STATE OF NEVADA
2017-2019 Executive Budget Overview

January 24, 2017
Mike Willden, Chief of Staff, Office of Governor Brian Sandoval
Jim Wells, Director, Office of Finance
Janet Murphy, Deputy Director, Office of Finance
Agenda

- Economic Overview
- Revenue Overview
- General Fund Projected Balance
- Rainy Day Fund Projected Balance
- Statutory Spending Limit
- Planning Framework
- Budget Overview
- Significant Budget Items
Economic Overview

National Economy
- U.S. economy added more than 15 million jobs since low point of recession
- Economic growth is modest but steady
- Wage growth is improving
- Consumer confidence has risen to pre-financial crisis levels
- Housing market is gradually improving
**Economic Overview**

- **Nevada Economy**
  - **Employment**
    - All of the jobs lost during the recession recovered
    - In 2016, 32,500 jobs added
    - Record high employment at over 1.3 million jobs
    - Lowest jobless rate in nine years
  - **Population**
    - 2016 population growth (1.95%) is second-strongest in the nation
  - **Visitor Volume**
    - 2016 should exceed last year’s record of 42.3 million
  - **Personal Income**
    - Up 4.5% (3rd quarter 2016 compared to 3rd quarter 2015)
  - **Housing**
    - Housing prices –3rd quarter 2016 up 7.7% compared to same period in 2015
Economic Overview

- What a difference 2010 versus 2016 (Unemployment)

- Diagram showing unemployment rates for Nevada and the United States from Dec -2006, Dec -2010, and Dec -2016.
## Revenue Overview

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY 2016</td>
<td>FY 2017</td>
</tr>
<tr>
<td>Balance Forward</td>
<td>$539,256,214</td>
<td>$471,801,295</td>
</tr>
<tr>
<td>General Fund</td>
<td>$3,558,057,616</td>
<td>$3,738,711,497</td>
</tr>
<tr>
<td>Federal Fund</td>
<td>$3,983,540,717</td>
<td>$3,971,211,924</td>
</tr>
<tr>
<td>Highway Fund</td>
<td>$463,026,909</td>
<td>$467,747,865</td>
</tr>
<tr>
<td>Other*</td>
<td>$1,825,191,655</td>
<td>$1,921,112,689</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$10,369,073,111</strong></td>
<td><strong>$10,570,585,270</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Dollar Change</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015–2017 Biennium</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance Forward</td>
<td>$1,343,847,947</td>
<td>14.9%</td>
</tr>
<tr>
<td>General Fund</td>
<td>$201,512,159</td>
<td>1.9%</td>
</tr>
<tr>
<td>Federal Fund</td>
<td>$1,172,558,555</td>
<td>11.1%</td>
</tr>
<tr>
<td>Highway Fund</td>
<td>$1,172,558,555</td>
<td>11.1%</td>
</tr>
<tr>
<td>Other*</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$20,939,658,381</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2017–2019 Biennium</th>
<th>Dollar Change</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Biennium Total</td>
<td>$3,169,756,637</td>
<td>17.8%</td>
</tr>
</tbody>
</table>

*Net of Inter–Agency Transfers  
**Source: Legislative Appropriations Report, Nov. 2015
Revenue Overview

2017-2019 Biennium Revenue Sources

- Federal Funds: 39%
- General Fund: 35%
- Other: 17%
- Highway Fund: 4%
- Balance Forward: 5%
## General Fund Revenue by Source

