



Budget Kickoff

February 27, 2018



Questions during the meeting

- Budget@finance.nv.gov
- Raise your hand
- 3x5 cards are available for written questions

Morning Agenda

- Introduction, Overview & Strategic Plan
- Economic & Demographic Update
- Budget Cycle Due Dates , Processes & Policy Reminders
- Enhancements, Caps & Efficiency Options
- Bill Draft Requests
- Questions & Answers



Introduction, Overview & the Strategic Planning Process

Mike Willden, Chief of Staff

BUDGET OVERVIEW

- Unknowns and Challenges
- Roll-ups
- Flat Budgeting – 2 X FY19 Cap

BUDGET OVERVIEW

- Enhancements
 - Must Align With The Governor's Initiatives
 - Coordination Among Agencies
 - Must Be Measurable
- Use "Items for Special Consideration" version in NEBS

BUDGET OVERVIEW

- Efficiency Options
 - Look For Ways To Do Things Differently And Better Manage Resources
 - Required To Submit
 - No fixed amount
 - Can be an enhancement to create efficiency
 - Savings must be demonstrable

“Generations to Come” - 2016-2020

- Built a framework that covers:
 - Executive Budget
 - Bill Draft Requests
 - Agency Implementation
- It is the Governor’s intent to inform:
 - Agency strategic plans
 - Next biennial budget
 - Legislative bill draft requests for 2019

Strategic Framework



Where We Are Headed

Vision – “Nevada’s best days are yet to come”

Mission – To create a new Nevada while honoring and enhancing 150 years of success

Values

Action Collaboration Inclusiveness Integrity Leadership Optimism Service

How the Framework is Organized

Strategic Priority – one of the four organizing principals established by the Governor

1. Core Function of Government – statutory responsibility of State Government

1.1. Goal – broad statements of the desired result from State Agency action

1.1.1. Objective – measurable indicators of progress towards goal

Strategic Framework Example

Strategic Priority – Vibrant and Sustainable Economy

1. Business Development and Services

1.1. Lead the nation in high-quality job creation

1.1.1. By 2020, the job growth rate in Nevada will exceed the national average

Priorities and Core Functions

EDUCATED & HEALTHY CITIZENRY <ul style="list-style-type: none"> • Education & Workforce Development • Health Services • Human Services 	EFFICIENT & RESPONSIVE STATE GOVT <ul style="list-style-type: none"> • State Support Services
SAFE & LIVABLE COMMUNITIES <ul style="list-style-type: none"> • Public Safety • Resource Management 	VIBRANT & SUSTAINABLE ECONOMY <ul style="list-style-type: none"> • Business Development & Services • Infrastructure & Communications

Strategic Planning Priorities

Governor is asking agencies to consider the following challenges to make state government more effective and efficient:

- What activities do you perform you would stop if you could? What results could be obtained by reprioritizing those resources?
- What new initiatives would you propose? What results would they achieve? How would success be measured?
- What low-cost or no-cost policy or operational ideas would you propose?



Economic Overview

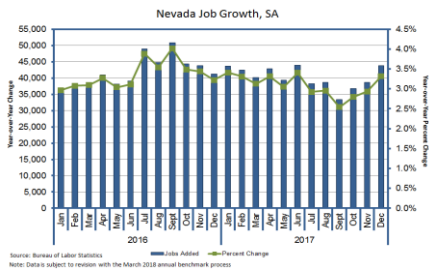
Susanna Powers
 Executive Branch Economist
 spowers@finance.nv.gov

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Nevada Economic Forecast

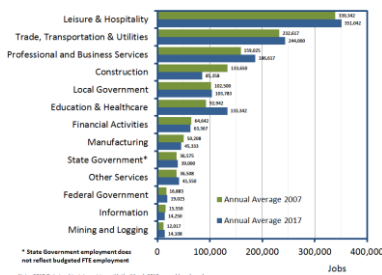
- BKO 2010: Stormy
 - Economy still in freefall
- BKO 2012: Partly Cloudy
 - Signs that worst behind us
- BKO 2014: Mostly Sunny
 - Recovery under way & strengthening
- BKO 2016: Mostly Sunny
 - Economy strengthening & challenges remain
- BKO 2018: Sunny
 - Steady recovery & room to improve

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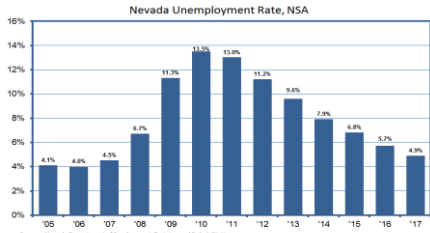
- Last year, about 40,000 jobs were created (a 3.1% growth rate).
- Job growth is now on a more sustainable path compared to the pre-recession boom period.

