC PROGRAMS	18,949,326	14,717,044	12,515,695	-14.96	11,265,892	-9.99
GENERAL FUND	13,475,242	14,276,897	12,500,268	-12.44	11,250,465	-10.00
BALANCE FORWARD	-381,982	409,297		-100.00		
INTER AGENCY TRANSFER		23,400		-100.00		
INTERIM FINANCE	5,800,000					
OTHER FUND	56,066	7,450	15,427	107.07	15,427	
NDE - SCHOOL REMEDIATION TRUST FU			50,000,000		50,000,000	
GENERAL FUND			50,000,000		50,000,000	
EDUCATION STATE PROGRAMS	2,502,592	2,583,087	2,742,244	6.16	2,814,282	2.63
GENERAL FUND	2,325,181	2,444,434	2,500,973	2.31	2,549,908	1.96
INTER AGENCY TRANSFER	155,153	135,710	219,013	61.38	261,374	19.34
OTHER FUND	22,258	2,943	22,258	656.30	3,000	-86.52
NDE, STAFFING SERVICES	288,058	431,334	450,964	4.55	478,619	6.13
INTER AGENCY TRANSFER	288,058	431,334	450,964	4.55	478,619	6.13
EDUCATION SUPPORT SERVICES	2,038,414	2,436,806	2,551,184	4.69	2,516,789	-1.35
GENERAL FUND	955,139	977,490	937,575	-4.08	993,888	6.01
BALANCE FORWARD	-81,983	100,989	230,571	128.31	184,566	-19.95
INTER AGENCY TRANSFER	1,165,258	1,358,327	1,383,038	1.82	1,338,335	-3.23
PROFICIENCY TESTING	3,869,892	4,557,724	4,255,640	-6.63	4,436,056	4.24
GENERAL FUND	3,868,094	4,557,724	4,234,496	-7.09	4,402,715	3.97
BALANCE FORWARD	1,798					
INTER AGENCY TRANSFER			21,144		33,341	57.69
TEACHER EDUCATION AND LICENSING	1,009,718	1,445,311	1,466,152	1.44	1,437,792	-1.93
GENERAL FUND	100	100	100		100	
BALANCE FORWARD	2,597	163,924	242,419	47.88	166,764	-31.21
INTER AGENCY TRANSFER	48,601	77,870	80,298	3.12	81,882	1.97
OTHER FUND	958,420	1,203,417	1,143,335	-4.99	1,189,046	4.00
DRUG ABUSE EDUCATION	2,499,770	2,925,750	2,043,002	-30.17	2,043,002	
BALANCE FORWARD	-245					
FEDERAL FUND	2,499,770	2,925,750	2,043,002	-30.17	2,043,002	
OTHER FUND	245					
SCHOOL HEALTH EDUCATION - AIDS	261,852	318,915	279,499	-12.36	279,499	
BALANCE FORWARD			48,749		48,749	
FEDERAL FUND	261,852	318,915	230,750	-27.65	230,750	

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
EDUCATION						
NDE GEAR UP	1,158,274	1,225,180	1,200,016	-2.05	1,202,959	.25
FEDERAL FUND	1,158,274	1,225,180	1,200,016	-2.05	1,202,959	.25
DISCRETIONARY GRANTS - UNRESTRICTED	2,558,691	2,969,587	296,746	-90.01	303,840	2.39
BALANCE FORWARD	-5,042	110,070		-100.00		
FEDERAL FUND	2,563,733	2,859,517	296,746	-89.62	303,840	2.39
DISCRETIONARY GRANTS - RESTRICTED	20,804,836	19,092,628	14,568,842	-23.69	14,568,842	
FEDERAL FUND	20,804,836	19,092,628	14,568,842	-23.69	14,568,842	
IMPROVING AMERICA'S SCHOOLS - TITLE I	52,060,956	95,391,201	82,325,072	-13.70	82,325,072	
BALANCE FORWARD	216					
FEDERAL FUND	52,060,740	95,376,920	82,325,072	-13.68	82,325,072	
INTER AGENCY TRANSFER		14,281		-100.00		
IMPROVING AMERICA'S SCHOOLS - TITLE II	21,990,189	37,269,886	26,668,171	-28.45	26,668,171	
FEDERAL FUND	21,990,189	37,269,886	26,668,171	-28.45	26,668,171	
STUDENT INCENTIVE GRANTS	539,775	542,721	542,782	.01	544,119	.25
GENERAL FUND	4,312	10,135	383,022	3,679.20	383,825	.21
BALANCE FORWARD	28					
FEDERAL FUND	159,248	156,391	159,248	1.83	159,248	
INTER AGENCY TRANSFER	376,187	376,195	512	-99.86	1,046	104.30
OCCUPATIONAL EDUCATION	8,327,089	9,643,418	9,038,295	-6.27	9,049,693	.13
GENERAL FUND	356,104	362,620	365,912	.91	370,778	1.33
BALANCE FORWARD	2,586					
FEDERAL FUND	7,968,399	9,280,798	8,666,127	-6.62	8,666,127	
INTER AGENCY TRANSFER			6,256		12,788	104.41
NDE CONTINUING EDUCATION	4,574,133	4,891,422	4,672,203	-4.48	4,674,025	.04
GENERAL FUND	465,072	465,281	469,838	.98	469,991	.03
FEDERAL FUND	4,109,061	4,426,141	4,200,753	-5.09	4,200,753	
INTER AGENCY TRANSFER			1,612		3,281	103.54
NUTRITION EDUCATION PROGRAMS	53,773,211	56,399,681	61,569,630	9.17	67,728,631	10.00
GENERAL FUND	248,511	254,008	275,804	8.58	278,640	1.03
BALANCE FORWARD	386,381	188,117		-100.00		
FEDERAL FUND	53,123,940	55,940,151	61,271,566	9.53	67,421,835	10.04
INTER AGENCY TRANSFER	14,379	14,405	22,260	54.53	28,156	26.49
OTHER FUND		3,000		-100.00		
INDIVIDUALS WITH DISABILITIES (IDEA)	55,021,828	68,041,985	67,245,511	-1.17	67,246,263	.00
GENERAL FUND	122,050	192,410	195,119	1.41	195,205	.04
FEDERAL FUND	54,867,436	67,813,406	67,012,625	-1.18	67,012,625	
INTER AGENCY TRANSFER	32,342	36,169	37,767	4.42	38,433	1.76
TOTAL-DEPARTMENT OF EDUCATION	1,144,291,616	1,400,648,672	1,300,956,876	-7.12	1,364,953,620	4.92
GENERAL FUND	767,401,692	907,770,349	899,177,109	-.95	952,862,003	5.97
BALANCE FORWARD	-15,611,407	50,483,735	521,739	-98.97	400,079	-23.32
FEDERAL FUND	259,074,095	302,080,581	272,388,998	-9.83	278,661,686	2.30

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
EDUCATION						
INTER AGENCY TRANSFER	2,079,978	2,467,691	2,222,864	-9.92	2,277,255	2.45
INTERIM FINANCE	8,504,730					
OTHER FUND	122,842,528	137,846,316	126,646,166	-8.13	130,752,597	3.24
COMMISSION ON POSTSECONDARY EDUCATION						
COMMISSION ON POSTSECONDARY EDU	341,839	350,952	346,853	-1.17	355,032	2.36
GENERAL FUND	241,579	254,526	244,297	-4.02	247,016	1.11
FEDERAL FUND	97,260	96,426	97,260	.86	97,260	
INTER AGENCY TRANSFER			5,296		10,756	103.10
OTHER FUND	3,000					
TOTAL-COMMISSION ON POSTSECONDAI	341,839	350,952	346,853	-1.17	355,032	2.36
GENERAL FUND	241,579	254,526	244,297	-4.02	247,016	1.11
FEDERAL FUND	97,260	96,426	97,260		97,260	.00
INTER AGENCY TRANSFER			5,296	.00	10,756	
OTHER FUND	3,000					

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
EDUCATION						
UNIVERSITY & COMMUNITY COLLEGE SYSTEM						
UCCSN SYSTEM ADMINISTRATION	3,626,986	3,771,029	4,638,478	23.00	4,791,259	3.29
GENERAL FUND	3,515,307	3,658,716	4,470,014	22.17	4,564,262	2.11
INTER AGENCY TRANSFER	219	853	57,004	6,582.77	115,537	102.68
OTHER FUND	111,460	111,460	111,460		111,460	
UCCSN SALARY ADJUSTMENTS			7,201,748		14,620,657	103.02
GENERAL FUND			7,201,748		14,620,657	103.02
UCCSN - SPECIAL PROJECTS	17,026,522	21,746,343	2,584,437	-88.12	2,601,998	.68
GENERAL FUND	18,976,532	19,676,314	2,470,206	-87.45	2,369,683	-4.07
BALANCE FORWARD	-2,067,360	2,067,360		-100.00		
INTER AGENCY TRANSFER		2,669	114,231	4,179.92	232,315	103.37
OTHER FUND	117,350					
UNIVERSITY PRESS	728,214	762,968	786,883	3.13	814,452	3.50
GENERAL FUND	728,134	762,893	776,450	1.78	793,307	2.17
INTER AGENCY TRANSFER	80	75	10,433	13,810.67	21,145	102.67
SYSTEM COMPUTING CENTER	21,759,812	18,732,814	20,179,651	7.72	20,736,671	2.76
GENERAL FUND	21,759,812	18,728,644	20,002,300	6.80	20,376,543	1.87
INTER AGENCY TRANSFER		4,170	177,351	4,153.02	360,128	103.06
NATIONAL DIRECT STUDENT LOAN PROJ	49,504	49,504	50,904	2.83	50,904	
GENERAL FUND	49,504	49,504	50,904	2.83	50,904	
UNIVERSITY OF NEVADA - RENO	143,811,446	155,590,000	171,338,836	10.12	181,109,204	5.70
GENERAL FUND	107,498,806	114,242,080	130,974,148	14.65	135,656,517	3.58
INTER AGENCY TRANSFER	4,253,269	4,726,657	8,055,883	70.44	10,194,428	26.55
OTHER FUND	32,059,371	36,621,263	32,308,805	-11.78	35,258,259	9.13
INTERCOLLEGIATE ATHLETICS - UNR	2,554,872	2,677,881	3,955,112	47.70	4,058,229	2.61
GENERAL FUND	2,554,872	2,677,484	3,914,582	46.20	3,976,051	1.57
INTER AGENCY TRANSFER		397	40,530	10,109.07	82,178	102.76
STATEWIDE PROGRAMS - UNR	6,544,591	6,873,609	7,518,030	9.38	7,746,772	3.04
GENERAL FUND	6,542,138	6,871,255	7,413,727	7.89	7,535,262	1.64
INTER AGENCY TRANSFER	2,453	2,354	104,303	4,330.88	211,510	102.78
SCHOOL OF MEDICAL SCIENCES	23,063,089	24,334,323	28,237,430	16.04	31,184,357	10.44
GENERAL FUND	20,946,752	22,137,099	25,387,933	14.69	27,846,583	9.68
INTER AGENCY TRANSFER		3,680	362,511	9,750.84	735,396	102.86
OTHER FUND	2,116,337	2,193,544	2,486,986	13.38	2,602,378	4.64
UCCSN HEALTH LABORATORY AND RES	2,224,312	2,294,207	2,409,080	5.01	2,470,743	2.56
GENERAL FUND	1,662,258	1,621,989	1,817,567	12.06	1,837,246	1.08
INTER AGENCY TRANSFER		2,042	29,463	1,342.85	60,206	104.34
OTHER FUND	562,054	670,176	562,050	-16.13	573,291	2.00
AGRICULTURE EXPERIMENT STATION	8,290,233	8,706,832	8,841,097	1.54	9,170,969	3.73
GENERAL FUND	7,045,130	7,461,817	7,417,992	-.59	7,602,686	2.49
FEDERAL FUND	1,242,369	1,242,371	1,282,530	3.23	1,282,530	
INTER AGENCY TRANSFER	2,734	2,644	140,575	5,216.75	285,753	103.27

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
EDUCATION						
COOPERATIVE EXTENSION SERVICE	8,374,657	8,993,787	9,377,928	4.27	9,760,914	4.08
GENERAL FUND	6,744,464	7,232,069	7,402,926	2.36	7,604,649	2.72
FEDERAL FUND	1,140,001	1,162,447	1,203,628	3.54	1,205,234	.13
INTER AGENCY TRANSFER	2,562	2,486	159,373	6,310.82	323,423	102.93
OTHER FUND	487,630	596,785	612,001	2.55	627,608	2.55
BUSINESS CENTER NORTH	2,050,631	2,146,539	2,254,664	5.04	2,332,127	3.44
GENERAL FUND	2,048,246	2,144,234	2,217,615	3.42	2,256,469	1.75
INTER AGENCY TRANSFER	2,385	2,305	37,049	1,507.33	75,658	104.21
UNIVERSITY OF NEVADA - LAS VEGAS	182,462,534	196,511,611	222,845,170	13.40	238,441,285	7.00
GENERAL FUND	125,392,234	133,841,045	152,025,012	13.59	156,474,559	2.93
INTER AGENCY TRANSFER		55,683	4,854,269	8,617.69	7,829,659	61.29
OTHER FUND	57,070,300	62,614,883	65,965,889	5.35	74,137,067	12.39
INTERCOLLEGIATE ATHLETICS - UNLV	2,590,538	2,728,967	3,093,659	13.36	3,200,140	3.44
GENERAL FUND	2,590,117	2,728,563	3,049,250	11.75	3,110,189	2.00
INTER AGENCY TRANSFER	421	404	44,409	10,892.33	89,951	102.55
STATEWIDE PROGRAMS - UNLV	1,012,042	1,063,208	1,106,542	4.08	1,150,476	3.97
GENERAL FUND	1,012,042	1,062,939	1,088,972	2.45	1,114,808	2.37
INTER AGENCY TRANSFER		269	17,570	6,431.60	35,668	103.01
UNLV LAW SCHOOL	9,447,933	9,339,525	11,369,697	21.74	11,695,752	2.87
GENERAL FUND	6,467,788	6,872,762	8,118,953	18.13	8,254,376	1.67
INTER AGENCY TRANSFER		1,779	139,389	7,735.24	283,055	103.07
OTHER FUND	2,980,145	2,464,984	3,111,355	26.22	3,158,321	1.51
DENTAL SCHOOL-UNLV	8,626,084	7,716,456	11,894,026	54.14	12,235,839	2.87
GENERAL FUND	6,270,473	4,524,679	7,465,825	65.00	7,660,074	2.60
INTER AGENCY TRANSFER		1,442	142,244	9,764.36	289,808	103.74
OTHER FUND	2,355,611	3,190,335	4,285,957	34.34	4,285,957	
BUSINESS CENTER SOUTH	1,718,516	1,811,341	1,922,853	6.16	1,990,299	3.51
GENERAL FUND	1,718,516	1,810,058	1,890,023	4.42	1,923,600	1.78
INTER AGENCY TRANSFER		1,283	32,830	2,458.85	66,699	103.16
DESERT RESEARCH INSTITUTE	5,859,249	5,982,911	7,648,733	27.84	7,774,764	1.65
GENERAL FUND	5,265,631	5,375,088	7,419,770	38.04	7,486,241	.90
INTER AGENCY TRANSFER	2,494	2,411	80,477	3,237.91	140,037	74.01
INTERIM FINANCE	442,638	456,926		-100.00		
OTHER FUND	148,486	148,486	148,486		148,486	
GREAT BASIN COLLEGE	13,927,748	14,523,991	16,624,203	14.46	17,642,226	6.12
GENERAL FUND	12,257,390	12,952,800	14,410,306	11.25	15,077,998	4.63
INTER AGENCY TRANSFER		5,788	206,614	3,469.70	421,328	103.92
OTHER FUND	1,670,358	1,565,403	2,007,283	28.23	2,142,900	6.76
WESTERN NEVADA COMMUNITY COLLEGE	18,936,498	19,719,072	21,223,619	7.63	21,840,925	2.91
GENERAL FUND	16,377,151	17,149,599	18,245,021	6.39	18,529,179	1.56
INTER AGENCY TRANSFER		6,859	275,301	3,913.72	560,066	103.44
OTHER FUND	2,559,347	2,562,614	2,703,297	5.49	2,751,680	1.79

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
EDUCATION						
COMMUNITY COLLEGE OF SOUTHERN N	95,768,308	103,381,568	118,334,994	14.46	126,306,904	6.74
GENERAL FUND	72,053,009	77,983,975	89,266,788	14.47	93,852,303	5.14
INTER AGENCY TRANSFER		29,724	1,302,749	4,282.82	2,655,723	103.86
OTHER FUND	23,715,299	25,367,869	27,765,457	9.45	29,798,878	7.32
TRUCKEE MEADOWS COMMUNITY COLL	36,123,520	38,155,732	43,887,040	15.02	45,720,172	4.18
GENERAL FUND	28,971,803	30,512,648	35,399,654	16.02	36,325,715	2.62
INTER AGENCY TRANSFER	12,962	12,530	507,554	3,950.71	1,030,681	103.07
OTHER FUND	7,138,755	7,630,554	7,979,832	4.58	8,363,776	4.81
NEVADA STATE COLLEGE AT HENDERSC	3,661,777	5,145,839	8,903,720	73.03	10,013,476	12.46
GENERAL FUND	3,000,628	4,480,696	7,259,523	62.02	7,957,044	9.61
INTER AGENCY TRANSFER		250	59,813	23,825.20	121,527	103.18
OTHER FUND	661,149	664,893	1,584,384	138.29	1,934,905	22.12
CLASSIFIED REGI	194,060	187,640		-100.00		
GENERAL FUND	194,060	187,640		-100.00		
TOTAL-UNIVERSITY & COMMUNITY COLL	620,433,676	662,947,697	738,228,534	11.36	789,461,514	6.94
GENERAL FUND	481,642,797	506,746,590	567,157,209	11.92	594,856,905	4.88
FEDERAL FUND	2,382,370	2,404,818	2,486,158	3.38	2,487,764	.06
INTER AGENCY TRANSFER	4,279,579	4,868,754	16,951,925	248.18	26,221,879	54.68
INTERIM FINANCE	442,638	456,926				.00
OTHER FUND	133,753,652	146,403,249	151,633,242	3.57	165,894,966	9.41
WICHE PROGRAM						
W.I.C.H.E. LOAN & STIPEND	1,392,531	1,390,350	1,325,794	-4.64	1,276,480	-3.72
GENERAL FUND	862,748	797,557	811,744	1.78	788,630	-2.85
OTHER FUND	529,783	592,793	514,050	-13.28	487,850	-5.10
W.I.C.H.E. ADMINISTRATION	266,872	330,296	339,414	2.76	351,916	3.68
GENERAL FUND	266,872	330,296	336,052	1.74	345,014	2.67
INTER AGENCY TRANSFER			3,362		6,902	105.29
TOTAL-WICHE PROGRAM	1,659,403	1,720,646	1,665,208	-3.22	1,628,396	-2.21
GENERAL FUND	1,129,620	1,127,853	1,147,796	1.77	1,133,644	-1.23
INTER AGENCY TRANSFER			3,362	.00	6,902	
OTHER FUND	529,783	592,793	514,050	-13.28	487,850	-5.10

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
EDUCATION						
DEPARTMENT OF CULTURAL AFFAIRS						
CULTURAL AFFAIRS ADMINISTRATION	669,809	918,269	1,006,276	9.58	863,192	-14.22
GENERAL FUND	656,171	699,529	972,457	39.02	818,951	-15.79
BALANCE FORWARD		200,000		-100.00		
INTER AGENCY TRANSFER	13,638	18,740	33,819	80.46	44,241	30.82
COMSTOCK HISTORIC DISTRICT	96,137	108,036	148,845	37.77	156,621	5.22
GENERAL FUND	96,137	108,036	147,197	36.25	153,252	4.11
INTER AGENCY TRANSFER			1,648		3,369	104.43
STATE HISTORIC PRESERVATION OFFIC	1,114,655	909,046	1,078,281	18.62	1,103,686	2.36
GENERAL FUND	312,488	306,508	316,303	3.20	325,998	3.07
BALANCE FORWARD	-7,355	7,355		-100.00		
FEDERAL FUND	720,592	514,572	727,947	41.47	737,912	1.37
INTER AGENCY TRANSFER	86,930	80,611	34,031	-57.78	39,776	16.88
OTHER FUND	2,000					
NEVADA STATE LIBRARY	4,609,025	5,046,558	4,762,110	-5.64	4,789,738	.58
GENERAL FUND	3,306,197	3,507,991	3,474,807	-.95	3,473,132	-.05
BALANCE FORWARD	-508,848	508,848		-100.00		
FEDERAL FUND	1,292,399	1,026,890	1,222,528	19.05	1,224,058	.13
INTER AGENCY TRANSFER	500,000		60,948		88,721	45.57
OTHER FUND	19,277	2,829	3,827	35.28	3,827	
ARCHIVES AND RECORDS	651,568	658,017	759,462	15.42	715,854	-5.74
GENERAL FUND	640,632	651,571	738,305	13.31	682,764	-7.52
FEDERAL FUND	9,315	4,219	5,370	27.28	5,370	
INTER AGENCY TRANSFER			14,165		26,098	84.24
OTHER FUND	1,621	2,227	1,622	-27.17	1,622	
MICROGRAPHICS AND IMAGING	572,218	762,243	673,772	-11.61	597,624	-11.30
BALANCE FORWARD	-32,105	141,310	145,707	3.11	74,252	-49.04
INTER AGENCY TRANSFER	604,323	620,933	528,065	-14.96	523,372	-.89
NEVADA STATE LIBRARY - LITERACY	218,638	224,925	227,692	1.23	231,998	1.89
GENERAL FUND	134,312	140,775	147,980	5.12	149,808	1.24
FEDERAL FUND	21,726	32,150	19,347	-39.82	19,347	
INTER AGENCY TRANSFER	62,600	52,000	60,365	16.09	62,843	4.11
NEVADA STATE LIBRARY-CLAN	433,030	655,958	363,246	-44.62	371,818	2.36
BALANCE FORWARD	121,275	219,498		-100.00		
FEDERAL FUND	3,590	26,000	3,591	-86.19	3,591	
INTER AGENCY TRANSFER	68,183	69,528	71,761	3.21	72,994	1.72
OTHER FUND	239,982	340,932	287,894	-15.56	295,233	2.55
NEVADA ARTS COUNCIL	2,091,402	2,305,093	2,260,004	-1.96	2,282,695	1.00
GENERAL FUND	1,426,609	1,475,576	1,697,907	15.07	1,707,576	.57
BALANCE FORWARD	60,030	27,926		-100.00		
FEDERAL FUND	531,969	487,100	470,029	-3.50	470,124	.02
INTER AGENCY TRANSFER		250,000	21,274	-91.49	34,201	60.76
OTHER FUND	72,794	64,491	70,794	9.77	70,794	

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
EDUCATION						
MUSEUMS AND HISTORY	229,892	312,078	339,118	8.66	345,066	1.75
GENERAL FUND	229,892	312,078	325,011	4.14	325,613	.19
INTER AGENCY TRANSFER			14,107		19,453	37.90
LOST CITY MUSEUM	385,201	415,218	464,402	11.85	435,467	-6.23
GENERAL FUND	316,469	340,281	377,171	10.84	340,517	-9.72
BALANCE FORWARD	-1,350					
FEDERAL FUND	2,970					
INTER AGENCY TRANSFER			5,558		11,425	105.56
OTHER FUND	67,112	74,937	81,673	8.99	83,525	2.27
NEVADA HISTORICAL SOCIETY	698,002	719,661	767,092	6.59	772,645	.72
GENERAL FUND	642,816	659,661	696,621	5.60	690,603	-.86
INTER AGENCY TRANSFER			10,411		21,177	103.41
OTHER FUND	55,186	60,000	60,060	.10	60,865	1.34
STATE MUSEUM, CARSON CITY	1,659,333	1,711,164	1,861,560	8.79	1,819,805	-2.24
GENERAL FUND	1,309,868	1,380,962	1,474,843	6.80	1,402,647	-4.90
FEDERAL FUND	19,144	12,000	12,089	.74	12,143	.45
INTER AGENCY TRANSFER	10,000	10,000	33,389	233.89	57,771	73.02
OTHER FUND	320,321	308,202	341,239	10.72	347,244	1.76
MUSEUM & HISTORICAL SOCIETY - LV	979,955	1,040,798	1,267,813	21.81	1,090,823	-13.96
GENERAL FUND	955,050	1,003,613	1,211,414	20.71	1,016,832	-16.06
INTER AGENCY TRANSFER			15,408		31,606	105.13
OTHER FUND	24,905	37,185	40,991	10.24	42,385	3.40
STATE RAILROAD MUSEUMS	1,392,973	1,490,442	2,126,167	42.65	1,544,676	-27.35
GENERAL FUND	1,141,166	496,000	1,783,035	259.48	1,148,644	-35.58
INTER AGENCY TRANSFER	114,422	875,479	141,298	-83.86	159,542	12.91
OTHER FUND	137,385	118,963	201,834	69.66	236,490	17.17
TOTAL-DEPARTMENT OF CULTURAL AFF	15,801,838	17,277,506	18,105,840	4.79	17,121,708	-5.44
GENERAL FUND	11,167,807	11,082,581	13,363,051	20.58	12,236,337	-8.43
BALANCE FORWARD	-368,353	1,104,937	145,707	-86.81	74,252	-49.04
FEDERAL FUND	2,601,705	2,102,931	2,460,901	17.02	2,472,545	.47
INTER AGENCY TRANSFER	1,460,096	1,977,291	1,046,247	-47.09	1,196,589	14.37
OTHER FUND	940,583	1,009,766	1,089,934	7.94	1,141,985	4.78
EDUCATION						
GENERAL FUND	1,261,583,495	1,426,981,899	1,481,089,462	3.79	1,561,335,905	5.42
BALANCE FORWARD	-18,047,120	53,656,032	667,446	-98.76	474,331	-28.93
FEDERAL FUND	264,155,430	306,684,756	277,433,317	-9.54	283,719,255	2.27
INTER AGENCY TRANSFER	7,819,653	9,313,736	20,229,694	117.20	29,713,381	46.88
INTERIM FINANCE	8,947,368	456,926				
OTHER FUND	258,069,546	285,852,124	279,883,392	-2.09	298,277,398	6.57

BASN
FISBU510F

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
EDUCATION						
TOTAL-EDUCATION	1,782,528,372	2,082,945,473	2,059,303,311	-1.14	2,173,520,270	5.55
Less: INTER AGENCY TRANSFER	7,819,653	9,313,736	20,229,694	117.20	29,713,381	46.88
NET-EDUCATION	1,774,708,719	2,073,631,737	2,039,073,617	-1.67	2,143,806,889	5.14

COMMERCE AND INDUSTRY

Commerce and Industry includes all of the divisions within the Department of Business and Industry and the Department of Agriculture, along with the Gaming Control Board, the Public Utilities Commission, the Commission on Economic Development, and the Commission on Tourism. These agencies license, regulate, and promote various businesses and financial activities operating in the state of Nevada.

The Executive Budget recommends General Fund appropriations for Commerce and Industry amounting to \$51 million for FY 2005-06, which is an increase of 19.7 percent from FY 2004-05. In FY 2006-07, General Funds are recommended at \$50.4 million, which represents a 1.0 percent decrease compared to FY 2005-06. Budget recommendations from all funding sources total \$213.1 million in FY 2005-06, which is a 9.0 percent increase over FY 2004-05, and \$217.1 million in FY 2006-07, which is a 1.9 percent increase over FY 2005-06 after inter-agency transfers are deducted.

DEPARTMENT OF AGRICULTURE

The Department of Agriculture is responsible for encouraging, advancing, and protecting the livestock and agricultural industries of the state. The department attempts to encourage sound resource management through progressive and innovative agricultural practices. The Department of Agriculture is organized into six divisions: Administration; Plant Industry; Animal Industry; Livestock Identification; Measurement Standards; and Resource Protection. General Fund support for the department in FY 2005-06 is recommended at \$4.2 million, which represents an 11.3 percent increase over the previous year. In FY 2006-07, General Fund support is reduced to \$4.0 million, a 5 percent decrease when compared to FY 2005-06.

ADMINISTRATION

The Governor recommends transferring \$33,158 from the Marijuana Health Registry (a non-Executive Budget account) to the Division of Administration to partially fund an existing Program Officer I position that provides services related to the Medical Marijuana program. The Governor also recommends \$1,000 in each year of the 2005-07 biennium to establish a host fund for the Board of Agriculture.

DIVISION OF PLANT INDUSTRY

The Executive Budget recommends \$96,035 in General Funds for the purchase of four replacement vehicles, two for the Agricultural Enforcement Unit and two for general plant industry use. The Governor also recommends \$33,976 in General Funds for Highway Patrol Dispatch services utilized by the division and \$13,890 in General Funds for maintenance costs associated with the department's use of the Nevada Department of Transportation's 800 MHz radio system.

DIVISION OF LIVESTOCK IDENTIFICATION

The Executive Budget recommends eliminating 5.03 FTE intermittent positions from the Division of Livestock Identification and converting 2.0 FTE of the eliminated positions to permanent full-time positions (1 Brand Inspector I and 1 Administrative Assistant II). The Governor also recommends \$202,004 to continue seasonal positions outside of the position control section of The Executive Budget, resulting in a net reduction in personnel related costs of approximately \$100,000.

DIVISION OF ANIMAL INDUSTRY

The Governor recommends General Fund appropriations totaling \$160,794 over the 2005-07 biennium to fund the management of wild horses in the Virginia Range. The Executive Budget also recommends transfers from the Nevada Division of Wildlife (NDOW) totaling \$46,762 to pay a portion of the costs of an existing veterinarian position that will provide services to NDOW.

DIVISION OF MEASUREMENT STANDARDS

The Executive Budget recommends General Funds totaling \$503,381 in FY 2005-06 and \$354,124 in FY 2006-07 in support of Weights & Measure activities, including the replacement of seven vehicles and maintenance for existing division buildings. The Governor also recommends funding for operating and utilities costs associated with the division's newly expanded Sparks Petroleum Laboratory and for replacement equipment for both the Sparks and Las Vegas Petroleum Labs.

GAMING CONTROL BOARD

The regulation of Nevada's gaming industry is conducted through a tiered system comprised of the Nevada Gaming Commission, the Gaming Control Board, and the Gaming Policy Committee. The Gaming Commission has final authority on all gaming matters. The Gaming Policy Committee functions as an advisory body, meeting when required to examine and make recommendations on gaming policy. The Gaming Control Board is organized into the following divisions: Audit, Tax and License, Investigations, Corporate Securities, Enforcement, Electronic Services, and Administration.

The Gaming Control Board is supported primarily from a General Fund appropriation and a transfer from the Gaming Investigative Fund, which pays the investigative costs of those individuals applying for a gaming license through reimbursements from the applicants. The Executive Budget is recommending a total budget of \$39.7 million in FY 2005-06 and \$40.0 million in FY 2006-07. Of these amounts, the General Fund appropriation is \$29.0 million in FY 2005-06, an increase of 7.5 percent over FY 2004-05, and \$28.7 million in FY 2006-07, which represents a decrease of 1 percent compared to the previous year.

The Executive Budget recommends a net increase of 8 positions to address workload demands in existing programs. Nine new positions include 4 Agent positions for the Investigations Division, 1 Agent and 2 Administrative Assistant II positions for the Enforcement Division, and 2 Senior Agent positions for the Audit Division. Funding for the 3 positions for the Enforcement Division is proposed from fees collected from the centralized gaming employee registration program. Funding for the remaining positions is proposed from the Gaming Investigative Fund. One Administrative Aid position is recommended for deletion. Total costs associated with these positions is \$715,446 in FY 2005-06 and \$840,159 in FY 2006-07. Replacement equipment totaling \$469,930 in FY 2005-06 and \$95,793 for FY 2006-07 is included in The Executive Budget, primarily for computer hardware and software.

PUBLIC UTILITIES COMMISSION

The Public Utilities Commission (PUC) is comprised of 3 Commissioners whose responsibilities are to balance the interests of customers of public utilities to receive safe and adequate service with reasonable rates while providing shareholders of public utilities the opportunity to earn a fair return on their investment. The PUC is also responsible for the railroad safety inspection program; natural gas pipeline inspection program; and the collection of the Universal Energy Charge (UEC), which is deposited into the Fund for Energy Assistance and Conservation that was approved by the 2001 Legislature. The UEC is based upon each kilowatt-hour of electricity and therm of gas sold at the retail level. The fund is administered in conjunction with the Welfare Division and Housing Division to assist low-income consumers with power bill payments and energy conservation, weatherization, and energy efficiency needs.

The Executive Budget recommends total funding of \$12.8 million in FY 2005-06, an increase of 7.0 percent over FY 2004-05. Funding in FY 2006-07 is recommended to decrease by 1.0 percent compared to FY 2005-06. Financing of the agency is primarily derived from a mill assessment on gross utility operating revenues, statutorily capped at 3.5 mills (one mill = 1/10 of one cent). An additional assessment of up to 0.75 mills is assessed and transferred to the Account for the Consumer Advocate. The Governor recommends a mill assessment at 2.60 mills for the PUC, leaving a projected reserve balance of \$1.96 million at the end of FY 2006-07. A mill assessment of 0.70 mills for the Consumer Advocate is recommended in both years of the 2005-07 biennium.

The Governor recommends 3 new Gas Pipeline Safety Engineers to address increased state Call-Before-You-Dig and federal Office of Pipeline Safety regulations, along with significant growth in gas pipeline miles and population affecting inspector field-days. The Governor also recommends reserve funding of \$1.3 million to fund a new Electronic Filing and Records Management System that would allow the PUC to accept and manage electronic documents and records and accept associated fees electronically over the counter and via the Internet. The system is also intended to accept and convert paper documents to electronic formats, and to manage all documents through their entire life cycle.

DEPARTMENT OF BUSINESS AND INDUSTRY

The Department of Business and Industry consists of eight divisions, one board, three commissions, and five other agencies. The department is responsible for the regulation of business enterprises, promotion of worker safety, administration of bond programs, education of the public and businesses regarding their legal rights and responsibilities, and promoting the legal operation of businesses in Nevada. The department is funded through a combination of state General Funds, federal funds, business license revenue and other fees.

The Executive Budget recommends General Fund appropriations for the department of \$8.5 million in each year of the 2005-07 biennium, representing an increase of 13 percent in each year when compared to the FY 2004-05 legislatively approved amount of \$7.5 million. Highway Fund appropriations of \$2.2 million in each fiscal year represent an increase of 5 percent when compared to the FY 2004-05 legislatively approved amount of \$2.1 million. Total funds recommended from all sources to support the department are \$113.8 million in FY 2005-06 and \$121.4 million in FY 2006-07, a total increase of approximately 18.1 percent in the second year compared to the amount budgeted in FY 2004-05.

DIRECTOR'S OFFICE

The Director's Office is responsible for providing administrative and budgetary oversight to the divisions, agencies, and commissions that constitute the department. The Office includes the Office of Business, Finance, and Planning, which is responsible for the administration of the Industrial Development Revenue Bond (IDRB) Program budget. The recommended funding sources for the Director's Office include General Fund, assessments paid by non-General Fund agencies within the department, and a transfer from the IDRB Program. The Executive Budget recommends General Fund appropriations for the agency of \$277,076 in FY 2005-06, which represents a 45 percent increase over FY 2004-05. An additional 2.0 percent increase in General Funds support is recommended in FY 2006-07.

The Executive Budget recommends approximately \$676,348 over the 2005-07 biennium to centralize the Department's personnel function. The Governor proposes to staff the office with 6 existing positions from agencies within the Department (Dairy Commission, Division of Industrial Relations, and Taxicab Authority). This recommendation results in increased General Fund support of \$129,859 over the upcoming biennium. The 6 positions requested to be transferred-in to the Director's Office are from agencies that are not supported by General Fund dollars.

MANUFACTURED HOUSING DIVISION

The Manufactured Housing Division's principal responsibility is to ensure that manufactured homes, mobile homes, travel trailers, commercial coaches and manufactured buildings are constructed and installed in a manner that provides

reasonable safety and protection to owners and users. The division is a fee-based, self-funded agency. Revenues are generated through user fees, inspection fees, plans-review fees and non-grant federal funds (H.U.D.).

Due to a decline in the manufactured housing industry over a number of years, the division has experienced difficulty in meeting revenue projections, and the cash reserve was supplementing daily operating expenditures. As a result, the cash reserve was depleted from \$545,020 at the beginning of FY 1998-99 to an unsafe level of \$4,316 at the end of FY 2001-02. The agency was forced to implement a number of cost cutting measures, including eliminating 3 full-time positions. In addition, a broad fee increase was implemented that took effect in July 2003. In FY 2003-04, revenue collections met budgeted authority; The Executive Budget recommends a reserve balance of \$889,312 at the end of the 2005-07 biennium.

CONSUMER AFFAIRS DIVISION

The Consumer Affairs Division is responsible for investigating deceptive trade practices in the marketplace, educating consumers regarding deceptive trade practices, and regulating various organizations and services that solicit consumers. The agency is primarily funded through an appropriation from the General Fund. The Executive Budget recommends General Fund appropriations for the division of \$1.4 million in each year of the 2005-07 biennium, which represents increased General Fund support of approximately 4.8 percent over the 2005-07 biennium.

A General Fund appropriation is recommended by the Governor in the amount of \$427,423 over the 2005-07 biennium to purchase and implement a commercial off-the-shelf database system to replace outdated systems. Funding for this project has been recommended in the Information Technology Projects budget.

REAL ESTATE DIVISION

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

The Executive Budget recommends 2.5 new full-time equivalent positions in each year of the 2005-07 biennium to manage workload. The Governor further recommends reclassifying 2 Program Officer positions based on a change of duties. Total recommended General Fund support is \$190,627 over the 2005-07 biennium.

The Real Estate Division includes the Real Estate Education & Research program, which is responsible for the review and approval of continuing education courses for

Nevada's real estate licensees and the licensing of course instructors. The Governor is recommending a Publications Writer position to support the division's licensing and regulatory programs. Total recommended funding for the new position and associated costs are \$89,712 over the 2005-07 biennium and are recommended to be funded through agency reserves.

The Real Estate Division also includes the Office of the Ombudsman for Owners in Common-Interest Communities. The Ombudsman provides assistance to homeowner associations and their members/owners. The agency is self funded, primarily through fees imposed on common-interest communities of \$3 per unit, per year.

The Executive Budget recommends funding for the addition of 1 full-time Training Officer II position and associated costs to conduct educational training for unit owners and association board members and officers. Total recommended funding for the new position and associated costs is \$109,106 over the 2005-07 biennium and is recommended to be funded through agency reserves.

During the past two Legislative Sessions, the money committees have expressed concern over the agency's large cash reserve. The agency's cash reserve has averaged approximately \$1.8 million over the past four fiscal years. The Governor is recommending a reserve of \$1.6 million in FY 2005-06 and \$1.4 million in FY 2006-07.

FINANCIAL INSTITUTIONS DIVISION

The Financial Institutions Division is responsible for the licensure and regulation of all state-chartered financial institutions, including banks, savings and loans, credit unions and check cashing companies. With the passage of A.B. 493 of the 2003 Legislative Session, the division's funding mechanism was changed from a General Fund appropriation to self-funding through existing licensing fees and industry assessments that, in the past, were deposited primarily to the General Fund. Historically, the agency has collected fees in an amount sufficient to reimburse the General Fund.

The Governor recommends \$592,374 in fee revenue over the 2005-07 biennium to fund 5 new Examiner II positions and associated costs to meet its statutory requirement to conduct annual examinations on all licensees. The Governor further recommends \$121,051 in fee revenue over the 2005-07 biennium for replacement computer equipment.

MORTGAGE LENDING DIVISION

The Mortgage Lending Division (MLD) was created in July 2003 through the passage of A.B. 490 of the 2003 Legislative Session. Prior to that, the Financial Institutions Division was responsible for regulating mortgage industry. The Mortgage Lending Division is responsible for the licensure and regulation of mortgage brokers, mortgage bankers, escrow companies, and individuals as mortgage agents and escrow agents. The division is a fee-based, self-funded agency.

During the September 2003 Interim Finance Committee meeting, note was made of the agency's \$1.1 million reserve balance, and concern was expressed that it was considerable compared to annual operating costs. The Executive Budget recommends a reserve balance of \$3.1 in FY 2005-06 and \$3.8 million in FY 2006-07. This compares with recommended operating costs of approximately \$2 million per year during the 2005-07 biennium.

The Executive Budget recommends \$417,890 from agency reserves over the 2005-07 biennium to fund 4 new full-time positions to address an increased workload related to growth in the mortgage industry. The Governor also recommends 2 additional full-time positions be transferred-in to MLD from the Financial Institutions Division.

The Governor recommends reserve funding totaling \$209,981 to implement a database system to increase operating efficiency and to provide online services. User rights to the Real Estate Division's existing licensing database system will be purchased, which is estimated to be less expensive than establishing a stand-alone database.

DIVISION OF INSURANCE

The Division of Insurance is responsible for regulation of the insurance industry and with protecting the rights of the consumer and the public's interest in dealings with the insurance industry and is responsible for regulation of the insurance industry. The division regulates and licenses insurance companies, producer/agents, brokers and other professionals, sets ethical and financial standards for insurance companies, and reviews rates. The division also reviews programs operated by self-insured employers for workers' compensation claims and investigates claims of insurance fraud. The division is funded primarily through a combination of General Fund, inter-agency transfers, assessments and fees. The Executive Budget recommends General Fund appropriations for the division of \$3.7 million in FY 2005-06, which represents an increase of approximately 26.6 percent compared to FY 2004-05; General Fund support is reduced slightly in FY 2006-07.

The Executive Budget recommends the addition of 3 new positions within the Insurance Regulation Account to address workload. Total recommended funding to support the new positions over the 2005-07 biennium is \$140,636 in General Funds and \$137,913 in intra-agency transfers. The Governor further recommends General Fund support of \$277,003 over the 2005-07 biennium to replace computer hardware and software.

DIVISION OF INDUSTRIAL RELATIONS

The Division of Industrial Relations regulates workers' compensation insurance to ensure injured workers receive the benefits to which they are entitled, enforces federal and state health and safety standards, assists employers with workplace safety programs, and provides safety training and inspections for all active mines in the state.

The programs under the division are funded primarily through an assessment of workers' compensation insurers.

The Division of Industrial Relations includes the Occupational Safety and Health Administration Section (OSHA) which enforces Nevada's occupational safety and health standards. The Executive Budget recommends \$226,585 in workers' compensation assessment funding over the 2005-07 biennium to implement a database system to issue operating permits, track inspections, generate invoices, and track payments related to inspections of boilers, elevators and other like equipment. System functions will be developed by the Department of Information Technology.

The Governor further recommends replacement equipment in the OSHA budget including office furniture, vehicles, specialized equipment (such as gas sensors), and air and noise testing equipment. Total recommended funding would be \$334,932 over the 2005-07 biennium, funded through workers' compensation assessments.

NEVADA ATTORNEY FOR INJURED WORKERS

The Nevada Attorney for Injured Workers (NAIW), created in 1977, represents injured workers in their efforts to obtain workers' compensation benefits or in their appeal of workers' compensation benefit decisions through the state's administrative appeals level, District Court, or the State Supreme Court. The agency provides this representation without charge to the injured worker. The agency is funded through a transfer from the Workers' Compensation and Safety Fund (Workers' Comp. Fund). Funding for the Workers' Comp. Fund is derived from an assessment on workers' compensation insurers. The assessment is based on a formula that funds 100 percent of budgeted expenditures of several state agencies, including NAIW.

The Executive Budget recommends the addition of 2 new positions and associated costs to address workload. Total recommended funding to support the new positions over the 2005-07 biennium is \$193,941 in workers' comp. funds.

A new case management system is recommended by the Governor to replace the existing system at a cost of \$324,994 to be funded through the Workers' Comp. Fund. The recommendation proposes a commercial off-the-shelf product designed for law office case management.

LABOR COMMISSIONER

The Labor Commissioner is responsible for the enforcement of all labor laws in the state, which are not specifically and exclusively vested in any other officer, board or commission. Program areas include investigating wage claims; enforcing public works laws; determining prevailing wage rates; overseeing child labor laws; licensing private employment agencies; licensing producers-promoters; and administering apprenticeships, including the State Apprenticeship Council. The agency is primarily funded through a General Fund appropriation.

The Executive Budget recommends a General Fund appropriation of \$241,089 in FY 2005-06 and \$51,761 in FY 2006-07 to fund implementation of a web-based database system that would integrate several existing applications to streamline operations. This project would be administered by the Department of Administration; funding for the project has been recommended in the Information Technology Projects budget.

TAXICAB AUTHORITY

The Taxicab Authority regulates taxicab service in counties with populations exceeding 400,000 (currently only in Clark County). The agency is funded through fees, primarily through a \$0.20 trip charge assessed on every taxicab ride. (The trip charge was increased from \$0.15 to \$0.20 per trip through the enactment of S.B. 288 of the 2003 Legislative Session.)

Funding is recommended by the Governor for the purchase and implementation of a database system to integrate four separate databases. Funding of \$788,851 is recommended to develop the new system and would be funded through agency reserves.

The Executive Budget recommends the reclassification of 7 Airport Control Officer positions to Compliance Enforcement Investigators. This recommendation is made to broaden the jurisdiction of the positions, which are currently limited to only the Las Vegas Airport. This would allow officers to complete investigations that carry over into areas outside of airport premises. The Governor further recommends eliminating 2 additional Airport Control Officer positions due to added scheduling flexibility resulting from the proposed position reclassifications. The net effect of the recommendations reduces the agency's funding need by \$30,635 over the 2005-07 biennium.

The Governor recommends \$378,218 in each year of the 2005-07 biennium for the Senior Ride Program; this same amount that was expended in FY 2003-04.

ECONOMIC DEVELOPMENT AND TOURISM

The 1983 Legislature expanded economic development efforts in Nevada by creating the Commissions on Tourism and Economic Development. The Commission on Economic Development includes the Nevada Film Office, the Rural Community Development Program, and the Procurement Outreach Program. The Commission on Tourism includes the *Nevada Magazine* and Tourism Development.

COMMISSION ON ECONOMIC DEVELOPMENT

The Commission on Economic Development was organized to promote Nevada's business opportunities and to assist companies interested in relocating and expanding their operations in Nevada. The budget accounts within the Commission on Economic

Development are funded primarily with General Fund appropriations, federal grants and transfers of room tax from the Commission on Tourism. The Executive Budget recommends no new positions in any of the Commission's budgets.