<table>
<thead>
<tr>
<th>SOURCE (MILLIONS)</th>
<th>2015-2017 Biennium</th>
<th>2017-2019 Biennium Governor Recommends</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY 2016 Actual</td>
<td>FY 2017 EF Forecast</td>
</tr>
<tr>
<td>Mining Taxes &amp; Fees</td>
<td>$34.7</td>
<td>$13.6</td>
</tr>
<tr>
<td>Sales &amp; Use Tax</td>
<td>$1,077.0</td>
<td>$1,140.0</td>
</tr>
<tr>
<td>Gaming Taxes (Before Tax Credits)</td>
<td>$733.4</td>
<td>$756.3</td>
</tr>
<tr>
<td>Live Entertainment Taxes</td>
<td>$128.5</td>
<td>$123.8</td>
</tr>
<tr>
<td>Commerce Tax</td>
<td>$143.5</td>
<td>$194.4</td>
</tr>
<tr>
<td>Transportation Connection Tax</td>
<td>$11.9</td>
<td>$21.0</td>
</tr>
<tr>
<td>Insurance Premium Tax (Before Tax Credits)</td>
<td>$336.2</td>
<td>$375.0</td>
</tr>
<tr>
<td>Modified Business Tax - Non financial (Before Tax Credits)</td>
<td>$517.1</td>
<td>$547.1</td>
</tr>
<tr>
<td>Modified Business Tax - Financial (Before Tax Credits)</td>
<td>$27.2</td>
<td>$28.2</td>
</tr>
<tr>
<td>Modified Business Tax - Mining (Before Tax Credits)</td>
<td>$21.9</td>
<td>$22.1</td>
</tr>
<tr>
<td>Cigarette Tax</td>
<td>$153.0</td>
<td>$173.3</td>
</tr>
<tr>
<td>Real Property Transfer Tax</td>
<td>$75.8</td>
<td>$81.0</td>
</tr>
<tr>
<td>Other Taxes</td>
<td>$234.6</td>
<td>$204.5</td>
</tr>
<tr>
<td>Licenses</td>
<td>$131.9</td>
<td>$132.4</td>
</tr>
<tr>
<td>Fees &amp; Fines</td>
<td>$59.2</td>
<td>$60.8</td>
</tr>
<tr>
<td>Use of Money &amp; Property</td>
<td>$1.5</td>
<td>$2.5</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>$61.4</td>
<td>$50.8</td>
</tr>
<tr>
<td><strong>TOTAL GENERAL FUND REVENUE (Before Tax Credits)</strong></td>
<td><strong>$3,749.1</strong></td>
<td><strong>$3,927.0</strong></td>
</tr>
<tr>
<td>Tax Credits</td>
<td>-$55.2</td>
<td>-$157.8</td>
</tr>
<tr>
<td><strong>TOTAL GENERAL FUND REVENUE (After Tax Credits)</strong></td>
<td><strong>$3,693.8</strong></td>
<td><strong>$3,769.2</strong></td>
</tr>
</tbody>
</table>
Revenue Overview

General Fund Revenue by Source
2017-2019 Biennium

- Gaming Taxes: 18.8%
- Sales and Use Taxes: 29.9%
- Modified Business Taxes: 15.6%
- Insurance Taxes: 9.6%
- Commerce Tax: 4.5%
- Other Tax: 5.0%
- Real Property Transfer Tax: 2.1%
- Cigarette Tax: 4.1%
- Mining Taxes and Fees: 1.1%
- Non-Tax Revenue: 6.1%
- Live Entertainment Taxes: 3.1%
Revenue Overview

Extension of Sunset Revenues and New Revenues

<table>
<thead>
<tr>
<th>Sunsets (in millions)</th>
<th>FY 2018</th>
<th>FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governmental Services Tax (GST)</td>
<td>19.3</td>
<td>19.5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>New Revenue (in millions)</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Recreational Marijuana Wholesale 15%</td>
<td>12.7</td>
<td>17.1</td>
</tr>
<tr>
<td>Recreational Marijuana Retail 10%</td>
<td>29.5</td>
<td>39.8</td>
</tr>
<tr>
<td>Recreational Marijuana Fees</td>
<td>4.4</td>
<td>1.2</td>
</tr>
<tr>
<td>Total</td>
<td>65.9</td>
<td>77.6</td>
</tr>
</tbody>
</table>
Revenue Overview