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- All industrial sectors are above or near their pre-recession level employment except construction.

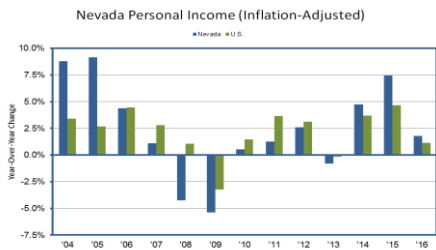
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- Last year, the unemployment rate declined to 4.9%, the lowest rate since 2007 and 0.5 percentage point above the national rate.
- The jobless rate is likely to trend down closer to what it was before the recession heading into the 2019-2021 biennium.

Governor's Finance Office 19 February 27, 2018

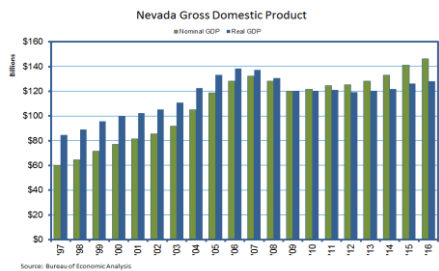
BUDGET KICKOFF 2019 – 2021 Executive Budget



- In 2016, Nevada's personal income grew by 1.8%, exceeding that for the U.S. at 1.1%.
- In 2017, Nevada is on pace to exceed U.S. as well.

Governor's Finance Office 20 February 27, 2018

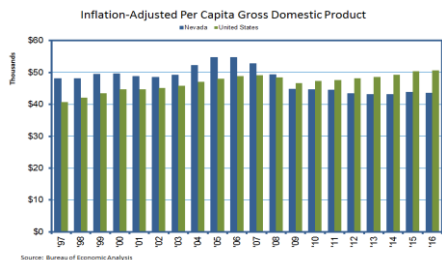
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- After adjusting for inflation, Nevada achieved real GDP growth in 2016.

Governor's Finance Office 21 February 27, 2018

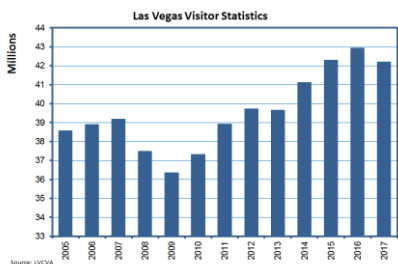
BUDGET KICKOFF 2019 – 2021 Executive Budget



- On a per capita basis, Nevada's real economic output lags behind that of the U.S.

Governor's Finance Office 22 February 27, 2018

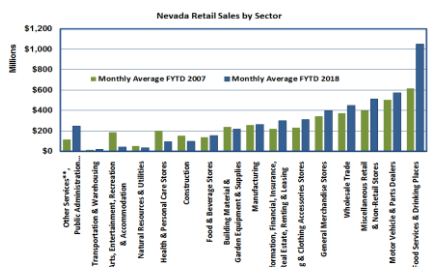
BUDGET KICKOFF 2019 – 2021 Executive Budget



- Las Vegas visitation is holding steady.

Governor's Finance Office 23 February 27, 2018

BUDGET KICKOFF 2019 – 2021 Executive Budget



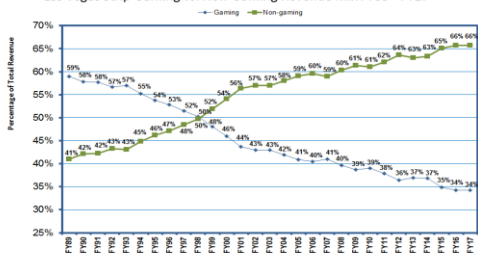
** Other Services includes Professional, Management, Administration, Education and Health Services.