The Commission on Economic Development works to bring high-wage jobs to the state by attracting companies and subsidiaries, and other types of investment. The Executive Budget recommends General Fund appropriations of \$8.6 million in both FY 2005-06 and FY 2006-07, an increase of 143.7 percent over the legislatively approved amount for FY 2004-05. This significant increase is due to the Governor's recommendation that \$5 million be appropriated in each year of the biennium to the two largest economic development authorities in the state for the purposes of encouraging new business to locate in Nevada. The grantees recommended are the Nevada Development Authority (Las Vegas) and the Economic Development Authority of Western Nevada (Reno-Sparks). This enhancement would be in addition to the \$995,000 per year for grants to local economic development authorities, as approved by the 2003 Legislature. The Governor also recommends an appropriation to increase the Commission's advertising budget, to be focused on efforts to attract California businesses to relocate in Nevada, at a cost to the General Fund of approximately \$92,000 over the 2005-07 biennium. Finally, the Governor recommends continued funding of \$500,000 per year for the Train Employees Now (TEN) program.

NEVADA FILM OFFICE

The Nevada Film Office promotes the use of Nevada as a filming location and facilitates film and entertainment production activities in the state. Total funding for the Film Office is recommended at \$885,942 in FY 2005-06 and \$891,466 in FY 2006-07, as compared to the legislatively approved amount for FY 2004-05 of \$889,237.

RURAL COMMUNITY DEVELOPMENT

The Rural Community Development Program administers the state's Community Development Block Grant program. Total funding for the Rural Community Development Program is recommended at \$3.7 million in each year of the 2005-07 biennium. The budget recommendation is up slightly from the legislatively approved amount for FY 2004-05 of \$3.46 million, but down from the actual amount spent in FY 2003-04 of \$5.23 million; the decrease is due to a reduction in the federal Community Development Block Grant.

PROCUREMENT OUTREACH PROGRAM

The Procurement Outreach Program assists Nevada businesses in obtaining federal government contracts by alerting them to procurement opportunities and giving them tools to be competitive in federal procurement processes. Total FY 2005-06 funding for the Procurement Outreach Program is recommended at \$525,214, an increase of 3.4 percent over FY 2004-05. Funding for FY 2006-07 is recommended at \$534,650, a 1.8 percent increase when compared to FY 2005-06. These expansions are due to a

slight increase in the federal Department of Defense grant that provides most of this budget's funding. It should be noted that General Fund support for this budget has decreased, from the FY 2004-05 legislatively approved amount of \$201,960 to recommended amounts of \$79,366 in FY 2005-06 and \$80,817 in FY 2006-07.

COMMISSION ON TOURISM

The Commission on Tourism is responsible for developing and implementing a domestic and international marketing and advertising campaign to promote Nevada as a tourism and business travel destination. Tourism is funded by a 3/8 share of the 1 percent statewide room tax established by the 1983 Legislature. Room tax receipts are projected at \$14.6 million in FY 2005-06 (an increase of 9.8 percent over FY 2003-04 actual collections) and \$15.2 million in FY 2006-07. The Executive Budget recommends \$16,393,446 (excluding reserves) in FY 2005-06 and \$16,874,765 (excluding reserves) in FY 2006-07 in expenditures; this is a 35 percent increase over the actual amount expended in FY 2003-04 when compared to the amount recommended in FY 2005-06 and a 3 percent increase in FY 2006-07 when compared to the amount recommended in FY 2005-06.

The Executive Budget recommends \$3.9 million in FY 2005-06 and \$4.4 million in FY 2006-07 to expand the agency's advertisement campaign, redesign and overhaul the agency's Web and interactive marketing program, expand the agency's Rural Grants Program, and obtain an office in Mexico to begin promoting tourism to Nevada. In addition, the Governor recommends 2.0 FTE new positions, 1 position to assist with the expansion of the agency's advertisement campaign and 1 accounting position for the Lt. Governor's Office. The Executive Budget continues a transfer to support the *Nevada Magazine* for the design and production of the Commission's publications, as well as transfers to the Nevada Film Office, the Washington, D.C. Office, the Division of Museums and History, and the Division of State Parks.

NEVADA MAGAZINE

Nevada Magazine is the major publication of the Commission on Tourism. *Nevada Magazine* is financed through subscriptions, advertising revenue, and newsstand sales, as well as calendar and other merchandise sales. The budget anticipates distribution of approximately 74,000 copies per month of the magazine in each year of the 2005-07 biennium. The Executive Budget recommends total funding of \$5.13 million during the 2005-07 biennium, a decrease of 3 percent from the legislatively approved 2003-05 biennium amount of \$5.29 million. The Executive Budget continues the funding transfers from the Commission on Tourism to partner in the design and production of tourism publications.

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
COMMERCE & INDUSTRY						
DEPT OF BUSINESS & INDUSTRY						
B&I, INSURANCE REGULATION	5,398,053	5,745,403	6,547,043	13.95	6,568,011	.32
GENERAL FUND	2,892,954	2,904,709	3,677,874	26.62	3,572,390	-2.87
BALANCE FORWARD	69,997	52,140	44,351	-14.94	44,351	
INTER AGENCY TRANSFER	919,119	1,306,996	1,142,933	-12.55	1,245,836	9.00
OTHER FUND	1,515,983	1,481,558	1,681,885	13.52	1,705,434	1.40
B&I, INSURANCE EXAMINERS	3,238,381	3,200,750	3,693,046	15.38	4,062,846	10.01
BALANCE FORWARD	85,532	125,984	92,552	-26.54	478,903	417.44
OTHER FUND	3,152,849	3,074,766	3,600,494	17.10	3,583,943	-.46
B&I, CAPTIVE INSURERS	150,570	198,679	218,538	10.00	228,639	4.62
BALANCE FORWARD	59,655	97,417	81,531	-16.31	73,032	-10.42
OTHER FUND	90,915	101,262	137,007	35.30	155,607	13.58
B&I, TRANSPORTATION SERVICES AUTH	2,330,425	2,345,696	2,478,218	5.65	2,563,689	3.45
BALANCE FORWARD	-157					
HIGHWAY FUND	2,121,615	2,136,959	2,201,799	3.03	2,249,138	2.15
INTER AGENCY TRANSFER			72,352		107,984	49.25
OTHER FUND	208,967	208,737	204,067	-2.24	206,567	1.23
B&I, BUSINESS AND INDUSTRY ADMINIS	966,905	1,035,139	1,500,216	44.93	1,546,275	3.07
GENERAL FUND	186,576	190,611	277,076	45.36	282,721	2.04
INTER AGENCY TRANSFER	780,329	844,528	1,223,140	44.83	1,263,554	3.30
B&I, INDUSTRIAL DEVELOPMENT BONDS	1,156,030	1,251,055	1,311,516	4.83	1,362,902	3.92
BALANCE FORWARD	963,527	1,045,663	1,127,513	7.83	1,178,899	4.56
INTER AGENCY TRANSFER	121,000	62,500	62,500		62,500	
OTHER FUND	71,503	142,892	121,503	-14.97	121,503	
B&I, MANUFACTURED HOUSING	1,477,110	1,577,633	1,837,946	16.50	2,038,138	10.89
BALANCE FORWARD	115,778	484,064	476,614	-1.54	676,806	42.00
FEDERAL FUND	22,383	16,749	22,383	33.64	22,383	
OTHER FUND	1,338,949	1,076,820	1,338,949	24.34	1,338,949	
B&I, MOBILE HOME LOT RENT SUBSIDY	387,389	414,299	393,428	-5.04	400,183	1.72
BALANCE FORWARD	16,775	30,350	22,814	-24.83	29,569	29.61
OTHER FUND	370,614	383,949	370,614	-3.47	370,614	
B&I, MOBILE HOME PARKS	310,055	323,409	338,031	4.52	342,734	1.39
BALANCE FORWARD	152,841	161,701	180,817	11.82	185,520	2.60
OTHER FUND	157,214	161,708	157,214	-2.78	157,214	
B&I, MFG HOUSING EDUCATION/RECOVE	532,623	511,081	528,799	3.47	545,753	3.21
BALANCE FORWARD	388,023	416,681	384,199	-7.80	401,153	4.41
OTHER FUND	144,600	94,400	144,600	53.18	144,600	
B&I, CONSUMER AFFAIRS	1,243,860	1,337,563	1,375,949	2.87	1,400,665	1.80
GENERAL FUND	1,243,806	1,324,063	1,328,677	.35	1,333,267	.35
INTER AGENCY TRANSFER			33,772		53,898	59.59
OTHER FUND	54	13,500	13,500		13,500	

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
COMMERCE & INDUSTRY						
B&I, CONSUMER AFFAIRS RECOVERY FL	34,483	58,819	113,571	93.09	173,660	52.91
BALANCE FORWARD		33,114	55,268	66.90	108,176	95.73
OTHER FUND	34,483	25,705	58,303	126.82	65,484	12.32
B&I, REAL ESTATE ADMINISTRATION	3,304,796	2,832,871	4,148,862	46.45	4,248,305	2.40
GENERAL FUND	858,013	1,212,070	1,198,446	-1.12	1,271,084	6.06
INTER AGENCY TRANSFER	59,227	59,227	297,958	403.08	335,720	12.67
OTHER FUND	2,387,556	1,561,574	2,652,458	69.86	2,641,501	-4.1
B&I, REAL ESTATE EDUCATION AND RES	840,340	1,111,674	1,306,959	17.57	1,305,616	-1.10
BALANCE FORWARD	477,299	751,303	657,819	-12.44	656,221	-2.4
INTER AGENCY TRANSFER	354,816	354,571	640,915	80.76	641,170	.04
OTHER FUND	8,225	5,800	8,225	41.81	8,225	
B&I, REAL ESTATE RECOVERY ACCOUNT	404,816	470,920	705,440	49.80	705,440	
BALANCE FORWARD	-250,624	50,000	50,000		50,000	
OTHER FUND	655,440	420,920	655,440	55.72	655,440	
B&I COMMON INTEREST COMMUNITIES	2,886,699	2,988,983	2,813,194	-5.88	2,583,251	-8.17
BALANCE FORWARD	1,935,741	2,172,112	1,935,618	-10.89	1,626,932	-15.95
OTHER FUND	950,958	816,871	877,576	7.43	956,319	8.97
B&I, FINANCIAL INSTITUTIONS	1,661,402	2,865,986	3,240,488	13.07	3,297,425	1.76
GENERAL FUND		4,429	1,000	-77.42	1,000	
BALANCE FORWARD	-184,633	184,633	954,301	416.86	484,723	-49.21
OTHER FUND	1,846,035	2,676,924	2,285,187	-14.63	2,811,702	23.04
B&I, FINANCIAL INSTITUTIONS INVESTIG.	1,279,642	899,025	897,400	-.18	906,296	.99
BALANCE FORWARD	1,168,602	506,047	786,360	55.39	795,256	1.13
OTHER FUND	111,040	392,978	111,040	-71.74	111,040	
B&I, FINANCIAL INSTITUTIONS AUDIT	92,647	104,228	98,928	-5.09	87,353	-11.70
BALANCE FORWARD	29,794	11,832	22,248	88.03	10,673	-52.03
INTER AGENCY TRANSFER	47,361	15,716		-100.00		
OTHER FUND	15,492	76,680	76,680		76,680	
B&I, HOUSING DIVISION	7,307,579	10,051,393	9,543,296	-5.05	12,483,920	30.81
BALANCE FORWARD	59,912	187,958	368,795	96.21	1,472,200	299.19
FEDERAL FUND	2,214,134	3,000,905	2,211,463	-26.31	2,211,463	
OTHER FUND	5,033,533	6,862,530	6,963,038	1.46	8,800,257	26.39
DIVISION OF MORTGAGE LENDING	3,460,485	4,307,977	5,143,750	19.40	5,864,251	14.01
GENERAL FUND	-138,500					
BALANCE FORWARD		2,052,346	2,468,485	20.28	3,064,498	24.14
INTER AGENCY TRANSFER	688,376					
OTHER FUND	2,910,609	2,255,631	2,675,265	18.60	2,799,753	4.65
B&I, LOW INCOME HOUSING TRUST FUN	20,826,163	22,054,140	25,732,841	16.68	28,913,240	12.36
BALANCE FORWARD	11,608,788	17,103,502	17,543,462	2.57	21,734,003	23.89
FEDERAL FUND	293,288	283,915	293,288	3.30	293,288	
OTHER FUND	8,924,087	4,666,723	7,896,091	69.20	6,885,949	-12.79

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
COMMERCE & INDUSTRY						
B&I, WEATHERIZATION	5,290,072	4,538,576	4,645,956	2.37	4,609,395	-7.9
BALANCE FORWARD	1,456,465	935,477	908,084	-2.93	871,523	-4.03
FEDERAL FUND	1,001,957	849,452	849,452		849,452	
OTHER FUND	2,831,650	2,753,647	2,888,420	4.89	2,888,420	
B&I, INSURANCE RECOVERY	606,645	455,170	606,645	33.28	606,645	
BALANCE FORWARD	40,000	40,000	40,000		40,000	
OTHER FUND	566,645	415,170	566,645	36.49	566,645	
B&I, INSURANCE EDUCATION & RESEAR	1,308,101	1,224,905	1,341,964	9.56	1,240,213	-7.58
BALANCE FORWARD	691,456	759,735	725,319	-4.53	623,568	-14.03
INTER AGENCY TRANSFER	616,645	465,170	616,645	32.56	616,645	
B&I, NAT. ASSOC. OF INSURANCE COMM	62,161	63,848	62,642	-1.89	59,729	-4.65
BALANCE FORWARD	29,082	29,528	29,563	.12	26,650	-9.85
OTHER FUND	33,079	34,320	33,079	-3.62	33,079	
B&I, INSURANCE COST STABILIZATION	294,174	258,595	244,515	-5.44	242,221	-9.4
BALANCE FORWARD	120,434	96,200	70,775	-26.43	68,481	-3.24
OTHER FUND	173,740	162,395	173,740	6.99	173,740	
B&I, SELF INSURED - WORKERS COMPEI	450,786	518,520	531,042	2.41	529,466	-.30
OTHER FUND	450,786	518,520	531,042	2.41	529,466	-.30
B&I, INDUSTRIAL RELATIONS	6,071,427	6,507,904	6,573,070	1.00	6,658,108	1.29
FEDERAL FUND			64,250		64,250	
OTHER FUND	6,071,427	6,507,904	6,508,820	.01	6,593,858	1.31
B&I, OCCUPATIONAL SAFETY & HEALTH	6,050,401	6,413,408	6,988,313	8.96	7,131,109	2.04
FEDERAL FUND	951,956	1,184,498	545,898	-53.91	545,898	
OTHER FUND	5,098,445	5,228,910	6,442,415	23.21	6,585,211	2.22
B&I, SAFETY CONSULTATION AND TRAIN	2,119,709	2,234,401	2,416,751	8.16	2,438,489	.90
FEDERAL FUND	786,190	833,162	746,700	-10.38	746,700	
OTHER FUND	1,333,519	1,401,239	1,670,051	19.18	1,691,789	1.30
B&I, MINE SAFETY & TRAINING	1,133,602	1,221,620	1,304,195	6.76	1,218,155	-6.60
FEDERAL FUND	224,223	299,046	222,590	-25.57	222,590	
OTHER FUND	909,379	922,574	1,081,605	17.24	995,565	-7.95
B&I, NV ATTORNEY FOR INJURED WORK	2,575,433	2,905,944	3,561,768	22.57	3,281,781	-7.86
OTHER FUND	2,575,433	2,905,944	3,561,768	22.57	3,281,781	-7.86
B&I TRANSPORTATION SERVICES AUTH	199,554	390,505	331,275	-15.17	271,535	-18.03
BALANCE FORWARD	52,836	209,505	184,557	-11.91	127,282	-31.03
OTHER FUND	146,718	181,000	146,718	-18.94	144,253	-1.68
B&I, DAIRY COMMISSION	1,946,425	1,995,761	2,133,600	6.91	2,600,645	21.89
BALANCE FORWARD	391,873	567,879	578,887	1.94	1,045,932	80.68
OTHER FUND	1,554,552	1,427,882	1,554,713	8.88	1,554,713	

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
COMMERCE & INDUSTRY						
B&I, ATHLETIC COMMISSION	446,555	516,249	518,949	.52	516,366	-50
GENERAL FUND	361,492	364,132	439,149	20.60	431,552	-1.73
BALANCE FORWARD	-18,599	66,957		-100.00		
INTER AGENCY TRANSFER	461		4,956		9,970	101.17
INTERIM FINANCE	1,797	35,160		-100.00		
OTHER FUND	101,404	50,000	74,844	49.69	74,844	
B&I, LABOR COMMISSIONER	1,264,247	1,357,459	1,462,802	7.76	1,503,074	2.75
GENERAL FUND	1,264,247	1,357,459	1,418,170	4.47	1,435,978	1.26
INTER AGENCY TRANSFER			44,632		67,096	50.33
B&I, EMPLOYEES MANAGEMENT RELATI	167,273	166,713	205,815	23.45	208,612	1.36
GENERAL FUND	161,866	162,359	171,515	5.64	171,500	-.01
INTER AGENCY TRANSFER			29,818		32,630	9.43
OTHER FUND	5,407	4,354	4,482	2.94	4,482	
B&I, TAXICAB AUTHORITY	6,094,712	6,354,111	6,942,738	9.26	6,682,311	-3.75
BALANCE FORWARD	610,583	1,132,806	1,246,641	10.05	838,587	-32.73
OTHER FUND	5,484,129	5,221,305	5,696,097	9.09	5,843,724	2.59
TOTAL-DEPT OF BUSINESS & INDUSTRY	95,371,730	102,810,412	113,839,499	10.73	121,426,446	6.66
GENERAL FUND	6,830,454	7,519,832	8,511,907	13.19	8,499,492	-.15
BALANCE FORWARD	20,070,980	29,304,934	31,036,573	5.91	36,712,938	18.29
FEDERAL FUND	5,494,131	6,467,727	4,956,024		4,956,024	.00
HIGHWAY FUND	2,121,615	2,136,959	2,201,799	3.03	2,249,138	2.15
INTER AGENCY TRANSFER	3,587,334	3,108,708	4,169,621	34.13	4,437,003	6.41
INTERIM FINANCE	1,797	35,160				.00
OTHER FUND	57,265,419	54,237,092	62,963,575	16.09	64,571,851	2.55

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
COMMERCE & INDUSTRY						
DEPARTMENT OF AGRICULTURE						
AGRI, ADMINISTRATION	948,091	1,122,930	1,183,021	5.35	1,191,114	.68
GENERAL FUND	344,284	389,243	498,995	28.20	494,300	-.94
FEDERAL FUND	25,876	33,398	32,282	-3.34	32,279	-.01
INTER AGENCY TRANSFER	524,050	580,931	650,119	11.91	662,910	1.97
OTHER FUND	53,881	119,358	1,625	-98.64	1,625	
AGRI, GAS POLLUTION STANDARDS	511,484	473,884	744,496	57.11	733,006	-1.54
BALANCE FORWARD	79,310	101,778	81,269	-20.15	257,169	216.44
INTER AGENCY TRANSFER	432,174	372,106	663,227	78.24	475,837	-28.25
AGRI, PLANT INDUSTRY	1,984,924	2,018,343	2,337,156	15.80	2,291,096	-1.97
GENERAL FUND	1,362,359	1,477,625	1,621,906	9.76	1,544,415	-4.78
BALANCE FORWARD	1,360					
FEDERAL FUND	22,471	35,000	118,184	237.67	118,184	
INTER AGENCY TRANSFER	114,790	113,156	157,823	39.47	184,267	16.76
OTHER FUND	483,944	392,562	439,243	11.89	444,230	1.14
AGRI GRADE & ID OF AGRICULTURAL PF	290,496	496,927	245,969	-50.50	168,053	-31.68
BALANCE FORWARD	-60,744	134,306	105,755	-21.26	27,839	-73.68
FEDERAL FUND	14,173	62,006	15,652	-74.76	15,652	
INTER AGENCY TRANSFER	110,000					
OTHER FUND	227,067	300,615	124,562	-58.56	124,562	
AGRI, AGRICULTURE REGISTRATION/EN	1,097,788	1,532,600	1,464,788	-4.42	1,364,999	-6.81
BALANCE FORWARD	140,575	523,565	398,881	-23.81	318,109	-20.25
FEDERAL FUND	254,062	392,049	418,026	6.63	418,026	
INTER AGENCY TRANSFER		19,905		-100.00		
OTHER FUND	703,151	597,081	647,881	8.51	628,864	-2.94
AGRI, LIVESTOCK INSPECTION	986,318	1,436,178	1,156,782	-19.45	1,067,700	-7.70
BALANCE FORWARD	-346,731	433,489	271,071	-37.47	178,976	-33.97
INTER AGENCY TRANSFER	65,392	124,669		-100.00		
OTHER FUND	1,267,657	878,020	885,711	.88	888,724	.34
AGRI, VETERINARY MEDICAL SERVICES	1,290,191	1,407,450	1,433,791	1.87	1,447,987	.99
GENERAL FUND	919,062	865,756	941,821	8.79	946,537	.50
FEDERAL FUND	179,207	346,990	277,380	-20.06	277,380	
INTER AGENCY TRANSFER	154,470	153,205	188,367	22.95	197,847	5.03
OTHER FUND	37,452	41,499	26,223	-36.81	26,223	
AGRI WEIGHTS & MEASURES	1,261,146	1,340,977	1,659,259	23.74	1,516,810	-8.59
GENERAL FUND	262,090	275,674	503,381	82.60	354,124	-29.65
INTER AGENCY TRANSFER	241,399	240,370	357,046	48.54	390,311	9.32
OTHER FUND	757,657	824,933	798,832	-3.16	772,375	-3.31
AGRI, NOXIOUS WEED & INSECT CONTR	721,844	869,625	768,321	-11.65	722,695	-5.94
BALANCE FORWARD	-13,147	34,379	37,313	8.53	2,547	-93.17
FEDERAL FUND	539,103	622,394	530,109	-14.83	519,249	-2.05
OTHER FUND	195,888	212,852	200,899	-5.62	200,899	

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
COMMERCE & INDUSTRY						
MORMON CRICKET & GRASSHOPPERS	303,979	5,118,186	3,310,139	-35.33	1,745,620	-47.26
BALANCE FORWARD		196,863	3,310,139	1,581.44	1,745,620	-47.26
FEDERAL FUND	303,978	4,921,323		-100.00		
OTHER FUND	1					
AGRI, PREDATORY ANIMAL & RODENT C	854,937	969,471	823,430	-15.06	843,650	2.46
GENERAL FUND	583,236	731,546	600,417	-17.92	610,032	1.60
INTER AGENCY TRANSFER	260,356	188,139	187,687	-.24	197,682	5.33
OTHER FUND	11,345	49,786	35,326	-29.04	35,936	1.73
AGRI, NEVADA JUNIOR LIVESTOCK SHO	34,458	35,067	35,872	2.30	35,832	-.11
GENERAL FUND	34,458	35,067	35,843	2.21	35,803	-.11
INTER AGENCY TRANSFER			29		29	
TOTAL-DEPARTMENT OF AGRICULTURE	10,285,656	16,821,638	15,163,024	-9.86	13,128,562	-13.42
GENERAL FUND	3,505,489	3,774,911	4,202,363	11.32	3,985,211	-5.17
BALANCE FORWARD	-199,377	1,424,380	4,204,428	195.18	2,530,260	-39.82
FEDERAL FUND	1,338,870	6,413,160	1,391,633	-78.30	1,380,770	-.78
INTER AGENCY TRANSFER	1,902,631	1,792,481	2,204,298	22.97	2,108,883	-4.33
OTHER FUND	3,738,043	3,416,706	3,160,302	-7.50	3,123,438	-1.17
GAMING CONTROL BOARD						
GAMING CONTROL BOARD	33,637,922	36,533,808	39,653,791	8.54	39,984,355	.83
GENERAL FUND	24,818,167	26,966,282	28,991,391	7.51	28,686,641	-1.05
INTER AGENCY TRANSFER	7,469,586	7,528,169	8,253,980	9.64	8,889,294	7.70
OTHER FUND	1,350,169	2,039,357	2,408,420	18.10	2,408,420	
GAMING COMMISSION	381,275	408,151	407,802	-.09	409,410	.39
GENERAL FUND	381,275	408,151	405,990	-.53	405,746	-.06
INTER AGENCY TRANSFER			1,812		3,664	102.21
GAMING CONTROL BOARD INVESTIGATI	8,163,807	10,165,972	10,694,909	5.20	10,724,919	.28
GENERAL FUND	-595,580					
BALANCE FORWARD		2,000	2,000		2,000	
INTER AGENCY TRANSFER	16,160					
OTHER FUND	8,743,227	10,163,972	10,692,909	5.20	10,722,919	.28
TOTAL-GAMING CONTROL BOARD	42,183,004	47,107,931	50,756,502	7.75	51,118,684	.71
GENERAL FUND	24,603,862	27,374,433	29,397,381	7.39	29,092,387	-1.04
BALANCE FORWARD		2,000	2,000		2,000	
INTER AGENCY TRANSFER	7,485,746	7,528,169	8,255,792	9.67	8,892,958	7.72
OTHER FUND	10,093,396	12,203,329	13,101,329	7.36	13,131,339	.23

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
COMMERCE & INDUSTRY						
PUBLIC UTILITIES COMMISSION						
PUBLIC UTILITIES COMMISSION	8,880,234	12,000,946	12,842,404	7.01	12,721,341	-.94
BALANCE FORWARD	1,120,759	4,377,335	2,815,746	-35.67	2,532,033	-10.08
FEDERAL FUND	203,338	174,731	203,338	16.37	309,645	52.28
INTER AGENCY TRANSFER	105,374	70,245	105,374	50.01	105,374	
OTHER FUND	7,450,763	7,378,635	9,717,946	31.70	9,774,289	.58
TOTAL-PUBLIC UTILITIES COMMISSION	8,880,234	12,000,946	12,842,404	7.01	12,721,341	-.94
BALANCE FORWARD	1,120,759	4,377,335	2,815,746	-35.67	2,532,033	-10.08
FEDERAL FUND	203,338	174,731	203,338	16.37	309,645	52.28
INTER AGENCY TRANSFER	105,374	70,245	105,374		105,374	.00
OTHER FUND	7,450,763	7,378,635	9,717,946	31.70	9,774,289	.58

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
COMMERCE & INDUSTRY						
ECONOMIC DEVELOPMENT & TOURISM						
COMMISSION ON ECONOMIC DEVELOPM	4,321,004	3,739,620	8,942,041	139.12	8,865,405	-86
GENERAL FUND	2,873,031	3,511,322	8,558,689	143.75	8,562,489	.04
BALANCE FORWARD	696,329	63,298		-100.00		
FEDERAL FUND	477,523		100,001		1	-100.00
INTER AGENCY TRANSFER			19,138		38,702	102.23
OTHER FUND	274,121	165,000	264,213	60.13	264,213	
NEVADA FILM OFFICE	814,807	889,237	885,942	-.37	891,466	.62
BALANCE FORWARD	-31,759	28,271		-100.00		
INTER AGENCY TRANSFER	739,303	750,868	798,744	6.38	804,268	.69
OTHER FUND	107,263	110,098	87,198	-20.80	87,198	
RURAL COMMUNITY DEVELOPMENT	5,238,910	3,469,557	3,690,591	6.37	3,696,346	.16
GENERAL FUND	192,663	208,557	215,442	3.30	214,688	-.35
BALANCE FORWARD	27,488					
FEDERAL FUND	4,958,234	3,040,000	3,249,526	6.89	3,251,347	.06
INTER AGENCY TRANSFER			4,623		9,311	101.41
OTHER FUND	60,525	221,000	221,000		221,000	
PROCUREMENT OUTREACH PROGRAM	478,730	507,960	525,214	3.40	534,650	1.80
GENERAL FUND	88,310	201,960	79,366	-60.70	80,817	1.83
BALANCE FORWARD	2,165		2,165		2,165	
FEDERAL FUND	383,355	300,000	436,458	45.49	443,176	1.54
INTER AGENCY TRANSFER			1,160		2,340	101.72
OTHER FUND	4,900	6,000	6,065	1.08	6,152	1.43
COMMISSION ON TOURISM	12,129,875	16,780,740	18,147,011	8.14	17,193,056	-5.26
BALANCE FORWARD	-1,264,779	2,505,626	3,344,338	33.47	1,753,565	-47.57
OTHER FUND	13,394,654	14,275,114	14,802,673	3.70	15,439,491	4.30
NEVADA MAGAZINE	1,946,724	2,631,404	2,555,304	-2.89	2,576,483	.83
BALANCE FORWARD	-14,609	70,057	271,017	286.85	286,385	5.67
INTER AGENCY TRANSFER	145,833	125,000	131,478	5.18	137,583	4.64
OTHER FUND	1,815,500	2,436,347	2,152,809	-11.64	2,152,515	-.01
TOURISM DEVELOPMENT	383,546	873,741	224,937	-74.26	17,217	-92.35
BALANCE FORWARD	-838,741	838,741		-100.00		
INTER AGENCY TRANSFER	1,200,000		200,000			-100.00
OTHER FUND	22,287	35,000	24,937	-28.75	17,217	-30.96
TOTAL-ECONOMIC DEVELOPMENT & TOL	25,313,596	28,892,259	34,971,040	21.04	33,774,623	-3.42
GENERAL FUND	3,154,004	3,921,839	8,853,497	125.75	8,857,994	.05
BALANCE FORWARD	-1,423,906	3,505,993	3,617,520	3.18	2,042,115	-43.55
FEDERAL FUND	5,819,112	3,340,000	3,785,985	13.35	3,694,524	-2.42
INTER AGENCY TRANSFER	2,085,136	875,868	1,155,143	31.89	992,204	-14.11
OTHER FUND	15,679,250	17,248,559	17,558,895	1.80	18,187,786	3.58

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
COMMERCE & INDUSTRY						
MINERALS						
MINERALS	982,786	1,332,105	1,476,037	10.80	1,520,161	2.99
BALANCE FORWARD	-140,736	447,206	404,660	-9.51	448,784	10.90
FEDERAL FUND	112,146	69,500	60,000	-13.67	60,000	
INTER AGENCY TRANSFER	17,364	50,720	17,364	-65.76	17,364	
OTHER FUND	994,012	764,679	994,013	29.99	994,013	
TOTAL-MINERALS	982,786	1,332,105	1,476,037	10.80	1,520,161	2.99
BALANCE FORWARD	-140,736	447,206	404,660	-9.51	448,784	10.90
FEDERAL FUND	112,146	69,500	60,000		60,000	.00
INTER AGENCY TRANSFER	17,364	50,720	17,364		17,364	.00
OTHER FUND	994,012	764,679	994,013		994,013	.00
COMMERCE & INDUSTRY						
GENERAL FUND	38,093,809	42,591,015	50,965,148	19.66	50,435,084	-1.04
BALANCE FORWARD	19,427,720	39,061,848	42,080,927	7.73	44,268,130	5.20
FEDERAL FUND	12,967,597	16,465,118	10,396,980	-36.85	10,400,963	.04
HIGHWAY FUND	2,121,615	2,136,959	2,201,799	3.03	2,249,138	2.15
INTER AGENCY TRANSFER	15,183,585	13,426,191	15,907,592	18.48	16,553,786	4.06
INTERIM FINANCE	1,797	35,160				
OTHER FUND	95,220,883	95,249,000	107,496,060	12.86	109,782,716	2.13
TOTAL-COMMERCE & INDUSTRY	183,017,006	208,965,291	229,048,506	9.61	233,689,817	2.03
Less: INTER AGENCY TRANSFER	15,183,585	13,426,191	15,907,592	18.48	16,553,786	4.06
NET-COMMERCE & INDUSTRY	167,833,421	195,539,100	213,140,914	9.00	217,136,031	1.87

HUMAN SERVICES

Human Services consists of the Department of Human Resources (DHR) which includes the divisions of Health Care Financing and Policy, Aging Services, Health, Welfare, Mental Health and Developmental Services, and Child and Family Services and the Department of Employment, Training, and Rehabilitation.

The Governor has recommended General Fund appropriations for Human Services totaling \$777.4 million for FY 2005-06, a 13.5 percent increase over FY 2004-05, and \$868.7 million for FY 2006-07, an 11.8 percent increase over FY 2005-06. Budget recommendations from all funding sources total \$2.14 billion in FY 2005-06, a 5.3 percent increase, and \$2.30 billion in FY 2006-07, an additional 7.8 percent increase after inter-agency transfers are deducted.

DEPARTMENT OF HUMAN RESOURCES

DIRECTOR'S OFFICE

The Director's office is responsible for coordinating all departmental programs, the oversight of the department's budgets and providing technical assistance to the various divisions. Currently, seven budget accounts are directly administered by the office, including: DHR Administration; Developmental Disabilities; Community Based Services; Healthy Nevada Fund Administration; the Blue Cross/Blue Shield Settlement budget; the Grants Management Unit, which was approved by the 2003 Legislature; and the Children's Trust Account.

For the 2005-07 biennium, The Executive Budget recommends the DHR Administration account be funded primarily with a General Fund appropriation. In FY 2005-06, the recommended General Fund amount of approximately \$1.2 million is 39.4 percent greater than the \$888,852 legislatively approved budget for FY 2004-05. In FY 2006-07, the recommended General Fund amount of approximately \$1.3 million is a 1.7 percent increase over the amount recommended in FY 2005-06. The budget for the 2005-07 biennium does not include any MAXIMUS revenue, which was realized in past biennia through an independent contract to assist the department in identifying and maximizing federal revenue. Although the 2003 Legislature approved MAXIMUS revenue authority in FY 2003-04 of approximately \$1.7 million, actual receipts totaled only \$34,830; this resulted in the elimination of this revenue source for the 2005-07 biennium.

The Governor recommends a new Public Information Officer position for the department to address high profile issues of interest to the public and the media. The Governor also recommends General Funds of \$152,004 in FY 2005-06 and \$192,815 in FY 2006-07 for a statewide suicide prevention program. The recommendation includes 2 new positions, including a Statewide Suicide Prevention Coordinator and a Suicide Prevention Trainer/Networking Facilitator. The program was established in the Director's office by the 2003 Legislature pursuant to Senate Bill 49 with MAXIMUS

approved to fund the office and its 2 positions. Because the MAXIMUS funds did not materialize during the 2003-05 biennium, the program did not become operational. In addition to the costs of the 2 new positions, the Governor recommends \$18,600 in each year of the 2005-07 biennium to provide contract support to facilitate the planning process for the office.

DEVELOPMENTAL DISABILITIES

The Developmental Disabilities budget account provides conditional demonstration grants to the community, conducts analyses of various services and provider systems, and works to identify and fill gaps in service delivery through a matching grant from the Federal Administration on Developmental Disabilities. General Funds provided to this program are used to manage housing development and home ownership opportunities for low-income people with disabilities. The Executive Budget recommends additional state General Funds in the amount of approximately \$45,000 for each fiscal year as match for the annual federal developmental disabilities grant, which is anticipated to increase for the 2005-07 biennium. The federal developmental disabilities grant requires a 25 percent cash or in-kind match.

COMMUNITY-BASED SERVICES

The Office of Community-Based Services (OCBS) provides community-based resources to people with severe disabilities who are ineligible for services through public entitlement programs or for whom services do not exist.

The Legislative Committee on Persons with Disabilities made a number of recommendations concerning services provided to the disabled including support for OCBS to deal with increasing waiting lists for services. Based on the Committee's recommendations, The Executive Budget recommends an increase in General Fund support of approximately \$1.9 million in FY 2005-06 and approximately \$2.2 million in FY 2006-07 to address the waiting lists for Personal Assistive Services (PAS), Traumatic Brain Injury (TBI) and Independent Living Services. The Executive Budget also includes General Fund appropriations of \$198,375 each year of the 2005-07 biennium to increase the hourly rate for PAS from \$17 to \$18.50, which was also recommended by the Legislative Committee on Persons with Disabilities.

HEALTHY NEVADA FUND

Funding for the Healthy Nevada Fund is provided through a transfer from the Treasurer's Office of Tobacco Settlement funds received by the state of Nevada. Pursuant to NRS 439.620 and 439.630, the Healthy Nevada Fund receives 50 percent of the Tobacco Settlement funds received by the state. Of this amount, 20 percent is allocated for grants to reduce tobacco use, 10 percent is allocated for grants to improve the health of children, 7.5 percent is allocated for programs that improve the health and well-being of persons with disabilities, 2.5 percent is allocated for a program to extend coverage for prescription drugs and other related services to certain persons with

disabilities, and 30 percent is allocated to support the Senior Prescription Drug Program. The programs are administered by the Director's Office with direction from the Task Force for the Fund for a Healthy Nevada. The remaining 30 percent is allocated to the Division of Aging Services for programs that assist senior citizens with independent living.

The Executive Budget recommends the addition of \$2.1 million of General Fund support in each year of the 2005-07 biennium to supplement Tobacco Settlement funding for the Senior RX program. The recommended budget includes \$1.8 million in FY 2005-06 and \$3.2 million in FY 2006-07 for annual inflationary increases of 15 percent for prescription drug costs. The Executive Budget also provides \$419,037 in FY 2005-06 and \$1.6 million in FY 2006-07 to increase enrollment in the Senior RX program from an average of 8,664 participants per month in FY 2003-04 to 10,665 average participants per month in FY 2005-06 and 11,710 average participants per month in FY 2006-07. The Governor also recommends \$42,431 in FY 2005-06 and \$56,405 in FY 2006-07 for costs associated with a new position to assist with responsibilities related to moving from a fully insured program to a self-insured program effective January 1, 2005.

The Executive Budget recommends approximately \$460,000 in each year of the 2005-07 biennium to provide disabled individuals with a prescription drug benefit. The program is funded through 2.5 percent of the Tobacco Settlement proceeds allocated to the Healthy Nevada Fund. Assembly Bill 504 of the 2003 Session provided authority for the program through the use of a Title XIX waiver; however, the request made by the department for the waiver was denied by the federal government. Legislation will be introduced during the 2005 Legislative Session to authorize the program without the Title XIX waiver. If approved, the program will be initiated to provide "wrap around" prescription drug benefits not covered under Medicare Part D.

GRANTS MANAGEMENT UNIT

The Grants Management Unit was approved by the 2003 Legislature to consolidate six existing grant programs into one account. The six grant programs include: Title XX Purchase of Social Services; Family-to-Family Connection; Family Resource Centers; Community Services Block Grant; Children's Trust Account; and Healthy Nevada Grants. In addition to these programs, The Executive Budget for the 2005-07 biennium includes an appropriation of \$100,000 in each year of the 2005-07 biennium to establish a Problem Gambling Program within the DHR director's office. The Governor recommends \$100,000 in gift and donations revenue each year to match the General Fund appropriations provided by the state.

Title XX Purchase of Social Services

This program, established in 1974 under Title XX of the Social Security Act, provides states with funds for a wide variety of social service programs. The Executive Budget recommends total expenditure authority of \$13.5 million in each year of the 2005-07 biennium, which is approximately 3.9 percent more than the amount available

in FY 2004-05. The federal allocation of Social Services Block Grant funds to Nevada reflected in the budget, increases from \$12.6 million in FY 2004-05 to \$13.0 million in each year of the 2005-07 biennium. The funds are sub-granted to state and non-state agencies for social programs. The Executive Budget also recommends the transfer in of Temporary Assistance to Needy Families (TANF) Block Grant funding in the amount of \$654,534 in each year of the 2005-07 biennium; this amount is consistent with the TANF Block Grant transferred in for FY 2003-04.

CHILDREN'S TRUST ACCOUNT

The Children's Trust Account funds organizations and agencies that provide child abuse and neglect prevention services. Revenues for the account are derived from a \$3 fee for Nevada birth and death certificates. Those revenues together with revenues from a federal Child Abuse Prevention and Treatment Act grant in the Grants Management Unit account are awarded and administered by the Committee for the Protection of Children. The trust account was combined with the Grants Management Unit when it was created by the 2003 Legislature. The Executive Budget for the 2005-07 biennium recommends the re-establishment of the budget to facilitate the payment of interest on revenue in the fund as required pursuant to NRS 432.131; however, the program will continue to be administered out of the Grants Management Unit budget.

DIVISION OF HEALTH CARE FINANCING AND POLICY

The Division of Health Care Financing and Policy is responsible for administering the Medicaid and Nevada Check-Up programs, the Disproportionate Share and Intergovernmental Transfer and Upper Payment Limit programs, the long-term care provider tax program, federal revenue maximization efforts, and the state's health care cost containment and data collection activities.

Overall total funding for the division is recommended at approximately \$2.77 billion for the 2005-07 biennium, an increase of approximately \$509.7 million when compared to the total funding legislatively approved for the 2003-05 biennium. The Executive Budget recommends General Fund support for the division be increased to approximately \$836.9 million over the 2005-07 biennium compared to \$652.8 million for the 2003-05 biennium, an increase of \$184.1 million or 28.2 percent. The increase in General Fund support would have been approximately \$201.9 million; however, there is an estimated General Fund saving of approximately \$17.8 million (see Medicaid) as a result of the new federal Medicare prescription drug program. The increase recommended in General Fund support is primarily attributable to the following:

1. The caseload increases that are recommended for the Medicaid budget that will increase General Fund support by approximately \$106.5 million over the 2005-07 biennium;
2. Mandatory and discretionary provider rate increases that will increase General Fund support by approximately \$74.9 million over the 2005-07 biennium;

3. The caseload and provider rate increases that are recommended for the Check-Up budget that will increase General Fund support by approximately \$5.3 million over the 2005-07 biennium;
4. The Governor's recommendation to expand health care coverage for certain uninsured individuals and employed low-income persons who do not currently qualify for the Medicaid or the Check-Up programs (the expansion will increase General Fund support by approximately \$6.4 million over the 2005-07 biennium);
5. The proposed redesign of the current delivery system for behavioral health services that will increase General Fund support by approximately \$3.3 million over the 2005-07 biennium; and
6. The additional new slots recommended for the Physically Disabled Waiver and Community Home-based Initiatives Program that will increase General Fund support by approximately \$7.7 million over the 2005-07 biennium.

HEALTH CARE FINANCING AND POLICY ADMINISTRATION

The Executive Budget recommends a total of 12 new positions and the transfer in of 3 positions from the Medicaid and Check-Up budgets and the transfer out of 1 position to the Welfare Administration budget. The 12 new positions recommended include the following:

- Seven positions to address increased workload and additional duties related to implementation of the Medicaid Management Information System (MMIS) and the Division Support System (DSS);
- Four new positions (Auditor position previously approved by IFC at the November 2004 meeting) to meet the requirements of the Payment Error Rate Measurement (PERM) program as stipulated with passage of the Improper Payments Information Act of 2002. The PERM program, which must be implemented by October 1, 2006, addresses erroneous payments. The intent of PERM is to establish nationwide standards for acceptable error rates for which states will be held accountable; and
- One position to develop and prepare the Medicaid and SCHIP waiver (Health Insurance Flexibility and Accountability [HIFA] waiver) to implement the Governor's proposal to expand health care coverage. Additionally the recommended budget includes \$259,000 to provide approximately 1,000 hours of consultant time to assist in developing the HIFA waiver.

The Executive Budget recommends displaying in the administrative budget versus the Medicaid budget the transfer of federal Title XIX and Title XXI match funds (approximately \$9 million for each fiscal year of the 2005-07 biennium) used in support of the Welfare Division for cost allocation purposes. The transfer will significantly increase expenditures in the administrative budget and decrease in a like amount expenditures in the Medicaid budget.

MEDICAID

Medicaid is the state-administered program for medical assistance established in 1965 with passage of Title XIX of the Social Security Act. The Medicaid program purchases or provides medical services for persons who meet certain eligibility criteria. Medicaid covers three main groups of low-income people: parents and children, the elderly and the disabled. Under federal Medicaid law, there are certain eligible groups and benefits that must be covered by states. However, states are given discretion and flexibility to determine the various categories of benefits and the eligible groups their Medicaid program will cover. Nevada has adopted both optional eligibility groups and optional benefit packages to be covered under its Medicaid plan.

Overall total funding for the Medicaid program is recommended to increase to approximately \$2.4 billion for the 2005-07 biennium, an increase of approximately \$393.5 million when compared to the total funding legislatively approved for the 2003-05 biennium. General Fund support is recommended to increase to approximately \$802.6 million for the 2005-07 biennium, an increase of approximately \$172.2 million or 27.3 percent when compared to the General Fund support approved by the 2003 Legislature for the 2003-05 biennium.

Caseload Growth – The Executive Budget recommends approximately \$204.4 million (\$106.5 million in General Fund) for increased costs associated with the projected growth in caseload over the 2005-07 biennium. Medicaid caseloads are projected to increase by approximately 10.7 percent for FY 2005-06 over FY 2004-05 and by 8.5 percent in FY 2006-07 over the projected caseload for FY 2005-06 (see table).

FY 2003-04	FY 2004-05 (Proj.)	% change	FY 2005-06 (Gov Rec.)	% change	FY 2006-07 (Gov Rec.)	% change
172,778	185,475	7.4%	205,373	10.7%	222,736	8.5%

The Executive Budget recommends a total of 20 new positions over the 2005-07 biennium (15 positions in FY 2005-06 and an additional 5 new positions in FY 2006-07) to address caseload growth. A majority of the new positions recommended are staff at the district offices.

Rate Increases – The Executive Budget provides approximately \$166.4 million (\$74.9 million in General Fund) for mandatory and discretionary rate increases and annualizes rate adjustments implemented during the interim primarily for physician groups. The recommended rate increases for pharmacy and health maintenance organizations (HMOs) participating in the managed care program make up a majority of the costs for mandatory rate increases. Pharmacy rates are recommended to increase by 12.1 percent for FY 2005-06 and an additional 11.7 percent for FY 2006-07. HMO rates are recommended to increase by 7.35 percent for FY 2005-06 and by 7.75 percent for FY 2006-07.

The Executive Budget includes approximately \$9.9 million (\$4.5 million in General Fund) over the 2005-07 biennium for discretionary rate increases for air ambulance providers, providers for mental health rehabilitative treatment services and establishes a all-inclusive per diem rate for home infusion therapy. Discretionary rate increases are prioritized by provider type where access to services may negatively be impacted for failure to provide regular rate increases.