Nevada Population

GF Revenues
### General Fund Balance

#### Statement of Projected Unappropriated General Fund Balance - Fiscal Years 2015-2017

<table>
<thead>
<tr>
<th>FY 2016 Actual</th>
<th>Legislature Approved</th>
<th>Projected</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unappropriated Balance - July 1</td>
<td>$ 241,750,375</td>
<td>$ 251,820,486</td>
<td>$ 418,534,861</td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Fund Revenues</td>
<td>3,749,082,146</td>
<td>3,767,090,825</td>
<td>3,844,473,035</td>
</tr>
<tr>
<td>Tax Credit Programs</td>
<td>(55,239,359)</td>
<td>(76,638,000)</td>
<td>(75,272,591)</td>
</tr>
<tr>
<td>Restricted Revenues</td>
<td>9,108,094</td>
<td>9,116,926</td>
<td>9,086,504</td>
</tr>
<tr>
<td>Reversions</td>
<td>84,711,575</td>
<td>40,000,000</td>
<td>85,500,000</td>
</tr>
<tr>
<td><strong>Total Resources</strong></td>
<td>$ 4,029,412,831</td>
<td>$ 3,991,390,237</td>
<td>$ 4,282,321,809</td>
</tr>
<tr>
<td><strong>Appropriations / Transfers:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Appropriations</td>
<td>(3,558,057,616)</td>
<td>(3,738,711,497)</td>
<td>(3,738,711,497)</td>
</tr>
<tr>
<td>Operating Transfers Between Fiscal Years</td>
<td>(8,945,243)</td>
<td>-</td>
<td>11,216,167</td>
</tr>
<tr>
<td>One-Shot Appropriations - 2015 Legislature</td>
<td>(16,593,446)</td>
<td>(100,000)</td>
<td>(100,000)</td>
</tr>
<tr>
<td>Restoration of Fund Balances</td>
<td>(13,600,000)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Expense Adjustment - 29th Special Session</td>
<td>(1,500,000)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Supplemental Appropriations</td>
<td>-</td>
<td>-</td>
<td>(40,616,875)</td>
</tr>
<tr>
<td>Other Adjustments</td>
<td>(4,008,770)</td>
<td>-</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Cost of 2017 Legislature</td>
<td>-</td>
<td>(20,000,000)</td>
<td>(20,000,000)</td>
</tr>
<tr>
<td>Restricted Transfers</td>
<td>(9,108,094)</td>
<td>(9,116,926)</td>
<td>(9,086,504)</td>
</tr>
<tr>
<td>Transfers to Rainy Day Fund</td>
<td>-</td>
<td>-</td>
<td>(63,935,955)</td>
</tr>
<tr>
<td>Transfers to Disaster Relief Account</td>
<td>-</td>
<td>-</td>
<td>(2,000,000)</td>
</tr>
<tr>
<td>Year-End Adjustments to Fund Balance</td>
<td>935,199</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Uses</strong></td>
<td>$ (3,610,877,970)</td>
<td>$ (3,767,928,423)</td>
<td>$ (3,862,234,664)</td>
</tr>
<tr>
<td>Unappropriated Balance - June 30</td>
<td>$ 418,534,861</td>
<td>$ 223,461,814</td>
<td>$ 420,087,145</td>
</tr>
<tr>
<td>5% Minimum Ending Fund Balance</td>
<td>$ 178,625,581</td>
<td>$ 186,935,575</td>
<td>$ 189,360,610</td>
</tr>
<tr>
<td><strong>Balance Over/(Under) 5% Minimum</strong></td>
<td>$ 239,909,280</td>
<td>$ 36,526,239</td>
<td>$ 230,726,535</td>
</tr>
</tbody>
</table>
## General Fund Balance