- Bars and restaurant are the biggest spending category.

Governor's Finance Office 24 February 27, 2018

BUDGET KICKOFF 2019 – 2021 Executive Budget

Las Vegas Strip Gaming vs. Non-Gaming Revenue Mix FY89 - FY17



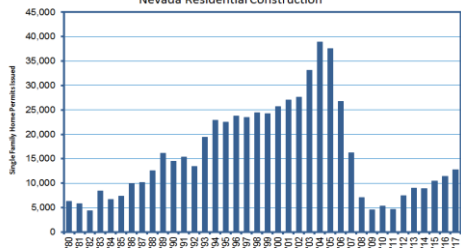
Source: Gaming Control Board

- Non-gaming revenue comprises 66% of Las Vegas' total revenue mix as a result of a market shift in consumer gaming habits.



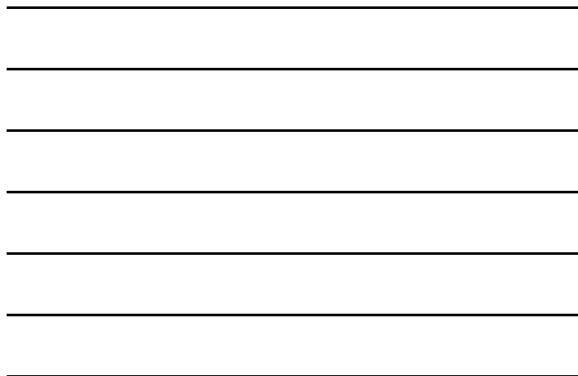
BUDGET KICKOFF 2019 – 2021 Executive Budget

Nevada Residential Construction



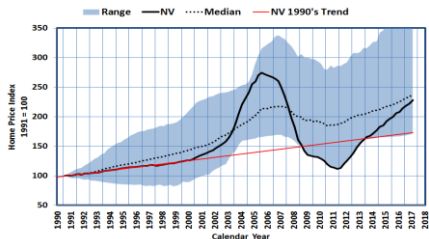
Source: Census Bureau

- Home permits are trailing in the level we saw in the late 1980s.



BUDGET KICKOFF 2019 – 2021 Executive Budget

Federal Housing Finance Agency Home Price Index for States (seasonally adjusted)

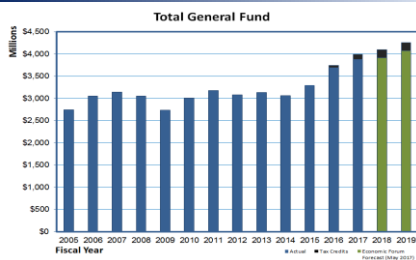


- In the third quarter of 2017, house prices rose 9.6 percent in Nevada, the fifth strongest gain in the nation.

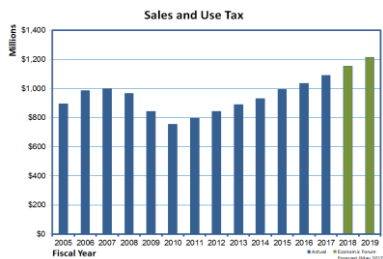




Revenue Outlook



- Fiscal 2018 year-to-date, net revenue tracking \$17.2 million, or 1.2%, ahead of forecast. A total of \$92.3 million in tax credits taken so far against various taxes.



- Sales tax revenue has been softer than expected. Collections are 1.4%, or \$6.7 million, below the fiscal year-to-date forecast.

Key Dates

- CIPs due – 4/2
 - Presentations 8/22-23
- TINs due – 4/6
- Non-budgetary BDR Concepts – 4/13
 - Approve by 5/11
- Final Non-budgetary BDRs – 6/8
- Class Compensation Plan Changes – 7/1
- Complete Adjusted Base – 11/09
- Complete Governor Recommends – early January 2019



Overview of Budgeting Processes and Policy Reminders

Jim Wells
Director

Budget Processes

- Building the Budget
- Positions
- Revenues
- Federal Grants
- Priorities & Performance Based Budgets
- Enhancement Requests and Efficiency Options
- Required Forms
- Technology Investments