Medicare Prescription Drug, Improvement and Modernization Act (MMA) – With passage of MMA, Congress established a prescription drug benefit for Medicare beneficiaries. Beginning January 1, 2006, prescription drug benefits will be available to Medicare beneficiaries under Part D. The implementation of MMA will affect states in a variety of ways the most significant of which is Medicaid will no longer be responsible for providing pharmacy coverage for Medicare beneficiaries also known as dual eligibles (Medicaid recipients who are also eligible for Medicare). The Executive Budget estimates a General Fund savings for the Medicaid program of approximately \$17.8 million over the 2005-07 biennium as a result of no longer having to provide pharmacy coverage for this group. However MMA requires state Medicaid programs to refund a portion of their savings for no longer having to provide pharmacy coverage back to Medicare in what is called the “clawback provision.” The clawback provision is intended to help the federal government fund Part D coverage. The clawback provision of MMA requires states to refund their savings on a decreasing scale over a 10-year period, starting with 90 percent for calendar year 2006 and 88.33 percent for calendar year 2007 to 75 percent by year 2014. The clawback provision will remain at 75 percent in 2015 and thereafter. The clawback provision is based on state Medicaid expenditures on prescription drugs for dual eligibles in calendar year 2003, trended forward to accommodate inflation times the number of dual eligibles enrolled in full Medicaid coverage. Effective January 2006, there will no longer be federal match available for pharmacy coverage for dual eligibles except for drugs not included in the Part D plan. This will reduce federal match funds by an estimated \$17 million for FY 2005-06 and \$39.6 million for FY 2006-07.

New Initiatives – The Executive Budget provides approximately \$3.3 million in state General Funds over the 2005-07 biennium for the additional costs associated with modifying the current delivery system for behavioral health services. The proposal’s intent is to expand access and to allow for earlier interventions for children, adults and families to avoid the escalation of undiagnosed and untreated mental illnesses. To increase access to meet unmet behavioral health needs, the proposed redesign allows non-public providers to provide behavioral health services, establishes service levels based on the intensity of need, and allows licensed clinical social workers and marriage and family therapists to provide behavioral health services under a specialty clinic model. In addition to expanding access, the funding recommended provides for two new services under the mental health rehab option, peer support and family support. The recommendation increases the utilization review of the services offered under the mental health rehab option. Utilization review for children needing services will continue to be performed by the Division of Child and Family Services (DCFS). Utilization review for adults needing services will be performed by a private contractor. One new Health

Care Coordinator position is recommended to allow the division to provide appropriate utilization management for mental health rehabilitative services to ensure federal compliance with Medicaid regulations.

Medicaid Waivers – The Executive Budget recommends approximately \$4.3 million (approximately \$1.9 million in General Fund) over the 2005-07 biennium to add a total of 97 new slots for the Physically Disabled Waiver program. The funding recommended also funds 3 new Health Care Coordinator positions to provide case management services. The funding recommended provides 16 waiver slots in accordance with S.B. 174 approved by the 2001 Legislature, which requires state agencies that administer personal assistance programs such as Medicaid make available and provide minimum essential personal assistance to individuals with severe disabilities. A total of 81 new waiver slots are recommended to address the projected waiting list.

The Executive Budget provides approximately \$5.8 million over the 2005-07 biennium in state General Funds for new waiver slots for caseload increases and to reduce the existing waiting list for the Community Home-based Initiatives Program (CHIP) administered by the Division of Aging Services. Additionally, the Governor recommends eliminating the patient liability requirement from the CHIP program. Currently, patient income in excess of 200 percent of the federal poverty level is collected from recipients to cover some of their medical costs. The CHIP program is the only waiver program currently requiring patient liability. Eliminating patient liability will make the eligibility criteria for all waiver programs uniform and will remove a burdensome administrative activity.

INCREASED QUALITY OF NURSING CARE

This budget account was created in accordance with A.B. 395 approved by the 2003 Legislature which instituted a methodology that requires the division to establish a provider tax program encompassing all free standing long term care nursing facilities (except those owned by the state). The intent of the legislation is to increase reimbursement rates for the nursing facilities that are assessed the tax. This budget accounts for the provider tax assessments received from the industry.

Per the legislation, the provider tax is a 6 percent assessment on gross revenues. The provider taxes received via the assessments are used as match to obtain federal Title XIX funds that are distributed back to the nursing facilities (including the tax) in the form of enhanced reimbursement rates. Assembly Bill 395 stipulates that funding received via the provider tax and matching federal Title XIX funds must be used to increase reimbursement rates only and cannot be used to replace existing state expenditures paid for nursing facilities. The average per-bed day payment is currently \$157 compared to \$121.66 per-bed day prior to the implementation of the provider tax program, an increase of \$35.34 per-bed day. The net increase (net of the tax) realized by nursing facilities is \$19.67 per-bed day. The legislation allows the division to use no

more than 1 percent of the taxes collected to administer the provider tax program, which currently supports 1 position.

The Executive Budget does not recommend any changes to the financing methodology for the nursing facility provider tax program. The division is requesting legislation to modify language included in A.B. 395 to conform Nevada’s law with the broad-based and uniformity requirements that are stipulated in federal regulations that govern provider tax programs.

NEVADA CHECK-UP PROGRAM

The Balanced Budget Act of 1997 created the State Children’s Health Insurance Program (SCHIP) under Title XXI of the Social Security Act to enable states to initiate and expand health care coverage targeted for low-income and uninsured children. The Check-Up program was approved as a stand-alone program that covers children ages birth through 18 years of age from families with income up to 200 percent of poverty. Eligibles pay quarterly premiums ranging \$15 to \$70 based on their income level. Services are provided under a managed care arrangement with participating HMOs in Clark and Washoe counties and on a fee-for-service basis in areas of the state where an HMO network does not exist. Enrollment in the program began in October 1998.

Overall total funding for the Check-Up program is recommended to increase to approximately \$86 million for the 2005-07 biennium, an increase of approximately \$20.8 million when compared to the total funding legislatively approved for the 2003-05 biennium. General Fund support is recommended to increase to approximately \$23.8 million for the 2005-07 biennium, an increase of \$5.1 million when compared to the legislatively approved amount for the 2003-05 biennium.

The budget, as recommended by the Governor, caps the average monthly enrollment at 30,000 children for FY 2006-07. As of January 2005, there were slightly over 27,000 children enrolled in the Check-Up program. The table below displays the actual caseload for FY 2003-04, the projected caseload for FY 2004-05 and the budgeted caseload growth for both fiscal years of the 2005-07 biennium. Three new Family Services Specialist positions (eligibility workers) are recommended to address the projected caseload growth.

FY 2003-04	FY 2004-05 (proj.)	% Diff	FY 2005-06 (Gov Rec)	% Diff	FY 2006-07 (Gov Rec)	% Diff
25,025	26,061	4.1%	28,273	8.5%	30,000	6.1%

The Executive Budget provides approximately \$2.7 million in state funds over the 2005-07 biennium for rate increases. The annual rate increases recommended for HMO providers are actuarially determined and are projected at 7.2 percent for FY 2005-06 and 7.5 percent for FY 2006-07. Pharmaceutical costs are projected to increase at a rate of 13.1 percent for FY 2005-06 and 12.5 percent for FY 2006-07. The pharmaceutical increases are applied to the fee-for-service program only because the

pharmaceutical increases for the HMO networks are included within their actuarially determined rate.

The Executive Budget recommends transferring Title XXI funds to the Health Division in the amount of approximately \$2.9 million for FY 2005-06 and \$3 million for FY 2006-07 for the purchase of vaccines for children enrolled in the Check-Up program. The General Fund match is included in the Health Division's Immunization budget. The use of Title XXI funds in this manner was approved during the current interim and reduces the need for General Fund support for vaccines used to immunize this population.

HIFA MEDICAL AND HIFA HOLDING ACCOUNT

The Executive Budget proposes to significantly expand health care coverage to certain uninsured individuals and low-income persons who do not currently qualify for the Medicaid or the Nevada Check-Up programs. The Governor's proposal is based on the findings developed by the Legislative Subcommittee to Study Health Insurance Expansion Options. The findings, which are supported by The Executive Budget, recommend pursuing a Health Insurance Flexibility and Accountability (HIFA) initiative waiver through the federal government to expand health care coverage. A HIFA waiver, if approved by the Centers for Medicare and Medicaid (CMS), gives states flexibility in structuring their Medicaid benefit packages and financing mechanisms. Under HIFA, states are allowed to cap enrollment, reduce benefits, increase cost-sharing for optional Medicaid beneficiaries and to redirect federal Title XIX and SCHIP (Title XXI) funding to pay for services for additional populations.

To finance the expansion, The Executive Budget recommends using a combination of state General Funds, proceeds received from property tax levies (1 cent levy) that currently fund the Indigent Supplemental Account, and federal funds. The state General Funds and the property tax proceeds would be used in equal proportions of approximately \$347,000 from each source for FY 2005-06 and approximately \$6 million from each source for FY 2006-07 to match federal Title XIX and XXI funds in the amount of approximately \$950,000 for FY 2005-06 and \$20.9 million for FY 2006-07. The state General Funds and the tax proceeds from the Indigent Supplemental Account that are recommended to fund the expansion are accounted for in a new budget called the HIFA Holding Account. These funds are then transferred to the HIFA Medical budget to be matched with federal funds, which will provide for all expenditures related to the proposed expansion. The expansion will be phased-in over the 2005-07 biennium and is proposed to cover the following groups:

- Pregnant Women – Currently Nevada's Medicaid program provides the minimum level of coverage that is mandated under federal law, which is 133 percent of the federal poverty level (FPL). Under the Governor's proposal, Medicaid coverage would be extended to pregnant women up to 185 percent of FPL. The proposal, as funded in The Executive Budget, will cover approximately 2,000 pregnant women per month once fully implemented. Coverage for this group is anticipated to begin January 2006.

- Employees of Small Employers – The Governor proposes to provide a premium subsidy for health insurance coverage in an amount up to \$100 per person per month to employees and their spouses who work for small employers (2-49 employees) and who have household incomes less than 200 percent of FPL. The cost of coverage would be shared by the employee, the employer and the state. The employer would be responsible for at least 50 percent of the premium cost, and a full benefit insurance package would be required to be eligible for the premium subsidy. The proposal calls for enrollment to be phased-in over several years, beginning with 2,000 covered lives during the first year and increasing to 8,000 covered lives by the fourth year of the program. Coverage for this group is anticipated to begin July 2006.
- Catastrophic Event Coverage – The details of this coverage group and the design of the program have not been fully worked out although medical coverage would be limited to one catastrophic event. The intent is to cover as many medical situations as possible currently funded by the counties through the Indigent Accident and Indigent Supplement Accounts. Coverage for this group is anticipated to begin July 2006.

INTERGOVERNMENTAL TRANSFER PROGRAM

The Intergovernmental Transfer (IGT) program collects funds primarily from public hospitals and counties pursuant to NRS 422.380 through NRS 422.390. The funds collected are utilized to help support medical expenditures in the Medicaid program. Additionally, the IGT program, in conjunction with funding approved in the Medicaid program, helps to fund hospitals that treat a disproportionate share of Medicaid recipients, indigent patients and other low-income patients.

This budget account also collects intergovernmental transfers received from non-state government-owned hospitals to support the Upper Payment Limit (UPL) program, which was implemented in September 2002 (retroactive to January 2002). Federal Medicaid law allows states the option of making supplemental payments to qualifying hospitals (county or municipal hospitals) up to the Medicare upper payment limit. The intent is to preserve access to inpatient hospitals for needy individuals by reimbursing hospitals that qualify for uncompensated or under-compensated care.

The Executive Budget proposes to continue the IGT program for the 2005-07 biennium as designed and approved by the 2003 Legislature for the current biennium and in accordance with A.B. 297. Assembly Bill 297, approved by the 2003 Legislature, established a long-term methodology for distributing disproportionate share (DSH) funding to qualifying hospitals. For the 2005-07 biennium, The Executive Budget estimates the IGT program will generate a benefit to the state in the amount of approximately \$20.1 million for each fiscal year. The public hospitals and counties participating in the program will also receive approximately \$20 million in additional funds for each fiscal year of the 2005-07 biennium in the form of DSH payments from the Medicaid budget.

The Executive Budget recommends continuing the UPL program for the 2005-07 biennium based on more accurate hospital admissions data with a number of modifications. The modifications reduce the supplemental payments made to qualifying hospitals and reduce the net benefit the state will realize for the upcoming biennium based on more accurate hospital admissions data. The UPL program will provide qualifying hospitals an estimated net benefit of approximately \$6.3 million for FY 2005-06 and \$6.9 million for FY 2006-07, compared to \$14.3 million for FY 2003-04. The estimated net benefit for the state is approximately \$2.2 million for FY 2005-06 and \$2.5 million for FY 2006-07, compared to approximately \$6 million realized for FY 2003-04.

The budget, as recommended, will maintain an un-obligated reserve of approximately \$6.1 million for FY 2005-06 and \$6.5 million for FY 2006-07 for cash-flow purposes.

DIVISION OF MENTAL HEALTH AND DEVELOPMENTAL SERVICES

The Division of Mental Health and Developmental Services (MHDS) is responsible for the development, administration, coordination and evaluation of state treatment and training programs for mentally ill and mentally retarded citizens.

The Governor recommends a total budget for MHDS in the 2005-07 biennium of \$512.4 million, a 39.4 percent increase over the 2003-05 legislatively approved total of \$367.6 million. Recommended General Fund appropriations in the 2005-07 biennium total \$358.2 million, an increase of 46.3 percent when compared to the 2003-05 legislatively approved appropriations of \$244.8 million. The Governor recommends increasing the total number of positions from 1,307.39 FTEs to 1,760.0 FTEs, an increase of 452.61 FTEs, or 34.6 percent.

The Executive Budget recommends appropriations of \$1.2 million for phase II of the conversion of the client billing and information system from the Advanced Institutional Management Software (AIMS) system to the Avatar system. The Governor's budget provides for increases in medication costs, from \$20.4 million in FY 2004-05 to \$25.6 million, or 26.0 percent in FY 2005-06, and increasing to \$30.1 million in FY 2006-07, an additional 17.3 percent increase. The Governor also recommends increases in rates paid to community training centers (CTCs) and supported living arrangement (SLAs) service providers of 3 percent in the first year and 5 percent in the second year of the 2005-07 biennium.

The Governor recommends General Fund appropriations of \$3.3 million over the 2005-07 biennium to fund several projects identified as deferred maintenance, such as deep carpet and upholstery cleaning, ADA upgrades, building sealing and painting, HVAC cleaning and balancing, and roofing maintenance; this amount is in addition to the \$2.8 million recommended in the Governor's CIP maintenance budget. The Governor also recommends biennial appropriations of \$2.3 million to support a two-grade salary increase for the division's nursing staff totaling 180.94 FTEs.

DIVISION ADMINISTRATION

MHDS Administration is responsible for overseeing the state's mental health and developmental services policies and regulations; coordinating program development and operations statewide; establishing service and funding priorities; and maintaining fiscal responsibility. The Executive Budget recommends continued funding of \$100,000 per year for the Suicide Prevention Hotline, along with \$143,969 each year for the UNR Psychiatric Resident Program. The Governor recommends transferring an Administrative Services Officer II to the Rural Regional Center and a Clinical Program Planner II to the Sierra Regional Center.

NORTHERN NEVADA ADULT MENTAL HEALTH SERVICES

Northern Nevada Adult Mental Health Services (NNAMHS) provides psychiatric and psychological services to the seriously and chronic mentally ill population in northern Nevada. The NNAMHS is staffed for 40 inpatient beds plus 10 emergency beds in the psychiatric emergency services (PES) unit, with an average census of 33 and 8 clients, respectively, in FY 2003-04. The Executive Budget recommends a total of 29.1 new FTE positions to support an additional 168 individuals in the medication clinics; 43 additional individuals in residential support placements; 53 additional individuals in outpatient counseling services; and 684 additional individuals in psychiatric ambulatory services. The Governor recommends 2 new Consumer Services Assistant positions, which would be funded by eliminating a Health Service Coordinator position. The Governor also recommends eliminating 2 of the agency's 3 Laundry Worker positions, resulting from the decision to transition from in-house laundry services to contract laundry services in November 2004.

LAKE'S CROSSING FACILITY FOR THE MENTAL OFFENDER

The Lake's Crossing Facility for the Mental Offender is located in Washoe County and is Nevada's only program for mentally disordered offenders. The agency provides services to individuals who have been evaluated as not guilty by reason of insanity, incompetent to stand trial, or who require mental health services in a secure setting. The agency operates with a maximum capacity of 48 beds and provides its services statewide. The Governor recommends transferring an Accounting Assistant from Lake's Crossing to Northern Nevada Adult Mental Health Services.

RURAL CLINICS

The Rural Clinics program provides mental health services to all age groups in Nevada's 15 rural counties. A supplemental appropriation of \$483,315 is recommended in FY 2004-05 to fund anticipated Medicaid, Insurance Recovery and Client Charge revenue shortfalls. The 2003 Legislature approved a supplemental appropriation of \$740,598, and the Interim Finance Committee approved an allocation of \$483,315 from the Contingency Fund in FY 2003-04 to cover similar revenue shortfalls and increased expenditures. The Governor recommends 33.59 new FTE positions to support an

additional 526 individuals in the medication clinics; 14 additional individuals in residential support placements; 804 additional individuals in outpatient counseling; 32 additional individuals in service coordination; and 9 additional individuals in psychosocial rehabilitation services.

The Executive Budget recommends 7.51 new FTE positions to open a full-service clinic in Laughlin that is projected to serve 270 to 330 clients per year. The Governor also recommends 23.01 new FTE positions to support a new program identified as Behavioral Health Redesign for Children in Rural Nevada that reduces current staffing ratios for outpatient counseling (75:1 to 35:1) and service coordination (35:1 to 12:1) for children with Severe Emotional Disturbance (SED). The Executive Budget indicates the reduced staffing ratios require 44 additional FTEs; however, the Governor only recommends approximately half of the positions be filled in the 2005-07 biennium with the remainder to be requested in the 2007-09 biennium. The Governor also recommends net General Fund appropriations of \$212,616 to establish video conferencing via personal computer capability at 16 locations in rural Nevada, allowing clients improved accessibility to services that, in turn, reduces travel time for contracted psychiatrists.

SOUTHERN NEVADA ADULT MENTAL HEALTH SERVICES

Southern Nevada Adult Mental Health Services (SNAMHS) operates out of four sites and provides psychiatric and psychological services to the seriously and chronic mentally ill in Clark County; the main campus is located on West Charleston Boulevard. The 2003 Legislature approved funding to staff a total of 103 beds: 77 inpatient hospital beds and a 26-bed psychiatric observation unit (POU). As a result of Clark County's emergency declaration due to overcrowding in local hospital emergency rooms, on August 12, 2004, the Interim Finance Committee approved a \$500,000 allocation from the Contingency Fund that added 28 beds in Building 1300 on the West Charleston campus. The Governor recommends a supplemental appropriation of \$2.7 million to support the 28 beds for the remainder of FY 2004-05. The Executive Budget recommends funding of \$20.2 million (\$19.1 million General Fund) over the 2005-07 biennium for 259.35 new FTE positions and to expand inpatient hospital capacity at SNAMHS to a total of 217 beds as follows:

Description	Current Beds	Add'l Beds	Total Beds	New FTEs	2005-07 Funding	
					Gen Fund	Total
Increase POU beds (start 5/06)	26	4	30	20.54	\$1,611,576	\$1,613,221
Increase inpatient beds - new hospital (start 5/06)	77	43	120	95.06	\$7,486,937	\$7,843,976
Restore beds in existing hospital (Bldg 3) (start 7/06)	0	39	39	93.24	5,738,653	\$6,530,135
Continue 28 beds in Bldg 1300 after new hospital opens 5/06	28	0	28	50.51	4,262,496	\$4,262,496
Total	131	86	217	259.35	\$19,099,662	\$20,249,828

The expanded capacity includes 120 inpatient and 30 POU beds at the new hospital, anticipated to open May 2006, along with continuing the 28 beds in Building 1300 and retaining 39 beds in the current inpatient hospital building after the new hospital opens. The Governor recommends two Capital Improvement Projects for SNAMHS: Capital

Improvement Project, CIP-C03, requests \$4.6 million for furnishings, fixtures and equipment for the new 150-bed hospital; and CIP-C07 requests \$11.3 million to design and construct the fourth 40-bed pod at the new hospital that would increase the facility to its build-out capacity of 190 beds.

The Executive Budget recommends a total of 96.18 new FTE positions to support an additional 823 individuals in the medication clinics; 90 additional individuals in residential support placements; 139 additional individuals in outpatient counseling services; 22 additional individuals in psychosocial rehabilitation services; and 6,008 additional individuals in psychiatric ambulatory services. The Governor recommends a 0.51 FTE Clinical Social Worker to perform pre-admission screening and resident review (PASRR) in Medicaid/Medicare approved nursing homes, and a full-time Pharmacist position that replaces a private contractor at the East Las Vegas medication clinic. The Governor also recommends transferring a full-time Quality Assurance position to the MHDS Administration account.

DEVELOPMENTAL SERVICES

MHDS provides an array of services to people with developmental disabilities and related conditions through three regional centers: Sierra Regional Center (SRC) in the Reno-Sparks area; Desert Regional Center (DRC) in the greater Las Vegas area; and the Rural Regional Center for the remainder of the state. The Governor recommends funding for developmental services (including the Family Preservation Program) during the 2005-07 biennium of \$212.0 million, a 27.1 percent increase over the 2003-05 legislatively approved total of \$166.8 million. Recommended General Fund appropriations in the 2005-07 biennium total \$115.9 million, an increase of \$25.8 million, or 28.7 percent when compared to the 2003-05 legislatively approved appropriations of \$90.1 million. The Executive Budget recommends 16.37 new FTE positions to support an additional 282 clients in service coordination, family support/respite, residential supports, and jobs and day training. The Governor also recommends 4.5 new FTE positions to provide quality assurance oversight in the three regions to assure compliance with Medicaid Waiver requirements, along with a new 0.51 FTE Developmental Specialist position at DRC to perform PASRR for 29 children in six nursing homes in Clark County.

The Executive Budget recommends eliminating 10 ICF/MR beds at SRC and 6 ICF/MR beds at DRC, which would eliminate 20.53 FTE positions and place the clients into community supported living arrangements. The Governor also recommends converting 60 individuals from privately-owned ICF/MR homes, which are currently supported in the Medicaid budget, to community residential placements, which would be supported in the regional budgets. This recommendation is in compliance with the Supreme Court Olmstead decision and increases General Fund need by \$169,641 during the 2005-07 biennium.

FAMILY PRESERVATION PROGRAM

The Family Preservation Program (FPP) provides assistance to families caring for individuals with developmental disabilities in their homes. The 2003 Legislature approved the Governor's recommendation to provide monthly payments of \$310 to 324 families. An additional 112 families in the FPP receive \$350 each month that is provided by TANF funds (\$470,400 each year) in that budget. A total of 436 families were served during the 2003-05 biennium with state and TANF funding provided. The Executive Budget recommends serving an additional 30 families for a total of 466 families at the end of FY 2006-07, with monthly payments of \$350 for all families in the FPP. The Governor recommends providing monthly payments to the 112 TANF families with General Fund support in the FPP budget and replacing General Fund appropriations in the three developmental services budgets with the TANF funds. The division indicates the transfer of the TANF funds to the regional budgets, along with the transfer of the 112 families from TANF to FPP, will simplify administration of the program for both divisions, standardize payments and procedures, and improve program clarity to the public.

HEALTH DIVISION

The state Health Division administers six bureaus to protect the health of Nevadans and visitors of the state. The division operates under the guidance of the seven-member, Governor-appointed State Board of Health, to enforce health laws and regulations, promote public health education, investigate the causes of disease, and provide direct public health services in Nevada's rural counties.

The Executive Budget recommends total funding for the division in the amount of \$345.4 million for the 2005-07 biennium, an increase of 23.4 percent when compared to the 2003-05 biennium. The majority of this increase is related to increases in programs supported with federal funds, including the following: Programs of the Bureau of Alcohol and Drug Abuse, Public Health Preparedness, Immunizations, HIV/AIDS, programs in Early Intervention Services (formerly Special Children's Clinics), and the Women, Infants and Children (WIC) Food Supplement programs.

Included in the amounts above is General Fund support for the division which totals \$53.1 million for the 2005-07 biennium, an increase of 30 percent compared to the 2003-05 biennium. The majority of this increase in funding will be utilized to fund personnel in the Special Children's Clinics to provide early intervention services in the child's natural environment and to provide services to youngsters referred under the Child Abuse and Prevention Treatment Act.

Full-time equivalent (FTE) positions recommended in The Executive Budget for the division total 548.8 for each year of the upcoming biennium; this is a net increase of 58.9 positions compared to the FY 2004-05 legislatively approved total of 489.9. The significant increases in positions include the following: 39.8 new FTE in Early

Intervention Services, 9.0 FTE in Health Administration, 6.0 FTE in Communicable Disease Control, and 4.0 FTE in Health Facilities Hospital Licensing.

OFFICE OF HEALTH ADMINISTRATION

The Office of Health Administration provides support functions for the entire Health Division, including the State Board of Health. Programs include administration, central business management, accounting and personnel, and the division's health planning function. The Governor's recommended budget includes 9 new FTE for information technology support, personnel services and business office functions for the division. As recommended, these positions would be funded through agency indirect charges accessed on federal grants.

VITAL STATISTICS

The Office of Vital Statistics serves as the official, permanent custodian of original documents, which encompasses: filing, maintaining and protecting birth and death certificates and related vital records; providing legal corrections and amendments to vital records; and maintaining an official database of vital statistics information for use in a wide variety of private and public programs both statewide and nationally.

The Executive Budget recommends state General Funds for 1 new administrative officer position for the Bureau of Health Planning and Statistics to provide fiscal management services within the Bureau. Additionally, The Executive Budget provides funding to continue the operations of the repository for health care quality assurance created with passage of A.B. 1 (medical malpractice legislation) by the 18th Special Session. The repository serves as a clearinghouse of information relating to aggregated trends of sentinel events.

CONSUMER HEALTH PROTECTION

The Public Health Engineering section is responsible for implementing the Public Water System Supervision Program authorized under the federal Safe Drinking Water Act (SDWA). It ensures that Nevada's public water systems comply with state and federal drinking water standards and enforces the requirements for surface water treatment and corrosion control.

The Environmental Health section issues permits and inspects food establishments and a wide variety of other facilities and businesses to ensure safe sanitary standards to protect public health are maintained in the state, excluding Clark and Washoe counties and Carson City, which have their own health departments. This section is also responsible for incidents of vector transmission of disease such as the plague and hanta virus.

The Executive Budget recommends the transfer of the remaining portions of the Safe Drinking Water (SDWA) program and related components of the Public Health

Engineering section from the Health Division to the Division of Environmental Protection (DEP). The Health Division will retain responsibility for the environmental health services. The transfer includes 17.51 existing positions and completes the transition to DEP for total responsibility for the SDWA program. The transfer of the SDWA program was initiated during the current interim with the transfer of the SDWA revolving loan program as approved by the 2003 Legislature.

HEALTH FACILITIES HOSPITAL LICENSING

The Executive Budget recommends a new Health Facilities Surveyor and an Administrative Assistant to address the workload in medical laboratory inspections. These positions would be funded with a combination of federal funds and fee revenue. Additionally, 2 new Administrative Assistants, 1 for the Las Vegas Office and 1 for the Carson City office, are recommended for general office duties and assistance to the Bureau Chief and Health Facility Surveyors. These positions would be funded with existing license and fee revenue.

COMMUNICABLE DISEASE CONTROL

The Communicable Disease Control section is responsible for developing programs and implementing regulations designed to control communicable diseases in Nevada. The budget includes six program areas: the Women's Health Connection; Tuberculosis Control; Tobacco Control; Comprehensive Cancer Control, the Diabetes program, and Arthritis Prevention and Control.

The Executive Budget recommends 5 new positions for the federal Breast and Cervical Cancer Early Detection program also referred to as Women's Health Connection. The 5 positions (2.0 program officers and 3.0 health program specialists) are funded with a federal grant from the Centers for Disease Control and Prevention (CDC). The new positions will primarily be responsible for providing program outreach and case management services in southern Nevada. These services were previously provided by contractors. Additionally, 1 new Management Analyst position funded with federal grant funds is recommended to provide financial management support for all chronic disease programs.

IMMUNIZATION PROGRAM

The purpose of the Immunization Program is to prevent the occurrence of vaccine-preventable diseases in Nevada by promoting immunizations and providing vaccines to prevent the occurrence and transmission of diseases. State-supplied vaccines are provided free of charge to all physicians, hospitals, or clinics that agree to meet the requirements of the program.

The Executive Budget recommends continuing state General Fund support at approximately \$1.5 million for each fiscal year of the 2005-07 biennium. The Governor's budget includes the transfer of Title XXI block grant funds from the Nevada

Check-Up program in the amount of approximately \$2.9 million for FY 2005-06 and \$3 million for FY 2006-07 for the vaccines provided to children who are enrolled in the Check-Up program. The General Fund appropriation included in the Immunization budget is used as state match. The use of Title XXI funds in this manner reduces the need for General Fund support for vaccines used to immunize this population and covers vaccine utilization for projected population increases for the 2005-07 biennium. The introduction of new vaccines or major changes with the series of childhood vaccines is not contemplated by The Executive Budget.

EARLY INTERVENTION SERVICES

The Executive Budget recommends the addition of \$2.8 million for FY 2005-06 and \$3.3 million for FY 2006-07 in General Fund support to address the anticipated increase in caseload for the Early Intervention Services (formerly Special Children's Clinics). The recommended funding would provide 24.04 new FTEs: 18 new Developmental Specialist IIIs, 2 Developmental Specialist IVs, 2 Family Services Specialists, two 0.5 FTE Administrative Assistants and two 0.5 FTE Accounting Assistants. An additional \$1.4 million in FY 2005-06 and \$1.6 million in FY 2006-07 would allow the division to contract for additional professional services (occupational therapists, physical therapists, audiologists, interpreters, mobility and hearing specialists, etc.) needed to provide comprehensive evaluations and treatment.

Additional General Fund support is recommended in the amount of \$2.0 million in FY 2005-06 and \$2.2 million in FY 2006-07 for 14.04 new FTEs: 12 Developmental Specialists, two 0.5 FTE Administrative Assistants, and two 0.5 FTE Accounting Assistants, along with approximately \$1.2 million each year for additional professional services to provide services to youngsters referred for services through the Child Abuse and Prevention Treatment Act.

WOMEN, INFANTS, AND CHILDREN PROGRAM

The purpose of the Women, Infants, and Children Program (WIC) program is to improve the nutritional health status of pregnant or breastfeeding women, infants or children up to age 5 who are low-income and a nutritional risk. The WIC program is 100 percent federally funded and provides nutrition education, supplemental foods and referral to other community-based health and social service providers.

The funding recommended in The Executive Budget is projected to serve approximately 50,000 participants per month for FY 2005-06 and 52,000 participants per month for FY 2006-07. The budget, as recommended, closes several state-operated clinics as part of the conversion to operate clinics by community-based organizations. A total of 7 existing positions that staffed the state-operated clinics are recommended for elimination. The budget also includes \$600,000 for each fiscal year of the 2005-07 biennium to continue the implementation of the Electronic Benefit Transfer (EBT) card system statewide. The implementation of the EBT system started as a pilot project in Washoe County, and rollout is currently underway in Clark County.

BUREAU OF ALCOHOL AND DRUG ABUSE

The Bureau of Alcohol and Drug Abuse (BADA) is the designated single state agency for purposes of applying for and expending the federal Substance Abuse Prevention and Treatment (SAPT) Block Grant, issued through the Substance Abuse and Mental Health Services Administration. The bureau plans and coordinates statewide substance abuse services delivery and provides technical assistance to programs and other state agencies, but does not provide direct substance abuse prevention or treatment services. Nearly 78 percent of the funding to provide these services is received through the federal SAPT Block Grant. The grant requires the Health Division to maintain a spending level of state funds, which is a least equal to the average of the past two years. In order to meet this maintenance of effort (MOE) requirement for FY 2004-05, The Executive Budget recommends a supplemental appropriation in the amount of \$521,620. In addition, The Executive Budget recommends General Fund support be increased by \$424,178 for FY 2005-06 and \$434,189 to continue this MOE.

WELFARE DIVISION

The Welfare Division is responsible for administering the delivery of cash grants and food stamps, enforcing child support, administering employment and training programs for welfare recipients, distributing childcare funding, and determining eligibility for Nevada's Medicaid program.

Overall funding for the division is recommended by the Governor at approximately \$478.5 million (\$144.4 million in General Fund) for the 2005-07 biennium, an increase of approximately 3.2 percent when compared to the total funding approved by the 2003 Legislature for the 2003-05 biennium. The Executive Budget recommends General Fund support of \$67.9 million in FY 2005-06 representing a decrease of \$21.3 million over the FY 2004-05 level. General Funds of \$76.5 million are recommended in FY 2006-07, representing an increase of \$8.7 million over FY 2005-06. The decrease in General Funds in each year of the 2005-07 biennium, when compared to FY 2004-05 is primarily attributable to reductions in projected TANF caseloads over the 2005-07 biennium and the expenditure of a TANF reserve in FY 2005-06 and FY 2006-07 in lieu of General Funds for cash assistance and employment and training programs.

WELFARE ADMINISTRATION

The Welfare Administration budget supports the administrative staff that provides oversight to various programs administered by the division and includes support resources utilized by and provided to the division field staff for the operation of the various programs under the division's jurisdiction.

The Executive Budget recommends the addition of 3 new positions, the transfer of 1 position from the Division of Health Care Financing and Policy and the transfer of 33 positions from the Department of Information Technology, which support the Nevada

Operations of Multi-Automated Data System (NOMADS). One Program Specialist is recommended to establish policy and provide program support for the Medicare Prescription Drug Improvement and Modernization Act of 2003. Two Quality Control Specialists are recommended to enable the division to meet the federal mandate requiring full recipient quality control reviews of Medicaid recipients under the Improper Payments Information Act of 2002.

The Executive Budget recommends funding of \$462,673 over the 2005-07 biennium, to provide for contractor and Department of Information Technology (DoIT) support to implement the Health Insurance Flexibility and Accountability (HIFA) waiver. The HIFA waiver would allow the state to expand healthcare coverage to pregnant women up to 185 percent of the Federal Poverty Level (FPL), provide a premium subsidy for health insurance coverage in an amount up to \$100 per person per month to employees and their spouses who work for small employers and who have household incomes less than 200 percent of FPL, and to the Medical Needy.

WELFARE FIELD SERVICES

The Field Services budget provides for the salaries, operating expenses and support costs for the staff that determine eligibility for the TANF, Food Stamp and Medicaid programs, as well as the staff that support the employment and training programs administered by the division.

The Executive Budget recommends the addition of 22 positions over the 2005-07 biennium, 11 to establish a unit to determine eligibility for Medicare Part D, prescription drug benefits, beginning January 2006 and 11 positions to establish a unit to determine eligibility and provide caseload management for clients served through the HIFA waiver.

The Executive Budget recommends funding to relocate field offices on Charleston Avenue and in Henderson to new leased locations. Funding of \$438,005 is recommended in FY 2005-06 and \$253,511 in FY 2006-07 to relocate the Charleston Avenue Office to a new prospective location near the intersection of Nellis and Bonanza. Additional funding of \$217,641 in FY 2005-06 and \$13,663 in FY 2006-07 is recommended to relocate the Henderson Office to a new suite within the same address.

TANF

The Temporary Assistance for Needy Families (TANF) budget provides funding for cash assistance for eligible recipients, which is time limited; supports the employment and training programs and services administered by the division designed to help clients prepare for and find work; and provides a wide variety of support services for families and individuals to support and maintain self sufficiency.

The Personal Responsibility Work Opportunity Act (PRWORA) of 1996 replaced the Aid to Families with Dependent Children (AFDC) program, an open ended federal

entitlement, with the Temporary Assistance for Needy Families (TANF) program. The federal funding to support the TANF program is now allocated to states in the form of a block grant that is capped and covers cash assistance, welfare employment and training, and the administrative costs associated with providing those services. The 1997 Legislature, with the passage of A.B. 401 and S.B. 356, enacted legislation to conform state laws to the PRWORA requirements and authorized a number of welfare reform initiatives unique to Nevada.

The Executive Budget recommends total funding (state and federal) to support the TANF budget in the amount of \$49.2 million (\$24.6 million General Fund) in FY 2005-06 and \$50.9 million (\$27.4 million General Fund) in FY 2006-07. The amount of General Funds recommended for the 2005-07 biennium decreases by approximately \$20.0 million when compared to the amount of state General Funds appropriated for the 2003-05 biennium. The decrease in General Funds is due to reductions in caseloads over the 2005-07 biennium and the expenditure of a TANF reserve in the 2005-07 biennium in lieu of General Funds for cash assistance and employment and training programs.

The PRWORA legislation must be authorized by Congress in accordance with the terms set forth in the original legislation. In 2004, Congress was unable to complete welfare reform reauthorization and the federal funding for states for TANF and related programs has been extended through March 31, 2005. The federal block grant that is allocated to Nevada is projected at approximately \$44 million in each year of the 2005-07 biennium. In addition, Nevada has been designated as a high population growth state and will receive supplemental TANF funding of approximately \$3.7 million in each year of the 2005-07 biennium. The TANF block grant is allocated between the Welfare Division's TANF, Welfare Administration and Welfare Field Services budgets. The TANF block grant funds are also allocated to other divisions within the Department of Human Resources to support TANF-eligible programs.

The PRWORA legislation requires states to continue contributing state funds equal to 80 percent of the amount spent in federal FY 1994 on welfare programs consolidated into TANF. The maintenance of effort (MOE) provisions require Nevada to continue to spend a minimum of approximately \$27.2 million in state funds each fiscal year on welfare-related programs. The 80 percent of MOE can be reduced to 75 percent if work participation rates are met.

The 2003 Legislature approved General Fund appropriations in excess of funding received from the TANF block grant and the required MOE of \$8.3 million in FY 2003-04 and \$23.2 million in FY 2004-05. As a result of lower-than-budgeted TANF caseloads experienced in FY 2003-04, the division was able to revert the majority of its General Fund appropriation and carry a \$12.0 million TANF reserve into FY 2004-05. The division estimates that approximately \$4.0 million of the TANF reserve will be spent during FY 2004-05, resulting in an estimated \$8.0 million TANF reserve to be carried forward into the 2005-07 biennium. The Executive Budget recommends the expenditure of the entire TANF reserve during the 2005-07 biennium (\$7.0 million in

FY 2005-06 and \$1.0 million in FY 2006-07) to fund cash assistance payments and employment and training expenses. Since the TANF block grant is a capped amount each year and the majority of the TANF reserve is spent in FY 2005-06, General Funds of \$7.7 million are recommended in lieu TANF funding to fund portions of the Field Services and TANF accounts in FY 2006-07.

TANF Caseloads – As shown in the table below, The Executive Budget projects a total of 24,244 average monthly recipients in FY 2005-06 for a decrease of 431 recipients compared to FY 2003-04. A total of 25,191 average monthly recipients is projected in FY 2006-07 resulting in an increase of 947 recipients over FY 2005-06.

Fiscal Year	FY 2003-04	FY 2004-05	% change	FY 2005-06	% change	FY 2006-07	% change
Caseload	24,675	33,249	34.7%	24,244	-27.01%	25,191	3.9%

Cash Grants – The Executive Budget recommends retaining cash assistance grants at their existing levels for the 2005-07 biennium. The monthly cash assistance grant for a three-person household is currently \$348 for a TANF recipient without a public housing allowance, \$272 for a TANF recipient with a public housing allowance, and \$535 for non-needy caretakers. The cash assistance grants for recipients in the Kinship Care were changed effective July 1, 2004, at \$534 for a single child under age 12 and \$616 for a single child over the age of 12.

CHILD SUPPORT ENFORCEMENT

The Child Support Enforcement program provides five basic services: location of absent parents; establishment of parentage; establishment of child support orders; collection of support payments; and enforcement of private medical insurance. In Nevada, the Child Support Enforcement program is administered by the Welfare Division and jointly operated by the division and county district attorneys. The Child Support Enforcement budget is funded with a portion of the child support collections the state is allowed to retain, which are used to match Title IV-D funds. The state's share of collections supports all non-federal expenditures, and there are no state General Funds in the Child Support Enforcement budget.

The 2003 Legislature approved a new revenue source by increasing the processing fee for establishing a wage assignment from \$3 to \$5. The increase in the fee was intended to generate approximately \$1.0 million annually and was to be shared equally with the county district attorneys. Subsequent to the close of the legislative session, the division received notification from the federal government that the increase in revenue was considered to be program income, which results in 66 percent of the program income to be shared with the federal government.

ASSISTANCE TO AGED AND BLIND

Assistance to the Aged and Blind is an option to the Supplemental Security Income (SSI) program established by Public Law 92-603. The federal SSI program replaced

the state-run assistance programs for the aged, blind and disabled and established uniform payment amounts. The Social Security Administration (SSA) administers the program. Nevada has paid a state supplement to the aged and blind who live at home or in an adult group care facility (AGCF) since January 1, 1974. Nevada has never elected the option to supplement payments to the disabled. The purpose of the program is to provide supplemental income to low-income aged and blind individuals and provide adult group care facilities with supplements that enable individuals to avoid or defray institutionalization.

The Executive Budget reflects increases in General Funds of \$241,892 in FY 2005-06 and \$396,425 in FY 2006-07 to provide for additional costs associated with projected caseloads. The Executive Budget does not recommend a state-funded increase in the amount of the supplement paid to eligible aged and blind individuals or a rate increase for group care operators.

CHILD ASSISTANCE AND DEVELOPMENT

The Child Assistance and Development budget provides for all childcare-related expenditures for TANF recipients, former TANF recipients, non-TANF eligible clients who are at risk of losing employment due to a lack of assistance with childcare and low-income non-TANF eligible clients.

The Executive Budget recommends approximately \$36.3 million in childcare funding in FY 2005-06 and \$39.1 million in FY 2006-07. These funding levels include General Funds of approximately \$9.0 million in each fiscal year of the 2005-07 biennium. The state General Funds included in the Child Assistance and Development budget are used for maintenance of effort to receive federal mandatory and federal discretionary funds as well as match funds to receive federal matching funds for childcare. The Executive Budget does not recommend an increase in General Funds over amounts approved for the 2003-05 biennium.

The Executive Budget recommends increased federal funds of \$2.5 million in FY 2005-06 and \$438,808 in FY 2006-07 to develop and implement a statewide childcare information system (NCCS). The NCCS will replace the private Child Care Management System currently used by program contractors and would centralize management and control functions. The division indicates the system would administer childcare funds for eligible parents in Nevada including reporting, processing controls and program growth.

ENERGY ASSISTANCE

The Energy Assistance program provides payments for eligible households, which can be applied to either the heating provider, the cooling provider or split between the two. Funding is provided through a combination of Low Income Energy Assistance block grant funds and Universal Energy Charges established by the 2001 Legislature and collected from certain electric and gas utilities.

In the spring of 2004, the division began an extensive marketing and outreach campaign to increase participation in the program. As a result of this effort, The Executive Budget recommends additional funding represented by Universal Energy Charges of \$6.3 million in FY 2005-06 and \$6.4 million in FY 2006-07 to provide for increased payments to clients based on anticipated caseload increases of 25 percent over the FY 2003-04 level and associated administrative expenses.

The Welfare Division is restricted through NRS 702.260 from expending more than 3 percent of the Universal Energy Charge distributions on administrative expenses. The Executive Budget assumes an increase in the administrative cap from 3 percent to 7 percent through legislation proposed by the Governor.

DIVISION FOR AGING SERVICES

The Division for Aging Services represents Nevadans aged sixty years and older and serves as their primary advocate. The division administers five budget accounts: Aging Older Americans Act; Senior Services Program; Elder Protective Services/Homemaker Programs; Aging Services Grants; and Senior Citizens Property Tax Assistance. Funding is a combination of state, federal and Tobacco Settlement funds for Independent Living Grants that support statewide senior programs.

The Executive Budget recommends a decrease of 10 percent in overall funding when compared to FY 2004-05, which is due to reduced funding recommended in Aging Services grants financed through Tobacco Settlement funds. Total funding increases by 5.0 percent in FY 2006-07 to \$39.5 million. The General Fund portion of the budget is recommended to increase from \$9.1 million in FY 2004-05 to \$9.9 million in FY 2005-06, an increase of 8.6 percent. General Funds increase in FY 2006-07 to \$10.4 million, an increase of 5.1 percent.

COMMUNITY HOME-BASED INITIATIVES PROGRAM AND THE GROUP CARE WAIVER

The Community Home-Based Care unit is funded through the Senior Services Program budget and provides service to those seniors most at risk through state funded programs, the Community Home-based Initiatives Program (CHIP) and the Waiver for Elderly in Adult Residential Care (WEARC); each of these programs provide alternatives to nursing home placement. The scope of services also includes training for caregivers to support and enhance the skills of family and professional care providers for frail elders. Funding is provided through a combination of federal Title XIX funds (Medicaid), client co-payments, state General Funds and Tobacco Settlement fund.

A total of 12 new positions are recommended in The Executive Budget over the 2005-07 biennium, 4 of which provide for caseload growth in the CHIP Medicaid program. A total of \$822,561 is recommended in FY 2005-06 and approximately \$1.1 million in FY 2006-07 in Medicaid funding for positions beginning October 1, 2005,

and includes the purchase of services for clients. Caseload projections indicate an increase of 1,729 clients in FY 2005-06 from FY 2003-04 or an average of 144 additional cases per month; increases in FY 2006-07 over FY 2005-06 estimate another 492 new clients or an average of 41 new cases per month.

Medicaid funding in the amount of \$47,735 in FY 2005-06 and \$60,915 in FY 2006-07 is recommended in The Executive Budget for 1 new Health Care Coordinator II position to provide quality management services for the Community Based Care Unit of the Division for Aging Services statewide. The division indicates the new position is necessary because of increasing quality management requirements by the Centers for Medicare and Medicaid Services (CMS).

General Fund appropriations have been recommended in the amount of \$97,920 in FY 2005-06 and \$127,296 in FY 2006-07 to address the needs of persons requiring assistance with bathing, toileting and feeding as mandated by S.B. 174 of the 2001 Legislative Session. Funding provides for a total of nine persons on the waiting list, which would meet the criteria of S.B. 174.