### Governor's Executive Budget

<table>
<thead>
<tr>
<th></th>
<th>FY 2018</th>
<th>FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unappropriated Balance - July 1</strong></td>
<td>$420,087,145</td>
<td>$235,976,091</td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economic Forum Gross Revenues - December 2016</td>
<td>3,938,817,663</td>
<td>4,090,998,451</td>
</tr>
<tr>
<td>Extension of GST - 25% of Total</td>
<td>19,272,000</td>
<td>19,483,500</td>
</tr>
<tr>
<td>Excess Court Assessment Fees not allocated to Statutorily Required Programs</td>
<td>1,718,911</td>
<td>1,687,419</td>
</tr>
<tr>
<td>Restricted Revenues</td>
<td>16,054,957</td>
<td>15,930,693</td>
</tr>
<tr>
<td>Reversions</td>
<td>50,000,000</td>
<td>50,000,000</td>
</tr>
<tr>
<td>Economic Forum Approved amounts for Tax Credit Programs</td>
<td>(63,750,500)</td>
<td>(78,787,000)</td>
</tr>
<tr>
<td>Tax Credit Program - Film Production</td>
<td>(2,500,000)</td>
<td>(2,500,000)</td>
</tr>
<tr>
<td><strong>Total Resources</strong></td>
<td>$4,379,700,176</td>
<td>$4,332,789,154</td>
</tr>
<tr>
<td><strong>Appropriations / Transfers:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Appropriations</td>
<td>(3,893,559,321)</td>
<td>(4,036,661,496)</td>
</tr>
<tr>
<td>One-Shot Appropriations - 2017 Legislature</td>
<td>(79,155,479)</td>
<td>-</td>
</tr>
<tr>
<td>Restoration of Fund Balances</td>
<td>(7,500,000)</td>
<td>-</td>
</tr>
<tr>
<td>One-time Appropriation for 2017 CIP</td>
<td>(44,525,830)</td>
<td>-</td>
</tr>
<tr>
<td>UNR Engineering Building Debt Service Payments</td>
<td>-</td>
<td>(2,127,000)</td>
</tr>
<tr>
<td>Cost of 2019 Legislature</td>
<td>-</td>
<td>(20,000,000)</td>
</tr>
<tr>
<td>Restricted Transfers</td>
<td>(16,054,957)</td>
<td>(15,930,693)</td>
</tr>
<tr>
<td>Transfers to Rainy Day Fund</td>
<td>(100,928,498)</td>
<td>(40,308,824)</td>
</tr>
<tr>
<td>Transfers to Disaster Relief Account</td>
<td>(2,000,000)</td>
<td>(2,000,000)</td>
</tr>
<tr>
<td><strong>Total Uses</strong></td>
<td>$ (4,143,724,085)</td>
<td>$ (4,117,028,013)</td>
</tr>
<tr>
<td><strong>Unappropriated Balance - June 30</strong></td>
<td>$235,976,091</td>
<td>$215,761,141</td>
</tr>
<tr>
<td><strong>5% Minimum Ending Fund Balance</strong></td>
<td>$201,237,032</td>
<td>$202,939,425</td>
</tr>
<tr>
<td><strong>Balance Over/(Under) 5% Minimum</strong></td>
<td>$34,739,060</td>
<td>$12,821,716</td>
</tr>
</tbody>
</table>
Rainy Day Fund

Rainy Day Fund Ending Balance

Millions

$400

$300

$200

$100

$0

FY09  FY10  FY11  FY12  FY13  FY14  FY15  FY16  FY17  FY18  FY19

Rainy Day Fund Balance
## Spending Limit

### General Fund Spending Limit for the 2017-2019 Biennium

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Expenditures (1975-1977 Biennium)</td>
<td>$388,993,276</td>
</tr>
<tr>
<td><strong>2016 Population Adjustment:</strong></td>
<td></td>
</tr>
<tr>
<td>July 1974 population</td>
<td>596,747</td>
</tr>
<tr>
<td>July 2016 population</td>
<td>2,953,373</td>
</tr>
<tr>
<td>Percent Change</td>
<td>394.9%</td>
</tr>
<tr>
<td>Base Expenditures Adjusted for Population</td>
<td>$1,925,174,402</td>
</tr>
<tr>
<td><strong>2016 Inflation Adjustment:</strong></td>
<td></td>
</tr>
<tr>
<td>July 1974 Consumer Price Index</td>
<td>49.4</td>
</tr>
<tr>
<td>July 2016 Consumer Price Index</td>
<td>240.6</td>
</tr>
<tr>
<td>Percent Change</td>
<td>387.1%</td>
</tr>
<tr>
<td>Allowable Expenditures Adjusted for Population and Inflation</td>
<td>$9,377,543,764</td>
</tr>
<tr>
<td>2017-2019 Executive Budget Appropriations / Transfers</td>
<td>$8,059,317,166</td>
</tr>
<tr>
<td>Balance Below Spending Cap</td>
<td>$1,318,226,598</td>
</tr>
</tbody>
</table>
## Spending Limit Calculation

<table>
<thead>
<tr>
<th></th>
<th>FY 18</th>
<th>FY 19</th>
<th>Biennium</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total General Fund Expenditures</strong></td>
<td>4,143,724,085</td>
<td>4,117,028,013</td>
<td>8,260,752,098</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction - Capital Improvement Program</td>
<td>(33,059,672)</td>
<td>(33,059,672)</td>
<td></td>
</tr>
<tr>
<td>Construction - Deferred Maintenance for HECC/SHECC</td>
<td>(11,466,158)</td>
<td>(11,466,158)</td>
<td></td>
</tr>
<tr>
<td>Construction - Deferred Maintenance</td>
<td>(3,229,553)</td>
<td>(1,898,264)</td>
<td>(5,127,817)</td>
</tr>
<tr>
<td>Lease Purchase Payments (a)</td>
<td>(4,877,227)</td>
<td>(5,666,756)</td>
<td>(10,543,983)</td>
</tr>
<tr>
<td>Rainy Day Transfer:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>40% of Ending Fund Balance in Excess of 7%</td>
<td>(61,992,917)</td>
<td>-</td>
<td>(61,992,917)</td>
</tr>
<tr>
<td>1% of Projected Revenues</td>
<td>(38,935,581)</td>
<td>(40,308,824)</td>
<td>(79,244,405)</td>
</tr>
<tr>
<td><strong>Total Subject to Spending Limit</strong></td>
<td>3,990,162,977</td>
<td>4,069,154,169</td>
<td>8,059,317,146</td>
</tr>
</tbody>
</table>

