

OVERVIEW OF THE LEGISLATIVE BUDGET PROCESS IN NEVADA

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Staff Responsible for Budget Review

Fiscal Analysis Division

- 1 of 5 divisions in the Legislative Counsel Bureau
- Fiscal Analyst for each House appointed by Director and approved by Legislative Commission
- 20 Analysts, 3 Economists and 6 clerical positions
- Analysts primarily have Bachelor's Degrees and budgetary experience



Role of the Fiscal Analysis Division

- Review Governor's proposed Executive Budget
- Recommend suggested changes looking toward economy and efficiencies
- Analysts staff subcommittees and testify when making closing recommendations
- Economists staff taxation and revenue committees and make projections of revenues to the Economic Forum
- Monitor Executive Branch compliance with legislative intent during interim



Budget Process

- Biennial budget requests due to the Executive Budget Office (EBO) and Fiscal Analysis Division on or before Sep. 1 in even-numbered years
- Fiscal Analysis Division and EBO attempt to come to agreement on Base Budget before end of calendar year
- Governor's Budget is due to the Legislature not later than 14 days prior to the Legislative Session (mid-January)
- Independent appointed Economic Forum makes projections of General Fund revenue that must be used by the Governor in submitting his recommended budget
- Legislative Commission appoints Budget Subcommittee to review budget during the two weeks prior to the session



Budget Process (cont'd)

- Senate Committee on Finance and Assembly Committee on Ways and Means conduct hearings throughout the 120-day session
- Joint Subcommittees are formed to hear a majority of the budgets – Chairs alternate between the Houses
 - K-12 Education/Higher Education
 - Public Safety, Natural Resources and Transportation
 - Human Services/Capital Improvements
 - General Government and Accountability
- Focus of budget hearings is maintenance (inflation and caseload) and enhancement decision units, but some issues that could not be worked out regarding the base budget are discussed
- Each of over 400 budgets are heard in full money committee or joint subcommittee. The budget closing process begins in late March and lasts through mid-May



Budget Process (cont'd)

- Joint subcommittees cut down on budget differences, but if the two Houses close a budget differently, the full committees meet jointly to resolve the differences
- Legislature must use Economic Forum's May projection of General Fund revenues when approving the budget
- After budget closings, the funding bills are drafted and considered by the Legislature as a whole:
 - Appropriations Act
 - Authorizations Act
 - K-12 School Funding Bill
 - Capital Improvement Bill
 - Unclassified Pay Bill
- Constitutional provision requires that the Legislature approve the K-12 School Funding Bill before other appropriations for the upcoming biennium can be approved (Education First Initiative).



New Developments

Priorities and Performance Based Budgeting

- Process of identifying and prioritizing the Governor's vision as it relates to the state's core functions, their costs and delivering effective and efficient outcomes.
- Goals:
 - Improve transparency to decision makers and the public
 - Improve methods of measuring what the state does and whether agencies are making a difference
 - Link activities of government to achievement of objectives
 - Provide a platform for improvement in funding and budgeting decisions.

New Developments

Priorities and Performance Based Budgeting (cont'd)

- Originally called Priorities of Government
- Resulted from legislation passed by the 2011 Legislature, which required:
 - General summary of long-term performance goals
 - Establishment of core governmental functions
 - Explanation of the means by which the proposed budget will provide adequate funding to ensure progress is made toward achieving long-term performance goals

New Developments

Priorities and Performance Based Budgeting (cont'd)

- Strategic Priorities as set forth by the Administration
 - Sustainable and growing economy
 - Educated and healthy citizenry
 - Safe and livable communities
 - Efficient and responsive state government
- Core Functions

Business Development & Services	Infrastructure and Communications
Education and Workforce Development	Public Safety
Health Services	Resource Management
Human Services	State Support Services
Legislative Branch	Judicial Branch

New Developments

Priorities and Performance Based Budgeting (cont'd)

- **Next Steps** -- Development of Major Budget Initiatives Process
 - The Administration has indicated that the goal is to help ensure that new funding initiatives are in line with the Governor's strategic priorities for the state
 - The concept is to move away from the traditional use of budget accounts and move toward budgeting through initiatives
 - Legislative involvement has increased recently but is still limited. An accounting system to enable moving away from traditional budget accounts and toward budgeting through initiatives has not been developed

Fiscal Notes

When Required?

- Required from ***state agencies*** if the bill increases expenditures or reduces revenues by more than \$2,000 or if it creates a new felony or increases the penalty for an existing felony
- Required from ***local governments*** if the bill increases expenditures or reduces revenues of a local government

Fiscal Notes

Process for Obtaining

- While drafting a BDR, the Legal Division determines whether the bill is likely to have a fiscal impact and notes that on the face of the bill

A.B. 33

ASSEMBLY BILL No. 33—COMMITTEE
ON COMMERCE AND LABOR

(ON BEHALF OF THE OFFICE OF ENERGY)

PREFILED DECEMBER 20, 2012

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions governing the partial abatement of certain taxes for certain energy-efficient buildings. (BDR 58-280)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.
Effect on the State: Yes.

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EXPLANATION - Matter in *bolded italics* is new; matter between brackets *[omitted material]* is material to be omitted.



- Those BDRs with a possible impact are sent to the Fiscal Analysis Division for assignment to the appropriate state agencies and local governments

Fiscal Notes



Process for Obtaining (cont'd)

- State agencies have 5 days to respond – local governments must respond within 8 days
- Executive Budget Office reviews all fiscal notes submitted by state agencies before submitted to LCB
- Fiscal Analysis Division performs a cursory review for completeness and any obvious flaws
- Fiscal notes are printed and posted with the bills on the legislative website

Fiscal Notes



Key Information

- ❑ Committees may hear a bill without the fiscal note but may not take action until the fiscal note has been completed
- ❑ State agencies and local governments may submit fiscal notes even if not requested to do so
- ❑ Fiscal notes are not prepared for amended versions of the bill unless specifically requested by the presiding officer
- ❑ Fiscal notes are analyzed in more detail by the Fiscal Analysis Division once the bill is referred to a money committee
- ❑ Entire process (request, submittal, posting) is completed electronically using a system designed in-house

Approval of the Legislative Service Agency Budget

- LCB agency request is prepared by the Director and presented to the Legislative Commission for approval to submit to the Governor
- Governor does not make changes – not statutorily prohibited from doing so though
- Legislative money committees hear and approve the budget using similar process as for other budgets in the Executive Budget – Typically somewhat less scrutiny though



Approval of the Legislative Service Agency Budget

- Costs for biennial sessions are funded through a one-shot appropriation approved at the beginning of the session.
- Additional appropriation necessary to cover the costs of the session is included in the Appropriations Act at the end of the session (total approximately \$20 million per session)
- Director is responsible for ensuring that costs for session do not get out of hand but there is no approved budget



QUESTIONS?