An additional 7 positions are recommended by the Governor totaling \$202,952 in FY 2005-06 and \$897,558 in FY 2006-07 in Medicaid funding to increase the number of clients receiving Medicaid waiver services under the CHIP program. Matching state funds are provided within the Medicaid budget in the Division of Health Care Financing and Policy. The Governor's recommendation provides for the addition of 160 waiver slots to reduce the wait list and includes staffing of 1 Social Work supervisor, 4 Social Workers, 1 Administrative Assistant and 1 Accounting Assistant.

Also recommended by the Governor is the elimination of patient liability co-payments from the CHIP Medicaid Waiver in the amount of \$167,374 in each year of the 2005-07 biennium with replacement funding of additional Medicaid funds. Currently, patient liability is determined by the Nevada State Welfare Division and is assessed on Medicaid CHIP clients whose incomes are over 200 percent of the Supplemental Security Income (SSI) level. The division has indicated CHIP is the only Medicaid waiver currently requiring co-payments to receive services.

HOMEMAKER PROGRAMS

The Homemaker Program serves both senior citizens and younger disabled adults with services that include case management, housekeeping, laundry, shopping, meal preparation and stand-by assistance with bathing. The program is funded with General Fund appropriations, Federal Title XX and Tobacco Settlement funds.

The Executive Budget recommends General Fund increases in the amount of \$207,356 in FY 2005-06 and \$271,289 in FY 2006-07 to support 4 new positions, 2 Social Work Supervisors and 2 Elder Protective Services Social Workers. The supervisory positions are designated for the Reno and Las Vegas offices where 2 staff positions are currently serving as lead persons. The addition of the Supervisor positions would create a

second reporting tier between social work staff and the Social Service Manager I who is currently responsible for direct supervision of 14 staff members. The new Social Work positions would reduce the existing caseload average among existing Elder Protective Services (EPS) staff. The 2003 Legislature approved the addition of 2 EPS Social Work positions reducing the average caseload per position from 37 to 30 cases. The Governor's recommendation in 2005-07 would further reduce the number of cases per social worker to the national average of 25. The division indicates staffing is necessary to meet its statutory obligation of investigating reports of abuse, neglect or exploitation and isolation within three working days.

Total funding for Homemaker programs is recommended to increase from the FY 2004-05 level of slightly under \$3 million to approximately \$3.3 million in FY 2005-06 and \$3.5 million in FY 2006-07.

SENIOR CITIZENS' PROPERTY TAX ASSISTANCE

The Senior Citizens' Property Tax Assistance program provides relief to eligible senior citizens carrying an excessive residential property tax burden in relation to their income and to those senior citizens who, through rent payments, pay a disproportionate amount of their income for property taxes. The Tax Assistance program was transferred to the Aging Services Division from the Department of Taxation effective October 1, 2001; funding is provided with 100 percent General Fund appropriations.

The Executive Budget includes General Fund increases of \$606,939 in FY 2005-06 and \$955,387 in FY 2006-07 based on projected growth in applications received at the county level and for anticipated growth in refund amounts paid to eligible seniors. The 2003 Legislature approved A.B. 515, limiting the income threshold for eligibility for the Tax Assistance program. While eligibility has decreased, refund amounts based on assessed values and growth in the senior population have increased.

Total funding for the Property Tax Assistance program is recommended to increase from \$4.5 million in FY 2004-05 to \$4.7 million in FY 2005-06 and to \$5.1 million in FY 2006-07.

DIVISION OF CHILD AND FAMILY SERVICES

The Division of Child and Family Services (DCFS) provides a wide array of services to children and adolescents and is organized into three major program areas: Child Welfare Services; Children's Mental/Behavioral Health Services; and Juvenile Justice Services. The Executive Budget recommends total funds of \$187.8 million in FY 2005-06, an increase of 6.7 percent over FY 2004-05. In FY 2006-07, an additional 4.4 percent increase is recommended. The General Fund portion of the budget is recommended at \$96.2 million in FY 2005-06, an increase of 9.1 percent over FY 2004-05. An additional increase of 4.4 percent is recommended in FY 2006-07.

CHILD AND FAMILY SERVICES ADMINISTRATION

This account is the central administrative account of the division and contains the unclassified Administrator, the division's 4 unclassified Deputy Administrators, central fiscal, accounting and personnel staff, as well as the rural caseworker staff for Child Welfare, Foster Care and Adoption programs. Major changes in this budget reflect the transfer out of positions and associated costs to the Youth Community Services budget, which is recommended to be renamed Rural Child Welfare. The division indicates this is part of an effort to align positions, programs and expenditures with the appropriate regional budget, and is a reorganization, which is referred to as the division's budget realignment process. The division's budgets recommend numerous decision units, which seek to transfer positions and expenditures between various budget accounts.

General Fund support is recommended to decrease by 34.3 in FY 2005-06. An additional decrease of 1 percent is recommended in FY 2006-07. The Governor is recommending a total of 23 new positions including 15 positions to reduce the staff to client ratio in the Rural Region from 1:28 to 1:22 in FY 2005-06 and to 1:19 in FY 2006-07. As part of the division's reorganization and budget realignment process, the Governor recommends the transfer in of 12 existing positions from various budgets within the division and the transfer out of 94.08 existing positions to other budget accounts within the division. The budget also recommends the transfer out of the 15 new positions recommended to lower staff to client ratios to the division's Rural Child Welfare budget. Total positions recommended in this budget account are reduced from 160.61 FTE in FY 2004-05 to 86.51 FTE in both years of the 2005-07 biennium.

CHILD WELFARE INTEGRATION

CLARK COUNTY INTEGRATION

This budget was established during the 2001-03 biennium, solely for the costs related to the integration of child welfare services. The Executive Budget recommends this account be renamed from Child Welfare Integration to Clark County Integration. The budget contains cost estimates for the continuation of integration for Clark County. The recommended General Fund portion of the budget in FY 2005-06 is \$2.17 million, a decrease of 36.5 percent compared to FY 2004-05. In FY 2006-07, the recommended General Fund totals \$24 million, a 10.4 percent increase over FY 2005-06.

The Executive Budget recommends \$2.4 million in FY 2005-06 and \$4.7 million in FY 2006-07 for projected foster care placement and adoption subsidy costs in Clark and Washoe Counties. The Governor also recommends a total of 52 new FTE positions. For Clark County, the Governor recommends 34 new FTE positions including: 24 new positions to reduce the foster care caseload staff to client ratio from 1:28 to 1:25 in FY 2005-06 and to 1:22 in FY 2006-07; 9 new FTE for projected caseload increases in Foster Care Licensing; and 1 new FTE for projected caseload increases in the Interstate Compact on the Placement of Children unit. For Washoe County, The Executive Budget recommends 18 new FTE positions including 6 new FTE for projected foster care caseload increases and 12 new FTE to reduce the foster care caseload staff to client ratio to the same ratios as those recommended for Clark County.

The Executive Budget recommends the transfer out of all costs associated with Washoe County integration to a new budget account to isolate those costs. Also recommended, is the transfer out of 10 FTE existing Rural Match-up positions and associated costs to the division's proposed Rural Child Welfare budget, and the transfer out of costs related to the Wrap-around in Nevada (WIN) Program to the Northern Nevada and Southern Nevada Child and Adolescent Services' budgets. The WIN Program was approved by the Legislature during the 17th Special Session (2001) as part of A.B. 1 and was designed to serve an estimated 327 children in the foster care system with Severe Emotional Disturbance (SED).

Washoe County Integration

This is a new account recommended to isolate the costs of child welfare integration for Washoe County into a separate budget account. Recommended costs reflect the transfer in of expenditures from other division budgets as part of the division's reorganization and budget realignment process. Total General Fund support is recommended at \$9.2 million in FY 2005-06 and \$10.2 million in FY 2006-07, a 10.4 percent increase over the prior year. The Executive Budget recommends the transfer in of adjusted base expenditures from the Clark County Integration (Child Welfare Integration) budget, which total \$12.1 million in FY 2005-06 and \$12.4 million in FY 2006-07. Also recommended is the transfer in of various decision units recommended in the Clark County Integration budget totaling \$2.2 million in FY 2005-06 and \$3.4 million in FY 2006-07, which would provide for projected foster care and adoption subsidy caseload growth, new staff to accommodate that caseload growth, and new staff to reduce the staff to client caseloads for child welfare cases.

UNITY/SACWIS

The UNITY/SACWIS budget represents the division's compliance with a federal mandate to automate foster care and adoption information systems. The Statewide Adoption and Child Welfare Information System (SACWIS) project, now referred to as Unified Nevada Information Technology for Youth (UNITY) began in FY 1994-95 with business process re-engineering (BPR) and became fully operational statewide in September 2003. The adjusted base budget continues funding for 29 FTE existing positions and provides for the continuing operation of the system during the 2005-07 biennium.

The recommended General Fund amount of \$3.1 million in FY 2005-06 is a 7.5 percent increase over FY 2004-05. In FY 2006-07, the recommended amount is \$3.0 million. The Governor recommends the transfer in of a total of 12 FTE positions and associated costs from the Department of Information Technology based on a recommendation from the Information Technology Optimization Study Oversight Committee. The positions are currently assigned to UNITY. The Governor recommends the transfer in of 2 FTE positions and mainframe costs associated with Clark County utilization of UNITY from the Clark County Integration budget as part of the division's budget realignment

process. Also recommended, is a total of \$787,618 over the 2005-07 biennium for replacement of the division's network hardware and for software upgrades.

RURAL CHILD WELFARE

The title of this account is recommended to be changed from Youth Community Services to Rural Child Welfare. Historically, this budget has contained only funding for the placement costs of children in the division's care because of abuse, neglect or behavioral/emotional problems. Adoption subsidies for the Rural Region are also paid from this account to adoptive parents of special needs children. The recommended budget reflects major changes and a continuation of the division's reorganization and budget realignment process. In addition to placement related expenses, the recommended budget would also contain all positions and associated costs for Rural Child Welfare responsibilities. The budget would continue to reflect foster care placement costs and subsidized adoption costs for the Rural Region, as well as the cost of all higher level placements statewide. The General Fund appropriation for FY 2005-06 of \$12.8 million represents a 42 percent increase over FY 2004-05. For FY 2006-07, the recommended General Fund amount of \$13.9 million represents an 8 percent increase when compared to the FY 2005-06 amount.

The recommended budget includes funding for projected caseload increases in higher level group care placements statewide. In FY 2005-06, the Governor recommends a total of \$1.3 million to accommodate an additional 45 cases over the ending FY 2003-04 total monthly caseload of 437. In FY 2006-07, an additional 24 cases are projected for a total of 69 new cases over the biennium totaling \$2.0 million. The caseload distribution for higher levels of care group placements is 73 percent in Clark County, 16 percent in Washoe County and 11 percent in Rural Nevada; the average cost per case is \$2,350 per month. The budget also includes a total of \$4.6 million for provider rate increases for Residential Group Care and Non-Residential Services.

The Executive Budget recommends the transfer in of 100.57 FTE existing staff from several of the division's budgets, including: 4 FTE positions from the Child Care Licensing budget; 10 FTE Rural Match-up positions from the Clark County Integration budget; 85.57 FTE from the division's Administration budget; and 1 FTE position from Northern Nevada Child and Adolescent Services. All transfers are related to the division's budget realignment process. The recommended budget also includes the transfer in of 15 new FTE (13 in FY 2005-06 and 2 additional in FY 2006-07) from the division's Administration budget to lower the staff to client caseloads from 1:28 to 1:22 in FY 2005-06 and to 1:19 in FY 2006-07.

CHILD CARE SERVICES

The Child Care Services Bureau is responsible for licensing and monitoring child-care facilities caring for 5 or more children not licensed by local entities. Facilities include child-care centers, pre-schools, group care homes, institutions and outdoor youth programs. The bureau is also responsible for licensing, monitoring and providing

technical assistance to family foster and group foster care homes to reduce the risk of harm to children placed in care.

General Fund support for the budget is recommended to decrease from \$303,036 in FY 2004-05 to \$1,412 in FY 2005-06. In FY 2006-07, the recommended General Fund amount increases to \$49,099. The reduction in General Fund support is primarily due to the transfer out of 4 FTE Foster Care Social Worker positions and associated costs to the Rural Child Welfare budget as part of the division's budget realignment process. The agency is also recommended to receive additional federal Child Care Development Block Grant funds. The Governor also recommends 1 new Child Care Surveyor II position to assume the child care licensing caseload for Carson City.

CHILD DEATHS REVIEW

This is a new budget account created as a result of the passage of A.B. 381 of the 2003 Legislative Session. The budget is funded with a \$1 increase (from \$8 to \$9) for a certified copy of a certificate of death. The legislation revised provisions governing multi-disciplinary teams, which review selected cases of death of children under 18 years of age and make recommendations for improvements to policies, practices and laws, which support the safety of children and prevent future deaths of children. The Administrator of DCFS is required to establish an Executive Committee that is charged with developing statewide protocols and distributing an annual report, which must include statistics and recommendations on improving laws, regulatory or policy changes. The Governor recommends collecting and expending \$149,999 in FY 2005-06 and \$147,705 in FY 2006-07 for multi-disciplinary team and Executive Committee activities.

YOUTH ALTERNATIVE PLACEMENT

This budget primarily contains funding payments to the China Spring Youth Camp in Douglas County and the Spring Mountain Youth Camp in Clark County. County Participation Fee revenue collection authority is also contained in this account and represents fees assessed to and collected from all counties except Clark for the operation of the China Spring Youth Camp. The Governor recommends continuing funding of approximately \$2.7 million each year, the same amount as the FY 2004-05 work program year (\$1 million in General Fund and \$1.7 million in County Participation Fees).

JUVENILE CORRECTIONAL FACILITY

This budget account funds the operation of the Summit View Youth Correctional Center, a secure male juvenile correctional facility for serious and chronic offenders, located near Nellis Air Force Base. The 96-bed facility originally opened on June 1, 2000. The private contractor who was retained to operate the facility chose to cease operating the facility in March 2002. The facility was essentially "mothballed" from March 2002 until January 2004 when the state resumed operation of the facility with state employees.

The budget is primarily a continuation budget reflecting full operation with 86 FTE existing employees; no new positions are recommended.

General Fund support of \$6.5 million in FY 2005-06 represents a 37 percent increase over the amount approved for FY 2004-05. In FY 2006-07, the recommended amount of \$6.7 million is a 3 percent increase over FY 2005-06. A large portion of the recommended General Fund increase is for debt retirement on the construction costs of the facility, which is recommended at approximately \$1.3 million in each year of the biennium. The Governor also recommends \$151,446 in General Fund support in each year of the 2005-07 biennium for additional psychiatric and prescription medication services for the youth population.

CALIENTE YOUTH CENTER

The Caliente Youth Center is a co-educational juvenile residential correctional facility that serves youth between the ages of 12 and 18 and has a capacity of 140 youth. Currently, four of the seven housing units are for males, with the remaining three housing units dedicated to females. General Fund support in FY 2005-06 totals \$6.9 million, an increase of 14.2 percent over FY 2004-05. In FY 2006-07, the recommended amount totals \$7.0 million. The Executive Budget recommends 12 new FTE staff to enhance the direct care staff to client ratio from 1:10 to 1:8 during waking hours and to provide necessary staff support. The Governor also recommends \$209,071 in FY 2005-06 for facility maintenance which includes the replacement of carpet and lighting fixtures.

NEVADA YOUTH TRAINING CENTER

The Nevada Youth Training Center at Elko is a 24-hour residential treatment facility for male youth between 12 and 18 years of age. At capacity, the center can accommodate 160 youth and provides educational and remedial programs, counseling services, rehabilitative training and recreational activities. The center operates an accredited junior/senior high school. General Fund support in FY 2005-06 totals \$9.1 million, an increase of 17.1 percent over FY 2004-05; in FY 2006-07, the recommended amount totals \$8.9 million.

The Executive Budget recommends the addition of 15 new FTE staff to enhance the direct care staff to student ratio from 1:10 to 1:8 during waking hours and to provide necessary staff support. A new academic teacher is recommended for the Center's accredited junior and senior high school to achieve a 1:20 teacher to student ratio for students with disabilities. The Executive Budget also recommends \$506,682 in FY 2005-06 for deferred facility maintenance including sidewalk renovation, a new soft water tank and window blind replacement. An additional \$135,868 in General Fund is recommended for replacement equipment including two vans, a sedan, kitchen equipment, lawn and grounds maintenance equipment, washing machines and dryers.

YOUTH PAROLE SERVICES

Youth Parole Services provides supervision, counseling, residential and aftercare services to youth (male and female) released from the Nevada Youth Training Center at Elko, the Caliente Youth Center, the China Spring Youth Camp (state commitments), youth committed to out-of-state programs and delinquent youth who require inpatient mental health treatment. Offices are maintained in Las Vegas, Reno, Fallon and Elko. The recommended General Fund in FY 2005-06 of \$5.4 million is a 20.1 percent increase over amount approved in FY 2004-05. In FY 2006-07, the recommended amount is \$5.4 million.

The adjusted base budget reflects a reduction of 3 FTE positions in FY 2006-07 from 39.02 to 36.02 FTE, based on the expiration of the federal Going Home Grant; no new positions are recommended in the budget. The budget reflects the transfer in of Youth Parole placement costs from the Rural Child Welfare budget as part of the division's budget realignment process. The recommended funding totals \$1.2 million in each year of the 2005-07 biennium, with \$905,265 consisting of General Fund each year. The Executive Budget also recommends continuation of contract services funding for the Transitional Community Reintegration (TCR) program at \$833,887 in each year of the 2005-07 biennium. This program was added by the 1997 Legislature as an alternative program to assist in relieving overcrowding in both local juvenile detention facilities and state operated training centers and provides day treatment and residential services.

NORTHERN NEVADA CHILD AND ADOLESCENT SERVICES

This budget provides a continuum of mental health services to emotionally disturbed children, adolescents and their families. General Fund support increases from \$2.2 million in FY 2004-05 to \$4.2 million in FY 2005-06, a 93.4 percent increase. In FY 2006-07, the recommended amount is \$4.1 million.

The Executive Budget recommends a total of 9.04 FTE new staff to address waiting lists for Outpatient and Early Childhood caseloads and 3 new FTE staff to provide utilization review for the Medicaid Rehabilitation Mental Health Services Program. The Executive Budget recommends the transfer in of \$1.5 million each year in Wrap-around in Nevada (WIN) expenses from the Clark County Integration budget as part of the division's budget realignment process. The Governor also recommends the transfer in of \$212,880 in General Fund each year in Mental Health Placement expenditures from the Rural Child Welfare budget for children that are ineligible for Medicaid or the Nevada Checkup Program. Lastly, the Governor recommends a total of \$263,087 in General Fund support over the biennium for deferred facilities maintenance including building envelope (exterior) sealing and weatherproofing and carpet replacement.

SOUTHERN NEVADA CHILD AND ADOLESCENT SERVICES

This budget provides a comprehensive continuum of behavioral healthcare services for emotionally disturbed children and adolescents from birth through 18 years of age.

General Fund support is recommended to increase from \$8.0 million in FY 2004-05 to \$11.0 million in FY 2005-06, an approximate 38 percent increase. In FY 2006-07, the amount of \$11.5 million is an additional 4.7 percent increase over FY 2005-06. This increase is primarily due to the transfer in of programs and expenses from other division budget accounts as part of the division's budget realignment process and from a large transfer in of General Fund from the Division of Health Care, Financing and Policy.

The Executive Budget recommends a total of 11.51 FTE new positions for projected waiting lists for Children's Clinical Services and Early Childhood Services. Additionally, 5 new FTE positions are recommended to provide utilization review for the Medicaid Rehabilitation Mental Health Services Program. The Governor also recommends the transfer in of 7.51 FTE existing positions from the division's Administration budget as part of the division's budget realignment process.

The Executive Budget recommends the transfer in of nearly \$3 million annually for Wrap-around in Nevada (WIN) expenses from the Clark County Integration budget and the transfer in of \$2.1 million annually in General Fund support from the Division of Health Care, Financing and Policy to provide the match for Medicaid funds for eligible services provided to children and adolescents. Also recommended is the transfer in of \$261,600 in General Fund each year in Mental Health Placement expenditures from the Rural Child Welfare budget for children that are ineligible for Medicaid or the Nevada Checkup Program.

The Executive Budget recommends \$279,173 in General Fund support over the 2005-07 biennium for projected inflationary increases in prescription drug prices for patients at the 56-bed Desert Willow Treatment Center and \$225,629 in General Fund support over the 2005-07 biennium for deferred facilities maintenance including carpet replacement and HVAC maintenance. The Governor also recommends a total of \$906,584 in General Fund support over the 2005-07 biennium primarily for the implementation of the Clinician Workstation component of the Mental Health Information System upgrade, AVATAR, which was approved by the 2003 Legislature. The component will allow clinicians to record services delivered, progress notes and appointments and is included in the Information Technology Projects budget in the Department of Administration.

DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION

The Department of Employment, Training and Rehabilitation consists of four divisions: Employment Security, Equal Rights, Information Development and Processing, and Rehabilitation. The department is responsible for providing employment, training and rehabilitation services that meet the needs of Nevada's citizens, employers, employees, and job seekers so that they maximize independence, self-sufficiency, and participation in the workforce.

The Executive Budget recommends total funding for the department in the amount of \$133.8 million in FY 2005-06 and \$132.7 million in FY 2006-07, an increase of

2.3 percent over the amounts approved for the 2003-05 biennium. The primary funding sources for the department are federal funds from the U.S. Departments of Labor and Education, the U.S. Equal Employment Opportunity Commission and the U.S. Social Security Administration, interest and forfeitures of employer contributions, and a surcharge on wages paid by Nevada employers. Total General Fund is recommended at \$5.1 million in FY 2005-06 and \$5.3 million in FY 2006-07 to support the operations of the Equal Rights Commission, Vocational Rehabilitation, Services to the Blind and Visually Impaired, and the Office of Disability Employment Policy. This represents an increase in General Fund support of approximately 9.1 percent compared to appropriations provided during the 2003-05 biennium.

ADMINISTRATION

The Administration account consists of the Director's Office, Human Resources, Financial Management, Office Services, Public Information, and Auditing. The Governor recommends 1 new Maintenance Repair Worker position to assist in maintaining the new Las Vegas administrative building that will be occupied in FY 2005-06. A new Supply Technician position is also recommended by the Governor for managing the supply and property control function for the southern Nevada offices of the department.

INFORMATION DEVELOPMENT AND PROCESSING DIVISION

The Information Development and Processing Division provides labor market, analytical, and data processing services to the department and its customers. The Executive Budget recommends funding of \$138,315 over the 2005-07 biennium for an additional computer file server to accommodate growth in data warehousing applications and to serve as a backup host for the Unemployment Insurance Data Verification System and One-Stop Operating System applications. The Governor also recommends \$300,000 in each year of the 2005-07 biennium for software license and maintenance costs for the One-Stop Operating System developed through a multi-state consortium.

EQUAL RIGHTS COMMISSION

The Nevada Equal Rights Commission is responsible for investigating charges alleging employment discrimination and negotiating administrative settlements. The Commission consists of 5 members appointed by the Governor. The Executive Budget recommends the reclassification of all 15 compliance investigator positions within the agency to address inequity with similarly classified positions in other state agencies. The Governor also proposes the addition of \$201,250 in funding from the U.S. Department of Housing and Urban Development (HUD) over the 2005-07 biennium for the processing of HUD housing complaints beginning in October 2005.

REHABILITATION DIVISION

The Rehabilitation Division is comprised of three bureaus: the Bureau of Disability Adjudication, which makes medical determinations of eligibility for the Social Security Administration disability benefit payment programs; the Bureau of Services to the Blind and Visually Impaired, which provides vocational rehabilitation services leading to employment outcomes and independent living services to eligible individuals with blindness; and the Bureau of Vocational Rehabilitation, which provides vocational rehabilitation services leading to employment for persons with disabilities. The division also includes the Office of Disability Employment Policy.

The Executive Budget recommends \$262,808 in FY 2005-06 and \$304,498 in FY 2006-07 for inflationary increases in client service provider payments and contract medical consultant costs, travel costs to recruit medical consultants and medical examination providers for anticipated growth in caseload and to conduct mandatory on-site inspections of medical examination providers. The Governor recommends funding of \$3.8 million over the 2005-07 biennium for the addition of 17 new positions to reduce the number of disability determination cases that must be sent out-of-state for processing to meet federal standards for timeliness. The recommended funding includes the costs for medical consultants and medical examinations necessary for processing 4,230 additional disability determination cases in FY 2005-06 and 7,755 additional cases in FY 2006-07.

The Executive Budget also recommends funding of \$703,350 in FY 2005-06 and \$484,125 in FY 2006-07 for the renovation and expansion of blind vendor facilities, including three remodels and four new facilities, and additional training for blind vendors on business operations.

EMPLOYMENT SECURITY DIVISION

The Employment Security Division is responsible for programs that pay unemployment insurance (UI) benefits, collect UI premiums, and match jobseekers with employers. The division also oversees the claimant/employer appeals process and provides training through the Career Enhancement Program. The Executive Budget recommends funding of \$2.8 million over the 2005-07 biennium for the addition of 10 new positions to address projected increases in job creation in the state and the need for skilled workers. The recommended funding includes \$1 million annually for contracted client services for skills training and reemployment services. The Governor also recommends \$400,000 annually to continue the Reemployment Services Program with funding from the .05 percent employer contribution on taxable wages paid that supports the Career Enhancement Program account. Federal funding for this program is set to expire on June 30, 2005.

The Governor recommends funding of \$1.4 annually for 40 intermittent positions to be filled as needed to accommodate fluctuations in the unemployment claims workload of

the agency. In addition, the Governor recommends approximately \$1.7 million over the 2005-07 biennium for new and replacement equipment for the division.

EMPLOYMENT SECURITY SPECIAL FUND

The Employment Security Special Fund is used to pay costs of administering employment security laws that may not be charged against federal grants. The sources of revenue for this fund are all interest and forfeitures collected from employers for non- or late payment of unemployment taxes. The Executive Budget recommends funding of \$259,399 in FY 2005-06 for costs associated with moving staff and equipment into the new Las Vegas Administrative building scheduled to be completed in March 2006. In addition, the Governor recommends \$1.3 million in FY 2005-06 for office equipment and furniture for the new building.

The Executive Budget recommends approximately \$1.5 million in FY 2005-06 for completion of the rewrite of the Unemployment Insurance Contributions Automated Reporting System. The Executive Budget also recommends \$954,600 over the 2005-07 biennium for maintenance of agency-owned buildings located throughout the state.

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
HUMAN SERVICES						
HUMAN RESOURCES - DIRECTORS OFFICE						
DHR ADMINISTRATION	1,837,601	3,016,326	1,663,216	-44.86	1,692,145	1.74
GENERAL FUND	882,467	888,852	1,239,187	39.41	1,259,685	1.65
BALANCE FORWARD	608,413	42,159		-100.00		
FEDERAL FUND	20,000		20,000			-100.00
INTER AGENCY TRANSFER	326,657	2,085,315	404,029	-80.63	432,460	7.04
OTHER FUND	64					
DEVELOPMENTAL DISABILITIES	582,988	560,588	706,099	25.96	686,053	-2.84
GENERAL FUND	108,596	108,561	163,567	50.67	163,766	.12
BALANCE FORWARD	-28	5,653		-100.00		
FEDERAL FUND	474,420	446,374	462,340	3.58	462,356	.00
INTER AGENCY TRANSFER			80,192		59,931	-25.27
COMMUNITY BASED SERVICES	8,984,919	9,032,964	9,567,072	5.91	8,906,891	-6.90
GENERAL FUND	2,468,453	2,906,951	4,809,509	65.45	5,149,749	7.07
BALANCE FORWARD	-1,988,983	3,130,088	2,938,406	-6.12	2,091,960	-28.81
FEDERAL FUND	574,020	1,324,124	555,341	-58.06	372,789	-32.87
INTER AGENCY TRANSFER	227,085	366,288	364,973	-.36	393,622	7.85
OTHER FUND	7,704,344	1,305,513	898,843	-31.15	898,771	-.01
HEALTHY NEVADA FUND	17,602,816	19,105,364	18,194,814	-4.77	20,877,277	14.74
GENERAL FUND	254,198	2,128,180	2,130,424	.11	2,132,050	.08
INTER AGENCY TRANSFER			979		1,986	102.86
OTHER FUND	17,348,618	16,977,184	16,063,411	-5.38	18,743,241	16.68
DHR BCBS SETTLEMENT	225,000	225,000	150,000	-33.33	150,000	
BALANCE FORWARD	75,000	75,000		-100.00		
OTHER FUND	150,000	150,000	150,000		150,000	
HR, GRANTS MANAGEMENT UNIT	29,847,807	30,310,382	28,372,500	-6.39	28,385,290	.05
GENERAL FUND	2,836,497	2,859,663	2,975,857	4.06	2,977,966	.07
BALANCE FORWARD	-7,646	194,049		-100.00		
FEDERAL FUND	16,133,198	16,505,561	16,628,066	.74	16,627,972	-.00
INTER AGENCY TRANSFER	10,305,578	10,751,109	8,668,577	-19.37	8,679,352	.12
OTHER FUND	580,180		100,000		100,000	
HR, CHILDREN'S TRUST ACCOUNT		1,623,758	845,625	-47.92	746,209	-11.76
BALANCE FORWARD		918,259	225,880	-75.40	109,332	-51.60
OTHER FUND		705,499	619,745	-12.16	636,877	2.76
HR, STATE AND COMMUNITY COLLABOR	4,364,484	3,262,325		-100.00		
BALANCE FORWARD	-8	9		-100.00		
FEDERAL FUND	4,362,992	3,260,816		-100.00		
INTER AGENCY TRANSFER	1,500	1,500		-100.00		
TOTAL-HUMAN RESOURCES - DIRECTOR	63,445,615	67,136,707	59,499,326	-11.38	61,443,865	3.27
GENERAL FUND	6,550,211	8,892,207	11,318,544	27.29	11,683,216	3.22
BALANCE FORWARD	-1,313,252	4,365,217	3,164,286	-27.51	2,201,292	-30.43
FEDERAL FUND	21,564,630	21,536,875	17,665,747	-17.97	17,463,117	-1.15

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
HUMAN SERVICES						
INTER AGENCY TRANSFER	10,860,820	13,204,212	9,518,750	-27.91	9,567,351	.51
OTHER FUND	25,783,206	19,138,196	17,831,999	-6.83	20,528,889	15.12
HEALTH CARE FINANCING & POLICY						
HEALTH CARE FINANCING & POLICY	5,683,679	6,914,359	19,050,061	175.51	19,496,964	2.35
GENERAL FUND	1,613,540	1,818,670	2,012,925	10.68	2,057,555	2.22
BALANCE FORWARD	-23,732	51,557		-100.00		
FEDERAL FUND	2,305,398	3,125,364	14,985,588	379.48	15,462,817	3.18
INTER AGENCY TRANSFER	50,378	64,952	399,308	514.77	459,818	15.15
OTHER FUND	1,738,095	1,853,816	1,652,240	-10.87	1,516,774	-8.20
HR, HCF&P, NEVADA MEDICAID, TITLE XI	1,042,942,914	1,093,714,487	1,171,821,358	7.14	1,248,934,303	6.58
GENERAL FUND	308,804,739	321,631,782	382,802,612	19.02	419,842,446	9.68
BALANCE FORWARD	-271,902	3,914,951	2,382	-99.94	2,382	
FEDERAL FUND	625,648,503	654,262,900	687,326,996	5.05	725,936,306	5.62
INTER AGENCY TRANSFER	86,650,823	88,791,632	78,631,280	-11.44	79,707,559	1.37
OTHER FUND	22,110,751	25,113,222	23,058,088	-8.18	23,445,610	1.68
HR, HCF&P, HIFA MEDICAL			1,021,109		32,258,646	3,059.18
FEDERAL FUND			619,732		20,519,812	3,211.08
INTER AGENCY TRANSFER			401,377		11,738,834	2,824.64
INCREASED QUALITY OF NURSING CARE	11,949,642	16,590,847	17,763,009	7.07	17,867,262	.59
BALANCE FORWARD	-2,803,730	2,803,730	1,372,787	-51.04	1,400,000	1.98
OTHER FUND	14,753,372	13,787,117	16,390,222	18.88	16,467,262	.47
HR, HCF&P, NEVADA CHECK-UP PROGR	30,170,623	34,338,145	40,580,181	18.18	45,412,963	11.91
GENERAL FUND	9,047,156	9,633,520	11,154,833	15.79	12,653,439	13.43
BALANCE FORWARD	-5,198	5,198		-100.00		
FEDERAL FUND	19,631,343	22,813,066	27,995,786	22.72	31,323,242	11.89
INTER AGENCY TRANSFER	225,000	225,000	157,116	-30.17	163,836	4.28
OTHER FUND	1,272,322	1,661,361	1,272,446	-23.41	1,272,446	
HR, HCF&P, HIFA HOLDING ACCOUNT			695,237		12,053,411	1,633.71
GENERAL FUND			347,619		6,026,706	1,633.71
OTHER FUND			347,618		6,026,705	1,633.71
HCF&P INTERGOVERNMENTAL TRANSFE	74,751,559	81,362,120	71,292,556	-12.38	72,448,972	1.62
BALANCE FORWARD	-1,198,921	5,186,142	5,807,865	11.99	6,084,812	4.77
OTHER FUND	75,950,480	76,175,978	65,484,691	-14.03	66,364,160	1.34
TOTAL-HEALTH CARE FINANCING & POLI	1,165,498,417	1,232,919,958	1,322,223,511	7.24	1,448,472,521	9.55
GENERAL FUND	319,465,435	333,083,972	396,317,989	18.98	440,580,146	11.17
BALANCE FORWARD	-4,303,483	11,961,578	7,183,034	-39.95	7,487,194	4.23
FEDERAL FUND	647,585,244	680,201,330	730,928,102	7.46	793,242,177	8.53
INTER AGENCY TRANSFER	86,926,201	89,081,584	79,589,081	-10.66	92,070,047	15.68
OTHER FUND	115,825,020	118,591,494	108,205,305	-8.76	115,092,957	6.37

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
HUMAN SERVICES						
HEALTH DIVISION						
HR, OFFICE OF HEALTH ADMINISTRATIO	3,520,698	3,383,749	5,450,697	61.08	5,575,452	2.29
GENERAL FUND	558,751	594,472	607,303	2.16	611,104	.63
BALANCE FORWARD	-64,586	78,928	78,928		228,928	190.05
FEDERAL FUND	643,506	473,186	744,181	57.27	744,181	
INTER AGENCY TRANSFER	2,373,527	2,218,132	4,020,254	81.25	3,991,208	-.72
OTHER FUND	9,500	19,031	31	-99.84	31	
HR, VITAL STATISTICS	975,758	1,201,993	1,297,593	7.95	1,342,538	3.46
GENERAL FUND	511,707	700,371	757,258	8.12	784,147	3.55
FEDERAL FUND	464,051	501,622	526,972	5.05	530,966	.76
INTER AGENCY TRANSFER			13,363		27,425	105.23
HR, CANCER CONTROL REGISTRY	956,785	1,268,872	932,866	-26.48	914,620	-1.96
BALANCE FORWARD	101,379	159,109	155,490	-2.27	135,244	-13.02
FEDERAL FUND	751,910	1,013,999	662,376	-34.68	662,376	
OTHER FUND	103,496	95,764	115,000	20.09	117,000	1.74
ENVIRONMENTAL PUBLIC HEALTH TRAC	502,604	539,780	514,939	-4.60	510,427	-.88
BALANCE FORWARD	16,669					
FEDERAL FUND	485,935	539,780	514,939	-4.60	510,427	-.88
HR, HEALTH AID TO COUNTIES		100		-100.00		
GENERAL FUND		100		-100.00		
HR, CONSUMER HEALTH PROTECTION	3,624,942	4,334,971	1,862,864	-57.03	1,912,239	2.65
GENERAL FUND	1,060,471	1,284,277	915,923	-28.68	934,947	2.08
BALANCE FORWARD	-435	740		-100.00		
FEDERAL FUND	916,362	1,019,844		-100.00		
INTER AGENCY TRANSFER	519,776	781,378	62,510	-92.00	92,861	48.55
OTHER FUND	1,128,768	1,248,732	884,431	-29.17	884,431	
HR, RADIOLOGICAL HEALTH	1,031,525	2,042,727	2,130,266	4.29	2,055,056	-3.53
GENERAL FUND	246,427	100		-100.00		
BALANCE FORWARD	-282,077	282,077	530,097	87.93	454,241	-14.31
FEDERAL FUND	235,950	294,752	322,222	9.32	322,220	-.00
INTER AGENCY TRANSFER	182,295	224,051	53,032	-76.33	53,680	1.22
OTHER FUND	648,930	1,241,747	1,224,915	-1.36	1,224,915	
HR, HEALTH RADIOACTIVE & HAZARDOU	228,785	11,861,150	11,398,383	-3.90	11,324,079	-.65
BALANCE FORWARD	-111,441	11,349,664	11,058,155	-2.57	10,983,851	-.67
OTHER FUND	340,226	511,486	340,228	-33.48	340,228	
HR, HEALTH FACILITIES HOSPITAL LICEN	4,636,457	7,582,178	7,950,918	4.86	7,995,528	.56
BALANCE FORWARD	-1,011,651	2,635,521	2,810,681	6.65	2,719,987	-3.23
FEDERAL FUND	1,560,745	1,577,978	1,589,701	.74	1,588,573	-.07
INTER AGENCY TRANSFER	945,806	1,043,960	1,043,962	.00	1,043,960	-.00
OTHER FUND	3,141,557	2,324,719	2,506,574	7.82	2,643,008	5.44

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
HUMAN SERVICES						
HR, COMMUNITY HEALTH SERVICES	2,833,719	3,569,115	3,756,910	5.26	3,711,182	-1.22
GENERAL FUND	239,415	225,735	285,472	26.46	264,990	-7.17
BALANCE FORWARD	-101,051	198,802	148,802	-25.15	89,635	-39.76
FEDERAL FUND	1,669,567	1,998,572	2,005,516	.35	2,007,343	.09
INTER AGENCY TRANSFER	302,129	347,382	411,267	18.39	443,361	7.80
OTHER FUND	723,659	798,624	905,853	13.43	905,853	
HR, HEALTH COMMUNICABLE DISEASE (5,215,361	5,650,967	5,278,700	-6.59	5,297,133	.35
GENERAL FUND	787,529	825,030	801,288	-2.88	806,593	.66
BALANCE FORWARD	7,033	3,884		-100.00		
FEDERAL FUND	4,420,799	4,822,053	4,465,459	-7.40	4,475,323	.22
INTER AGENCY TRANSFER			11,953		15,217	27.31
HR, SEXUALLY TRANSMITTED DISEASE (12,018,200	11,734,893	12,498,818	6.51	12,496,189	-.02
GENERAL FUND	1,541,911	1,545,215	1,544,251	-.06	1,549,887	.36
BALANCE FORWARD	66,495	255,661		-100.00		
FEDERAL FUND	10,310,346	9,934,017	10,852,675	9.25	10,841,832	-.10
INTER AGENCY TRANSFER			2,444		5,022	105.48
OTHER FUND	99,448		99,448		99,448	
HR, IMMUNIZATION PROGRAM	4,920,506	5,945,806	7,633,204	28.38	7,772,889	1.83
GENERAL FUND	1,497,534	1,557,492	1,497,534	-3.85	1,497,534	
BALANCE FORWARD	38,712	464		-100.00		
FEDERAL FUND	2,677,956	3,631,058	3,029,432	-16.57	3,028,915	-.02
INTER AGENCY TRANSFER	706,304	756,792	3,106,238	310.45	3,246,440	4.51
HR, MATERNAL CHILD HEALTH SERVICE	5,538,191	6,579,223	6,883,164	4.62	6,957,832	1.08
GENERAL FUND	1,243,245	1,283,727	1,312,510	2.24	1,315,706	.24
BALANCE FORWARD	11,379	55,456		-100.00		
FEDERAL FUND	2,587,561	2,875,494	3,304,862	14.93	3,314,197	.28
INTER AGENCY TRANSFER	40,030	100,000	66,466	-33.53	74,569	12.19
OTHER FUND	1,655,976	2,264,546	2,199,326	-2.88	2,253,360	2.46
HR, EARLY INTERVENTION SERVICES	12,134,570	13,109,597	19,856,310	51.46	20,328,807	2.38
GENERAL FUND	7,303,829	8,568,135	14,180,962	65.51	14,528,244	2.45
BALANCE FORWARD	-26,226	44,832		-100.00		
FEDERAL FUND	777,487	1,436,332	4,820,576	235.62	4,828,908	.17
INTER AGENCY TRANSFER	4,078,610	3,047,554	842,083	-72.37	958,966	13.88
OTHER FUND	870	12,744	12,689	-.43	12,689	
HR, WIC FOOD SUPPLEMENT	37,414,021	35,877,125	44,488,879	24.00	46,881,110	5.38
BALANCE FORWARD	-5,089	51,521		-100.00		
FEDERAL FUND	26,980,125	26,484,371	31,226,795	17.91	33,619,026	7.66
OTHER FUND	10,438,985	9,341,233	13,262,084	41.97	13,262,084	
HR, EMERGENCY MEDICAL SERVICES	754,221	833,509	835,128	.19	864,302	3.49
GENERAL FUND	712,109	758,385	766,082	1.01	785,830	2.58
BALANCE FORWARD	3,163	18,552	18,552		18,552	
INTER AGENCY TRANSFER			9,154		18,580	102.97
OTHER FUND	38,949	56,572	41,340	-26.92	41,340	

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
HUMAN SERVICES						
HR HEALTH ALCOHOL & DRUG REHABILI	18,151,046	21,818,093	22,761,167	4.32	22,537,593	-0.98
GENERAL FUND	3,149,189	3,168,810	3,650,278	15.19	3,674,808	.67
BALANCE FORWARD	87,231	21,425		-100.00		
FEDERAL FUND	14,160,430	18,610,610	19,066,340	2.45	18,803,422	-1.38
INTER AGENCY TRANSFER	732,396		22,892		37,721	64.78
OTHER FUND	21,800	17,248	21,657	25.56	21,642	-0.07
HR, HEALTH ALCOHOL TAX PROGRAM	807,309	1,157,478	1,203,741	4.00	1,152,386	-4.27
BALANCE FORWARD	-33,665	369,478	369,478		296,432	-19.77
OTHER FUND	840,974	788,000	834,263	5.87	855,954	2.60
HR, HEALTH PUBLIC HEALTH TOBACCO	410,187	657,986	727,316	10.54	957,510	31.65
OTHER FUND	410,187	657,986	727,316	10.54	957,510	31.65
PUBLIC HEALTH PREPAREDNESS PROG	13,752,351	21,142,065	13,655,302	-35.41	13,656,625	.01
BALANCE FORWARD	-7,869	10,168		-100.00		
FEDERAL FUND	13,747,540	21,006,513	13,655,302	-34.99	13,656,625	.01
INTER AGENCY TRANSFER		109,865		-100.00		
OTHER FUND	12,680	15,519		-100.00		
TOTAL-HEALTH DIVISION	129,427,236	160,291,377	171,117,165	6.75	174,243,497	1.83
GENERAL FUND	18,852,117	20,511,849	26,318,861	28.31	26,753,790	1.65
BALANCE FORWARD	-1,312,029	15,536,282	15,170,183	-2.36	14,926,870	-1.60
FEDERAL FUND	82,390,270	96,220,181	96,787,348	.59	98,934,334	2.22
INTER AGENCY TRANSFER	9,880,873	8,629,114	9,665,618	12.01	10,009,010	3.55
OTHER FUND	19,616,005	19,393,951	23,175,155	19.50	23,619,493	1.92

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
HUMAN SERVICES						
AGING SERVICES						
HR, AGING SERVICES GRANTS	6,244,886	10,101,530	5,597,845	-44.58	5,570,570	-.49
INTER AGENCY TRANSFER	6,244,886	10,101,530	5,597,845	-44.58	5,570,570	-.49
HR, AGING OLDER AMERICANS ACT	13,001,169	13,174,645	13,740,244	4.29	13,962,656	1.62
GENERAL FUND	2,840,169	3,002,643	3,122,846	4.00	3,141,412	.59
BALANCE FORWARD	-54,578	175,858		-100.00		
FEDERAL FUND	8,846,099	8,614,700	9,050,068	5.05	9,192,882	1.58
INTER AGENCY TRANSFER	1,074,814	1,099,996	1,277,639	16.15	1,338,671	4.78
OTHER FUND	294,665	281,448	289,691	2.93	289,691	
HR, SENIOR SERVICES PROGRAM	6,919,385	11,022,420	10,167,667	-7.75	11,361,909	11.75
GENERAL FUND	1,047,926	1,726,630	1,467,937	-14.98	1,510,575	2.90
BALANCE FORWARD	445,229					
INTER AGENCY TRANSFER	5,254,837	9,157,549	8,695,711	-5.04	9,847,315	13.24
OTHER FUND	171,393	138,241	4,019	-97.09	4,019	
HR, EPS/HOMEMAKER PROGRAMS	2,800,639	2,972,555	3,349,764	12.69	3,473,734	3.70
GENERAL FUND	66,507	157,425	531,485	237.61	622,569	17.14
INTER AGENCY TRANSFER	2,734,132	2,815,130	2,818,279	.11	2,851,165	1.17
SENIOR CITIZENS' PROPERTY TAX ASSI	4,118,921	4,521,504	4,746,156	4.97	5,100,293	7.46
GENERAL FUND	3,623,044	4,197,507	4,744,271	13.03	5,096,442	7.42
BALANCE FORWARD	495,877	323,997		-100.00		
INTER AGENCY TRANSFER			1,885		3,851	104.30
TOTAL-AGING SERVICES	33,085,000	41,792,654	37,601,676	-10.03	39,469,162	4.97
GENERAL FUND	7,577,646	9,084,205	9,866,539	8.61	10,370,998	5.11
BALANCE FORWARD	886,528	499,855				.00
FEDERAL FUND	8,846,099	8,614,700	9,050,068	5.05	9,192,882	1.58
INTER AGENCY TRANSFER	15,308,669	23,174,205	18,391,359	-20.64	19,611,572	6.63
OTHER FUND	466,058	419,689	293,710		293,710	.00