Building the Budget

- Agency budgets must:
 - Align with Governor’s Strategic Framework
 - Reconcile positions, revenues and expenditures
 - Be consistent with legislation passed in 2017
 - Use FY 2018 actuals for the Base Budget
 - Be adjusted for one-time, annualized and discontinued costs
 - Be submitted in complete form

Building the Budget

- Agency budgets should:
 - Not include agency-specific inflation without adequate justification
 - Include caseload adjustments as a “M” unit only with prior approval
 - Document and justify adjustments related to federal mandates, court orders and consent decrees
 - Reconcile transfer in/out decision units and other “pitcher/catcher” type items

Building the Budget

- Agency budgets should:
 - Include justification for any requested Supplemental Appropriations
 - Identify and include one-time projects, including multi-biennia requests where appropriate
 - Include replacement equipment in accordance with an approved schedule

Positions

- Agencies must:
 - Confirm the accuracy of the positions in their budget by PCN before 7/1
 - Notify their assigned Budget Analyst of errors
 - Eliminate expired or non-permanent positions
 - Confirm the accuracy of the incumbents as of the budget request submission
 - Include on-going seasonal and intermittent positions to the extent funding is available

Positions

- New permanent positions:
 - Engage with DHRM on classification
 - Include NPD-19 for each position
 - Identify conditions and responsibilities
 - How the position advances the agency's mission
 - How it impacts existing personnel
 - Include associated costs
 - Default start date is October 1 of the first year

Positions

- Vacant positions:
 - Justify retention of 12+ month vacancies
- Budget new or vacant positions to hire at no greater than step:
 - 4 for positions in grades 30 and below
 - 7 for positions between grades 31 and 38
 - 10 for positions in grades 39 and higher

Priorities & Performance Based Budgeting

- Strategic planning framework
 - Mission Driven Goals
 - Objectives
 - Priorities

Fund Mapping



- Line item Expenditure to revenue is the same
- Map revenues to pre-defined Activities
- Mapping of activities to Mission Driven Goals and Core Functions is pre-determined

Performance Measures

- Should be:
 - Logically and directly related to the Activity they are purported to measure
 - Incorporate significant aspects of the operations of the agency
 - Responsive to changes in levels of performance
- When possible, tied to data already reported internally or externally

Performance Measures

- Three main types:
 - Output/workload - “How much did we do?”
 - Efficiency – “How well did we do it?” or “Are we doing things right?”
 - Effectiveness “Is anyone better off?” or “Are we doing the right things?”
- No right or wrong number of measures
- Narrative description option

Performance Measures

- Must be included in enhancement units
 - Incremental change to existing measure
 - New measure for the activity
 - Data provided must be valid and accurate and data limitations noted
 - Expected outcome description
 - Decision units submitted without Performance Measures will not be considered

Priorities & Performance Based Budgeting

- Strategic Plans
 - Should have been created or updated by July 1, 2017, but...
 - Must be updated (if more than 5 years old)
- Service Levels
 - Cost to continue the existing legislatively approved program into the next biennium
 - Reductions or increases must be budgeted

Required Forms

- Budget Submission Certification Letter
 - One letter per agency
 - Must be signed by the director or chairman
- Copy of the 2X Budget Limit calculation
- Organizational charts
 - Program
 - Personnel

Enhancement Requests

- Strategic Plans, Budget Request and enhancements should answer:
 - Which strategies will most effectively achieve agency and statewide goals and priorities?
 - Which activities are mandatory/core to these strategies?
 - How are the outcomes of our highest priority services and activities maximized?

Enhancement Requests

- Agencies should:
 - outline efforts taken and/or plans to find additional capacity
 - Focus on improving performance through innovation
 - Include a rigorous evaluation plan and Performance Measures to show how the investment of new dollars will result in the intended outcomes
 - Place in Items for Special Consideration

Agency Request Limits

- Applies to agencies funded with:
 - General Fund appropriations
 - Highway Fund appropriations
 - Other funds receiving GF or HF - internal service funds
- Agency Request Budget for the 2019-2021 biennium shall not exceed two times that agency's FY 2019 legislatively approved funding level unless the agency receives prior written approval from the Budget Division