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
HUMAN SERVICES						
DIVISION OF MENTAL HEALTH AND DEVELOPMENT						
HR, MHDS ADMINISTRATION	3,066,498	6,151,564	6,293,008	2.30	6,334,744	.66
GENERAL FUND	2,226,662	2,328,910	2,417,962	3.82	2,406,642	-.47
FEDERAL FUND	591,070	3,353,488	3,353,364	-.00	3,363,080	.29
INTER AGENCY TRANSFER	248,766	469,166	521,682	11.19	565,022	8.31
HR, NEVADA MENTAL HEALTH INSTITUTE	22,946,042	25,245,376	30,982,927	22.73	33,428,468	7.89
GENERAL FUND	19,199,801	20,949,266	25,593,010	22.17	27,470,108	7.33
FEDERAL FUND	1,019,905	859,146	1,432,074	66.69	1,445,678	.95
INTER AGENCY TRANSFER	2,279,318	2,837,556	3,495,882	23.20	4,047,281	15.77
OTHER FUND	447,018	599,408	461,961	-22.93	465,401	.74
HR, FACILITY FOR THE MENTAL OFFENDER	5,530,917	5,676,007	6,117,022	7.77	6,596,973	7.85
GENERAL FUND	5,427,974	5,574,740	5,852,083	4.97	6,237,355	6.58
INTER AGENCY TRANSFER			169,244		263,923	55.94
OTHER FUND	102,943	101,267	95,695	-5.50	95,695	
HR, RURAL CLINICS	10,013,439	11,232,454	14,824,983	31.98	17,167,518	15.80
GENERAL FUND	6,656,963	7,218,270	11,349,786	57.24	13,383,748	17.92
FEDERAL FUND	870,099	565,009	398,142	-29.53	425,184	6.79
INTER AGENCY TRANSFER	1,680,187	2,545,348	2,536,933	-.33	2,756,881	8.67
INTERIM FINANCE	364,609	20,000		-100.00		
OTHER FUND	441,581	883,827	540,122	-38.89	601,705	11.40
HR, SOUTHERN NEVADA ADULT MENTAL HEALTH	49,249,520	59,003,862	74,624,387	26.47	98,905,298	32.54
GENERAL FUND	38,103,820	44,624,326	61,951,996	38.83	84,309,875	36.09
BALANCE FORWARD	3,285					
FEDERAL FUND	2,554,723	2,486,383	2,516,297	1.20	3,570,277	41.89
INTER AGENCY TRANSFER	8,522,595	11,063,286	10,075,812	-8.93	10,926,089	8.44
INTERIM FINANCE		500,000		-100.00		
OTHER FUND	65,097	329,867	80,282	-75.66	99,057	23.39
HR, SOUTHERN FOOD SERVICE	1,144,373	1,301,062	1,492,968	14.75	1,893,723	26.84
INTER AGENCY TRANSFER	1,144,373	1,301,062	1,492,968	14.75	1,893,723	26.84
HR, SIERRA REGIONAL CENTER	20,949,820	25,776,923	29,152,064	13.09	32,211,363	10.49
GENERAL FUND	11,286,943	14,106,365	16,258,823	15.26	17,879,851	9.97
INTER AGENCY TRANSFER	9,514,208	11,523,037	12,742,349	10.58	14,180,633	11.29
OTHER FUND	148,669	147,521	150,892	2.29	150,879	-.01
HR, DESERT REGIONAL CENTER	43,374,196	53,490,951	57,893,096	8.23	62,618,205	8.16
GENERAL FUND	21,516,088	27,866,635	30,248,541	8.55	32,811,430	8.47
INTER AGENCY TRANSFER	21,556,725	25,174,770	27,343,172	8.61	29,505,392	7.91
OTHER FUND	301,383	449,546	301,383	-32.96	301,383	
HR, FAMILY PRESERVATION PROGRAM	943,224	1,104,396	1,799,351	62.93	1,907,149	5.99
GENERAL FUND	943,224	1,104,396	1,799,351	62.93	1,907,149	5.99

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
HUMAN SERVICES						
HR, RURAL REGIONAL CENTER	7,549,168	9,974,489	12,097,281	21.28	14,307,543	18.27
GENERAL FUND	4,015,815	5,556,937	6,862,146	23.49	8,114,365	18.25
INTER AGENCY TRANSFER	3,533,250	4,377,990	5,235,135	19.58	6,193,178	18.30
OTHER FUND	103	39,562		-100.00		
HR, MENTAL HEALTH INFORMATION SYS	572,216	668,427	896,995	34.19	894,878	-.24
GENERAL FUND	365,724	422,722	656,106	55.21	646,921	-1.40
BALANCE FORWARD	-607	607		-100.00		
FEDERAL FUND	151,329	167,200	142,000	-15.07	142,000	
INTER AGENCY TRANSFER	55,770	77,898	98,889	26.95	105,957	7.15
TOTAL-DIVISION OF MENTAL HEALTH AN	165,339,413	199,625,511	236,174,082	18.31	276,265,862	16.98
GENERAL FUND	109,743,014	129,752,567	162,989,804	25.62	195,167,444	19.74
BALANCE FORWARD	2,678	607				.00
FEDERAL FUND	5,187,126	7,431,226	7,841,877	5.53	8,946,219	14.08
INTER AGENCY TRANSFER	48,535,192	59,370,113	63,712,066	7.31	70,438,079	10.56
INTERIM FINANCE	364,609	520,000				.00
OTHER FUND	1,506,794	2,550,998	1,630,335	-36.09	1,714,120	5.14

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
HUMAN SERVICES						
WELFARE DIVISION						
HR, WELFARE ADMINISTRATION	22,518,875	28,946,285	26,947,769	-6.90	27,180,320	.86
GENERAL FUND	6,970,919	8,282,894	8,050,583	-2.80	7,987,812	-7.78
BALANCE FORWARD	60,199					
FEDERAL FUND	13,524,397	17,054,444	16,189,998	-5.07	16,576,093	2.38
INTER AGENCY TRANSFER	1,742,538	3,507,922	2,487,409	-29.09	2,396,636	-3.65
OTHER FUND	220,822	101,025	219,779	117.55	219,779	
HR, WELFARE FIELD SERVICES	50,752,040	58,099,736	61,612,398	6.05	64,545,169	4.76
GENERAL FUND	16,415,495	22,601,659	19,592,918	-13.31	25,309,116	29.17
BALANCE FORWARD	94,757	345,235		-100.00		
FEDERAL FUND	26,725,653	27,598,158	32,857,248	19.06	28,386,815	-13.61
INTER AGENCY TRANSFER	7,492,389	7,554,684	9,157,995	21.22	10,845,001	18.42
OTHER FUND	23,746		4,237		4,237	
HR, WELFARE/TANF	46,489,523	67,355,946	49,155,055	-27.02	50,879,132	3.51
GENERAL FUND	24,607,851	42,668,032	24,607,852	-42.33	27,383,588	11.28
BALANCE FORWARD	230					
FEDERAL FUND	21,881,442	25,917,621	24,547,203	-5.29	23,495,544	-4.28
INTER AGENCY TRANSFER		-1,229,707		-100.00		
HR, CHILD SUPPORT ENFORCEMENT PR	8,103,256	10,225,401	10,073,634	-1.48	10,437,788	3.61
BALANCE FORWARD	-266,658	545,911	925,913	69.61	1,099,224	18.72
FEDERAL FUND	5,166,101	5,918,280	5,704,720	-3.61	5,811,459	1.87
INTER AGENCY TRANSFER		1,008,684		-100.00		
OTHER FUND	3,203,813	2,752,526	3,443,001	25.09	3,527,105	2.44
HR, CHILD SUPPORT FEDERAL REIMBUF	19,548,185	23,808,907	25,352,621	6.48	26,557,874	4.75
BALANCE FORWARD	352,173	5,000		-100.00		
FEDERAL FUND	19,196,012	23,803,907	25,352,621	6.51	26,557,874	4.75
HR, ASSISTANCE TO AGED AND BLIND	6,203,059	6,565,400	6,582,790	.26	6,809,498	3.44
GENERAL FUND	6,203,059	6,565,400	6,582,790	.26	6,809,498	3.44
HR, CHILD ASSISTANCE AND DEVELOPM	27,009,201	34,357,899	36,280,700	5.60	39,131,938	7.86
GENERAL FUND	9,033,701	9,033,701	9,033,701		9,033,701	
BALANCE FORWARD	-1,429,180	1,433,406		-100.00	2,836,114	
FEDERAL FUND	19,404,680	23,890,792	27,246,999	14.05	27,262,123	.06
HR, ENERGY ASSISTANCE - WELFARE	9,565,459	13,393,815	18,367,210	37.13	18,546,585	.98
BALANCE FORWARD	980,923	1,807,469		-100.00		
FEDERAL FUND	4,886,168	3,325,406	5,150,920	54.90	5,212,690	1.20
OTHER FUND	3,698,368	8,260,940	13,216,290	59.99	13,333,895	.89
TOTAL-WELFARE DIVISION	190,189,598	242,753,389	234,372,177	-3.45	244,088,304	4.15
GENERAL FUND	63,231,025	89,151,686	67,867,844	-23.87	76,523,715	12.75
BALANCE FORWARD	-207,556	4,137,021	925,913	-77.62	3,935,338	325.02
FEDERAL FUND	110,784,453	127,508,608	137,049,709	7.48	133,302,598	-2.73
INTER AGENCY TRANSFER	9,234,927	10,841,583	11,645,404	7.41	13,241,637	13.71
OTHER FUND	7,146,749	11,114,491	16,883,307	51.90	17,085,016	1.19

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
HUMAN SERVICES						
CHILD & FAMILY SERVICES						
CFS JUVENILE JUSTICE PROGRAMS	2,108,248	3,046,315	2,240,353	-26.46	2,243,789	.15
GENERAL FUND	707,605	707,605	708,251	.09	708,340	.01
BALANCE FORWARD	-5,928	5,929		-100.00		
FEDERAL FUND	1,406,571	2,332,781	1,532,102	-34.32	1,535,449	.22
HR, CHILD AND FAMILY SERVICES ADMIN	16,199,789	19,480,409	14,685,203	-24.62	14,867,345	1.24
GENERAL FUND	6,276,359	6,871,462	4,516,494	-34.27	4,480,483	-8.0
BALANCE FORWARD	34,653					
FEDERAL FUND	8,552,282	10,873,898	9,092,592	-16.38	9,103,372	.12
INTER AGENCY TRANSFER	1,193,094	1,582,479	1,064,668	-32.72	1,271,798	19.45
OTHER FUND	143,401	152,570	11,449	-92.50	11,692	2.12
CLARK COUNTY INTEGRATION	41,154,621	57,221,797	37,185,525	-35.02	40,887,583	9.96
GENERAL FUND	25,791,363	34,182,919	21,719,029	-36.46	23,978,491	10.40
BALANCE FORWARD	752,358					
FEDERAL FUND	10,151,240	15,725,414	11,730,251	-25.41	12,998,247	10.81
INTER AGENCY TRANSFER	3,884,061	6,482,814	3,120,912	-51.86	3,291,503	5.47
OTHER FUND	575,599	830,650	615,333	-25.92	619,342	.65
WASHOE COUNTY INTEGRATION			17,871,266		19,425,296	8.70
GENERAL FUND			9,214,623		10,175,724	10.43
FEDERAL FUND			7,091,300		7,513,906	5.96
INTER AGENCY TRANSFER			1,383,268		1,553,591	12.31
OTHER FUND			182,075		182,075	
HR, UNITY/SACWIS	5,050,717	5,384,335	5,808,064	7.87	5,716,043	-1.58
GENERAL FUND	2,679,108	2,855,834	3,069,230	7.47	3,001,074	-2.22
FEDERAL FUND	2,301,029	2,463,054	2,642,229	7.27	2,601,910	-1.53
INTER AGENCY TRANSFER	70,580	65,447	96,605	47.61	113,059	17.03
HR, CHILD CARE SERVICES	1,022,229	1,128,377	945,019	-16.25	987,061	4.45
GENERAL FUND	224,458	303,036	1,412	-99.53	49,099	3,377.27
FEDERAL FUND	156,728	185,233		-100.00		
INTER AGENCY TRANSFER	618,323	618,323	918,251	48.51	911,275	-.76
OTHER FUND	22,720	21,785	25,356	16.39	26,687	5.25
HR, RURAL CHILD WELFARE	24,333,355	26,057,603	32,732,152	25.61	34,588,901	5.67
GENERAL FUND	6,452,944	9,049,788	12,834,414	41.82	13,867,686	8.05
BALANCE FORWARD	-673	102,598	40,127	-60.89	40,127	
FEDERAL FUND	6,853,066	5,536,554	6,398,669	15.57	6,681,254	4.42
INTER AGENCY TRANSFER	10,910,102	11,266,663	13,353,094	18.52	13,893,986	4.05
OTHER FUND	117,916	102,000	105,848	3.77	105,848	
TRANSITION FROM FOSTER CARE	760,883	3,579,776	3,420,777	-4.44	2,993,038	-12.50
BALANCE FORWARD	-576,190	2,225,776	2,083,704	-6.38	1,655,965	-20.53
OTHER FUND	1,337,073	1,354,000	1,337,073	-1.25	1,337,073	
CHILD DEATHS REVIEW	983	281,700	150,105	-46.71	147,705	-1.60
BALANCE FORWARD	-131,701	131,700		-100.00		
OTHER FUND	132,684	150,000	150,105	.07	147,705	-1.60

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
HUMAN SERVICES						
HR, CHILD WELFARE TRUST	1,560,658	1,276,547	350,185	-72.57	370,919	5.92
BALANCE FORWARD	498,878	942,702	183,091	-80.58	196,945	7.57
OTHER FUND	1,061,780	333,845	167,094	-49.95	173,974	4.12
HR, VICTIMS OF DOMESTIC VIOLENCE	3,254,587	4,104,009	3,760,242	-8.38	4,082,845	8.58
BALANCE FORWARD	233,071	1,004,009	505,104	-49.69	827,707	63.87
OTHER FUND	3,021,516	3,100,000	3,255,138	5.00	3,255,138	
HR, CHILD ABUSE AND NEGLECT	224,253	349,287	234,643	-32.82	239,085	1.89
BALANCE FORWARD	2,731					
FEDERAL FUND	221,522	349,287	234,643	-32.82	239,085	1.89
HR, DCFS - JUVENILE ACCOUNTABILITY	2,298,669	2,181,667	1,266,471	-41.95	1,181,604	-6.70
GENERAL FUND			4			-100.00
BALANCE FORWARD	753,850	1,662,367	756,138	-54.51	673,789	-10.89
FEDERAL FUND	1,501,900	495,700	496,661	.19	495,700	-.19
INTER AGENCY TRANSFER			9			-100.00
OTHER FUND	42,919	23,600	13,659	-42.12	12,115	-11.30
HR, YOUTH ALTERNATIVE PLACEMENT	2,640,392	2,697,931	2,697,931		2,697,931	
GENERAL FUND	1,039,521	1,039,521	1,039,521		1,039,521	
BALANCE FORWARD	584					
OTHER FUND	1,600,287	1,658,410	1,658,410		1,658,410	
HR, C&FS - JUVENILE CORRECTIONAL F/	2,650,416	5,206,289	7,095,379	36.28	7,395,396	4.23
GENERAL FUND	2,401,922	4,771,541	6,524,572	36.74	6,724,549	3.06
INTER AGENCY TRANSFER	248,494	434,748	570,807	31.30	670,847	17.53
HR, CALIENTE YOUTH CENTER	5,492,470	6,243,483	7,509,971	20.28	7,721,396	2.82
GENERAL FUND	5,296,393	6,031,929	6,890,687	14.24	6,995,928	1.53
INTER AGENCY TRANSFER	196,077	211,554	619,284	192.73	725,468	17.15
HR, NEVADA YOUTH TRAINING CENTER	7,142,634	8,153,390	9,983,637	22.45	9,972,208	-.11
GENERAL FUND	6,743,982	7,754,782	9,083,502	17.13	8,927,786	-1.71
BALANCE FORWARD	-5,532	10,747		-100.00		
INTER AGENCY TRANSFER	404,184	387,861	900,135	132.08	1,044,422	16.03
HR, YOUTH PAROLE SERVICES	4,414,042	4,482,900	6,172,114	37.68	6,073,597	-1.60
GENERAL FUND	4,279,932	4,462,541	5,361,274	20.14	5,429,575	1.27
BALANCE FORWARD	1,026					
FEDERAL FUND	109,909		229,824		20,985	-90.87
INTER AGENCY TRANSFER			348,369		390,390	12.06
OTHER FUND	23,175	20,359	232,647	1,042.72	232,647	
HR, NORTHERN NEVADA CHILD & ADOLE	6,140,340	6,346,133	9,361,894	47.52	9,445,996	.90
GENERAL FUND	1,953,938	2,162,036	4,181,995	93.43	4,084,253	-2.34
BALANCE FORWARD	20,185					
FEDERAL FUND			307		1,283	317.92
INTER AGENCY TRANSFER	4,079,515	4,042,126	5,062,890	25.25	5,233,758	3.37
OTHER FUND	86,702	141,971	116,702	-17.80	126,702	8.57

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
HUMAN SERVICES						
HR, SOUTHERN NEVADA CHILD & ADOLE	17,738,257	18,884,768	24,374,990	29.07	25,128,333	3.09
GENERAL FUND	5,969,576	7,982,397	11,007,018	37.89	11,519,338	4.65
BALANCE FORWARD			24,818		24,818	
FEDERAL FUND	2,191,290	487,852		-100.00		
INTER AGENCY TRANSFER	9,389,037	9,610,740	12,805,911	33.25	13,008,648	1.58
OTHER FUND	188,354	803,779	537,243	-33.16	575,529	7.13
TOTAL-CHILD & FAMILY SERVICES	144,187,543	176,106,716	187,845,921	6.67	196,166,071	4.43
GENERAL FUND	69,817,101	88,175,391	96,152,026	9.05	100,981,847	5.02
BALANCE FORWARD	1,577,312	6,085,828	3,592,982	-40.96	3,419,351	-4.83
FEDERAL FUND	33,445,537	38,449,773	39,448,578	2.60	41,191,191	4.42
INTER AGENCY TRANSFER	30,993,467	34,702,755	40,244,203	15.97	42,108,745	4.63
OTHER FUND	8,354,126	8,692,969	8,408,132	-3.28	8,464,937	.68
OTHER HUMAN RESOURCES						
HR, PUBLIC DEFENDER	2,420,047	2,232,840	2,723,992	22.00	2,760,185	1.33
GENERAL FUND	1,083,866	1,125,707	1,247,434	10.81	1,249,140	.14
INTER AGENCY TRANSFER			87,796		103,367	17.74
OTHER FUND	1,336,181	1,107,133	1,388,762	25.44	1,407,678	1.36
INDIAN AFFAIRS COMMISSION	149,218	133,879	162,469	21.36	166,121	2.25
GENERAL FUND	125,254	133,879	157,284	17.48	158,814	.97
INTER AGENCY TRANSFER	23,964		5,185		7,307	40.93
TOTAL-OTHER HUMAN RESOURCES	2,569,265	2,366,719	2,886,461	21.96	2,926,306	1.38
GENERAL FUND	1,209,120	1,259,586	1,404,718	11.52	1,407,954	.23
INTER AGENCY TRANSFER	23,964		92,981	.00	110,674	
OTHER FUND	1,336,181	1,107,133	1,388,762	25.44	1,407,678	1.36

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
HUMAN SERVICES						
DETR - DIRETOR'S OFFICE						
DETR, ADMINISTRATION	3,645,146	3,920,110	4,322,626	10.27	4,408,523	1.99
BALANCE FORWARD	16,525	21,722	21,722		21,722	
INTER AGENCY TRANSFER	3,628,621	3,898,388	4,300,904	10.33	4,386,801	2.00
DETR, INFORMATION DEVELOPMENT AN	6,410,401	7,236,263	8,184,409	13.10	8,027,395	-1.92
BALANCE FORWARD	-36,814	62,633	62,633		62,633	
FEDERAL FUND	179,138	113,005		-100.00		
INTER AGENCY TRANSFER	6,268,077	7,060,625	8,121,776	15.03	7,964,762	-1.93
DETR, RESEARCH & ANALYSIS	3,161,536	3,329,070	3,669,044	10.21	3,725,734	1.55
BALANCE FORWARD		144,952	105,358	-27.32	105,071	-.27
FEDERAL FUND	2,317,697	2,052,107	2,464,510	20.10	2,496,988	1.32
INTER AGENCY TRANSFER	843,839	1,132,011	1,099,176	-2.90	1,123,675	2.23
DETR, EQUAL RIGHTS COMMISSION	1,623,609	1,718,509	1,943,440	13.09	1,966,716	1.20
GENERAL FUND	1,057,124	1,148,296	1,202,696	4.74	1,156,346	-3.85
FEDERAL FUND	562,200	566,719	711,250	25.50	764,250	7.45
INTER AGENCY TRANSFER			25,728		41,523	61.39
OTHER FUND	4,285	3,494	3,766	7.78	4,597	22.07
TOTAL-DETR - DIRETOR'S OFFICE	14,840,692	16,203,952	18,119,519	11.82	18,128,368	.05
GENERAL FUND	1,057,124	1,148,296	1,202,696	4.74	1,156,346	-3.85
BALANCE FORWARD	-20,289	229,307	189,713	-17.27	189,426	-.15
FEDERAL FUND	3,059,035	2,731,831	3,175,760	16.25	3,261,238	2.69
INTER AGENCY TRANSFER	10,740,537	12,091,024	13,547,584	12.05	13,516,761	-.23
OTHER FUND	4,285	3,494	3,766	7.78	4,597	22.07

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
HUMAN SERVICES						
REHABILITATION DIVISION						
DETR, REHABILITATION ADMINISTRATIO	295,517	482,631	534,180	10.68	543,899	1.82
BALANCE FORWARD	-9,483	26,283	26,283		26,283	
INTER AGENCY TRANSFER	305,000	456,348	507,897	11.30	517,616	1.91
DETR, DISABILITY ADJUDICATION	9,033,075	11,275,940	12,384,574	9.83	13,788,034	11.33
BALANCE FORWARD	18,043					
FEDERAL FUND	9,015,032	11,275,940	12,384,574	9.83	13,788,034	11.33
DETR, VOCATIONAL REHABILITATION	13,590,994	16,245,647	14,691,016	-9.57	15,563,295	5.94
GENERAL FUND	2,614,922	2,616,493	2,859,677	9.29	3,023,257	5.72
BALANCE FORWARD	11,240	165,789	166,334	.33	166,334	
FEDERAL FUND	10,956,061	13,455,117	11,627,760	-13.58	12,314,214	5.90
INTER AGENCY TRANSFER	8,771	8,248	37,245	351.56	59,490	59.73
DETR, OFFICE OF DISABILITY EMPLOYM	246,875	269,520	259,142	-3.85	260,254	.43
GENERAL FUND	15,220	19,214	21,922	14.09	22,157	1.07
FEDERAL FUND	98,109	70,505	104,724	48.53	106,392	1.59
INTER AGENCY TRANSFER	133,546	179,801	132,496	-26.31	131,705	-.60
DETR, CLIENT ASSISTANCE PROGRAM	110,711	162,041	166,997	3.06	156,915	-6.04
FEDERAL FUND	110,711	162,041	166,997	3.06	156,915	-6.04
DETR, SERVICES TO THE BLIND & VISUA	3,552,756	4,082,153	4,239,441	3.85	4,308,301	1.62
GENERAL FUND	804,769	1,022,490	1,059,600	3.63	1,061,136	.14
BALANCE FORWARD	-223	22,094	22,094		22,094	
FEDERAL FUND	2,748,210	3,037,569	3,145,100	3.54	3,199,121	1.72
INTER AGENCY TRANSFER			12,647		25,950	105.19
DETR, BLIND BUSINESS ENTERPRISE PF	821,211	3,110,848	2,685,522	-13.67	2,217,384	-17.43
BALANCE FORWARD	-447,484	1,799,203	1,303,501	-27.55	835,363	-35.91
OTHER FUND	1,268,695	1,311,645	1,382,021	5.37	1,382,021	
TOTAL-REHABILITATION DIVISION	27,651,139	35,628,780	34,960,872	-1.87	36,838,082	5.37
GENERAL FUND	3,434,911	3,658,197	3,941,199	7.74	4,106,550	4.20
BALANCE FORWARD	-427,907	2,013,369	1,518,212	-24.59	1,050,074	-30.83
FEDERAL FUND	22,928,123	28,001,172	27,429,155	-2.04	29,564,676	7.79
INTER AGENCY TRANSFER	447,317	644,397	690,285	7.12	734,761	6.44
OTHER FUND	1,268,695	1,311,645	1,382,021		1,382,021	.00

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
HUMAN SERVICES						
EMPLOYMENT SECURITY DIVISION						
DETR, EMPLOYMENT SECURITY	57,188,277	65,361,246	57,536,438	-11.97	57,743,285	.36
BALANCE FORWARD	55,917	233,628	160,129	-31.46	160,129	
FEDERAL FUND	55,303,191	62,853,630	55,309,252	-12.00	55,508,786	.36
INTER AGENCY TRANSFER	1,297,901	1,690,683	1,564,358	-7.47	1,570,586	.40
OTHER FUND	531,268	583,305	502,699	-13.82	503,784	.22
DETR, WELFARE TO WORK	368,335					
FEDERAL FUND	368,335					
DETR, CAREER ENHANCEMENT PROGR/	9,374,208	16,153,118	15,187,650	-5.98	14,725,513	-3.04
BALANCE FORWARD	-412,306	5,666,808	4,564,983	-19.44	3,522,846	-22.83
OTHER FUND	9,786,514	10,486,310	10,622,667	1.30	11,202,667	5.46
DETR, EMPLOYMENT SECURITY - SPECI/	2,939,070	26,839,332	8,033,889	-70.07	5,247,422	-34.68
BALANCE FORWARD	-100,873	10,470,151	6,693,889	-36.07	3,807,422	-43.12
FEDERAL FUND	1,078,921	14,221,181		-100.00		
OTHER FUND	1,961,022	2,148,000	1,340,000	-37.62	1,440,000	7.46
TOTAL-EMPLOYMENT SECURITY DIVISIOI	69,869,890	108,353,696	80,757,977	-25.47	77,716,220	-3.77
BALANCE FORWARD	-457,262	16,370,587	11,419,001	-30.25	7,490,397	-34.40
FEDERAL FUND	56,750,447	77,074,811	55,309,252	-28.24	55,508,786	.36
INTER AGENCY TRANSFER	1,297,901	1,690,683	1,564,358	-7.47	1,570,586	.40
OTHER FUND	12,278,804	13,217,615	12,465,366	-5.69	13,146,451	5.46
HUMAN SERVICES						
GENERAL FUND	600,937,704	684,717,956	777,380,220	13.53	868,732,006	11.75
BALANCE FORWARD	-5,575,260	61,199,651	43,163,324	-29.47	40,699,942	-5.71
FEDERAL FUND	992,540,964	1,087,770,507	1,124,685,596	3.39	1,190,607,218	5.86
INTER AGENCY TRANSFER	224,249,868	253,429,670	248,661,689	-1.88	272,979,223	9.78
INTERIM FINANCE	364,609	520,000				
OTHER FUND	193,585,923	195,541,675	191,667,858	-1.98	202,739,869	5.78
TOTAL-HUMAN SERVICES	2,006,103,808	2,283,179,459	2,385,558,687	4.48	2,575,758,258	7.97
Less: INTER AGENCY TRANSFER	224,249,868	253,429,670	248,661,689	-1.88	272,979,223	9.78
NET-HUMAN SERVICES	1,781,853,940	2,029,749,789	2,136,896,998	5.28	2,302,779,035	7.76

PUBLIC SAFETY

The Department of Motor Vehicles, the Department of Public Safety, Peace Officer Standards and Training and the Department of Corrections constitute the Public Safety function.

The Governor recommends General Fund appropriations for Public Safety of \$252.2 million for FY 2005-06, an 8.9 percent increase over FY 2004-05, and \$273.7 million in FY 2006-07 an additional 8.5 percent increase. Amounts recommended from all funding sources (less interagency transfers) total \$517.2 million in FY 2005-06, an 8.2 percent decrease compared to FY 2004-05. This is mainly due to a decrease in federal funds anticipated within the Department of Public Safety. In FY 2006-07, total funding is recommended at \$542.9 million, a 5.0 percent increase over FY 2005-06.

DEPARTMENT OF CORRECTIONS

The Department of Corrections is governed by the Board of Prison Commissioners, which consists of the Governor, the Attorney General, and the Secretary of State. The Governor serves as chairperson of the Board and appoints the director of the department. The department's facilities consist of nine major institutions, one restitution center, ten conservation camps, and the opening of a new transitional housing facility.

The table below depicts a high level overview of the Nevada Department of Corrections (NDOC) current budget, as well as the upcoming 2005-07 biennium budget, as recommended by the Governor:

	FY 2003-04 Actual	FY 2004-05 Current Work Program	FY 2005-06 Executive Budget	FY 2006-07 Executive Budget
Total Expenses (millions) (1)	\$186.9	\$210.4	\$227.0	\$250.9
General Fund Support (millions)	\$172.5	\$190.9	\$207.2	\$227.8
Avg. Inmate Population (2)	10,573	11,186	11,504	11,828
Annual Cost per Inmate	\$17,679	\$18,805	\$19,730	\$21,209
Positions (FTE's)	2,327.93	2,447.93	2,642.93	2,715.44

(1) Operating budgets only – does not contain Inmate Welfare Fund or Prison Industries.

(2) FY 2003-04 and FY 2004-05 inmate population includes estimates for Washington and Wyoming contracts.

Population

The NDOC experienced a sharp increase in the inmate population growth during FY 2003-04, and that trend has continued into FY 2004-05. Based upon a review by JFA and Associates (formerly with the George Washington University), the primary factors contributing to the recent increase in population are new commitments from courts and a decrease in the parole approval rates. As of December 31, 2004, the total in-house population reported by NDOC was 11,421 (235 over the budgeted average for

the entire year). The NDOC population projections for the 2005-07 biennium are based upon information developed by JFA and Associates; the population averages are shown in the table below.

	FY 2003-04 Budget	FY 2003-04 Actual	FY 2004-05 Actual (through 12/31/04)	FY 2005-06 Projection*	FY 2006-07 Projection*
Average	10,930	10,574	11,199	11,504	11,828
Change			625	305	324
Percent Change			5.9%	2.7%	2.8%

* FY 2005-06 and FY 2006-07 projections assume termination of both the Washington and Wyoming contracts prior to the start of the biennium.

Facility Capacity

The most significant changes in facility capacity proposed in The Executive Budget are as follows:

- **Southern Nevada Correctional Center (SNCC)** – This facility, which was closed in September 2000 with the opening of the High Desert State Prison, would reopen for youthful offenders in August 2006, with a capacity of 612. The Executive Budget recommends a combined increase related to the SNCC reopening of \$19.3 million for the biennium (99 percent General Fund) as follows:
 - ✓ Prison Medical Care - \$1.7 million in FY 2006-07;
 - ✓ NDOC Director’s Office - \$796,854 in FY 2006-07;
 - ✓ Correctional Programs - \$778,547 in FY 2006-07; and
 - ✓ SNCC - \$788,518 in FY 2005-06 and \$15.2 million in FY 2006-07.
- **Casa Grande Transitional Housing** – The Executive Budget is based upon an October 2005 start-date, with occupancy of 400 inmates.
- **Lovelock Correctional Center (LCC)** – The Executive Budget provides for the emergency capacity to be reduced by 210 In October 2005 (changing the total capacity from 1,591 to 1,381).

Staffing

The Executive Budget includes a net increase of 267.51 positions for the NDOC. Five positions at the Warm Springs Correctional Center have been eliminated due to the permanent closure of Unit #3 modular unit in October 2004. In addition, 28 positions have been eliminated in the base budget for the High Desert State Prison that previously staffed housing Unit #8, where inmates from the states of Washington and Wyoming previously resided. The Wyoming contract was terminated, effective February 2005, and the Washington contract is expected to be terminated effective June 2005. A total of 272.51 new positions are recommended. The following is an overview of the new positions:

- **Southern Nevada Correctional Center (SNCC)** - 191 new General Fund positions are included in The Executive Budget to staff reopening the SNCC facility.

- **Southern Desert Correctional Center (SDCC)** – A total of 4 new General Funded positions are included in The Executive Budget. One Maintenance Worker position that was eliminated by the 2003 Legislature is recommended for restoration. Three additional Correctional Officers are recommended for the segregation unit. Total General Fund recommended for these positions is \$142,642 in FY 2005-06 and \$204,093 in FY 2006-07).
- **Lovelock Correctional Center (LCC)** – One new General Funded Correctional Officer is included in The Executive Budget for the “structured living” program (\$34,812 in FY 2005-06 and \$51,489 in FY 2006-07).
- **Southern Nevada Women’s Correctional Facility (SNWCF)** – Eight new General Funded Correctional Officer positions are recommended at this facility (\$275,781 in FY 2005-06 and \$399,054 in FY 2006-07), which would increase the number of positions to 109.
- **High Desert State Prison (HDSP)** – A total of 21 new General Funded positions (19 custody and 2 non-custody) are recommended in The Executive Budget (\$653,534 in FY 2005-06 and \$1.3 million in FY 2006-07). Two of these positions are recommended for gun rail posts in the Segregation Unit and the remaining 19 positions would augment staffing in the intake unit.
- **Casa Grande Transitional Housing** – The Executive Budget includes 22 new positions to staff this facility (16 custody and 6 non-custody). Total operating costs for this facility are projected to be \$3.1 million in FY 2005-06 and \$4.4 million in FY 2006-07. The Executive Budget recommends General Funds of \$1.9 million in FY 2005-06 and \$2.6 million in FY 2006-07.
- **Medical Care** – 22.51 new positions are included in The Executive Budget to staff the medical unit at SNCC beginning August 2006.
- **NDOC Director’s Office** – Six new General Funded positions are included in The Executive Budget to support SNCC beginning August 2006 (\$325,596 in FY 2006-07). In addition, 6 new General Funded technical positions are included for the replacement of the Nevada Correctional Information System (NCIS) and the ongoing system support. Replacement of the NCIS is recommended in the Information Technology Project budget within the Department of Administration.
- **Correctional Programs** – Thirteen new General Fund positions are included in The Executive Budget to support SNCC beginning August 2006 (1 chaplain, 3 psychologists, 4 Counselors, 2 Social Workers, 1 Program Officer, and 2 Administrative Assistants). In addition, 15 positions are recommended to be transitioned from grant funding to be paid primarily by the General Fund. The General Fund cost of this transfer is \$524,392 in FY 2005-06 and \$915,995 in FY 2006-07.

Other Significant Decision Units and/or Cost Assumptions

The Executive Budget provides for the replacement of the department's primary information system, the Offender Management System (also referred to as the Nevada Corrections Information System, NCIS). The General Fund cost of implementation is included in the Information Technology Project budget at \$10.9 million in FY 2005-06 and \$207,931 in FY 2006-07.

Deferred maintenance costs for facilities are included in the NDOC Director's Office budget, with a total cost of \$2.9 million in FY 2005-06 and \$1.1 million in FY 2006-07. The most significant of the planned projects are as follows:

- Nevada State Prison – exterior surfaces, HVAC system maintenance, exterior painting, window frame repairs, and plumbing repairs (\$220,125 in FY 2005-06 and \$129,416 in FY 2006-07);
- Humboldt Conservation Camp – exterior renovation (\$500,000 in FY 2005-06);
- Carlin Conservation Camp – electrical, concrete and asphalt renovation, flooring, exterior renovation, and bathroom remodel (\$338,500 in FY 2005-06);
- Lovelock Correctional Center – 31 different projects identified in the State Public Works Board facility audit (\$1.5 million in FY 2005-06 and \$792,627 in FY 2006-07).

In addition to the deferred maintenance costs noted above, projects included in The Executive Budget in the Capital Improvement Program for NDOC total \$80.2 million in state General Funds and are listed below. Design and construction of three new housing units at the High Desert State Prison is estimated to cost \$58.6 million. Maintenance projects total \$15.7 million and advance planning projects total \$6.0 million.

Recommended Capital Improvement Program Projects for NDOC

Project Number	Agency	Project Title	State Funding
Construction Projects:			
05-C20b	High Desert State Prison	HDSP Phase IV, 3 Housing Units	\$58,570,649
Construction Projects Total			\$58,570,649
Maintenance Projects :			
05-M06	High Desert State Prison	Installation of Generator No. 4	\$532,738
05-M13	Northern Nevada Correctional Center and Nevada State Prison	Install Backflow Preventors - NNCC & NSP	\$188,047
05-M14	Silver Springs Conservation Camp	Expand Sewage Leachfield	\$598,929
05-M15	Ely State Prison	Sewage Treatment Upgrades	\$3,102,880
05-M16	Pioche Conservation Camp	Sewage Disposal Upgrades	\$234,467
05-M17	High Desert State Prison	Indian Springs Sewage Disposal	\$2,658,136
05-M18	Ely State Prison	Replace Air Handling Units Phase 1	\$3,781,902
05-M19	Northern Nevada Correctional Center	Phone Cable Replacement	\$146,649
05-M22	Lovelock Correctional Center	Central Boiler Plant Renovation	\$337,999
05-M24	Warm Springs Correctional Center	Locks, Doors, Control Panel, Intercom	\$513,173

Recommended Capital Improvement Program Projects for NDOC

Project Number	Agency	Project Title	State Funding
05-M25	Southern Desert Correctional Center	Repair/Replace Doors, Locks, Control Panels	\$406,599
05-M29	Carlin Conservation Camp	Groundwater Protection	\$599,874
05-M30	Lovelock Correctional Center	Building Structural Remediation	\$313,747
05-M31	Southern Desert Correctional Center	Boiler Replacement	\$397,421
05-M36	Lovelock Correctional Center	Central Chiller Plant Renovation	\$1,122,864
05-M37	Ely State Prison	Replace High Mast Cable System and Operators	\$454,465
05-M38	Warm Springs Correctional Center	Boiler Replacement	\$205,547
05-M40	Lovelock Correctional Center	Repair Perimeter Fence	\$56,056
Maintenance Projects Total			\$15,651,493
Advance Planning Projects:			
05-P01	Silver Springs Conservation Camp and Humboldt Conservation Camp	Arsenic Reduction in Domestic Water	\$65,599
05-P02	Southern Desert Correctional Center	Water Line Replacement-Advance Planning	\$488,297
05-P03	High Desert State Prison	Erosion Control	\$61,718
05-P05	NDOC	Women's Reentry Center-Advance Planning	\$1,246,100
05-P07	NDOC	New Prison #8 - Advance Planning	\$1,800,000
05-P12	NDOC	Corrections Statewide Utilization Plan	\$363,189
05-P28	NDOC	Indian Springs Work Center - Advance Planning	\$1,970,385
Advance Planning Projects Total			\$5,995,288
Total All Projects			\$80,217,430

The Executive Budget includes a \$1.0 million One-Shot Appropriation for NDOC to replace 48 vehicles. The department reported in its budget request that it had 106 vehicles that will have in excess of 80,000 miles by June 1, 2005.

Supplemental appropriations totaling \$3.5 million have been included in The Executive Budget for NDOC. This is made up of \$2.1 million for population growth in excess of budget for FY 2004-05. An additional \$1.4 million is recommended to pay costs associated with the takeover of Southern Nevada Women's Correctional Facility on October 1, 2004.

DEPARTMENT OF MOTOR VEHICLES

The Department of Motor Vehicles (DMV) provides vehicle registrations, drivers' licensing, motor carrier services, motor and special fuel tax reporting, emission control and verification of insurance functions, and for compliance and enforcement of Nevada law concerning automobile wreckers and body shops. The Executive Budget recommends funding as outlined in the following table, excluding supplemental and one-time appropriations. The Governor's recommend budget also includes Highway Fund Salary Adjustment funds in the amount of \$1.2 million in FY 2005-06 and

\$2.2 million in FY 2006-07; these amounts are appropriated to the Department of Administration.

Funding	FY 2003-04	FY 2004-05	%	FY 2005-06	%	FY 2006-07	%
Source	Actual	W. P.	Change	Gov. Rec.	Change	Gov. Rec.	Change
Federal Funds	\$5,384	\$309,562	5649.67%	\$ 0.00		\$ 0.00	
General Funds	\$21,322	\$22,983	7.79%	\$21,322	7.23%	\$21,322	0.00%
Highway Funds	\$28,191,815	\$47,727,643	69.30%	\$46,769,075	-2.01%	\$43,568,459	-6.84%
Inter-Ag. Transfers*	\$8,636,026	\$9,593,235	11.08%	\$10,197,314	6.31%	\$11,593,758	13.69%
Other	\$53,770,397	\$58,017,662	7.90%	\$64,121,618	10.52%	\$70,088,158	9.31%
Total	\$90,624,944	\$115,671,085	27.64%	\$121,109,329	4.7%	\$125,271,697	3.44%

*Includes Highway Funded Salary Adjustment funds in FY 2005-06 and FY 2006-07.

The Executive Budget recommends a supplemental appropriation totaling approximately \$1.8 million from the Highway Fund for anticipated increases in credit card discount fees in the Administrative Services account.

DIRECTOR'S OFFICE

The Director's Office establishes policy for the department and directs and controls the operations of the agency. The 2003 Legislature approved funding of \$2.5 million over the 2003-05 biennium to continue the kiosk pilot project and expand the project to all major metropolitan field offices. At the close of FY 2003-04, 15 kiosks were installed and operational throughout the state. During the month of December 2004, the department reported 9,727 successful registration renewal transactions compared to 3,404 prior to the expansion in May 2004. The department indicates functionality will be increased in FY 2004-05 to include driver's license and late registration renewals, and insurance verification reinstatements. The Executive Budget includes \$1.5 million in each year of the 2005-07 biennium to continue the use of kiosks.

ADMINISTRATIVE SERVICES

The Administrative Services Division provides support services, including fiscal and purchasing services, contract management and revenue and bad debt service, to the director and other divisions of the department. The Executive Budget recommends a reduction in Highway Fund revenues of approximately \$2.5 million and \$6.3 million in FY 2005-06 and FY 2006-07, respectively, with offsetting increases in administrative fees to recoup the cost of credit card fees from sources outside the Highway Fund. The Governor proposes legislation to modify the methodology employed to fund fees charged to the department for acceptance of credit cards when used for payment of DMV services. The proposal recommends the credit card fees currently funded from the Highway Fund be distributed proportionately among the state and local entities receiving funds from DMV collections paid for with a credit card.

The Executive Budget also includes additional Highway Fund appropriations in the amounts of \$2.3 million in FY 2005-06 and \$3.5 million in FY 2006-07 to cover anticipated increases in credit card costs. Total funding for Administrative Services is

recommended to increase from \$7.8 million in FY 2004-05 to \$10.7 million in FY 2005-06 and to \$12.7 million in FY 2006-07, primarily for increases in credit card expenditures.

FIELD SERVICES

The Field Services Division is responsible for the direct customer service operations of the driver licensing and vehicle registration functions. The 2003 Legislature approved a total of 129 new positions for major metropolitan DMV Field Offices; funding for 81 positions was placed in Reserve. The Department has subsequently returned to the Interim Finance Committee and has received approval to add 29 positions for the Flamingo Office and 24 positions for the Henderson Office. Of the remaining funding in Reserve (30 for the Reno Field Office), a request was made to the Interim Finance Committee at its January 12, 2005, meeting to establish 13 additional positions for the Sahara Office to provide 100 percent coverage for six new customer service windows based upon completion of the facility remodel for around June 2005. The Committee deferred the Field Services item for review by the full Legislature during the 2005 Legislative Session. Funding for the 17 positions originally allocated for the Reno Office has not been recommended for continuation into the 2005-07 biennium. The 13 positions for the Sahara Office are included in the FY 2005-07 Executive Budget.

Continuing the policy of keeping within a one hour maximum wait time, 15 positions are recommended to staff 100 percent of the windows at the new Decatur Office in North Las Vegas. Highway Fund appropriations in the amount of \$186,311 in FY 2005-06 and \$784,542 in FY 2006-07 are recommended to support a total of 19 new positions and associated costs, including the Decatur Office positions, as listed below:

- 2 DMV Technician III positions for title services at the Henderson Office;
- 1 DMV Technician III for the Henderson Office;
- 14 DMV Services Technician III positions and 1 DMV Services Supervisor for the new Decatur Office; and
- 1 Motor Vehicle Appraiser for the Pahrump Office.

Highway Fund appropriations also are recommended in the amounts of \$241,254 and \$268,339 in FY 2005-06 and FY 2006-07, respectively, to facilitate the move and set-up of the existing Carey Avenue Office to the new Decatur Avenue location.

Total funding for Field Services is recommended to increase from \$39.9 million in FY 2004-05 to \$40.6 million in FY 2005-06 and to \$41.5 million in FY 2006-07 excluding salary increases; additional funding is primarily a result of new position costs.

CENTRAL SERVICES

The Central Services division provides for alternative services for DMV customers (i.e., mail renewals, internet, web and telephone transactions for driver's license and registration renewals). The 2003 Legislature approved A.B. 325 requiring the

Department of Motor Vehicles to process salvage titles within two days of receipt of all necessary documents. The legislation also allows for a \$10 fee to be charged to vehicle owners, a person to whom the vehicle is titled, an insurance company acquiring the vehicle as salvage, or a lienholder acquiring title to the vehicle. The Executive Budget recommends 1 additional position to meet the demands of the A.B. 325 mandates and further recommends funding through increased transfers of the fee generated by that legislation. The Executive Budget also recommends the transfer of 1 DMV Services Manager I position from the Record Search budget to accommodate the centralization of the Department's management team.

Additionally, the Governor has proposed legislation eliminating the \$1.50 fee charged to persons who renew their Driver's Licenses by mail. To offset the resulting revenue reduction, The Executive Budget includes an increase in Highway Fund appropriations of \$100,000 per year.

The Executive Budget also recommends additional Highway funding for a special inflationary adjustment of approximately \$1.6 million each year of the 2005-07 biennium for increased costs for the purchase of raw materials to manufacture license plates. Total funding is recommended to increase from \$11.7 million in FY 2004-05 to \$13.8 in FY 2005-06 and to nearly \$14.2 million in FY 2006-07. The largest increases in total funding result from material costs at the license plate factory and from salary costs.

MOTOR CARRIER

The Motor Carrier Section of the DMV is responsible for the collection of special fuel taxes, registration fees, and Government Service tax for licensing of vehicles in excess of 26,000 pounds. The collection of excise tax on gasoline was transferred to the DMV from the Department of Taxation by the 1999 Legislature (A.B. 584). The Governor's recommendation for FY 2005-06 and FY 2006-07 includes the addition of 6 new positions, 4 Auditor II staff, 1 Supervising Auditor and 1 Administrative Assistant. The department indicates the new positions will be housed in Las Vegas and will augment the ability to detect and reduce under-reporting of fuel tax by increasing the frequency of audits performed on Nevada's fuel tax suppliers from once every four years to once every two years. Total funding for Motor Carrier is recommended to increase from \$4.1 million in FY 2004-05 to \$4.5 million in each fiscal year of the 2005-07 biennium to accommodate new position expenditures and associated increases in audit travel.

SALVAGE WRECKERS

The Salvage Wreckers/Body Shops account is responsible for ensuring compliance with Nevada laws and regulations as they relate to the business activities of automobile wreckers, salvage pools, body shops and registration of automobile repair garages. The Executive Budget recommends the addition of 2 Compliance Investigators to support increased workloads in registered vehicle repair facilities and the investigation of vehicle repair order disputes. Total funding is recommended to increase from

\$750,000 in FY 2004-05 to approximately \$890,000 in FY 2005-06. Total funding in FY 2006-07 is slightly reduced to reflect a reduction in reserve levels.

MOTOR VEHICLE POLLUTION CONTROL

The Compliance Enforcement Division is responsible for ensuring compliance with Nevada Revised Statutes and the Nevada Administrative Code as they relate to vehicle emission standards in counties whose population equals or exceeds 100,000 (Clark and Washoe counties). Revenues generated from fees charged for every vehicle receiving a smog certificate support the enforcement efforts. NRS 445B.830 requires a minimum reserve level in the Pollution account of \$500,000. Reserve levels in excess of the statutory limit may be applied for and expended, with the approval of the Interim Finance Committee. The 2003 Legislature approved a \$1 fee increase to address a projected negative reserve by the end of the 2003-05 biennium (S.B. 500). The Executive Budget recommends a reduction in the reserves over the 2005-07 biennium of \$314,133 to provide access by Washoe and Clark counties to Pollution Control funds. An additional \$326,880 from Reserve has been recommended to fund enhancements for the Division of Environmental Protection, Agriculture and the Tahoe Regional Planning Agency. Total funding in FY 2005-06 is reduced to \$8 million from the \$9.9 million level in FY 2004-05 and to \$7.9 million in FY 2006-07, primarily as a reflection of the completion of fund transfers to the Public Works Board for lab construction at the Department of Agriculture and excess reserve transfers to Clark County in FY 2004-05.

AUTOMATION

The Automation Unit provides data processing, programming and technical personal computer support for the DMV. The Executive Budget recommends a total of 6 new positions over the 2005-07 biennium. Recommended positions include:

- 2 Computer Network Specialists at the Decatur Field Office in North Las Vegas for administration of DMV's local area network. Currently, support equivalent to 1 Network Specialist is funded through a transfer to the automation section in the Department of Public Safety; the Governor's recommendation proposes DMV provide direct support for its activities;
- 1 Information Systems Specialist II to be located at the Decatur Field Office in Las Vegas to support the fleet registration function;
- 1 Computer Systems Technician III for swing shift coverage for DMV Operations and the DMV Computer Help Desk in Carson City; and
- 2 additional Information Service Specialist III positions to be located in Carson City for the support of critical Motor Carrier projects.

Funding is also recommended in the approximate amount of \$400,000 over the 2005-07 biennium for additional staff training, a 73 percent increase each year over projected expenditures anticipated in the FY 2004-05 work program year. Other recommendations of the Governor include funding of approximately \$1.2 million over

the biennium for a number of equipment and information technology enhancements. Total funding increases are recommended from the \$8.5 million level in FY 2004-05 to \$8.8 million in each fiscal year of the 2005-07 biennium, primarily to support recommended staff additions and training augmentations.

DEPARTMENT OF PUBLIC SAFETY

The Department of Public Safety consists of the Nevada Highway Patrol, Nevada Division of Investigation, Capitol Police, Parole and Probation, Emergency Management, Fire Marshal, Training, Administrative Services, the Office of Traffic Safety, Parole Board, and the State Emergency Response Commission.

TECHNOLOGY DIVISION

This budget account centralizes computer-related operations within the Department of Public Safety to achieve program integrity. Funding to support the operations of the division is generated through user fees based on system and programmer utilization. Network support costs are reimbursed based on the number of PCs per division. The Executive Budget recommends funding for 5 new positions: 2 Network Technicians to provide system support and expand help desk coverage for additional system users and 3 Network Technicians to provide technical support for personal computer users and file servers.

Additional funding of \$300,000 (cost sharing among all users) is recommended in FY 2005-06 to enable the department to contract with an outside consultant to perform an evaluation and develop an implementation plan for a mobile data communications system.

Total funding consisting of allocations to other budgets within the department is recommended to decrease from \$6.5 million in FY 2004-05 to \$6.1 million in FY 2005-06, due to grant funds included in FY 2004-05, which are not recommended to continue. Funding is recommended to decrease in FY 2006-07 to \$5.9 million due to one-time funding for a contract consultant in FY 2005-06.

DIVISION OF EMERGENCY MANAGEMENT

The Emergency Management Division is responsible for coordinating the efforts of state, local jurisdictions, volunteer organizations, and tribal nations in reducing the impact of emergencies. The Executive Budget provides for the segregation of grant funds through a newly established account to be administered by the Emergency Management Division. Total funding (state and federal) is recommended at \$15.1 million in FY 2005-06 and \$15.2 million in FY 2006-07 compared to \$74.9 million in the work program year FY 2004-05. This reduction from FY 2004-5 is due to the exclusion of federal grants from the 2005-07 biennium due to the uncertainty of the federal budget.

Two new positions are recommended in The Executive Budget to address increased workload resulting from continued federal grant programs initiated in FY 2003-04 for homeland security. Computer and media equipment for the new Emergency Operation Center is included in The Executive Budget along with office relocation costs.

OFFICE OF HOMELAND SECURITY

Assembly Bill 441 of the 2003 Legislative Session created the Nevada Commission on Homeland Security. The Commission currently consists of sixteen voting members appointed by the Governor and two non-voting members of the Legislature appointed by the Senate Majority Leader and the Speaker of the Assembly. Through A.B. 441, the Legislature appropriated \$118,750 in FY 2003-04 and \$111,069 in FY 2004-05 for use by the Commission in carrying out its duties; the funding was subsequently placed within the Governor's budget account for the 2003-05 biennium. In addition to the General Fund appropriation, federal funding from the Division of Emergency Management and the State Health Division was utilized to fund 2.0 FTE positions during the 2003-05 biennium, a Grants and Projects Analyst II and an Administrative Assistant IV.

The Executive Budget recommends the transfer of the Office of Homeland Security from the Governor's budget to the Department of Public Safety. In addition, the Governor recommends 5.0 FTE new positions: an unclassified Chief of Homeland Security, 2 additional Administrative Assistants IV, 1 additional Grants and Projects Analyst II, and 1 Grants and Projects Analyst Supervisor. Total expenditures for the Office of Homeland Security are recommended at \$523,878 in FY 2005-06 and \$549,011 in FY 2006-07, which includes approximately \$175,000 in General Fund support in each year of the 2005-07 biennium.

CRIMINAL HISTORY REPOSITORY

The Criminal History Repository (CHR) maintains a record of all persons arrested in Nevada for crimes that meet reporting criteria, supports a state wants/warrants system, processes background checks of handgun sales in accordance with federal regulations (Brady Bill), and performs fingerprint checks. As a result of legislation passed by the 1997 Legislature, the repository also maintains a sex offender registry and the statewide protective order registry. The repository is funded through court assessments and fees charged for civil (employment) criminal history checks and background checks for guns and rifles. The Executive Budget recommends the addition of 6 positions over the 2005-07 biennium as follows: 4 Administrative Assistants in the Sex Offender Registry Unit to reduce the caseload from 2,200 cases to 800 cases per position; 1 Program Officer for the Civil Name Check program to address the majority of the program's customer base in Las Vegas and address new growth in non-casino based employers; and 1 Accountant Technician to address workload demands in the fiscal unit.

The Executive Budget recommends a General Fund appropriation of \$75,000 in FY 2005-06 to fund background checks for volunteers of nonprofit organizations. The

1999 Legislature passed A.B. 239, which established a revolving account to investigate the background of volunteers who work with children. The bill provides the Director of the Department of Public Safety the authority to apply for and accept any gift, donation, bequest, grant or other source of money for the account. According to the department, Donations have not been received since 2001.

Total funding is recommended to increase from \$12.4 million in FY 2004-05 to \$15.0 million in FY 2005-06 and \$16.5 million in FY 2006-07 to support the operations of the CHR. Recommended funding reflects additional revenue anticipated from fee increases implemented in October 2004 for the Brady and Civil Name Check programs.

DIGNITARY PROTECTION

The Dignitary Protection Detail provides security to the Governor of the state of Nevada and family. The Detail also provides 24-hour, 7-days a week security at the Governor's Mansion in Carson City.

The 2003 Legislature approved the reclassification of 4 Highway Patrol Trooper positions to Capitol Police Officers and the addition of a fifth Capitol Police Officer to provide 24-hour, 7-days per week security coverage of the Governor's Mansion. The Executive Budget recommends the transfer of the 5 Capitol Police Officers to the Capitol Police account.

The Executive Budget recommends the addition of 2 Highway Patrol Trooper positions to increase protection for the Governor and First Lady, who are often times at separate locations in the state.

NEVADA HIGHWAY PATROL

The Highway Patrol enforces the traffic laws of the state, investigates traffic accidents, enforces and regulates motor carriers transporting cargo and hazardous materials and maintains and operates the message switcher to process criminal justice information. The Executive Budget recommends a Highway Fund appropriation of \$86,000 in FY 2005-06 to provide for a consultant to develop a staffing formula for sworn positions within the Highway Patrol to determine staffing needs for future budget requests.

Funding for replacement equipment of \$6.7 million in FY 2005-06 and \$3.7 million in FY 2006-07 is recommended, with the largest replacement item being vehicles at \$5.6 million in FY 2005-06 and \$3.4 million in FY 2006-07.

Total funding is recommended to increase from \$55.9 million in FY 2004-05 to \$64.6 million in FY 2005-06 exclusive of salary increases. A decrease in funding is recommended in FY 2006-07 to \$62.8 million based on a greater portion of one-time equipment purchases recommended in FY 2005-06. The Executive Budget includes Highway Fund transfers of \$3.0 million in FY 2005-06 and \$3.1 million in FY 2006-07 to

provide a two-grade increase in pay for sworn officers and dispatchers in addition to a 2 percent cost-of-living increase recommended by the Governor.

PAROLE AND PROBATION

The mission of the Parole and Probation Division is to monitor and enforce offender compliance with the conditions of their community supervision, assist offenders in successfully reintegrating into society, and to ensure objective sentencing information and recommendations to the district courts of Nevada.

The Executive Budget recommends an increase in total funding from \$34.7 million in FY 2004-05 to \$40.3 million in FY 2005-06 and \$41.9 million in FY 2006-07. General Funds totaling \$70.0 million (\$34.5 million in FY 2005-06 and \$35.5 million in FY 2006-07) are recommended over the 2005-07 biennium, which represents an increase of 11.7 percent (\$7.3 million) over amounts approved for the 2003-05 biennium. Increases in funding are primarily due to additional positions recommended in the budget and a two-grade pay increase for sworn positions.

The chart below depicts historical caseloads since FY 2001-02 and projected caseloads for the 2005-07 biennium.

Work Units	Actual				Projected	
	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
Presentence	3,380	3,605	4,014	3,841	3,928	4,004
General Supervision	9,983	10,098	9,843	10,541	10,716	10,880
Intensive Supervision	713	686	774	804	832	864
Sex Offenders	614	668	727	772	798	829
All Other	6,631	6,703	6,645	6,781	6,814	6,843
Total	21,321	21,760	22,003	22,739	23,088	23,420
<i>Percent Change</i>		2.4%	1.3%	1.7%	1.5%	1.4%

Based upon approved officer to offender ratios and projected caseload growth, 30 new positions are recommended in The Executive Budget, which includes additional General Funds of \$1.3 million in FY 2005-06 and \$2.1 million in FY 2006-07. The majority of the positions would be assigned to Las Vegas while 3 positions would be assigned to the sex offender unit in Reno.

The Executive Budget provides for an expansion of the residential confinement program totaling \$516,505 in FY 2005-06 and \$530,675 in FY 2006-07. The additional funds would provide for 1 sworn position and contract monitoring expenses for a caseload of 30 offenders. The Executive Budget also proposes that a new one-time \$10 assessment be paid by each offender; use of the fee would be dedicated for staff training.

The Executive Budget provides for advance planning to replace the Campos Building in Las Vegas. Until a new building is completed, The Executive Budget recommends the relocation of Parole and Probation staff to leased office space.

Training Division

The Training Division provides basic academy and continuing education training to law enforcement personnel within the department. The division is supported with General and Highway Fund appropriations. The Executive Budget recommends the addition of 4 full time positions to establish a training center for new recruits and existing personnel in Las Vegas. The addition of 2 full time and 4 part time positions are recommended in The Executive Budget to establish a unit dedicated to perform background checks on prospective sworn recruits. The Executive Budget also recommends the addition of a Management Analyst II to provide fiscal and budgetary support for the Training Division. General Funds are recommended to increase from \$89,295 in FY 2004-05 to \$174,352 in FY 2005-06 and \$191,631 in FY 2006-07. Highway Fund support is recommended at \$1.4 million in FY 2005-06 and \$1.6 million in FY 2006-07 reflecting increases over the FY 2004-05 amount of \$881,080.

STATE FIRE MARSHAL

The Fire Marshal is primarily responsible for enforcing laws associated with the prevention of fires, the storage of combustible and other hazardous materials and explosives, inspections of building for fire and safety compliance, building plan reviews, and fire-related investigations. The Fire Marshal's recommended budget totals \$3.9 million in both FY 2005-06 and FY 2006-07. The division is supported by the General Fund for 30 percent of the costs in FY 2005-06 and 28 percent of the costs in FY 2006-07.

One new training officer is recommended in The Executive Budget to develop and enhance fire prevention and public education programs in response to requests from local fire protection agencies (NRS 477.030). The Executive Budget recommends General Funds of \$104,555 in FY 2005-06 and \$197,076 in FY 2006-07 to fund the cost of the position and education expenses.

PAROLE BOARD

The Parole Board consists of six members and a chairman and was established to provide parole hearings and conduct revocation hearings for persons accused of violating parole. To assist the board in meeting hearing requirements, NRS 213.133 permits the board to appoint and utilize hearing representatives who hear, consider, and act upon applications subject to final approval of a majority of the board members.

The Executive Budget for the Parole Board totals \$1.6 million in both FY 2005-06 and FY 2006-07 compared to the FY 2004-05 work program of \$1.2 million. The Parole Board is entirely supported by the General Fund. The Parole Board is currently

authorized for 15 positions; The Executive Budget recommends the addition of 2 positions to address increases in workload.

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
PUBLIC SAFETY						
DEPARTMENT OF CORRECTIONS						
NDOC DIRECTOR'S OFFICE	12,735,746	14,867,378	17,666,633	18.83	16,800,107	-4.90
GENERAL FUND	11,301,926	13,043,522	15,879,787	21.74	14,813,782	-6.71
BALANCE FORWARD	16,934	14,462	4,158	-71.25		-100.00
FEDERAL FUND	1,218,833	1,400,601	1,190,843	-14.98	1,190,843	
INTER AGENCY TRANSFER	144,676	98,031	542,142	453.03	745,779	37.56
OTHER FUND	53,377	310,762	49,703	-84.01	49,703	
PRISON MEDICAL CARE	27,367,013	30,720,374	33,605,920	9.39	36,848,091	9.65
GENERAL FUND	25,863,968	27,599,450	31,510,310	14.17	34,320,179	8.92
BALANCE FORWARD	137					
INTER AGENCY TRANSFER	1,454,063	1,246,904	2,037,262	63.39	2,467,928	21.14
OTHER FUND	48,845	1,874,020	58,348	-96.89	59,984	2.80
CORRECTIONAL PROGRAMS	4,651,867	6,836,978	6,509,060	-4.80	7,259,694	11.53
GENERAL FUND	2,978,384	3,065,229	4,648,451	51.65	5,861,904	26.10
BALANCE FORWARD	-1,873	2,205		-100.00		
FEDERAL FUND	414,256	1,783,480	719,803	-59.64	176,523	-75.48
INTER AGENCY TRANSFER	1,168,924	1,326,732	1,047,308	-21.06	1,127,769	7.68
OTHER FUND	92,176	659,332	93,498	-85.82	93,498	
ELY STATE PRISON	21,804,192	22,880,213	25,373,124	10.90	26,215,189	3.32
GENERAL FUND	21,889,135	22,819,287	23,404,097	2.56	23,796,924	1.68
INTER AGENCY TRANSFER	-131,775	11,523	1,921,599	16,576.20	2,371,570	23.42
OTHER FUND	46,832	49,403	47,428	-4.00	46,695	-1.55
HIGH DESERT STATE PRISON	26,518,765	33,813,506	28,988,571	-14.27	30,494,335	5.19
GENERAL FUND	17,653,495	24,893,424	26,882,944	7.99	27,948,610	3.96
INTER AGENCY TRANSFER	176,132	279,561	2,023,454	623.80	2,467,885	21.96
OTHER FUND	8,689,138	8,640,521	82,173	-99.05	77,840	-5.27
NORTHERN NEVADA CORRECTIONAL CE	18,533,182	18,964,994	21,152,397	11.53	21,533,513	1.80
GENERAL FUND	18,410,855	18,644,759	19,414,433	4.13	19,475,378	.31
INTER AGENCY TRANSFER	-22,871	129,081	1,589,864	1,131.68	1,912,241	20.28
OTHER FUND	145,198	191,154	148,100	-22.52	145,894	-1.49
NEVADA STATE PRISON	13,318,204	14,440,491	16,714,097	15.74	17,092,589	2.26
GENERAL FUND	13,223,884	13,679,990	15,417,938	12.70	15,534,723	.76
INTER AGENCY TRANSFER	34,531	695,877	1,214,114	74.47	1,477,130	21.66
OTHER FUND	59,789	64,624	82,045	26.96	80,736	-1.60
SOUTHERN DESERT CORRECTIONAL CE	15,717,139	16,798,763	18,273,088	8.78	18,759,875	2.66
GENERAL FUND	15,712,686	16,605,521	16,881,465	1.66	17,098,202	1.28
INTER AGENCY TRANSFER	-203,722	16,244	1,173,274	7,122.81	1,446,924	23.32
OTHER FUND	208,175	176,998	218,349	23.36	214,749	-1.65
LOVELOCK CORRECTIONAL CENTER	18,958,321	19,695,792	21,892,429	11.15	22,447,675	2.54
GENERAL FUND	18,804,822	19,584,318	20,303,679	3.67	20,502,762	.98
INTER AGENCY TRANSFER	80,642	28,289	1,514,201	5,252.61	1,877,133	23.97
OTHER FUND	72,857	83,185	74,549	-10.38	67,780	-9.08

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
PUBLIC SAFETY						
SOUTHERN NEVADA CORRECTIONAL CE	360,097	365,353	1,145,888	213.64	15,575,166	1,259.22
GENERAL FUND	356,097	365,353	1,143,573	213.00	15,551,135	1,259.87
INTER AGENCY TRANSFER	4,000		2,315		4,736	104.58
OTHER FUND					19,295	
WARM SPRINGS CORRECTIONAL CENTE	5,841,459	6,287,516	6,585,101	4.73	6,770,296	2.81
GENERAL FUND	5,921,793	6,474,105	6,086,120	-5.99	6,165,572	1.31
INTER AGENCY TRANSFER	-145,751	-211,278	433,368	-305.12	538,653	24.29
OTHER FUND	65,417	24,689	65,613	165.76	66,071	.70
SOUTHERN NEVADA WOMEN'S CORREC	7,875,356	9,308,948	10,889,859	16.98	11,453,076	5.17
GENERAL FUND	8,216,189	9,224,405	10,305,765	11.72	10,727,120	4.09
INTER AGENCY TRANSFER	-400,297	19,987	545,430	2,628.92	684,441	25.49
OTHER FUND	59,464	64,556	38,664	-40.11	41,515	7.37
CASA GRANDE TRANSITIONAL HOUSING		2,163,960	3,105,715	43.52	4,404,082	41.81
GENERAL FUND		2,163,960	1,897,264	-12.32	2,607,489	37.43
INTER AGENCY TRANSFER			32,167		32,167	
OTHER FUND			1,176,284		1,764,426	50.00
RESTITUTION CENTER-NORTH	914,136	1,046,845	1,034,828	-1.15	1,051,731	1.63
GENERAL FUND	365,795	462,005	523,336	13.27	520,004	-.64
INTER AGENCY TRANSFER	17,438		61,029		75,901	24.37
OTHER FUND	530,903	584,840	450,463	-22.98	455,826	1.19
STEWART CONSERVATION CAMP	1,454,259	1,426,108	1,635,280	14.67	1,630,876	-.27
GENERAL FUND	1,322,635	1,342,476	1,474,747	9.85	1,449,604	-1.70
INTER AGENCY TRANSFER	74,252		103,903		124,147	19.48
OTHER FUND	57,372	83,632	56,630	-32.29	57,125	.87
PIOCHE CONSERVATION CAMP	1,344,029	1,385,517	1,559,920	12.59	1,572,002	.77
GENERAL FUND	1,298,715	1,353,715	1,435,339	6.03	1,425,686	-.67
INTER AGENCY TRANSFER	21,776		100,828		122,475	21.47
OTHER FUND	23,538	31,802	23,753	-25.31	23,841	.37
INDIAN SPRINGS CONSERVATION CAMP	1,849,142	1,871,564	2,045,382	9.29	2,112,643	3.29
GENERAL FUND	1,813,756	1,852,991	1,892,821	2.15	1,928,790	1.90
INTER AGENCY TRANSFER	26,282		143,138		174,350	21.81
OTHER FUND	9,104	18,573	9,423	-49.27	9,503	.85
WELLS CONSERVATION CAMP	1,001,105	1,066,314	1,150,317	7.88	1,192,885	3.70
GENERAL FUND	981,295	1,046,566	1,059,097	1.20	1,085,226	2.47
INTER AGENCY TRANSFER	6,000		76,910		93,249	21.24
OTHER FUND	13,810	19,748	14,310	-27.54	14,410	.70
HUMBOLDT CONSERVATION CAMP	1,044,227	1,060,990	1,223,736	15.34	1,238,538	1.21
GENERAL FUND	986,999	1,037,581	1,134,403	9.33	1,132,511	-.17
INTER AGENCY TRANSFER	42,814		74,919		91,512	22.15
OTHER FUND	14,414	23,409	14,414	-38.43	14,515	.70

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
PUBLIC SAFETY						
ELY CONSERVATION CAMP	1,073,584	1,113,480	1,229,528	10.42	1,216,922	-1.03
GENERAL FUND	1,032,966	1,095,526	1,137,694	3.85	1,109,640	-2.47
INTER AGENCY TRANSFER	29,529		80,822		96,193	19.02
OTHER FUND	11,089	17,954	11,012	-38.67	11,089	.70
JEAN CONSERVATION CAMP	1,397,453	1,378,336	1,597,840	15.93	1,632,817	2.19
GENERAL FUND	1,290,557	1,347,132	1,489,433	10.56	1,504,165	.99
INTER AGENCY TRANSFER	93,863		94,748		114,993	21.37
OTHER FUND	13,033	31,204	13,659	-56.23	13,659	
SILVER SPRINGS CONSERVATION CAMP	1,056,157	1,122,976	1,222,212	8.84	1,208,731	-1.10
GENERAL FUND	1,031,183	1,112,111	1,128,665	1.49	1,097,989	-2.72
INTER AGENCY TRANSFER	11,232	39	81,034	207,679.49	98,229	21.22
OTHER FUND	13,742	10,826	12,513	15.58	12,513	
CARLIN CONSERVATION CAMP	1,065,401	1,098,651	1,241,895	13.04	1,217,219	-1.99
GENERAL FUND	1,028,651	1,072,498	1,146,787	6.93	1,106,084	-3.55
INTER AGENCY TRANSFER	19,200		77,309		93,212	20.57
OTHER FUND	17,550	26,153	17,799	-31.94	17,923	.70
TONOPAH CONSERVATION CAMP	1,029,525	1,013,095	1,130,943	11.63	1,136,063	.45
GENERAL FUND	986,156	999,159	1,047,828	4.87	1,037,546	-.98
INTER AGENCY TRANSFER	31,764		70,349		85,662	21.77
OTHER FUND	11,605	13,936	12,766	-8.40	12,855	.70
OFFENDERS' STORE FUND	13,202,427	13,353,640	14,622,918	9.51	16,901,115	15.58
BALANCE FORWARD	1,097,655	1,594,013	1,390,280	-12.78	2,377,645	71.02
OTHER FUND	12,104,772	11,759,627	13,232,638	12.53	14,523,470	9.75
INMATE WELFARE ACCOUNT	3,536,104	3,997,189	3,764,039	-5.83	4,159,378	10.50
BALANCE FORWARD	368,330	826,579	699,471	-15.38	1,084,765	55.08
FEDERAL FUND	148,280					
INTER AGENCY TRANSFER	2,688,142	2,743,093	2,681,306	-2.25	2,681,306	
OTHER FUND	331,352	427,517	383,262	-10.35	393,307	2.62
PRISON INDUSTRY	5,828,211	7,489,774	5,990,893	-20.01	5,860,959	-2.17
BALANCE FORWARD	970,973	1,114,973	785,726	-29.53	655,792	-16.54
INTER AGENCY TRANSFER	98,000	50,000	98,000	96.00	98,000	
OTHER FUND	4,759,238	6,324,801	5,107,167	-19.25	5,107,167	
PRISON DAIRY	1,676,509	1,791,167	1,659,740	-7.34	1,554,187	-6.36
BALANCE FORWARD	233,764	269,729	216,995	-19.55	111,442	-48.64
OTHER FUND	1,442,745	1,521,438	1,442,745	-5.17	1,442,745	
TOTAL-DEPARTMENT OF CORRECTIONS	211,153,610	237,359,912	253,011,353	6.59	279,339,754	10.41
GENERAL FUND	172,471,942	190,885,083	207,245,976	8.57	227,801,025	9.92
BALANCE FORWARD	2,685,920	3,821,961	3,096,630	-18.98	4,229,644	36.59
FEDERAL FUND	1,781,369	3,184,081	1,910,646	-39.99	1,367,366	-28.43
INTER AGENCY TRANSFER	5,318,844	6,434,083	17,820,793	176.97	21,103,585	18.42
OTHER FUND	28,895,535	33,034,704	22,937,308	-30.57	24,838,134	8.29

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
PUBLIC SAFETY						
DEPARTMENT OF MOTOR VEHICLES						
DMV, DIRECTOR'S OFFICE	3,450,519	5,391,229	5,095,918	-5.48	5,127,697	.62
HIGHWAY FUND	3,342,701	5,291,945	4,955,457	-6.36	4,966,439	.22
INTER AGENCY TRANSFER	107,818	99,284	140,461	41.47	161,258	14.81
DMV, ADMINISTRATIVE SERVICES	7,766,947	7,806,019	10,690,753	36.96	12,711,696	18.90
HIGHWAY FUND	2,692,428	2,408,535	1,821,048	-24.39	1,000	-99.95
INTER AGENCY TRANSFER	161,510	165,628	309,897	87.10	417,193	34.62
INTERIM FINANCE		507,533		-100.00		
OTHER FUND	4,913,009	4,724,323	8,559,808	81.19	12,293,503	43.62
DMV, COMPLIANCE ENFORCEMENT	2,809,906	3,147,993	3,570,457	13.42	3,596,184	.72
HIGHWAY FUND	2,593,983	2,820,979	3,213,879	13.93	3,160,835	-1.65
INTER AGENCY TRANSFER	41,541	42,441	143,235	237.49	199,221	39.09
OTHER FUND	174,382	284,573	213,343	-25.03	236,128	10.68
DMV, FIELD SERVICES	33,944,933	39,949,202	41,254,819	3.27	42,832,200	3.82
GENERAL FUND	21,322	22,983	21,322	-7.23	21,322	
HIGHWAY FUND	14,624,953	22,274,705	18,049,731	-18.97	16,960,582	-6.03
INTER AGENCY TRANSFER	14,796	14,796	620,489	4,093.63	1,264,291	103.76
OTHER FUND	19,283,862	17,636,718	22,563,277	27.93	24,586,005	8.96
DMV, CENTRAL SERVICES	10,971,441	11,735,989	13,844,130	17.96	14,244,905	2.89
HIGHWAY FUND	5,083,387	5,490,687	7,777,439	41.65	7,770,494	-.09
INTER AGENCY TRANSFER	4,287,438	4,485,769	4,384,461	-2.26	4,637,300	5.77
OTHER FUND	1,600,616	1,759,533	1,682,230	-4.39	1,837,111	9.21
DMV - MANAGEMENT SERVICES	2,274,733	2,362,804	2,533,527	7.23	2,587,398	2.13
HIGHWAY FUND	1,952,164	2,033,733	2,150,590	5.75	2,152,972	.11
INTER AGENCY TRANSFER	322,569	329,071	382,937	16.37	434,426	13.45
DMV, MOTOR CARRIER	3,775,545	4,052,455	4,469,260	10.29	4,520,133	1.14
FEDERAL FUND	5,384	9,562		-100.00		
HIGHWAY FUND	2,620,765	2,797,707	3,081,680	10.15	3,072,183	-.31
INTER AGENCY TRANSFER			61,753		112,584	82.31
OTHER FUND	1,149,396	1,245,186	1,325,827	6.48	1,335,366	.72
DMV, SALVAGE WRECKERS/BODY SHOP	256,480	750,300	893,082	19.03	767,466	-14.07
BALANCE FORWARD	-87,727	496,658	476,907	-3.98	351,291	-26.34
OTHER FUND	344,207	253,642	416,175	64.08	416,175	
DMV, VERIFICATION OF INSURANCE	1,524,304	10,847,997	11,466,344	5.70	11,466,344	
BALANCE FORWARD		500,000	500,000		500,000	
HIGHWAY FUND	-9,442,040					
OTHER FUND	10,966,344	10,347,997	10,966,344	5.98	10,966,344	
DMV, MOTOR VEHICLE POLLUTION CON'	6,589,448	9,935,105	7,980,432	-19.67	7,859,398	-1.52
BALANCE FORWARD	-513,182	2,550,720	778,009	-69.50	500,000	-35.73
OTHER FUND	7,102,630	7,384,385	7,202,423	-2.46	7,359,398	2.18

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
PUBLIC SAFETY						
DMV, RECORDS SEARCH	8,744,831	10,257,547	9,345,246	-8.89	9,614,808	2.88
BALANCE FORWARD		50,000	50,000		50,000	
OTHER FUND	8,744,831	10,207,547	9,295,246	-8.94	9,564,808	2.90
DMV, AUTOMATION	7,609,996	8,461,814	8,832,139	4.38	8,816,366	-1.18
FEDERAL FUND		300,000		-100.00		
HIGHWAY FUND	3,824,641	3,640,346	4,701,107	29.14	4,491,623	-4.46
INTER AGENCY TRANSFER	3,694,968	4,454,807	4,040,645	-9.30	4,234,356	4.79
OTHER FUND	90,387	66,661	90,387	35.59	90,387	
DMV, HEARINGS	905,861	972,631	1,133,222	16.51	1,127,102	-0.54
HIGHWAY FUND	898,833	969,006	1,018,144	5.07	992,331	-2.54
INTER AGENCY TRANSFER	5,386	1,439	113,436	7,782.97	133,129	17.36
OTHER FUND	1,642	2,186	1,642	-24.89	1,642	
TOTAL-DEPARTMENT OF MOTOR VEHICL	90,624,944	115,671,085	121,109,329	4.70	125,271,697	3.44
GENERAL FUND	21,322	22,983	21,322		21,322	.00
BALANCE FORWARD	-600,909	3,597,378	1,804,916	-49.83	1,401,291	-22.36
FEDERAL FUND	5,384	309,562				.00
HIGHWAY FUND	28,191,815	47,727,643	46,769,075	-2.01	43,568,459	-6.84
INTER AGENCY TRANSFER	8,636,026	9,593,235	10,197,314	6.30	11,593,758	13.69
INTERIM FINANCE		507,533				.00
OTHER FUND	54,371,306	53,912,751	62,316,702	15.59	68,686,867	10.22

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
PUBLIC SAFETY						
DEPARTMENT OF PUBLIC SAFETY						
DIRECTOR'S OFFICE - PUBLIC SAFETY	2,128,674	2,381,125	1,166,213	-51.02	1,197,007	2.64
INTER AGENCY TRANSFER	2,128,674	2,381,125	1,166,213	-51.02	1,197,007	2.64
PUBLIC SAFETY - ADMINISTRATIVE SER	1,238,639	1,491,529	1,617,337	8.43	1,667,206	3.08
INTER AGENCY TRANSFER	1,238,639	1,491,529	1,617,337	8.43	1,667,206	3.08
PUBLIC SAFETY - OFFICE OF PROF RESF	269,478	339,888	402,451	18.41	414,846	3.08
INTER AGENCY TRANSFER	269,478	339,888	402,451	18.41	414,846	3.08
PUBLIC SAFETY TECHNOLOGY DIVISION	4,892,688	6,515,106	6,105,453	-6.29	5,880,261	-3.69
INTER AGENCY TRANSFER	4,892,688	6,515,106	6,105,453	-6.29	5,880,261	-3.69
PUBLIC SAFETY, JUSTICE ASSISTANCE /	6,273,569	25,286,205	18,302,522	-27.62	18,302,522	
BALANCE FORWARD	5,713					
FEDERAL FUND	5,950,618	12,158,847	5,702,522	-53.10	5,702,522	
OTHER FUND	317,238	13,127,358	12,600,000	-4.02	12,600,000	
PUBLIC SAFETY, JUSTICE GRANT	447,623	534,266	572,720	7.20	586,668	2.44
GENERAL FUND	74,662	130,119	109,500	-15.85	109,912	.38
BALANCE FORWARD	-230	594		-100.00		
INTER AGENCY TRANSFER	373,191	403,553	463,220	14.79	476,756	2.92
PUBLIC SAFETY, EMERGENCY MANAGEI	17,091,828	74,929,988	2,445,192	-96.74	2,500,270	2.25
GENERAL FUND	566,829	619,360	712,820	15.09	704,723	-1.14
BALANCE FORWARD	1,466,923	13,722		-100.00		
FEDERAL FUND	15,035,906	74,258,425	1,701,027	-97.71	1,755,572	3.21
INTER AGENCY TRANSFER	21,017	38,481	31,345	-18.54	39,975	27.53
OTHER FUND	1,153					
PS - EMERGENCY MANAGEMENT ASSIST			12,670,472		12,670,472	
FEDERAL FUND			12,670,472		12,670,472	
PUBLIC SAFETY, HOMELAND SECURITY			523,878		549,011	4.80
GENERAL FUND			174,635		176,906	1.30
FEDERAL FUND			134,830		170,450	26.42
INTER AGENCY TRANSFER			214,413		201,655	-5.95
PUBLIC SAFETY, CRIMINAL HISTORY REI	9,782,138	12,369,736	14,972,783	21.04	16,515,593	10.30
GENERAL FUND	-260,637	100	75,100	75,000.00	75,100	
BALANCE FORWARD	-1,483,332	1,803,789	2,424,902	34.43	3,947,844	62.80
INTER AGENCY TRANSFER	116,881	379,275		-100.00		
OTHER FUND	11,409,226	10,186,572	12,472,781	22.44	12,492,649	.16
PS, DIGNITARY PROTECTION	650,866	694,871	1,026,641	47.75	1,006,072	-2.00
GENERAL FUND	640,296	694,871	959,301	38.05	925,957	-3.48
INTER AGENCY TRANSFER			67,340		80,115	18.97
OTHER FUND	10,570					

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
PUBLIC SAFETY						
PUBLIC SAFETY, HIGHWAY PATROL	50,776,908	55,902,903	64,595,691	15.55	62,791,110	-2.79
GENERAL FUND	30,624	36,388	36,388		36,388	
BALANCE FORWARD	-32,492	67,732		-100.00		
FEDERAL FUND	149,165					
HIGHWAY FUND	49,666,232	53,776,034	59,665,511	10.95	57,003,599	-4.46
INTER AGENCY TRANSFER	266,903	1,570,442	4,347,770	176.85	5,205,101	19.72
OTHER FUND	696,476	452,307	546,022	20.72	546,022	
PUBLIC SAFETY, HIGHWAY SAFETY GRA	2,106,242	1,742,135	1,740,241	-.11	1,454,915	-16.40
BALANCE FORWARD	447	18,346		-100.00		
FEDERAL FUND	2,105,195	1,723,789	1,740,241	.95	1,454,915	-16.40
INTER AGENCY TRANSFER	600					
PUBLIC SAFETY, FORFEITURES - LAW EN	922,133	1,601,976	1,652,344	3.14	1,844,698	11.64
BALANCE FORWARD	192,699	914,546	924,240	1.06	1,116,594	20.81
OTHER FUND	729,434	687,430	728,104	5.92	728,104	
PUBLIC SAFETY, DIVISION OF INVESTIG/	5,301,626	5,929,668	6,362,931	7.31	6,303,524	-.93
GENERAL FUND	4,934,527	5,276,335	5,602,911	6.19	5,473,104	-2.32
FEDERAL FUND	30,401	43,348	30,401	-29.87	30,401	
HIGHWAY FUND	267,293	273,474	315,766	15.46	303,581	-3.86
INTER AGENCY TRANSFER	65,332	327,674	413,853	26.30	496,438	19.96
OTHER FUND	4,073	8,837		-100.00		
PUBLIC SAFETY, NARCOTICS CONTROL	1,596,251	1,835,587	1,923,974	4.82	1,972,044	2.50
FEDERAL FUND	16,000	17,000	26,000	52.94	26,000	
INTER AGENCY TRANSFER	1,562,725	1,804,234	1,897,974	5.20	1,946,044	2.53
OTHER FUND	17,526	14,353		-100.00		
PUBLIC SAFETY, PAROLE AND PROBATION	32,036,690	34,704,140	40,340,178	16.24	41,886,429	3.83
GENERAL FUND	28,899,303	31,720,691	34,452,743	8.61	35,518,050	3.09
INTER AGENCY TRANSFER	164,090	136,368	2,595,490	1,803.30	3,077,435	18.57
OTHER FUND	2,973,297	2,847,081	3,291,945	15.63	3,290,944	-.03
PUBLIC SAFETY - CAPITOL POLICE	1,769,385	1,952,303	2,724,050	39.53	2,816,708	3.40
BALANCE FORWARD	-215,223					
INTER AGENCY TRANSFER	1,984,608	1,952,303	2,724,050	39.53	2,816,708	3.40
PUBLIC SAFETY, TRAINING DIVISION	947,713	996,343	1,644,455	65.05	1,830,080	11.29
GENERAL FUND	86,061	89,295	174,352	95.25	191,631	9.91
HIGHWAY FUND	850,858	881,080	1,400,328	58.93	1,555,849	11.11
INTER AGENCY TRANSFER		17,718	67,195	279.25	79,943	18.97
INTERIM FINANCE	8,137					
OTHER FUND	2,657	8,250	2,580	-68.73	2,657	2.98
PUBLIC SAFETY, TRAFFIC SAFETY	2,511,044	5,093,729	2,120,000	-58.38	2,090,000	-1.42
FEDERAL FUND	2,511,044	5,093,729	2,120,000	-58.38	2,090,000	-1.42

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
PUBLIC SAFETY						
PUBLIC SAFETY, HIGHWAY SAFETY PLAI	1,395,142	2,094,910	1,475,793	-29.55	1,472,853	-.20
BALANCE FORWARD	39,693	25,354		-100.00		
FEDERAL FUND	254,303	131,297	74,226	-43.47	73,997	-.31
HIGHWAY FUND	160,001	177,064	200,734	13.37	203,975	1.61
INTER AGENCY TRANSFER	941,145	1,761,195	1,200,833	-31.82	1,194,881	-.50
PUBLIC SAFETY, BICYCLE SAFETY PROC	151,524	193,242	199,580	3.28	190,211	-4.69
BALANCE FORWARD	3,977	35,102	44,072	25.55	30,193	-31.49
OTHER FUND	147,547	158,140	155,508	-1.66	160,018	2.90
PUBLIC SAFETY, MOTORCYCLE SAFETY	287,142	539,485	566,628	5.03	480,097	-15.27
BALANCE FORWARD	-11,241	260,788	228,300	-12.46	153,349	-32.83
INTER AGENCY TRANSFER	4,829	3,171	20,000	530.72		-100.00
OTHER FUND	293,554	275,526	318,328	15.53	326,748	2.65
PUBLIC SAFETY, FIRE MARSHAL	3,010,332	3,353,809	3,919,974	16.88	3,945,519	.65
GENERAL FUND	474,848	925,242	1,159,107	25.28	1,115,264	-3.78
BALANCE FORWARD	473,847	16,572		-100.00		
FEDERAL FUND	96,277	50,497	28,000	-44.55	28,000	
INTER AGENCY TRANSFER		467,910	604,693	29.23	657,940	8.81
OTHER FUND	1,965,360	1,893,588	2,128,174	12.39	2,144,315	.76
EMERGENCY RESPONSE COMMISSION	697,149	2,037,400	1,689,788	-17.06	1,627,101	-3.71
BALANCE FORWARD	-394,304	831,632	510,794	-38.58	456,655	-10.60
FEDERAL FUND	105,148	174,281	103,820	-40.43	103,820	
HIGHWAY FUND	257,659	283,952	282,134	-.64	270,005	-4.30
INTER AGENCY TRANSFER			23,337		26,918	15.34
OTHER FUND	728,646	747,535	769,703	2.97	769,703	
PUBLIC SAFETY, PAROLE BOARD	1,213,120	1,230,103	1,580,349	28.47	1,596,757	1.04
GENERAL FUND	1,202,153	1,230,103	1,521,243	23.67	1,517,141	-.27
INTER AGENCY TRANSFER	10,967		59,106		79,616	34.70
TOTAL-DEPARTMENT OF PUBLIC SAFETY	147,497,904	243,750,447	192,341,638	-21.09	193,591,974	.65
GENERAL FUND	36,648,666	40,722,504	44,978,100	10.45	45,844,176	1.93
BALANCE FORWARD	46,477	3,988,177	4,132,308	3.61	5,704,635	38.05
FEDERAL FUND	26,254,057	93,651,213	24,331,539	-74.02	24,106,149	-.93
HIGHWAY FUND	51,202,043	55,391,604	61,864,473	11.69	59,337,009	-4.09
INTER AGENCY TRANSFER	14,041,767	19,589,972	24,022,073	22.62	25,538,845	6.31
INTERIM FINANCE	8,137					
OTHER FUND	19,296,757	30,406,977	33,013,145	8.57	33,061,160	.15

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
PUBLIC SAFETY						
PEACE OFFICERS STANDARDS & TRAINING						
PEACE OFFICERS STANDARDS & TRAINI	1,515,013	1,627,584	1,941,292	19.27	2,117,707	9.09
BALANCE FORWARD	70,870	231,435	114,323	-50.60	176,719	54.58
INTER AGENCY TRANSFER	32,798	32,798	32,798		32,798	
OTHER FUND	1,411,345	1,363,351	1,794,171	31.60	1,908,190	6.35
POLICE CORPS PROGRAM	368,708	694,261	834,898	20.26	846,730	1.42
BALANCE FORWARD	12,382	207,817		-100.00		
FEDERAL FUND	356,326	486,444	834,898	71.63	846,730	1.42
TOTAL-PEACE OFFICERS STANDARDS &	1,883,721	2,321,845	2,776,190	19.57	2,964,437	6.78
BALANCE FORWARD	83,252	439,252	114,323	-73.97	176,719	54.58
FEDERAL FUND	356,326	486,444	834,898	71.63	846,730	1.42
INTER AGENCY TRANSFER	32,798	32,798	32,798		32,798	
OTHER FUND	1,411,345	1,363,351	1,794,171	31.60	1,908,190	6.35
PUBLIC SAFETY						
GENERAL FUND	209,141,930	231,630,570	252,245,398	8.90	273,666,523	8.49
BALANCE FORWARD	2,214,740	11,846,768	9,148,177	-22.78	11,512,289	25.84
FEDERAL FUND	28,397,136	97,631,300	27,077,083	-72.27	26,320,245	-2.80
HIGHWAY FUND	79,393,858	103,119,247	108,633,548	5.35	102,905,468	-5.27
INTER AGENCY TRANSFER	28,029,435	35,650,088	52,072,978	46.07	58,268,986	11.90
INTERIM FINANCE	8,137	507,533				
OTHER FUND	103,974,943	118,717,783	120,061,326	1.13	128,494,351	7.02
TOTAL-PUBLIC SAFETY	451,160,179	599,103,289	569,238,510	-4.98	601,167,862	5.61
Less: INTER AGENCY TRANSFER	28,029,435	35,650,088	52,072,978	46.07	58,268,986	11.90
NET-PUBLIC SAFETY	423,130,744	563,453,201	517,165,532	-8.21	542,898,876	4.98

INFRASTRUCTURE

The Infrastructure function of state government includes those agencies responsible for capital assets of the state, as well as its natural resources. The function includes: the Colorado River Commission; the Department of Conservation and Natural Resources; the Department of Wildlife; and the Department of Transportation. General Fund appropriations recommended by the Governor in FY 2005-06 total \$28.6 million, a 16.4 percent increase over FY 2004-05. A total of \$27.6 million in General Fund support is recommended in FY 2006-07. Total amounts recommended from all funding sources total \$1.12 billion in both FY 2005-06 and FY 2006-07, an 11.1 percent decrease from FY 2004-05, excluding inter-agency transfers.

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES

The Department of Conservation and Natural Resources (DCNR) is responsible for ensuring Nevada's natural resources are used, maintained, and preserved in a manner that will best serve the citizens of the state. The department comprises the Divisions of Forestry, State Parks, Environmental Protection, State Lands, Conservation Districts, and Water Resources. The department includes the Nevada Tahoe Regional Planning Agency, the State Environmental Commission, the Nevada Natural Heritage Program and the Commission for the Preservation of Wild Horses.