Agency Request Limits

- Exceptions to the limits for:
 - Pre-approved caseload/population growth
 - Pre-approved agency specific inflation
 - Federally mandated and court ordered activities
- All other decision units must fit within the agency cap

Agency Efficiency Options

- Applies to all agencies
- Unique decision unit to:
 - Reduce or eliminate a low-priority program
 - Fund one-time costs for long-term cost avoidance
 - Enable efficiencies in customer/taxpayer interactions

Agency Efficiency Options

- Efficiency Options should:
 - Be persuasive and demonstrate savings
 - Support the agency’s core mission
 - Improve efficiencies
 - Reduce or avoid future cost growth
 - Identify impact on performance measures
- No set target amount
- Corresponding BDRs not required

Efficiency Option Examples

- Automation of processes to increase caseloads per employee
- Consolidation of business units to streamline services and eliminate staff
- Elimination of mailings or use of alternative delivery services
- Reviewing requirements under which services are provided
- Simplification and automation of processes to improve customer experience

Technology Investments

- New process for all IT investments in excess of \$50,000
 - Technology Investment Notification (TIN)
 - Includes:
 - Large hardware purchases
 - Proposed outsourced initiatives
 - Software as a service solution
 - Any other type of IT solution
 - Must be:
 - Aligned to Governor’s goals and priorities
 - Linked to agency’s strategic and business plans
 - Justified with a business case



Bill Draft Requests

Matt Morris
Legislative Director
Office of the Governor

Bill Draft Request Instructions

- OVERVIEW – Bill Draft Request (BDR) is a request for a legislative measure submitted to Legislative Counsel Bureau (LCB) proposing additions, deletions, and/or changes to Nevada Revised Statutes (NRS).

BDRs Continued

- BDRs are classified as either:
 - Non-Budgetary Policy BDRs:
 - » "Housekeeping" – Clarifications or minor changes to existing statutes
 - » "Substantive" – All other requests

OR

- Budgetary BDRs

Lunch Break 12:00 pm – 1:30 pm



Afternoon Agenda

- Budget Building Manual
- Fund Mapping Changes
- BDR Changes
- EITS TIN Process
- Questions and Answers Session



Budget Building Manual Changes

Katrina Nielsen
Executive Branch Budget Officer

Highlight of Changes

- Agency Request Limits
 - 2 X Fiscal Year 2019 plus COLA adjustment
 - Worksheet on website to Calculate
 - M100, M101, M151, M200's, M500's, M600's excluded
 - Agency efficiency option(s) required regardless of funding source

Highlight of Changes

- Enhancement Requests Outside of 2 X Cap
 - Version A02 – Items for Special Consideration as Submitted
 - New Position and Position Reclassification Requests
 - Technology Investments
 - Other Enhancements
 - Enhancement Concept Requests – Not required

Highlight of Changes

- Synchronize Actuals to DAWN
 - Automatically update actual revenues and expenditures

Synchronize Actuals to DAWN | [Edit Actual/WP](#)

- Continue manual work program year adjustments

Highlight of Changes

- Cost Allocation Funding – AGCAP
 - How it’s funded

New Way = Full amount funded by all agencies regardless of funding source (General Fund included in paying agency budget)

Highlight of Changes

- Technology Investments
 - New or planned IT projects => \$50,000
 - Technology Investment Notification (TIN) - EITS new online form required for IT projects
 - Existing projects
 - Use existing, approved Technology Investment Request (TIR) or Technology Investment Notification (TIN)

Highlight of Changes

- Budgeting for Caseload
 - M151 = Projected change in caseload for the current biennium (Work Program Year)
 - M200’s = Projected change in caseload for the next biennium (Year 1 & Year 2)

Highlight of Changes

- Personnel Assessment
 - FTE-driven cost
 - Includes classified and unclassified positions
- Payroll Assessment
 - FTE-driven cost
 - Includes classified, unclassified and non-classified positions



Questions?

Budget@finance.nv.gov

For questions after this seminar,
please contact your agency's
assigned Executive Branch Budget
Officer.



Fund Mapping

Heather Field
Executive Branch Budget Officer



Questions?

Budget@finance.nv.gov

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assigned Executive Branch Budget
Officer.