For the entire department, including the Tahoe Regional Planning Agency (TRPA), the Governor recommends General Fund appropriations of \$26.9 million in FY 2005-06, a 13.0 percent increase over the FY 2004-05 work program. A total of \$26.3 million in General Fund support is recommended in FY 2006-07. Total budget recommendations from all funding sources, excluding interagency transfers, is \$123.4 million in FY 2005-06 and \$122.7 million in FY 2006-07.

The 2003 Legislature approved CIP 03-C50 authorizing the lease purchase of a new building in Carson City to house the department in one location. The Executive Budget recommends \$88,902 (\$68,020 General Fund) to fund operating, equipment and technology costs for the Director's Office, Environmental Protection, Natural Heritage, Conservation Districts, Lands, Water Resources, and Parks associated with the department's move into the new building July 2005. The Governor also recommends a one-shot appropriation of \$462,077 to fund equipment purchases related to moving into the new building.

The Governor recommends appropriations of \$3.2 million to fund several projects identified as deferred maintenance to numerous State Parks and Forestry facilities; South Fork dam; and the Winnemucca Facility. This amount is in addition to the \$659,091 recommended in the Governor's CIP maintenance budget for DCNR divisions. Examples of deferred maintenance include deep cleaning of carpet and upholstery, ADA upgrades, HVAC cleaning and maintenance, water backflow protection and roof repairs.

QUESTION 1 - \$200 MILLION CONSERVATION BOND

The 17th Special Session of the Legislature (2001) approved A.B. 9. In the November 5, 2002, general election, the voters approved the issuance of up to \$200 million in general obligation bonds for the purposes of protecting, preserving and obtaining the benefits of property and natural resources in the state. Of the \$200 million available, \$120 million is allocated directly to the Department of Conservation and Natural Resources and the Department of Wildlife: \$65.5 million to State Lands; \$27 million to State Parks; and \$27.5 million to Wildlife. The Treasurer's Office issued the first series of general obligation bonds totaling \$95.6 million in September 2003, to support a variety of conservation projects statewide. The Governor recommends a total of \$1.1 million in the 2005-07 biennium to support administration of the Question 1 bond program, including a total of 7.0 FTE positions (1 in the Director's Office, and 3 each in State Lands and State Parks) and related operating costs in administering the program.

DIRECTOR'S OFFICE

The Director's Office of the Department of Conservation and Natural Resources provides administrative, technical, budgetary and supervisory support to agencies within the department. The Director's Office is funded primarily through General Fund appropriations, along with nominal cost allocation revenues. The Executive Budget recommends a supplemental appropriation of \$42,460 to fund terminal leave costs due to the retirement of the previous director and administrative services officer in July 2004. The Governor recommends transferring the responsibility for the Winnemucca Facility along with the associated rental revenue and expenditure authority to the Division of State Lands.

DIVISION OF STATE LANDS

The Division of State Lands acquires, holds and disposes of land and interests in land, manages state land, and promotes the appropriate use and management of Nevada's public lands. The Governor recommends a new Land Agent position to address the increasing volume and complexity of property transactions processed by the division.

The division administers the Tahoe Bond Acts and the Fund to Protect the Lake Tahoe Basin. The Tahoe Bond Act of 1986 provided \$31 million of general obligation bonds of the state for acquisition of environmentally sensitive lands and for erosion control projects in the Lake Tahoe Basin. In 1996, an additional Tahoe bond issue provided \$20 million for erosion control projects. The 1999 Legislature authorized the issuance of \$3.2 million of General Obligation bonds establishing the Fund to Protect Lake Tahoe in support of the Environmental Improvement Program (EIP). The 2001 Legislature authorized an additional \$16.2 million and the 2003 Legislature authorized an additional \$9.87 million in EIP bonds.

DIVISION OF STATE PARKS

The Division of State Parks plans, develops and maintains a system of 24 parks and recreational areas for the use and enjoyment of residents and visitors. The division also preserves areas of scenic, historic and scientific significance in Nevada. The 2003 Legislature approved the use of lodging tax revenue transfers of \$923,192 from the Commission on Tourism in FY 2004-05 to support division operating costs and maintenance of park premises and facilities. The Governor recommends lodging tax transfers in the 2005-07 biennium of \$465,000 each year. The Governor also recommends increased User Fee funding to support a new Park Ranger II position, along with increased seasonal, operating and utilities expenditures in anticipation of opening the new 70-unit campground at Big Bend of the Colorado River State Recreation Area.

DIVISION OF WATER RESOURCES

The division conserves, protects, manages and enhances the water resources of Nevada through appropriation and reallocation of public waters. The Executive Budget recommends a one-percent inflationary increase in FY 2006-07 for payments made to the U.S. Geological Survey (U.S.G.S.) for the continued collection of basic flow data in rivers and streams, along with data collection for the operation of the South Fork Dam on the Humboldt River. The Governor recommends a supplemental appropriation of \$14,980 to bring funding up-to-date pursuant to the joint agreement with U.S.G.S. The Governor also recommends two one-shot appropriations: 1) \$250,000 to replenish the funds in the Channel Clearance account pursuant to NRS 532.220; and 2) \$150,000 to replenish the funds in the Litigation Account within the Director's Office.

DIVISION OF ENVIRONMENTAL PROTECTION

The Division of Environmental Protection (DEP) implements programs authorized and required by the Nevada Legislature and federal laws, and enforces regulations adopted by the State Environmental Commission. The division is composed of administration and nine bureaus: Environmental Information & Planning; Air Quality; Air Pollution Control; Mining Regulation & Reclamation; Water Pollution Control; Water Quality Planning; Corrective Action; Federal Facilities; and Waste Management. The Executive Budget recommends transferring the Safe Drinking Water Act program (including 17.51 FTEs) from the Health Division to a newly created Safe Drinking Water Regulatory Program budget. The Executive Budget further recommends eliminating the Bureau of Federal Facilities and transferring its components (including 16 FTE positions) to the Bureau of Waste Management (receiving 14 positions) and the division's administration budget (receiving two positions).

The Executive Budget recommends the addition of 3 new positions for the Bureau of Water Pollution Control (Environmental Scientist III, Administrative Assistant II, and an Administrative Assistant II) to address increasing demand and backlog in permits and inspections and to provide additional clerical support to the Carson City and Las Vegas

offices. In the Bureau of Waste Management, the Governor recommends a new Environmental Scientist IV to assist with oversight activities in Las Vegas, and 1 Environmental Scientist III to act as the state's On-Scene Coordinator in Carson City. The Governor also recommends an Environmental Specialist III in the Bureau of Mining Regulation and Reclamation to address increasing workload.

Within the Bureau of Water Pollution Control, the Governor recommends transferring the set-aside components of the Drinking Water State Revolving Fund (including 5.0 FTEs) from the Safe Drinking Water Act budget to the Water Pollution Control budget. The Governor also recommends \$220,000 in each year of the 2005-07 biennium to conduct additional ambient air quality monitoring in the Pahrump Valley.

DIVISION OF FORESTRY

The Division of Forestry is responsible for supervising, managing and coordinating all forestry, watershed, and fire prevention and control work on state and privately owned lands in Nevada. Additionally, the division provides assistance to county and local fire districts and adopts and enforces fire prevention regulations. Direct protection and management are provided to land and improvements within fire districts organized under Chapter 473 of NRS. The 473 districts cover nearly nine million acres in eight counties. Other division programs include cooperative forest management, rural fire protection, resource rehabilitation, and control of insects and diseases in trees.

The Executive Budget recommends two permanent full-time Dispatcher positions (one each at the Minden and Elko Dispatch Centers) along with two seasonal positions to improve staffing coverage and reduce existing dispatcher staff overtime. The budget includes a two-grade salary increase for the 8 FTE dispatcher positions. The Governor recommends reducing appropriations by \$122,314 and federal assistance by \$476,139 and replacing these revenues with an administrative assessment on cooperator fire billings and reimbursements in support of the Central Reporting Unit. The Governor also recommends net state funding of \$76,820 to purchase furnishings and equipment, and to reflect reduced rent costs associated with the division's move from the Carson City Armory Complex to the new Emergency Operations Center.

FOREST FIRE SUPPRESSION

The Forest Fire Emergency Response program covers expenses necessary for fire protection and forest and watershed management required as a result of fire or other emergencies. In addition, personnel respond to medical emergencies and vehicle accidents. The program is funded by a combination of General Fund appropriations and reimbursements for fire-fighting assistance provided on lands outside of the state's jurisdiction. When this budget is depleted, funding is also available from the State Board of Examiners' Reserve for Statutory Contingency Fund (NRS 353.264). The agency can also seek additional amounts from the Interim Finance Committee's Contingency Fund (NRS 353.266). The Governor recommends a General Fund appropriation of \$1.0 million in each year of the 2005-07 biennium.

FORESTRY HONOR CAMPS

The Forestry Honor Camp program coordinates and supervises labor-intensive work projects performed by inmates from the Nevada Department of Corrections (NDOC). The inmates reside in NDOC conservation camps and work on projects that generate revenue for the state, provide free or reduced cost labor for state and local agencies, and provide fire suppression resources to Forestry. The Executive Budget recommends eliminating the Assistant Camp Supervisor from each of the ten camps and creating four zones that are supervised by a Zone Coordinator consistent with the agency's program reorganization undertaken during the 2003-05 interim. The Governor also recommends adding a Conservation Staff Specialist and a Program Officer to provide administrative support to the restructured program.

TAHOE REGIONAL PLANNING AGENCY

The Tahoe Regional Planning Agency (TRPA) was jointly created by the states of Nevada and California and the United States Congress. TRPA provides a leadership and advocacy role in the regional cooperative efforts to preserve, restore, and enhance Lake Tahoe's unique natural and human environments. Under the interstate compact, Nevada and California contribute funding to TRPA on a one-third/two-thirds split. The TRPA exercises environmental controls over water, land, air, wildlife and development of the Lake Tahoe region.

The Executive Budget recommends \$200,000 for each fiscal year of the 2005-07 biennium (California's share - \$400,000) to continue the regional plan and threshold update as part of the Pathway 2007 program. The continuation of this effort will result in an update of the current 20-year regional plan. Phase I of the regional plan and threshold update commenced during the 2001-03 biennium and allowed the TRPA to perform a review of the environmental indicators used to determine the environmental threshold status of the nine adopted thresholds. Phase II (funded by the 2003 Legislature) continued the research compiled in Phase I to integrate the research into a set of valid environmental indicators based on current science. Phase III will synthesize the results derived from Phase I and II into a current set of environmental threshold attainment standards and an updated 20-year regional plan.

The Executive Budget provides \$84,763 (California's share - \$176,000) for each fiscal year of the 2005-07 biennium to implement the findings of a salary comparability study completed during the interim. The findings of the salary comparability study are designed to maintain salary parity between professional positions within TRPA and similar occupations in Nevada and California.

The Executive Budget recommends \$300,000 (California's share - \$600,000) in FY 2006-07 to fund an automated GIS Parcel-Based Permitting system. The permitting system will function as an enterprise-wide land management solution to serve all facets of TRPA activities. The system will be designed to support all 28 work elements of TRPA and will be integrated to allow partner agencies to data share. An additional

\$33,000 is recommended (California's share - \$66,000) to support upgrades to the Tahoe Integrated Information Management System (TIIMS).

DEPARTMENT OF WILDLIFE

The Nevada Department of Wildlife (NDOW) is responsible for protecting, preserving, managing and restoring wildlife and its habitat for their aesthetic, scientific, recreational and economic benefit to residents and visitors. The department administers, enforces and implements the Nevada Boat Act, including the registration and titling of boats, enforcement of laws and regulations, boating safety education and development of public access facilities. The department is made up of seven program bureaus: Administrative Services; Conservation Education; Fisheries; Game; Habitat; Law Enforcement; and Wildlife Diversity.

The department is funded primarily from federal programs, licenses and fees, and gifts and donations. General Fund appropriations are also received to support non-game diversity programs and to recognize the impact of low-cost licenses. Total overall funding recommended in the 2005-07 biennium, less interagency transfers, is \$69.8 million, a decrease of \$18.2 million, or 20.7 percent, when compared to the \$88.0 million approved by the 2003 Legislature. The decrease is largely attributable to eliminating \$14.5 million in one-time general obligation bond proceeds approved by the 2003 Legislature for Phase II of the Hatchery Refurbishment project (CIP 03-12), and a reduction of \$4.4 million in reserves to fund the department's activities in the 2005-07 biennium.

In addition, The Executive Budget recommends General Fund appropriations totaling \$1.6 million in FY 2005-06, an increase of 138 percent over appropriations in FY 2004-05. General Fund support is recommended to be reduced to \$1.3 million in FY 2006-07. The recommended increases in appropriations are primarily three-fold:

- ✓ The Governor recommends funding of \$456,276 split equally between General Fund appropriations (\$228,363) and Question 1 bond funds for items identified as deferred maintenance.
- ✓ The Executive Budget recommends General Fund appropriations totaling \$1 million in the 2005-07 biennium that are placed into reserve to reimburse the department for the difference between the full value and the discounted value of low-cost licenses sold to seniors, youth, servicemen and Native Americans.
- ✓ The Governor recommends appropriations of \$300,000 in FY 2005-06 to fund several projects for sage grouse habitat improvements that were identified in the Nevada Sage Grouse plan completed in July 2004.

The Executive Budget also recommends reserve funding of \$511,904 to support improvements to the department's facilities and properties statewide; additional travel and training for staff delegated to the boating and Operation Game Thief programs; and replacing ballistic vests for the boating enforcement wardens. The Governor recommends reserve funding of \$799,200 to fund boating access projects at Key

Pittman and Kirch Wildlife Management Areas and Walker Lake and to support a variety of maintenance, repair and replacement projects to the department's buildings and residences.

The Governor recommends a two-grade salary adjustment for the department's 39 Game Warden positions and 5 Dispatcher positions costing a total of \$546,852. Finally, the Governor recommends reserve funding of \$2.4 million for new and replacement equipment, such as vehicles, ATV's, snowmobiles, boats, field equipment, and office furnishings and equipment including computer hardware and software.

Based upon the funding recommendations noted in the Governor's budget, the FY 2006-07 reserve levels in the Wildlife and Trout Management accounts appear to be insufficient to sustain ongoing operations and associated cash-flow needs beyond the 2005-07 biennium.

NEVADA DEPARTMENT OF TRANSPORTATION

The Nevada Department of Transportation (NDOT) is funded through a combination of federal funds, dedicated state highway user revenues, and bond issues. The Executive Budget recommends a decrease in total funding, from \$692.7 million in FY 2004-05 to \$674.1 million in FY 2005-06 and \$679.3 million in FY 2006-07.

The Executive Budget recommends \$486 million in each year of the 2005-07 biennium in Highway Funds, federal funds and bond proceeds to support the department's highway construction, maintenance and capital improvement plan for the 2005-07 biennium. Included in the budget is bonding authority totaling \$200 million in each year of the biennium to fund various projects around the state.

The Executive Budget recommends Highway Fund authorizations of \$1.3 million in FY 2005-06 and \$1.4 million in FY 2006-07 to fund 22 new positions beginning in FY 2005-06 to keep up with growth demands in the state. New positions primarily include professional engineers and maintenance workers.

Additional funding of \$1.8 million in each year of the 2005-07 biennium is included in The Executive Budget to provide for the operation of the Freeway and Arterial Management system (FAST) in Las Vegas. The FAST system is intended to help manage traffic during fluctuating periods of vehicle demand on freeways and arterials, as well as provide enhanced incident response capabilities.

The Executive Budget recommends Highway Funds of \$1.9 million in FY 2005-06 and \$3.8 million in FY 2006-07 to complete the purchase of a data processing system to automate the document retrieval process in order to expedite the time required to manage the department's property rights including property acquisitions, permit status and locations of facilities.

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
INFRASTRUCTURE						
CONSERVATION & NATURAL RESOURCES						
CNR ADMINISTRATION	1,018,461	1,113,241	1,109,736	-.31	1,093,959	-1.42
GENERAL FUND	858,384	897,124	900,569	.38	866,549	-3.78
BALANCE FORWARD	-5,036	16,501		-100.00		
INTER AGENCY TRANSFER	107,024	108,185	143,930	33.04	158,928	10.42
OTHER FUND	58,089	91,431	65,237	-28.65	68,482	4.97
NEVADA NATURAL HERITAGE	586,821	633,112	773,972	22.25	793,842	2.57
GENERAL FUND	84,363	84,188	137,779	63.66	139,406	1.18
BALANCE FORWARD	-16,731	49,714	29,609	-40.44	48,341	63.26
FEDERAL FUND	169,887	156,177	160,669	2.88	147,928	-7.93
INTER AGENCY TRANSFER	332,128	276,675	428,742	54.96	440,994	2.86
OTHER FUND	17,174	66,358	17,173	-74.12	17,173	
DIVISION OF CONSERVATION DISTRICTS	352,912	367,919	412,893	12.22	421,082	1.98
GENERAL FUND	336,481	348,156	387,338	11.25	391,439	1.06
BALANCE FORWARD	150					
INTER AGENCY TRANSFER			3,150		6,614	109.97
OTHER FUND	16,281	19,763	22,405	13.37	23,029	2.79
HEIL WILD HORSE BEQUEST	96,558	721,425	506,804	-29.75	418,047	-17.51
BALANCE FORWARD	82,651	703,625	487,171	-30.76	398,414	-18.22
OTHER FUND	13,907	17,800	19,633	10.30	19,633	
STATE LANDS	1,381,816	1,637,404	1,933,752	18.10	2,454,653	26.94
GENERAL FUND	973,109	1,127,783	1,359,112	20.51	1,846,601	35.87
BALANCE FORWARD			6,600		7,036	6.61
INTER AGENCY TRANSFER			31,341		49,332	57.40
OTHER FUND	408,707	509,621	536,699	5.31	551,684	2.79
NEVADA TAHOE REGIONAL PLANNING A	104	474	103	-78.27	103	
GENERAL FUND	104	474	103	-78.27	103	
STATE PARKS	9,149,708	10,681,305	12,196,084	14.18	12,123,062	-.60
GENERAL FUND	5,011,290	4,450,557	5,770,972	29.67	5,248,124	-9.06
BALANCE FORWARD	-149,514	1,236,329		-100.00		
FEDERAL FUND	55,403	168,022	71,424	-57.49	74,562	4.39
INTER AGENCY TRANSFER	9,343	930,573	756,228	-18.74	877,896	16.09
OTHER FUND	4,223,186	3,895,824	5,597,460	43.68	5,922,480	5.81
WATER RESOURCES	4,801,207	5,134,444	5,483,190	6.79	5,622,224	2.54
GENERAL FUND	4,547,117	4,677,258	4,909,757	4.97	4,961,465	1.05
BALANCE FORWARD	25,477	154,392	172,021	11.42	172,195	.10
FEDERAL FUND	113,732	125,260	122,710	-2.04	122,672	-.03
INTER AGENCY TRANSFER			79,366		156,708	97.45
OTHER FUND	114,881	177,534	199,336	12.28	209,184	4.94

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
INFRASTRUCTURE						
ENVIRONMENTAL PROTECTION ADMINIS	3,125,517	4,616,714	4,439,494	-3.84	4,496,465	1.28
BALANCE FORWARD	27,848	191,944	1,064,787	454.74	1,102,533	3.54
FEDERAL FUND			103,568		103,568	
INTER AGENCY TRANSFER	3,097,669	4,424,770	3,271,139	-26.07	3,290,364	.59
DEP AIR QUALITY	3,699,404	4,954,412	4,888,617	-1.33	5,001,925	2.32
BALANCE FORWARD	-93,631	320,441	209,536	-34.61	224,338	7.06
FEDERAL FUND	826,607	830,470	755,354	-9.04	755,854	.07
INTER AGENCY TRANSFER	1,777,981	1,644,303	1,941,803	18.09	1,979,823	1.96
OTHER FUND	1,188,447	2,159,198	1,981,924	-8.21	2,041,910	3.03
DEP WATER POLLUTION CONTROL	3,577,285	6,948,323	9,532,043	37.18	9,696,657	1.73
BALANCE FORWARD	-292,296	1,791,804	1,860,366	3.83	1,882,197	1.17
FEDERAL FUND	680,182	1,278,113	4,181,588	227.17	4,202,224	.49
INTER AGENCY TRANSFER	768,491	1,807,787	1,191,425	-34.09	1,192,040	.05
OTHER FUND	2,420,908	2,070,619	2,298,664	11.01	2,420,196	5.29
DEP WATER QUALITY PLANNING	3,244,041	7,849,574	4,643,469	-40.84	4,645,580	.05
GENERAL FUND	359,358	359,469	366,545	1.97	366,545	
BALANCE FORWARD	16,258	141,280	86,748	-38.60	91,629	5.63
FEDERAL FUND	2,675,987	7,119,527	3,980,247	-44.09	3,974,352	-.15
INTER AGENCY TRANSFER			5,849		5,885	.62
OTHER FUND	192,438	229,298	204,080	-11.00	207,169	1.51
SAFE DRINKING WATER REGULATORY P			2,486,216		2,500,294	.57
GENERAL FUND			180,744		194,855	7.81
FEDERAL FUND			1,061,058		1,061,058	
INTER AGENCY TRANSFER			766,378		766,378	
OTHER FUND			478,036		478,003	-.01
SAFE WATER DRINKING ACT	9,348,288	18,658,112	24,569,123	31.68	22,533,017	-8.29
BALANCE FORWARD	-3,735,100	8,309,204	7,509,819	-9.62	3,293,618	-56.14
FEDERAL FUND	7,443,450	6,389,105	12,248,539	91.71	13,711,896	11.95
OTHER FUND	5,639,938	3,959,803	4,810,765	21.49	5,527,503	14.90
DEP WASTE MGMT AND FEDERAL FACIL	8,424,473	12,458,358	14,112,224	13.28	14,293,152	1.28
BALANCE FORWARD	-92,801	418,585	260,514	-37.76	596,164	128.84
FEDERAL FUND	2,624,929	3,722,093	4,027,511	8.21	3,928,396	-2.46
INTER AGENCY TRANSFER	113,485	162,516	145,875	-10.24	102,193	-29.94
OTHER FUND	5,778,860	8,155,164	9,678,324	18.68	9,666,399	-.12
BUREAU - FEDERAL FACILITIES	1,419,334	2,024,436	257,873	-87.26	308,381	19.59
BALANCE FORWARD	-83,283	139,140	217,447	56.28	257,633	18.48
FEDERAL FUND	775,053	1,158,895	39,810	-96.56	50,132	25.93
INTER AGENCY TRANSFER	89,834	97,449		-100.00		
OTHER FUND	637,730	628,952	616	-99.90	616	
DEP MINING REGULATION/RECLAMATIOI	1,804,663	4,025,575	4,164,507	3.45	4,194,031	.71
BALANCE FORWARD	-359,722	1,940,074	2,002,882	3.24	2,032,406	1.47
OTHER FUND	2,164,385	2,085,501	2,161,625	3.65	2,161,625	

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
INFRASTRUCTURE						
WATER PLANNING CAP IMPROVEMENT	163,457	203,341	222,945	9.64	224,434	.67
BALANCE FORWARD					11,124	
OTHER FUND	163,457	203,341	222,945	9.64	213,310	-4.32
STATE ENVIRONMENTAL COMMISSION	30,842	40,268	42,512	5.57	42,512	
INTER AGENCY TRANSFER	7,787	10,166	10,704	5.29	10,704	
OTHER FUND	23,055	30,102	31,808	5.67	31,808	
FORESTRY	7,385,046	9,521,475	8,861,324	-6.93	8,084,132	-8.77
GENERAL FUND	3,737,073	3,808,236	4,783,251	25.60	3,912,115	-18.21
BALANCE FORWARD	33,695	269,517	39,634	-85.29	9,538	-75.93
FEDERAL FUND	3,106,424	4,626,190	2,904,765	-37.21	2,949,989	1.56
INTER AGENCY TRANSFER	331,090	512,071	829,499	61.99	890,798	7.39
OTHER FUND	176,764	305,461	304,175	-.42	321,692	5.76
FOREST FIRE SUPPRESSION	3,089,726	8,309,394	4,167,117	-49.85	4,246,737	1.91
GENERAL FUND	944,298	1,000,000	1,000,000		1,000,000	
BALANCE FORWARD					86,429	
FEDERAL FUND	406,062	751,098	265,833	-64.61	265,833	
INTER AGENCY TRANSFER	2,821					
INTERIM FINANCE	-819,168					
OTHER FUND	2,555,713	6,558,296	2,901,284	-55.76	2,894,475	-.23
FORESTRY CONSERVATION CAMPS	6,979,828	10,553,704	8,144,410	-22.83	8,231,323	1.07
GENERAL FUND	4,485,071	5,714,923	5,412,970	-5.28	5,375,286	-.70
BALANCE FORWARD	-2,621,928	2,621,928		-100.00		
INTER AGENCY TRANSFER			90,407		183,794	103.30
INTERIM FINANCE	2,663,100					
OTHER FUND	2,453,585	2,216,853	2,641,033	19.13	2,672,243	1.18
CNR FORESTRY INTER-GOVERNMENTAL	7,432,368	9,185,761	9,644,549	4.99	10,720,754	11.16
BALANCE FORWARD	578,294	2,269,303	2,833,314	24.85	3,909,519	37.98
FEDERAL FUND	115,245		115,245		115,245	
INTER AGENCY TRANSFER	46,764	32,216	3,924	-87.82	3,924	
OTHER FUND	6,692,065	6,884,242	6,692,066	-2.79	6,692,066	
FORESTRY NURSERIES	496,872	740,440	576,244	-22.18	593,929	3.07
BALANCE FORWARD	7,365	278,356	258,475	-7.14	276,160	6.84
FEDERAL FUND	180,753					
INTER AGENCY TRANSFER	46,301		59,054		59,054	
OTHER FUND	262,453	462,084	258,715	-44.01	258,715	
TAHOE REGIONAL PLANNING AGENCY	9,534,753	8,444,610	10,084,844	19.42	10,305,477	2.19
GENERAL FUND	1,370,997	1,376,286	1,736,957	26.21	2,015,981	16.06
FEDERAL FUND	3,199,089	2,348,021	3,452,926	47.06	2,715,327	-21.36
INTER AGENCY TRANSFER	77,760	77,760	116,952	50.40	121,959	4.28
OTHER FUND	4,886,907	4,642,543	4,778,009	2.92	5,452,210	14.11
TOTAL-CONSERVATION & NATURAL RES	87,143,484	128,823,821	133,254,045	3.44	133,045,772	-.16
GENERAL FUND	22,707,645	23,844,454	26,946,097	13.01	26,318,469	-2.33

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
INFRASTRUCTURE						
BALANCE FORWARD	-6,678,304	20,852,137	17,038,923	-18.29	14,399,274	-15.49
FEDERAL FUND	22,372,803	28,672,971	33,491,247	16.80	34,179,036	2.05
INTER AGENCY TRANSFER	6,808,478	10,084,471	9,875,766	-2.07	10,297,388	4.27
INTERIM FINANCE	1,843,932					
OTHER FUND	40,088,930	45,369,788	45,902,012	1.17	47,851,605	4.25
DEPARTMENT OF WILDLIFE						
WILDLIFE	21,448,413	24,925,353	24,854,424	-28	24,452,154	-1.62
GENERAL FUND						
BALANCE FORWARD	676,421	675,509	1,606,001	137.75	1,328,975	-17.25
BALANCE FORWARD	1,917,328	1,430,690	589,774	-58.78	315,885	-46.44
FEDERAL FUND	6,910,869	9,227,613	9,705,687	5.18	9,700,101	-.06
INTER AGENCY TRANSFER	2,922,950	3,694,559	3,745,050	1.37	3,829,130	2.25
OTHER FUND	9,020,845	9,896,982	9,207,912	-6.96	9,278,063	.76
WILDLIFE - BOATING PROGRAM						
BALANCE FORWARD	4,329,922	5,791,373	5,260,312	-9.17	5,252,301	-.15
BALANCE FORWARD	192,962	251,227	492,567	96.06	368,474	-25.19
FEDERAL FUND	503,403	1,492,426	868,915	-41.78	921,790	6.09
OTHER FUND	3,633,557	4,047,720	3,898,830	-3.68	3,962,037	1.62
WILDLIFE ACCOUNT - TROUT MANAGEM						
BALANCE FORWARD	764,841	20,178,828	6,830,937	-66.15	3,035,386	-55.56
BALANCE FORWARD	-2,952,593	4,924,510	5,825,535	18.30	2,025,044	-65.24
FEDERAL FUND	568,079	350,000	350,000		350,000	
OTHER FUND	3,149,355	14,904,318	655,402	-95.60	660,342	.75
WILDLIFE OBLIGATED RESERVE						
BALANCE FORWARD	1,347,511	6,950,081	4,079,065	-41.31	3,902,481	-4.33
BALANCE FORWARD	88,479	1,976,119	2,339,674	18.40	2,152,936	-7.98
FEDERAL FUND	618,096	3,402,687	497,918	-85.37	492,918	-1.00
INTER AGENCY TRANSFER	137,787	169,314	137,787	-18.62	137,787	
OTHER FUND	503,149	1,401,961	1,103,686	-21.28	1,118,840	1.37
TOTAL-DEPARTMENT OF WILDLIFE						
	27,890,687	57,845,635	41,024,738	-29.08	36,642,322	-10.68
GENERAL FUND						
BALANCE FORWARD	676,421	675,509	1,606,001	137.75	1,328,975	-17.25
BALANCE FORWARD	-753,824	8,582,546	9,247,550	7.75	4,862,339	-47.42
FEDERAL FUND	8,600,447	14,472,726	11,422,520	-21.08	11,464,809	.37
INTER AGENCY TRANSFER	3,060,737	3,863,873	3,882,837	.49	3,966,917	2.17
OTHER FUND	16,306,906	30,250,981	14,865,830	-50.86	15,019,282	1.03

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
INFRASTRUCTURE						
DEPARTMENT OF TRANSPORTATION						
TRANSPORTATION ADMINISTRATION	489,623,114	692,681,867	674,117,960	-2.68	679,300,820	.77
BALANCE FORWARD	-9,298,330	9,388,584		-100.00		
FEDERAL FUND	215,047,244	201,653,136	225,000,000	11.58	225,000,000	
HIGHWAY FUND	268,081,583	277,894,824	244,528,882	-12.01	247,666,521	1.28
INTER AGENCY TRANSFER	1,734,876	1,336,886	4,270,969	219.47	6,315,388	47.87
INTERIM FINANCE	13,660,795	303,619		-100.00		
OTHER FUND	396,946	202,104,818	200,318,109	-0.88	200,318,911	.00
TOTAL-DEPARTMENT OF TRANSPORTATION	489,623,114	692,681,867	674,117,960	-2.68	679,300,820	.77
BALANCE FORWARD	-9,298,330	9,388,584				.00
FEDERAL FUND	215,047,244	201,653,136	225,000,000		225,000,000	.00
HIGHWAY FUND	268,081,583	277,894,824	244,528,882	-12.01	247,666,521	1.28
INTER AGENCY TRANSFER	1,734,876	1,336,886	4,270,969	219.47	6,315,388	47.87
INTERIM FINANCE	13,660,795	303,619				.00
OTHER FUND	396,946	202,104,818	200,318,109	-0.88	200,318,911	.00
COLORADO RIVER COMMISSION						
COLORADO RIVER COMMISSION	4,163,720	8,065,011	9,028,980	11.95	8,642,436	-4.28
BALANCE FORWARD	-464,393	1,190,145	2,042,821	71.64	2,000,615	-2.07
INTER AGENCY TRANSFER	2,094,117	1,234,937	3,645,984	195.24	3,680,717	.95
OTHER FUND	2,533,996	5,639,929	3,340,175	-40.78	2,961,104	-11.35
FORT MOHAVE DEVELOPMENT FUND	31,013	1,367,721	6,377,773	366.31	3,291,912	-48.38
BALANCE FORWARD	-13,714	1,228,158	1,333,046	8.54	3,247,185	143.59
OTHER FUND	44,727	139,563	5,044,727	3,514.66	44,727	-99.11
CRC RESEARCH AND DEVELOPMENT	311	701,422	1,704,790	143.05	1,708,158	.20
BALANCE FORWARD	-3,057	181,960	201,422	10.70	204,790	1.67
OTHER FUND	3,368	519,462	1,503,368	189.41	1,503,368	
POWER DELIVERY SYSTEM	6,702,155	133,360,847	94,745,333	-28.96	104,908,976	10.73
BALANCE FORWARD	-44,201	498,499	498,977	.10	662,620	32.80
OTHER FUND	6,746,356	132,862,348	94,246,356	-29.06	104,246,356	10.61
POWER MARKETING FUND	125,743,399	251,883,850	180,551,078	-28.32	176,310,492	-2.35
BALANCE FORWARD	4,224,746	8,292,900	21,333,928	157.26	17,093,714	-19.88
OTHER FUND	121,518,653	243,590,950	159,217,150	-34.64	159,216,778	-0.00
TOTAL-COLORADO RIVER COMMISSION	136,640,598	395,378,851	292,407,954	-26.04	294,861,974	.84
BALANCE FORWARD	3,699,381	11,391,662	25,410,194	123.06	23,208,924	-8.66
INTER AGENCY TRANSFER	2,094,117	1,234,937	3,645,984	195.24	3,680,717	.95
OTHER FUND	130,847,100	382,752,252	263,351,776	-31.20	267,972,333	1.75
INFRASTRUCTURE						
GENERAL FUND	23,384,066	24,519,963	28,552,098	16.44	27,647,444	-3.17
BALANCE FORWARD	-13,031,077	50,214,929	51,696,667	2.95	42,470,537	-17.85
FEDERAL FUND	246,020,494	244,798,833	269,913,767	10.26	270,643,845	.27
HIGHWAY FUND	268,081,583	277,894,824	244,528,882	-12.01	247,666,521	1.28
INTER AGENCY TRANSFER	13,698,208	16,520,167	21,675,556	31.21	24,260,410	11.93

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
INFRASTRUCTURE						
INFRASTRUCTURE						
INTERIM FINANCE	15,504,727	303,619				
OTHER FUND	187,639,882	660,477,839	524,437,727	-20.60	531,162,131	1.28
TOTAL-INFRASTRUCTURE	741,297,883	1,274,730,174	1,140,804,697	-10.51	1,143,850,888	.27
Less: INTER AGENCY TRANSFER	13,698,208	16,520,167	21,675,556	31.21	24,260,410	11.93
NET-INFRASTRUCTURE	727,599,675	1,258,210,007	1,119,129,141	-11.05	1,119,590,478	.04

SPECIAL PURPOSE AGENCIES

Special purpose agencies are those that have a specialized function or have a different statutory relationship to the Executive Branch of government than most state agencies. This group includes the Public Employees Retirement System, which serves both state and local governments, the Public Employees' Benefits Program, the Office of the Military, and the Office of Veterans' Services.

The Governor has recommended General Fund appropriations for special purpose agencies of \$6.3 million in FY 2005-06, a 5.2 percent increase over FY 2004-05. Amounts recommended from all funding sources total \$146.1 million, a 25.8 percent increase over FY 2004-05, after excluding inter-agency transfers. An additional 6.9 percent increase in funding is recommended in FY 2006-07. The recommended increase to support the Public Employees' Health Program and the Office of the Military are primarily responsible for the increase in funding during the 2005-07 biennium.

PUBLIC EMPLOYEES RETIREMENT SYSTEM

The Public Employees' Retirement System (PERS) provides retirement, disability and death benefits to long-term employees. PERS includes employees of Nevada counties, cities, school districts, state government, and miscellaneous public employers. The retirement system's budget is not subject to the Budget Act or to review by the Budget Division, but is included in The Executive Budget for review by the Legislature. The requested level of funding is provided through an administrative assessment charged to each member and benefit recipient. PERS is requesting a total of \$8.2 million in FY 2005-06 and \$8.3 million in FY 2006-07 to support its operations.

Effective July 1, 2004, the period used to amortize the unfunded actuarial accrued liability was changed from a closed amortization period of 40 years beginning July 1, 1984 (with 20 years remaining as of July 1, 2004) to a year-by-year closed amortization approach where each amortization period will be set at 30 years. According to the agency, the net effect of this new approach is equivalent to a 30-year open amortization period and should minimize contribution rate volatility from year to year. This new policy represents a significant departure from the previous policy, which had been followed for the past 20 years, with the intent to have Nevada's retirement system fully funded by the year 2024.

The Public Employees' Retirement System actuary has determined that retirement contribution rates for regular members in the Employer Pay Plan should be decreased .50 percent; regular members in the Employee/Employer Pay Plan will not be affected. For all police/fire members (Employee Pay and Employee/Employer Pay), the actuary recommends a 3.50 percent increase in the contribution rates. Since the employer and employee are each responsible for one-half of any increase or decrease in the retirement contribution rate, The Executive Budget recommends funding to decrease retirement contributions by .25 percent of payroll for regular members in the Employer

Pay Plan; these members will receive an increase of .25 percent in compensation effective July 1, 2005. For police/fire members, The Executive Budget recommends funding to increase retirement contributions by 1.75 percent of payroll. Police/fire members will be responsible for paying the remaining 1.75 percent of payroll, which will result in a decrease of 1.75 percent in compensation for police/fire members effective July 1, 2005.

PUBLIC EMPLOYEES' BENEFITS PROGRAM

The Public Employees' Benefits Program (PEBP) provides various insurance coverages for state employees, retirees, and their dependents, if the participant chooses to cover their dependents. In addition, any non-state public agency can join the program to provide coverage for their employees, retirees and dependents. The insurance coverages include health, prescription, dental, vision, mental health, substance abuse, life, accidental death and dismemberment, travel accident and long-term disability. Other voluntary optional insurance coverages are available for those participants who elect to purchase additional coverage.

The program operates under the direction and oversight of the Public Employees' Benefits Board, a 9-member board appointed by the Governor. The Board appoints an Executive Officer to oversee the day-to-day operations of the program. The Executive Officer, along with 6 other unclassified positions and 25 classified employees, are the current staff of the PEBP.

The largest portion of the program is health insurance, which includes dental, vision, mental health, substance abuse and prescription coverage; the majority of this health coverage is self-insured. The program does allow participants (except three rural counties - Churchill County, Lander County and Pershing County) to elect to be covered by a Health Maintenance Organization (HMO) rather than the self-funded plan. Accidental death and dismemberment, travel accident, long-term disability, and life insurance benefits are fully insured by outside carriers.

The Executive Budget for the 2005-07 biennium recommends expenditures (not including Reserves) in the amounts of \$244 million for FY 2005-06 and \$278 million for FY 2006-07, for a total of \$522 million, an increase of 20.6 percent over the legislatively approved amounts for the 2003-05 biennium. Included in the expenditure amounts are \$59.3 million in FY 2005-06 and \$86.5 million in FY 2006-07 for medical trend and inflation as follows:

- Medical (including Rx and Vision) – 14 percent for active and non-Medicare retirees and 18 percent for Medicare-eligible retirees;
- Dental – 7 percent for active and non-Medicare retirees and 10 percent for Medicare-eligible retirees; and
- Fully-insured products are inflated per the contractual agreement through the expiration of the contract. Beyond the end of the contract, HMOs are inflated

10 percent per year and Life, Long-term Disability, Accidental Death and Dismemberment and Travel Accident insurance are inflated at 5 percent.

The Executive Budget recommends \$6.5 million in FY 2005-06 and \$7.2 million in FY 2006-07 for restoration of some of the benefits that were reduced or eliminated at the beginning of FY 2003-04. Benefit restorations under consideration include lowering the annual deductible from \$500 to \$250 and improving dental, vision and prescription drug benefits.

Funding for this account is provided by the state contribution for active and retired employee participants, premiums paid by plan participants, miscellaneous revenue (application fees from entities wishing to participate, pharmacy rebates, charges for copies) and Treasurer's interest. While there is no direct General Fund support in this account, a significant portion of the state's contribution for state employees and retirees is funded through accounts supported with General Funds.

The program's financial position has improved significantly since the end of the 2003 Legislative Session. Reserves have been rebuilt such that the Incurred but not Reported (IBNR) claim liability (\$19.2 million) is now fully funded and the program has an additional \$31.5 million in excess of the IBNR. The Executive Budget recommends \$24 million of this excess be placed in a rate stabilization reserve designed to cover contingent plan expenses, as well as unexpected increases in medical inflation and large claims in future years.

RETIRED EMPLOYEE GROUP INSURANCE PROGRAM

The Retired Employee Group Insurance Program was designed to defray a portion of health insurance premiums for employees who retire from state service and continue to participate in the state's group insurance plan. Funding for the program is through payroll assessments to state agencies to cover the costs of the state subsidy. This budget account provides a centralized collection mechanism for the receipt of contributions made by each state agency, the Judicial Branch, the Legislative Counsel Bureau, the Public Employees Retirement System, and the University and Community College System of Nevada, for the benefit of all retired state employees.

The assessment rate is calculated by determining what will be needed in the next biennium to fund the state subsidy; the amount needed is divided by the gross payroll estimated for the year, the result of which is the payroll assessment rate for that year. As approved by the 2003 Legislature, the assessment rate was 1.88 percent of gross payroll for FY 2004-05. The Executive Budget recommends agency payroll assessments of 1.92 percent in FY 2005-06 and 2.01 percent in FY 2006-07.

Nevada Revised Statute 287.046 provides that retirees who retired prior to January 1, 1994, are entitled to 100 percent of the state base subsidy amount to be applied against the total premium for insurance coverage. Retirees who retired on or after January 1, 1994, are entitled to 25 percent of the base subsidy amount for five

years of service and 7.5 percent for each additional year of service, up to 20 years of service, which entitles them to 137.5 percent of the base state subsidy amount. The Executive Budget recommends a monthly base subsidy amount, to be paid by the state, in the amount of \$341.30 for FY 2005-06 (7.9 percent increase) and \$359.23 for FY 2006-07 (5.3 percent increase). It is intended that this funding provide for 78 percent of the cost of insurance for the retiree and 57 percent of the cost for dependents. The difference between the total premium for coverage and the state subsidy amount is the portion of the total insurance premium that is paid by the retiree. The following table identifies state contribution rates and the percentage change since FY 1997-98:

July 1997	July 1998	July 1999	July 2000	July 2001	July 2002	Oct. 2002*	July 2003	July 2004
\$139.35	\$149.02	\$183.59	\$208.92	\$202.34	\$217.84	\$263.89	\$280.78	\$316.26
	6.9%	23.2%	13.8%	(3.1%)	7.7%	21.1%	6.4%	12.6%

*Mid-year increase approved in Senate Bill 3 of the 18th Special Session.

In the State of the State address, the Governor indicated that he would forward a plan to the Legislature to eliminate any subsidy for retiree group insurance for all new hires of the state.

ACTIVE EMPLOYEE GROUP INSURANCE

The Executive Budget recommends a new account be created to provide a centralized collection mechanism for the receipt of the state contributions made on behalf of each active employee by each state agency, the Judicial Branch, the Legislative Counsel Bureau, the Public Employees Retirement System, and the University and Community College System of Nevada.

For state employees, The Executive Budget recommends a monthly contribution, to be paid by the state, in the amount of \$570.55 for FY 2005-06 (2.2 percent increase) and \$590.76 for FY 2006-07 (3.5 percent increase). It is intended that this funding provide for 96 percent of the cost of insurance for the employee and 66 percent of the cost for dependents. The following table identifies state contribution rates and the percentage change since FY 1997-98:

July 1997	July 1998	July 1999	July 2000	July 2001	July 2002	Oct. 2002*	July 2003	July 2004
\$247.34	\$264.51	\$327.20	\$368.75	\$357.50	\$384.50	\$465.78	\$495.68	\$558.07
	6.9%	23.7%	12.7%	(3.1%)	7.6%	21.1%	6.4%	12.6%

*Mid-year increase approved in Senate Bill 3 of the 18th Special Session.

OFFICE OF THE MILITARY

The Office of the Military is responsible for the supervision of the military affairs of the state, which includes both state and federal roles. The primary state mission is to respond to emergency situations such as civil or national disasters. The primary federal mission is to provide combat-ready reserve forces for the United States Armed Forces. The department consists of three major units: Army National Guard, Air National Guard, and the Office of the Adjutant General. There are 13 federally recognized mobilization Army Guard units and 17 Air Guard units stationed at 12 bases of operation (1 Air Guard and 11 Army) throughout the state.

Funding for the Office is provided primarily through federal funding and state General Fund appropriations. For the 2005-07 biennium, The Executive Budget recommends state General Fund at \$2.9 million in FY 2005-06, which reflects an increase of 35.4 percent over appropriations provided in FY 2004-05. An additional 5.4 percent increase is recommended in FY 2006-07. The Governor is recommending approximately \$2.0 million for maintenance needs of Army and Air Guard bases throughout the state. Of this amount, 37 percent, or \$761,905, is recommended to come from the state General Fund. The Governor is also recommending authority for the Office of the Military to receive federal funds in the amount of \$2.4 million in FY 2005-06 and \$2.7 million in FY 2006-07 to hire 57.0 FTE new state security employees that are 100 percent federally reimbursed. These new positions would provide 24-hour security coverage of the Stead Armory, Carson City Armory, and Clark County Armory. In addition to the 57.0 new state security employees, the Governor is recommending an additional 8.0 FTE new positions, 3 for the new State Emergency Operations Center (SEOC) and 5 for the new Clark County Armory.

OFFICE OF VETERANS' SERVICES

The Office of Veterans' Services is responsible for assisting veterans and their families in obtaining services, compensation and government benefits to which they are entitled. In addition, they are responsible for managing the funds of veterans with whom the courts have declared unable to handle their own financial matters. The Office of Veterans' Services is responsible for supervising the operation and maintenance of two state veterans' memorial cemeteries in Boulder City and Fernley and overseeing the operation of the State Veterans' Home in Boulder City. The Nevada Veterans' Services Commission, which consists of nine members, advises the Executive Director and the Deputy Executive Director of the Office of Veterans' Services.

Although the agency requested 14 new positions under "Items for Special Consideration," no new positions were recommended by the Governor. The Governor is recommending increased state General Funds of \$105,601 in FY 2005-06 and \$67,240 in FY 2006-07 for equipment needs at the two Veteran's cemeteries.

VETERANS' HOME

The Nevada State Veterans' Home is a 180-bed, 24-hour skilled nursing facility located in Boulder City. The Veterans' Home, which provides a range of residential and support services for the veterans and their spouses, admitted its first residents in August 2002.

The Veterans' Home operates with 181 existing positions, 14 of which were approved by the Interim Finance Committee on June 16, 2004, to provide sufficient coverage and supervision of the facility around the clock. No additional positions have been requested or recommended for the 2005-07 biennium. In addition to a 2 percent cost-of-living salary increase recommended each year for all classified and unclassified positions, the Governor recommends funding for a two-grade salary increase in salaries for nurses employed in state government (including the Veterans' Home).

The Executive Budget reflects changes established by federal law, Public Law 108-422, which discontinued the practice of using the VA Grant in Aide Per Diem as an offset in determining the Medicaid reimbursement rate for state nursing homes. The result is an increase in funding from Medicaid and a reduction in the General Fund appropriation of \$733,583 in both FY2005-06 and FY 2006-07.

The Governor recommends a one-time appropriation of \$126,000 to fund construction of a shelter to protect state-owned vehicles housed at the Nevada State Veterans' Home.

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
SPECIAL PURPOSE AGENCIES						
OFFICE OF MILITARY						
MILITARY	6,630,190	8,781,838	11,065,801	26.01	12,111,469	9.45
GENERAL FUND	2,031,503	2,071,547	2,842,073	37.20	3,002,095	5.63
BALANCE FORWARD	-269,238					
FEDERAL FUND	4,837,674	5,435,142	7,994,148	47.08	8,673,847	8.50
INTER AGENCY TRANSFER	30,251	1,274,056	229,580	-81.98	435,527	89.71
OTHER FUND		1,093		-100.00		
ADJUTANT GENERAL CONSTRUCTION FI	197	36,265	35,568	-1.92	35,871	.85
BALANCE FORWARD	39	35,265	35,068	-.56	35,371	.86
OTHER FUND	158	1,000	500	-50.00	500	
NATIONAL GUARD BENEFITS	9,611	104,572	104,572		104,572	
GENERAL FUND	9,611	104,572	104,572		104,572	
TOTAL-OFFICE OF MILITARY	6,639,998	8,922,675	11,205,941	25.59	12,251,912	9.33
GENERAL FUND	2,041,114	2,176,119	2,946,645	35.41	3,106,667	5.43
BALANCE FORWARD	-269,199	35,265	35,068	-.56	35,371	.86
FEDERAL FUND	4,837,674	5,435,142	7,994,148	47.08	8,673,847	8.50
INTER AGENCY TRANSFER	30,251	1,274,056	229,580	-81.98	435,527	89.71
OTHER FUND	158	2,093	500		500	.00
VETERANS AFFAIRS						
COMMISSIONER FOR VETERANS AFFAIR	1,525,142	1,519,649	1,847,116	21.55	1,903,943	3.08
GENERAL FUND	880,023	897,406	968,094	7.88	957,006	-1.15
INTER AGENCY TRANSFER			96,687		122,318	26.51
OTHER FUND	645,119	622,243	782,335	25.73	824,619	5.40
VETERANS HOME ACCOUNT	8,332,465	12,530,370	13,583,040	8.40	14,022,106	3.23
GENERAL FUND	2,662,163	2,885,810	2,354,277	-18.42	2,471,083	4.96
FEDERAL FUND	4,423,112	8,235,233	8,163,560	-.87	8,318,955	1.90
INTER AGENCY TRANSFER	927,345	1,311,758	2,861,892	118.17	3,028,757	5.83
OTHER FUND	319,845	97,569	203,311	108.38	203,311	
TOTAL-VETERANS AFFAIRS	9,857,607	14,050,019	15,430,156	9.82	15,926,049	3.21
GENERAL FUND	3,542,186	3,783,216	3,322,371	-12.18	3,428,089	3.18
FEDERAL FUND	4,423,112	8,235,233	8,163,560	-.87	8,318,955	1.90
INTER AGENCY TRANSFER	927,345	1,311,758	2,958,579	125.54	3,151,075	6.51
OTHER FUND	964,964	719,812	985,646	36.93	1,027,930	4.29

Nevada Legislative Counsel Bureau
Source of Funds Summary
2005 - Fiscal Report

	2003 - 2004 Actual	2004 - 2005 Work Program	2005 - 2006 Governor Recommended	% Change	2006 - 2007 Governor Recommended	% Change
SPECIAL PURPOSE AGENCIES						
PUBLIC EMPLOYEES RETIREMENT SYSTEM						
PUBLIC EMPLOYEES RETIREMENT SYST	8,048,650	8,183,594	8,242,297	.72	8,298,499	.68
GENERAL FUND	98,711					
BALANCE FORWARD	200,000	200,000	200,000		200,000	
INTER AGENCY TRANSFER	87,468	121,265	106,832	-11.90	140,869	31.86
OTHER FUND	7,662,471	7,862,329	7,935,465	.93	7,957,630	.28
TOTAL-PUBLIC EMPLOYEES RETIREMEN	8,048,650	8,183,594	8,242,297	.72	8,298,499	.68
GENERAL FUND	98,711					
BALANCE FORWARD	200,000	200,000	200,000		200,000	
INTER AGENCY TRANSFER	87,468	121,265	106,832	-11.90	140,869	31.86
OTHER FUND	7,662,471	7,862,329	7,935,465	.93	7,957,630	.28
PUBLIC EMPLOYEES HEALTH PROGRAM						
PUBLIC EMPLOYEES BENEFITS PROGRA	156,605,602	281,620,895	301,108,519	6.92	320,885,455	6.57
BALANCE FORWARD	-42,320,954	46,772,624	52,264,434	11.74	57,259,096	9.56
INTER AGENCY TRANSFER	160,146,616	193,925,051	186,582,863	-3.79	197,494,800	5.85
OTHER FUND	38,779,940	40,923,220	62,261,222	52.14	66,131,559	6.22
RETIRED EMPLOYEE GROUP INSURANC	20,306,891	22,814,274	24,955,177	9.38	26,795,880	7.38
INTER AGENCY TRANSFER	20,306,891	22,814,274	24,955,177	9.38	26,795,880	7.38
ACTIVE EMPLOYEES GROUP INSURANCI			161,627,686		170,698,920	5.61
INTER AGENCY TRANSFER			161,627,686		170,698,920	5.61
TOTAL-PUBLIC EMPLOYEES HEALTH PRI	176,912,493	304,435,169	487,691,382	60.20	518,380,255	6.29
BALANCE FORWARD	-42,320,954	46,772,624	52,264,434	11.74	57,259,096	9.56
INTER AGENCY TRANSFER	180,453,507	216,739,325	373,165,726	72.17	394,989,600	5.85
OTHER FUND	38,779,940	40,923,220	62,261,222	52.14	66,131,559	6.22
SPECIAL PURPOSE AGENCIES						
GENERAL FUND	5,682,011	5,959,335	6,269,016	5.20	6,534,756	4.24
BALANCE FORWARD	-42,390,153	47,007,889	52,499,502	11.68	57,494,467	9.51
FEDERAL FUND	9,260,786	13,670,375	16,157,708	18.20	16,992,802	5.17
INTER AGENCY TRANSFER	181,498,571	219,446,404	376,460,717	71.55	398,717,071	5.91
OTHER FUND	47,407,533	49,507,454	71,182,833	43.78	75,117,619	5.53
TOTAL-SPECIAL PURPOSE AGENCIES	201,458,748	335,591,457	522,569,776	55.72	554,856,715	6.18
Less: INTER AGENCY TRANSFER	181,498,571	219,446,404	376,460,717	71.55	398,717,071	5.91
NET-SPECIAL PURPOSE AGENCIES	19,960,177	116,145,053	146,109,059	25.80	156,139,644	6.87

APPENDIX

Report of the State of Nevada Economic Forum

*Forecast of Future State Revenues
December 1, 2004*

STATE OF NEVADA
ECONOMIC FORUM



FORECAST OF FUTURE
STATE REVENUES

December 1, 2004

THE STATE OF NEVADA ECONOMIC FORUM

Michael Small, Chairman
Deborah Pierce, Vice Chairman
Cary Fisher
Leo Seevers
William Martin



December 1, 2004

Members of the 73rd Legislature
Legislative Building
Capitol Complex
Carson City, Nevada 89701-4747

Dear Nevada Legislator:

Enclosed is the Economic Forum's report on future state revenues prepared pursuant to Nevada Revised Statutes 353.228. This report, which must be presented by December 1, 2004, includes a description of the purpose of the Economic Forum, the methodology employed in arriving at the estimated general fund revenues, economic assumptions and the final revenue projections. As required by statute, the Economic Forum plans to revisit these projections before May 1, 2005 to determine if any adjustment is necessary.

Respectfully submitted,

Handwritten signature of Michael Small in cursive.

Michael Small, Chairman
State of Nevada Economic Forum

Handwritten signature of Deborah Pierce in cursive.

Deborah Pierce, Vice-Chairwoman

Handwritten signature of Cary Fisher in cursive.

Cary Fisher

Handwritten signature of Leo Seevers in cursive.

Leo Seevers

Handwritten signature of William Martin in cursive.

William Martin

Enclosure

THE STATE OF NEVADA ECONOMIC FORUM

Michael Small, Chairman
Deborah Pierce, Vice Chairman
Cary Fisher
Leo Seevers
William Martin



December 1, 2004

The Honorable Kenny Guinn
Governor of Nevada
Capitol Building
Carson City, Nevada 89701-4747

Dear Governor Guinn:

Enclosed is the Economic Forum's report on future state revenues prepared pursuant to Nevada Revised Statutes 353.228. This report, which must be presented by December 1, 2004, includes a description of the purpose of the Economic Forum, the methodology employed in arriving at the estimated general fund revenues, economic assumptions and the final revenue projections. As required by statute, the Economic Forum plans to revisit these projections before May 1, 2005 to determine if any adjustment is necessary.

Respectfully submitted,

Handwritten signature of Michael Small in cursive.

Michael Small, Chairman
State of Nevada Economic Forum

Handwritten signature of Deborah Pierce in cursive.

Deborah Pierce, Vice-Chairwoman

Handwritten signature of Cary Fisher in cursive.

Cary Fisher

Handwritten signature of Leo Seevers in cursive.

Leo Seevers

Handwritten signature of William Martin in cursive.

William Martin

Enclosure

**REPORT TO THE GOVERNOR
AND THE LEGISLATURE ON
FUTURE STATE REVENUES**

December 1, 2004

Senate Bill 23 (1993) provided for the creation of an Economic Forum to forecast future state general fund revenues. The Forum, a panel of five economic and taxation experts from the private sector, is required to adopt an official forecast of unrestricted general fund revenues for the biennial budget cycle. All agencies of the state, including the Governor and the Legislature, must use the Forum's forecast. A seven-member Technical Advisory Committee made up of Executive and Legislative Branch staff members as well as a representative of local government was also created in SB 23 to provide whatever assistance and resources the Forum required.

The Forum must present its forecast to the Governor and the Legislature by December 1, 2004, and any required revisions by May 1, 2005. This report includes forecasts of unrestricted general fund revenues for fiscal years 2004-05, 2005-06 and 2006-07.

Methodology and Procedures

The Governor appointed the five members of the Economic Forum in 2004 for a two-year term. These appointments include two members nominated by the leadership of the Senate and Assembly. The Forum has since met in open meeting three times between September 29 and December 1, 2004.

The first meeting of the Forum was devoted to organizing, reviewing the assigned task, reviewing the tax changes and new taxes approved during the 21st Special Session, reviewing previous forecasts and outcomes and determining a course of action. At that

time, the Forum directed the Technical Advisory Committee to prepare independent forecasts for those revenues normally projected by each agency, the Budget Division of the Department of Administration and the Fiscal Analysis Division of the Legislative Counsel Bureau. The Forum also requested that the economic assumptions underlying the projections be provided. In addition, the Forum solicited information from others known to develop such data and asked for commentary from economic experts not directly involved in the forecast process.

In response to this request, the Budget Division and the Fiscal Analysis Division, respectively, provided projections and economic analyses for seven major general fund revenues and economic forecasts at the second meeting of the Forum on November 2, 2004. The Department of Taxation and the Gaming Control Board also provided projections and economic analysis concerning the major revenues they have the responsibility to collect. The Forum also received forecasts of all minor general fund revenues developed by the Technical Advisory Committee for its review and consideration.

In addition to the state agency information, the Economic Forum received forecasts of gaming percentage fees and sales taxes and state and national economic analysis from Global Insight, an economic and information consulting firm under contract to the state. Other public and private experts provided various economic and revenue analysis to the Forum. This process allowed the Forum to review results from a variety of econometric models and other analytical approaches to revenue estimation. The Economic Forum reviewed the forecast information and developed preliminary forecasts of general fund revenues and requested that updated forecasts and information be provided at the meeting on December 1, 2004.

At its December 1, 2004 meeting, the Economic Forum received the updated economic and revenue information from the state agencies, the Technical Advisory Committee, Global Insight and others to produce the binding forecast of all unrestricted general fund revenue. A copy of that forecast is attached. A final meeting of the Forum will be scheduled on or before May 1, 2005, to make any necessary revisions to the December forecast.

Economic Review and Outlook

The U.S. economy has been expanding for three years since the official end of the last economic recession in November 2001. While there has been much discussion about the sluggishness of the current recovery, average growth of 3.5 percent in Gross Domestic Product (GDP) for the first eleven reported quarters since the end of the recession compares favorably with the growth rate of 3.0 percent for the comparable period following the 1990-91 recession. In both cases, these growth rates have followed a short, shallow recession. The table below highlights GDP growth in recent years as measured from fourth quarter to fourth quarter each year.

<u>YEAR</u>	<u>RATE</u>	<u>YEAR</u>	<u>RATE</u>
1999	4.7%	2002	2.3%
2000	2.2%	2003	4.4%
2001	0.2%	2004¹	3.8%

¹*First three quarters only.*

The major factor contributing to the belief that the U.S. recovery has been sluggish is the lack of growth in payroll employment, which remains about 500,000 below the peak reached in March 2001. This apparent slack in the labor market is partially explained by the rapid rise in labor productivity that has occurred over the past three years. A comparable period of sustained strong productivity growth last occurred at the beginning of 1973 and before that in 1963 and the early 1950s. Other labor market indicators such as the unemployment rate and employment as measured by the household survey seem to belie the weakness in the payroll data. With the exception of a five-year period starting in late-1996 and continuing through most of 2001, the unemployment rate at 5.5 percent is generally below the levels of the past 30 years. In addition, the count of employed persons reached 139.8 million in October, up four million from the post-recession low measured in January 2002.

Another important economic indicator, interest rates remain at levels not experienced since the 1960s and earlier. The 3-month Treasury Bill, for example, has traded at an average rate of 2.04 percent in October. In addition, a relatively favorable inflation climate, which

has remained in the range of two to three percent over the last decade, has helped keep long-term interest rates at 1958 levels. The 10-year Treasury Bond, which is a key determinant of mortgage rates, has traded in the range of 4 to 4.25 percent in recent months. The low mortgage rates for original home loans and refinancings have fueled both the housing market and consumer demand over the past three years. The downside of the low market rates has been a run up in home prices in many markets, as demand has outstripped supply.

The Nevada economy has bounced back from the 2001 recession, particularly the sharp turndown in the tourist economy following the terrorist attacks of September 11. In Las Vegas, for example, visitor volume, after increasing only 1.3 percent in 2003, is up another 5.5 percent through September 2004. The opening of the new Wynn mega-resort in spring 2005 should ensure that this favorable trend continues. The rebound in other economic indicators has been even more dramatic. The state's unemployment rate, which peaked at 6.6 percent in the December and January following the September 11 attacks, stands at 3.6 percent as of September 2004. According to the Nevada Department of Employment, Training and Rehabilitation (DETR), that rate is the lowest in the more than 25 years the department has been calculating the rate using current methods. In addition, unlike the national numbers, Nevada payroll employment is now 8.6 percent higher than it was in September 2001.

The rebound in Nevada's economic performance has produced commensurate increases in state revenue since the Economic Forum's May 2003 forecast. Sales tax revenues, for example, were up 5.9 percent in FY 2003 compared to the forecast of 5.0 percent. In FY 2004, sales tax revenue growth roared ahead, rising 13.9 percent from FY 2003 levels, compared to a forecast of just 5.6 percent. Many other important state revenues including the mining tax, the insurance premium tax, the liquor tax, the gaming tax and the tax on tobacco products other than cigarettes are doing better than expected. A new state revenue source, the real property transfer tax, has also generated more revenues than expected as a booming housing market for both new and existing homes has fueled record sales and prices in the urban areas of the state.

National forecasts produced by Global Insight show the U.S. economic growth leveling off at around 3 percent per year through 2007. The forecasts for the unemployment rate, housing starts, the consumer price index and interest rates all reflect sound fundamentals and a solid U.S. economic performance throughout the state's next biennium. If economic activity continues at these levels, the Nevada economy is expected to prosper as well.

	2005	2006	2007
<i>Real Gross Domestic Product (% Change)</i>	3.2%	3.0%	3.1%
<i>Unemployment Rate</i>	5.4%	5.5%	5.6%
<i>Housing Starts (millions of units)</i>	1.83	1.69	1.66
<i>Consumer Price Index (% Change)</i>	2.2%	1.3%	1.7%
<i>3-month Treasury Bill Rate</i>	2.6%	3.2%	3.3%
<i>10-year Treasury Note Rate</i>	4.7%	5.2%	5.4%

As always, there are many uncertainties connected with forecasts beyond a few months. Global Insight assigns a probability of 60 percent to the scenario identified above. Their forecasters believe that a more optimistic and a more pessimistic outlook are equally likely, assigning a 20 percent probability to each alternative. The pessimistic scenario produced by Global Insight, however, assumes no U.S. recession over the next several years.

The expansion of gaming into other jurisdictions remains a threat to Nevada's tourism economy. However, the concerns appear to have diminished in recent years, particularly as they relate to gaming and tourism markets in Southern Nevada. On the other hand, gaming and tourism in the Reno-Tahoe area, has been affected by competition from Native American gaming in California. This competition is particularly important in the winter months because of the weather-related problems potential tourists from California may encounter when traveling by automobile to Northern Nevada. Nevertheless, the region's overall economy remains very strong with the unemployment rate in the Reno area falling to 2.8 percent in September. Rural Nevada will continue to face the challenges posed by

the ups and downs of the mining industry. However, the recent increase in gold prices to around \$440 an ounce, due in part to the uncertainty caused by war and terrorism, bodes well for the prosperity of many rural counties over the next two or three years.

The few available statewide forecasts support a healthy economic outlook for the next few years. The Nevada Blue Chip consensus projects personal income to grow by 6.6 percent, employment by 3.8 percent and the number of housing permits by 1.7 percent in 2005. Separately, the Bureau of Research and Analysis in DETR forecasts that employment will grow at robust rates of 4.1, 3.7 and 4.1 percent in 2005, 2006 and 2007, respectively. Global Insight's own forecast of the Nevada economy is a bit less optimistic because it expects housing and other construction activity to slow from the recent extraordinary levels. The independent analysts who have supplied information to the Forum also see a favorable outlook for Nevada's economy over the next several years.

For Southern Nevada, the Center for Business and Economic Research (CBER) at UNLV is optimistic. The Center forecasts, for example, that visitor volume will grow by 4.2 percent in 2005, which is on the heels of an estimated 5.3 percent growth in 2004. Also, CBER's Index of Leading Indicators for Southern Nevada has increased 1.15 percent over the past year, continuing the upward trend since September 11.

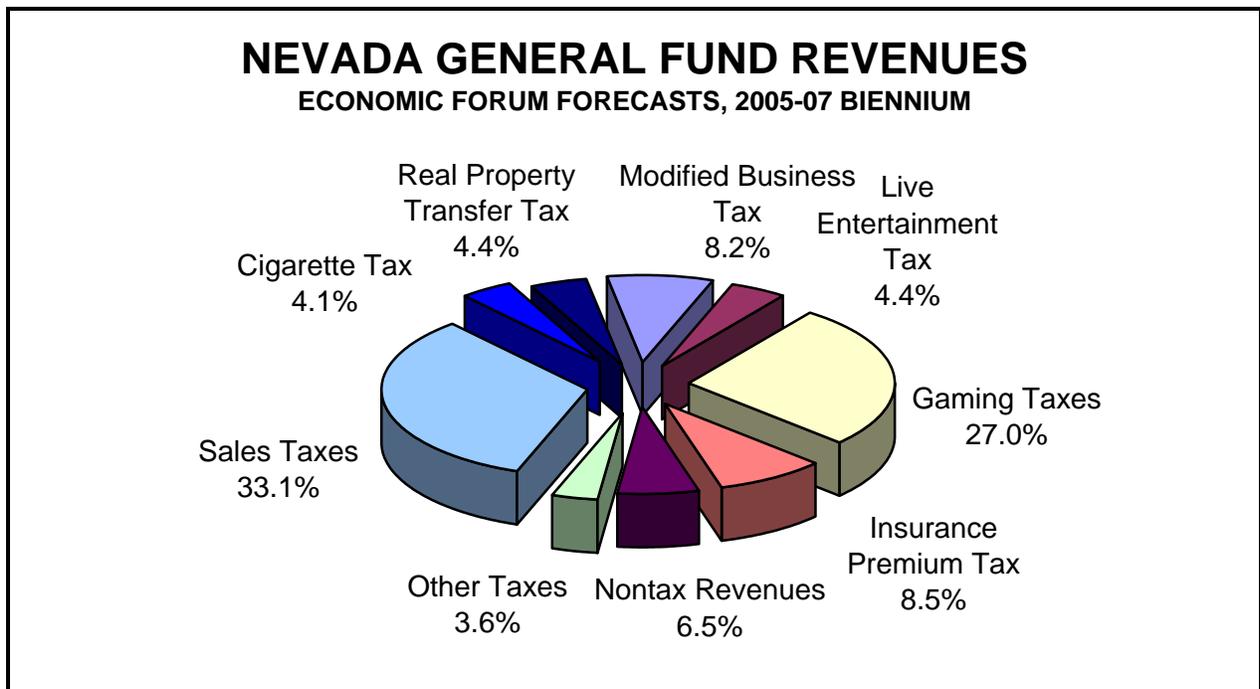
The Nevada economy appears to be poised for a continuation of its recent strong economic performance through the forecast period and the state's revenue picture should benefit. The adoption of the modified business tax in place of the business license tax, the addition of the real property transfer tax, and continued strength in the sales tax, live entertainment tax and insurance premium strength are favorable for the revenue picture. However, revenue from gaming percentage fees, due principally to a one-time revenue windfall in FY 2003-04 due to the recent rate increase, the per device gaming fees, cigarette and liquor excise taxes and various non-tax revenue sources are expected to keep revenue growth at less than the rate of state personal income growth.

General Fund Revenue Forecast

Following is a summary of the general fund revenue forecast by the Nevada Economic Forum. This forecast should be considered neither optimistic nor pessimistic, but has been developed based on the economic conditions and available economic data at the time the forecast was made. Due consideration, however, was given to the increasing uncertainty of economic circumstances two and a half years into the future. All forecasts have been made on the basis of existing law; thus, no assumptions are included for any proposed law changes.

Total General Fund Revenues

Total Nevada general fund revenues are forecast at \$2.793 billion for FY 2005-06 and \$2.963 billion for FY 2006-07. The 2005-2007 biennial total of \$5.756 billion is 14.2 percent higher than the revised revenue estimate of \$5.041 billion for the 2003-2005 biennium.



As you will note in the above chart, gaming taxes are forecast to provide 27.0 percent of all general fund revenues during the 2005-2007 biennium, a decrease from the 28.7 percent now estimated for the current biennium. Sales tax collections are forecast to provide 33.1 percent of all general fund revenues during the 2005-2007 biennium, virtually

unchanged from the 33.0 percent now estimated for the current biennium. More detailed information on specific revenues in addition to gaming and sales taxes is available in the accompanying table.

Sales Taxes Sales taxes have been forecast consistent with increased consumption due to increased employment and population gains and tourism activity. Sales tax collections are forecast to reach \$873.3 million in FY 2004-05, a 10.5 percent increase from FY 2003-2004 levels. Sales taxes are expected to grow by 6.0 percent in FY 2005-06 and by another 6.0 percent in FY 2006-07. These increases result in total sales tax receipts of \$1.907 billion during the 2005-2007 biennium.

Gaming Percentage Fee Taxes The revenue estimates for gaming percentage fees, while consistent with the expectations for the state economy and the opening of several new properties in Southern Nevada over the next few years, are negatively affected by a one-shot revenue gain in FY 2003-04 as a result of a quirk in revenue collections when gaming percentage fees are increased. The forecasts for percentage fees rely, in part, on the expertise of the Gaming Control Board in identifying market developments throughout the forecast period. Total gaming percentage fee tax revenues are forecast to reach \$683.2 million in FY 2004-05, an increase of only 0.9 percent from actual FY 2003-04 collections. From this base, gaming taxes are estimated to grow by 5.4 percent in FY 2005-06 and 5.1 percent in FY 2006-07 to yield revenues of \$1.476 billion for the general fund during the 2005-2007 biennium.

GENERAL FUND REVENUES - ECONOMIC FORUM DECEMBER 1, 2004 FORECAST
ACTUAL: FY 2001 THROUGH FY 2004 AND FORECAST: FY 2005 THROUGH FY 2007

Economic Forum December 1, 2004 Meeting - 12/1/04 - 1:00 PM

GL NO.	DESCRIPTION	DECEMBER 1, 2004 ECONOMIC FORUM FORECAST													
		FY 2001 ACTUAL	% Change	FY 2002 ACTUAL	% Change	FY 2003 ACTUAL	% Change	FY 2004 ACTUAL [a.]	% Change	FY 2005	% Change	FY 2006	% Change	FY 2007	% Change
TAXES															
	TOTAL MINING TAXES	\$14,672,692	9.1%	\$9,418,008	-35.8%	\$10,641,100	13.0%	\$16,817,927	58.0%	\$17,146,000	2.0%	\$17,086,000	-0.3%	\$17,284,000	1.2%
	TOTAL SALES AND USE TAX [1-FY04]	\$645,767,621	5.9%	\$655,068,480	1.4%	\$693,528,823	5.9%	\$790,602,667	14.0%	\$873,282,000	10.5%	\$925,680,000	6.0%	\$981,221,000	6.0%
	TOTAL GAMING TAXES [2-FY04][3-FY04]	\$604,464,065	2.0%	\$589,803,811	-2.4%	\$596,260,210	1.1%	\$714,653,673	19.9%	\$732,314,300	2.5%	\$758,657,800	3.6%	\$796,701,800	5.0%
	CASINO/LIVE ENTERTAINMENT TAX [4a-FY04][4b-FY04]	\$63,919,196	9.2%	\$64,817,715	1.4%	\$70,212,815	8.3%	\$89,201,827	27.0%	\$105,954,000	18.8%	\$131,108,000	23.7%	\$142,976,000	9.1%
	INSURANCE PREMIUM TAX	\$146,925,032	13.6%	\$156,550,893	6.6%	\$174,135,736	11.2%	\$194,457,058	11.7%	\$213,797,000	9.9%	\$234,980,000	9.9%	\$258,061,000	9.8%
	LIQUOR TAX [5-FY04]	\$15,745,514	0.5%	\$15,995,650	1.6%	\$16,531,358	3.3%	\$33,025,941	99.8%	\$35,865,000	8.6%	\$36,818,000	2.7%	\$37,771,000	2.6%
	CIGARETTE TAX [6-FY04]	\$43,691,552	3.5%	\$41,843,892	-4.2%	\$44,019,969	5.2%	\$106,770,729	142.6%	\$117,600,000	10.1%	\$117,600,000		\$117,600,000	
	OTHER TOBACCO TAX [7-FY04]	\$5,602,823	-6.0%	\$5,557,893	-0.8%	\$5,916,301	6.4%	\$6,927,276	17.1%	\$7,342,900	6.0%	\$7,746,800	5.5%	\$8,134,100	5.0%
	LAETRILE & GEROVITAL MFG.	\$2,692	-28.7%												
	HECC TRANSFER	\$5,000,000		\$5,000,000		\$5,000,000		\$5,000,000		\$5,000,000		\$5,000,000		\$5,000,000	
	BUSINESS LICENSE FEE [8-FY04]	\$523,072	1.8%	\$680,845	30.2%	\$739,561	8.6%	\$11,851,752		\$18,000,000	51.9%	\$22,000,000	22.2%	\$26,000,000	18.2%
	BUSINESS LICENSE TAX [9-FY04]	\$77,270,722	1.8%	\$78,394,651	1.5%	\$79,026,132	0.8%	\$22,216,500	-71.9%	\$250,000					
	MODIFIED BUSINESS TAX - NONFINANCIAL INSTITUTIONS [10-FY04]							\$146,161,812		\$194,404,000	33.0%	\$207,152,000	6.6%	\$220,297,000	6.3%
	MODIFIED BUSINESS TAX - FINANCIAL INSTITUTIONS [11-FY04]							\$15,487,677		\$20,000,000	29.1%	\$22,000,000	10.0%	\$25,000,000	13.6%
	BRANCH BANK EXCISE TAX [12-FY04]							\$1,508,192		\$3,024,000	100.5%	\$3,059,000	1.2%	\$3,094,000	1.1%
	REAL PROPERTY TRANSFER TAX [13-FY04]							\$88,024,738		\$116,734,000	32.6%	\$121,279,000	3.9%	\$133,407,000	10.0%
	TOTAL TAXES	\$1,623,584,982	4.8%	\$1,623,131,839	0.0%	\$1,696,012,005	4.5%	\$2,242,707,768	32.2%	\$2,460,713,200	9.7%	\$2,610,166,600	6.1%	\$2,772,546,900	6.2%
LICENSES															
	INSURANCE LICENSES	\$6,889,858	6.2%	\$7,806,594	13.3%	\$10,076,143	29.1%	\$10,578,744	5.0%	\$11,128,800	5.2%	\$12,241,700	10.0%	\$12,878,300	5.2%
	BANKING LICENSES [1-FY01][16-FY04]	\$23,785	35.7%	\$23,600	-0.8%	\$20,400	-13.6%								
	MARRIAGE LICENSES	\$638,691	3.5%	\$587,774	-8.0%	\$587,712	0.0%	\$594,588	1.2%	\$609,800	2.6%	\$629,700	3.3%	\$645,300	2.5%
	TOTAL SECRETARY OF STATE [1-FY02][14-FY04]	\$36,442,206	3.4%	\$50,064,820	37.4%	\$54,026,461	7.9%	\$75,312,846	39.4%	\$83,119,000	10.4%	\$89,216,000	7.3%	\$95,912,000	7.5%
	PRIVATE SCHOOL LICENSES	\$156,485	9.8%	\$181,009	15.7%	\$207,145	14.4%	\$251,705	21.5%	\$268,600	6.7%	\$288,900	7.6%	\$309,400	7.1%
	PRIVATE EMPLOYMENT AGENCY	\$29,800	-5.4%	\$29,100	-2.7%	\$29,100	0.3%	\$26,000	-10.7%	\$13,800	-46.9%	\$13,800		\$13,800	
	TOTAL REAL ESTATE [2-FY02][15-FY04][16-FY04]	\$1,451,867	-4.4%	\$1,690,734	16.5%	\$1,548,788	-8.4%	\$2,653,740	71.3%	\$2,429,000	-8.5%	\$2,804,000	15.4%	\$2,567,000	-8.5%
	TOTAL FINANCIAL INSTITUTIONS [1-FY01] [16-FY04]	\$1,626,149	7.5%	\$1,795,162	10.4%	\$1,926,415	7.3%								
	ATHLETIC COMMISSION FEES [5-FY02]	\$2,853,655	1.2%	\$1,706,730	-40.2%	\$1,901,357	11.4%	\$2,258,306	18.8%	\$1,700,000	-24.7%	\$1,700,000		\$1,700,000	
	TOTAL LICENSES	\$50,112,496	3.6%	\$63,885,422	27.5%	\$70,323,520	10.1%	\$91,675,929	30.4%	\$99,269,000	8.3%	\$106,894,100	7.7%	\$114,025,800	6.7%
FEES AND FINES															
	VITAL STATISTICS FEES [17-FY04]	\$534,243	2.1%	\$576,967	8.0%	\$647,213	12.2%	\$759,587	17.4%	\$784,700	3.3%	\$809,800	3.2%	\$834,100	3.0%
	DIVORCE FEES	\$203,454	1.4%	\$196,953	-3.2%	\$201,070	2.1%	\$205,535	2.2%	\$209,100	1.7%	\$215,000	2.8%	\$220,900	2.7%
	CIVIL ACTION FEES	\$1,215,362	2.0%	\$1,250,147	2.9%	\$1,322,518	5.8%	\$1,376,653	4.1%	\$1,423,000	3.4%	\$1,469,300	3.3%	\$1,515,700	3.2%
	INSURANCE FEES	\$537,507	-27.2%	\$719,183	33.8%	\$617,132	-14.2%	\$624,149	1.1%	\$624,100	0.0%	\$624,100		\$624,100	
	TOTAL REAL ESTATE FEES	\$388,128	-10.9%	\$397,274	2.4%	\$436,415	9.9%	\$1,097,847	151.6%	\$1,154,000	5.1%	\$1,245,300	7.9%	\$1,313,300	5.5%
	SHORT-TERM CAR LEASE [2-FY02]	\$8,288,217	0.2%	\$19,662,998	137.2%	\$22,208,165	12.9%	\$25,638,556	15.4%	\$27,177,000	6.0%	\$28,672,000	5.5%	\$30,105,000	5.0%
	ATHLETIC COMMISSION LICENSES/FINES [5-FY02]			\$122,908		\$210,920	71.6%	\$109,825	-47.9%	\$110,000	0.2%	\$110,000		\$110,000	
	WATER PLANNING FEES [4-FY02]	\$21,069	31.6%												
	STATE ENGINEER SALES	\$1,588,378	4.6%	\$1,572,066	-1.0%	\$1,590,428	1.2%	\$1,698,473	6.8%	\$1,532,000	-9.8%	\$1,532,000		\$1,532,000	
	SUPREME COURT FEES	\$204,075	-12.2%	\$207,830	1.8%	\$212,035	2.0%	\$219,042	3.3%	\$223,000	1.8%	\$227,000	1.8%	\$231,100	1.8%
	MISC. FINES/FORFEITURES	\$136,957	16.4%	\$172,541	26.0%	\$350,947	103.4%	\$261,421	-25.5%	\$250,200	-4.3%	\$261,200	4.4%	\$272,300	4.2%
	TOTAL FEES AND FINES	\$13,117,391	-1.0%	\$24,878,868	89.7%	\$27,796,842	11.7%	\$31,991,088	15.1%	\$33,487,100	4.7%	\$35,165,700	5.0%	\$36,758,500	4.5%
USE OF MONEY AND PROPERTY															
	LYON COUNTY REPAYMENTS	\$177,450													
	OTHER REPAYMENTS [7-FY02][8-FY02][18-FY04]	\$1,118,866	-2.4%	\$931,938	-16.7%	\$2,405,277	158.1%	\$2,008,738	-16.5%	\$2,009,503	0.0%	\$2,110,318	5.0%	\$2,161,185	2.4%
	MARLETTE REPAYMENT	\$10,483	65.4%	\$10,512	0.3%	\$10,512		\$10,512		\$10,512		\$10,512		\$10,512	
	INTEREST INCOME	\$26,333,458	34.0%	\$12,501,357	-52.5%	\$5,990,047	-52.1%	\$4,528,633	-24.4%	\$10,570,000	133.4%	\$11,339,000	7.3%	\$10,090,000	-11.0%
	TOTAL USE OF MONEY AND PROPERTY	\$27,640,257	32.9%	\$13,443,808	-51.4%	\$8,405,836	-37.5%	\$6,547,883	-22.1%	\$12,590,015	92.3%	\$13,459,830	6.9%	\$12,261,697	-8.9%
OTHER REVENUE															
	HOOVER DAM REVENUE	\$300,000		\$300,000		\$300,000		\$300,000		\$300,000		\$300,000		\$300,000	
	MISC. SALES AND REFUNDS	\$4,515,462	84.6%	\$1,431,898	-68.3%	\$932,709	-34.9%	\$899,132	-3.6%	\$871,050	-3.1%	\$921,550	5.8%	\$881,650	-4.3%
	COST RECOVERY PLAN	\$4,251,236	-2.9%	\$5,006,463	17.8%	\$5,004,477	0.0%	\$9,714,586	94.1%	\$9,856,700	1.5%	\$9,856,700		\$9,856,700	
	PETROLEUM INSPECTION FEES	\$516,320	-3.5%	\$550,736	6.7%	\$563,727	2.4%	\$557,966	-1.0%	\$558,000	0.0%	\$558,000		\$558,000	
	UNCLAIMED PROPERTY [9-FY02]	\$10,078,369	30.4%	\$19,328,933	91.8%	\$16,014,824	-17.1%	\$19,611,605	22.5%	\$19,604,500	0.0%	\$16,076,900	-18.0%	\$16,236,500	1.0%
	TOTAL OTHER REVENUE	\$19,661,386	27.8%	\$26,618,030	35.4%	\$22,815,737	-14.3%	\$31,083,289	36.2%	\$31,190,250	0.3%	\$27,713,150	-11.1%	\$27,832,850	0.4%
	TOTAL GENERAL FUND REVENUE	\$1,734,116,512	5.3%	\$1,751,957,967	1.0%	\$1,825,353,940	4.2%	\$2,404,005,956	31.7%	\$2,637,249,565	9.7%	\$2,793,399,380	5.9%	\$2,963,425,747	6.1%

243

**GENERAL FUND REVENUES - ECONOMIC FORUM DECEMBER 1, 2004 FORECAST
ACTUAL: FY 2001 THROUGH FY 2004 AND FORECAST: FY 2005 THROUGH FY 2007**

Economic Forum December 1, 2004 Meeting - 12/1/04 - 1:00 PM

GL NO.	DESCRIPTION	DECEMBER 1, 2004 ECONOMIC FORUM FORECAST											
		FY 2001 ACTUAL	% Change	FY 2002 ACTUAL	% Change	FY 2003 ACTUAL	% Change	FY 2004 ACTUAL [a.]	% Change	FY 2005	% Change	FY 2006	% Change

NOTES:

[a.] Subject to adjustment based on reconciliation with the Controller's Office and Budget Division

FY 2001

[1-FY01] Amount for FY 2000-01 (5-Oct-01) for GL 3179 reflects adjustments of \$198,388.19, \$534,222.45, and \$153,128.65 that should have been deposited to GL 3179 - Financial Institution Fees, but were recorded in the Controller's system by the Financial Institutions Division under GL 3100 Credit Union Fees, GL 3110 - Banking Fees, and GL 3177 - Thrift Institution Fees, respectively. Adjustment made to maintain historical pattern of collections for comparison.

FY 2002

- [1-FY02] FY 2002 and FY 2003 collections reflect the 50% increase in most Secretary of State fees (approved by the 2001 Legislature in S.B. 577).
- [2-FY02] FY 2002 and FY 2003 collections reflect the revenue enhancement approved by the 2001 Legislature in S.B. 307.
- [3-FY02] Collections FY 2002 and FY 2003 reflect additional revenues from the increase in short-term car rental rate resulting from approval of A.B. 460 (2001 Legislature).
- [4-FY02] Beginning in FY 2002, GL 3180 - Water Planning Fees were deposited in GL 3205 - State Engineer Sales due to elimination of the account by the agency.
- [5-FY02] Beginning in FY 2002, Licenses/Fines (GL 3103) revenues collected by the Athletic Commission are reported separately. Previously, these revenues were recorded in GL 3102 along with the fees assessed on the gross receipts from admission fees to unarmed combat events.
- [6-FY02] In FY 2001-02, the Treasurer deposited \$20,000,000 in GL 3291 due to the "2002 Forward Delivery Agreement" for prepayment of interest from the Bond Interest Redemption Fund. The amount is not shown in the General Fund Revenue Tables, but is accounted for on the General Fund Ending Fund Balance Statement as a one-time revenue adjustment.
- [7-FY02] The Department of Information of Technology (DOIT) did not make the scheduled repayment for the noted projects totaling \$114,749 in FY 2002. These payments for FY 2002 will be made in FY 2003 in addition to their normal scheduled repayments for FY 2003.
- [8-FY02] The Printing Division did not make the scheduled repayment of \$70,669 in FY 2002 and is currently not budgeting to make payments in FY 2003, FY 2004, and FY 2005.
- [9-FY02] Collections for FY 2002 includes amount generated from "one-time" acceleration of holding period for determining property to be unclaimed approved by the 2001 Legislature in A.B. 77.

FY 2004

- [1-FY04] A.B. 4 (20th S.S.) reduced the collection allowance provided to the taxpayer for collecting and remitting the sales tax to the state from 1.25% to 0.5%, effective July 1, 2003.
- [2-FY04] S.B. 8 (20th S.S.) increased gross gaming tax rates by 0.5%: 3.0% to 3.5% on monthly revenue up to \$50,000; 4.0% to 4.5% on revenue over \$50,000 and up to \$134,000; 6.25% to 6.75% on revenue exceeding \$134,000, effective August 1, 2003.
- [3-FY04] S.B. 8 (20th S.S.) increased quarterly restricted slot fees by 33%: from \$61 to \$81 per machine, up to 5 machines; from \$106 to \$141 for each machine over 5, up to 15 machines, effective July 22, 2003.
- [4a-FY04] S.B. 8 (20th S.S.) modified types of establishments and entertainment subject to the current 10% Casino Entertainment Tax (CET), effective September 1 to December 31, 2003 [Estimated to generate \$4,982,000 additional collections during 4-month period].
- [4b-FY04] S.B. 8 (20th S.S.) repealed CET and replaced by Live Entertainment Tax (LET): 5% of admissions price, if entertainment is in facility with 7,500 or more seats; 10% of admissions price & food, beverage, and merchandise purchased, if facility has more than 300 and up to 7,500 seats; exempt from the tax if facility is a non-gaming establishment with less than 300 seats or is gaming establishment with less than 300 seats and less than 51 slot machines, 6 games, or any combination thereof, effective January 1, 2004.
- [5-FY04] S.B. 8 (20th S.S.) increased liquor taxes by 75%: beer from 9 cents to 16 cents per gallon; liquor up to 14% alcohol from 40 cents to 70 cents per gallon; liquor over 14% and up to 22% alcohol from 75 cents to \$1.30 per gallon; liquor over 22% alcohol from \$2.05 (15 cents for alcohol abuse program, 50 cents to local government, and \$1.40 to state general fund) to \$3.60 per gallon (15 cents for alcohol abuse program, 50 cents to local government, and \$2.95 to state general fund), effective August 1, 2003. [Estimated to generate \$13,873,000 in FY 2004 and \$15,536,000 in FY 2005]. A.B. 4 (20th S.S.) reduced the collection allowance provided to the taxpayer for collecting and remitting the liquor tax to the state from 3% to 0.5%, effective August 1, 2003. [Estimated to generate \$734,000 in FY 2004 and \$822,000 in FY 2005]
- [6-FY04] S.B. 8 (20th S.S.) increased cigarette tax per pack of 20 by 45 cents: from 35 cents per pack (10 cents to Local Government Distribution Fund, 25 cents to state general fund) to 80 cents per pack (10 cents to Local Government Distribution Fund, 70 cents to state general fund), effective July 22, 2003. [Estimated to generate \$63,268,000 in FY 2004 and \$70,047,000 in FY 2005] A.B. 4 (20th S.S.) reduced the collection allowance provided to the taxpayer for collecting and remitting the cigarette tax to the state from 3% to 0.5%, effective August 1, 2003. [Estimated to generate \$2,538,000 in FY 2004 and \$2,884,000 in FY 2005]
- [7-FY04] A.B. 4 (20th S.S.) reduced collection allowance provided to taxpayer for collecting and remitting tax on other tobacco items from 2.0% to 0.5%, effective August 1, 2003.
- [8-FY04] S.B. 8 (20th S.S.) changed the \$25 one-time annual business license fee to an annual fee of \$100, effective July 22, 2003.
- [9-FY04] S.B. 8 (20th S.S.) repealed the current quarterly \$25 per employee tax when the Modified Business Tax comes online, effective October 1, 2003. [See Notes 10 and 11]
- [10-FY04] S.B. 8 (20th S.S.) imposes tax on gross payroll of a business less a deduction for health care provided to employees, effective October 1, 2003. Tax rate is 0.70% in FY 2004 and 0.65% in FY 2005.
- [11-FY04] S.B. 8 (20th S.S.) imposes tax of 2.0% on gross payroll of a financial institution less a deduction for health care provided to employees, effective October 1, 2003.
- [12-FY04] S.B. 8 (20th S.S.) imposes excise tax on each bank of \$7,000 per year (\$1,750 per quarter) on each branch office, effective January 1, 2004.
- [13-FY04] S.B. 8 (20th S.S.) imposes tax of \$1.30 per \$500 of value on the transfers of real property, effective October 1, 2003.
- [14-FY04] S.B.2 and A.B. 4 (20th S.S.) makes changes to the rates and structure of the fees collected from entities filing with the Secretary of State's office, effective September 1, 2003 for Securities and UCC fee increases and November 1, 2003 for changes to commercial recording fees.
- [15-FY04] S.B. 428 (2003 Session) increases real estate salesman, broker-salesman, and brokers licensing fees by \$20 for an original license and \$10 for renewal of license (original and renewal license fee varies depending on type of license), effective July 1, 2003.
- [16-FY04] A.B. 493 (2003 Session) established that revenues from fees collected by the Division of Financial Institutions of the Department of Business & Industry will be deposited in a separate fund to pay the expenses related to the operations of the Commissioner of Financial Institutions and the Division of Financial Institutions, effective January 1, 2004. Previously, the revenues from the fees were deposited in the state general fund.
- [17-FY04] A.B. 550 (2003 Session) increased state's portion of the fee for issuing copy of a birth certificate by \$2 and fee for issuing copy of death certificate by \$1, effective October 1, 2003
- [18-FY04] S.B. 504 (2003 Session) transferred the State Printing Division of the Department of Administration to the Legislative Counsel Bureau and all debt to the state general fund was forgiven, effective July 1, 2003.
- [19-FY04] Beginning in FY 2004, the portion of the fees collected by the Real Estate Division for Real Estate Testing Fees that belong to the general fund are transferred from Category 28 in BA 3823 to GL 4741 in the General Fund. Previously, the revenue from these fees were reverted to the general fund at the end of the fiscal year.

244