NEBS Bill Draft Request Changes

Paul Nicks
Deputy Director

NEBS BDR Module

- BDR Concepts
- Simplified BDR submittal
- Easier Tracking of Requests through BDR process



Questions?

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Officer.



EITS TIN Process

David Haws
EITS Administrator



Technology Investment Planning

TIN ORIENTATION
Technical Investment Notifications

A new way for agencies to
communicate to EITS about their
technical initiatives

Vision and Goals

- Improve overall IT investment visibility and collaboration.
- Identify additional statewide investment opportunity.
- Effective monitoring and administrating of IT investments for the State.
- Provides a vital step for further strategic technology investment planning statewide.

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History and Future

- The TIR process has served the state well.
- The TIN process is the natural next step.
- As a questionnaire, the TIN captures overall IT investment scope and purpose and may reduce or eliminate the need for additional detailed TIR information in many instances.
- TINs will be available to fill out online and provide a centralized data repository.

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TIR vs TIN (Today vs Tomorrow)

	TIR	TIN
What is it?	Consists of two forms: a narrative (Word file) and budgeting spreadsheet (Excel file). When filled out, provides information about a technical initiative.	A detailed online questionnaire. When filled out, provides structured information about a technical initiative.
What about it?	The TIR is not new.	The TIN is new! TINs will better track and report on technical initiatives over time.
What's the objective?	Historical TIRS will continue to be monitored and tracked.	The TIN process will replace the TIR process as the primary means for agencies to communicate technical initiatives to EITS.

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When should a TIN be submitted?

- When the total estimated costs for a technical initiative comes to \$50,000 or more, agencies need to inform EITS about it, via a TIN.
- The TIN is required regardless of the funding source, including proposed software as a service (SaaS)/Cloud solutions, and even if State IT is not involved in the project or ongoing maintenance.
- TINs are needed to help build up a repository of data, to help us understand the state’s overall technical profile.

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Typical TIN process in 4 steps

1. Agency fills out and submits a TIN.
2. EITS reviews the TIN for technological opportunities for the State.
3. EITS notifies the agency and the Governor’s Finance Office that the TIN is completed.
4. EITS refers TINs that are \$500K or more to the Information Technology Strategic Planning Committee (ITSPC).

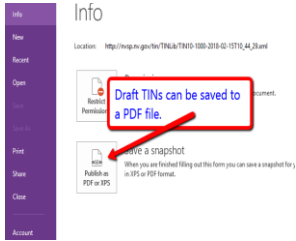
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What to expect? Process timeline

- Reviews typically span three to six weeks.
- The timeline may occasionally go longer, depending on the complexity of the initiative and the completeness and clarity of the TIN submission, as well as the responsiveness of the agency. Also, the timeline may be impacted by the number of TIN reviews in the EITS queue.
- **The good news:** EITS will work with agencies to keep things moving in the process.

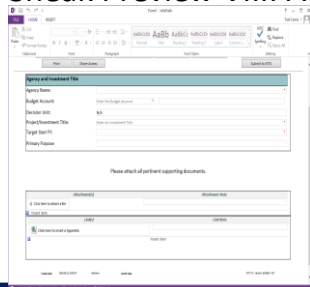
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Sneak Preview VII: Saving to a PDF



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Sneak Preview VIII: Attachments



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Technical Requirements

- Access to the State network
- Internet Explorer 11
- InfoPath filler 2010 or 2013
- A user account may be needed if your agency does not use EITS email.
 - Communicate to EITS who needs to access TINS at your agency and we can help with account set up.

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Help needed?

- EITS orientation meetings will be conducted.
- Orientation materials will be available for download.
- Email the TIN Admin with questions: TAdmin@admin.nv.gov

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Key dates for this budget cycle

Action item	Owner	Deadline	Notes
TINs due to EITS.	Agencies	April 6 2018	
TINs due to IT Strategic Planning Committee (ITSPC).	EITS/Agency	June 15 2018	The ITSPC committee reviews and ranks TINs that are \$500K and above.
ITPSC sends TIN priority list to the Governor's Finance Office.	ITSPC - EITS	July 11 2018	

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Reminder

TINs are also required for interim year initiatives.

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The End. Thank you!

Q and A

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Thank You!



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