(a)

<table>
<thead>
<tr>
<th></th>
<th>FY 18</th>
<th>FY 19</th>
<th>Biennium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Summit View</td>
<td>1,337,624</td>
<td>-</td>
<td>1,337,624</td>
</tr>
<tr>
<td>Casa Grande</td>
<td>1,466,863</td>
<td>1,466,863</td>
<td>2,933,726</td>
</tr>
<tr>
<td>Nevada State College</td>
<td>1,564,341</td>
<td>1,564,341</td>
<td>3,128,682</td>
</tr>
<tr>
<td>UNR Engineering Building</td>
<td>-</td>
<td>2,127,000</td>
<td>2,127,000</td>
</tr>
<tr>
<td>Bryan Building</td>
<td>508,399</td>
<td>508,552</td>
<td>1,016,951</td>
</tr>
<tr>
<td><strong>Total Lease-Purchase Payments</strong></td>
<td>4,877,227</td>
<td>5,666,756</td>
<td>10,543,983</td>
</tr>
</tbody>
</table>
Spending Limit History

Legislatively Approved Operating Appropriations Compared to the Spending Cap*

*For all prior biennia and the current 2015-2017 biennium, the lighter green (color) or grey (black & white) column to the right represents the actual Legislatively approved appropriations as reported in the Legislative Counsel Bureau’s Appropriations Report while the darker red (color) or black (black & white) column to the left reflects the statutory expenditure cap. For the 2017-2019 biennium Executive Budget, the lighter green (color) or grey (black & white) column reflects the actual calculations required by NRS 353.213.
Planning Framework

- **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
Planning Framework

Four Over-Arching Strategic Priorities
- Vibrant and Sustainable Economy
- Educated and Healthy Citizenry
- Safe and Livable Communities
- Efficient and Responsive State Government
Planning Framework

- Eight Essential Core Functions of Government
  - Business Development and Services
  - Infrastructure and Communications
  - Education and Workforce Development
  - Health Services
  - Human Services
  - Public Safety
  - Resource Management
  - State Support Services
Planning Framework

How Framework is Organized

- Strategic Priority – One of the Four Organizing Principals
  - Core Function – Statutory Responsibility
  - Goal – Broad Statements of Desired Result
  - Objective – Measurable Indicators of Progress
  - Activity – Pre-Defined Service or Function
    - Performance Measures – Measurement of Effectiveness and Efficiency of Activity
Total Spending by Function

2017-2019 - All Funds

- Human Services: 44%
- Education: 25%
- Commerce & Industry: 4%
- Infrastructure: 8%
- Public Safety: 6%
- Finance & Administration: 7%
- Elected Officials*: 5%
- Special Purpose Agencies: 1%

2015 - 2017 All Funds

- Elected Officials*: $1,304,073,595
- Finance & Administration: $1,925,157,572
- Education: $6,580,585,122
- Commerce & Industry: $1,049,469,155
- Human Services: $11,489,352,333
- Public Safety: $1,506,913,493
- Infrastructure: $2,101,088,481
- Special Purpose Agencies: $188,321,470
- Total: $26,144,961,221

*includes Legislative and Judicial
## 2017-2019 Biennial Budget
### Top Ten Departments

<table>
<thead>
<tr>
<th>Department</th>
<th>Amount</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health and Human Services</td>
<td>$11,127,255,057</td>
<td>42.6%</td>
</tr>
<tr>
<td>K-12 Education</td>
<td>$4,653,145,494</td>
<td>17.8%</td>
</tr>
<tr>
<td>Nevada System of Higher Education (NSHE)</td>
<td>$1,896,981,255</td>
<td>7.3%</td>
</tr>
<tr>
<td>Administration</td>
<td>$1,845,278,531</td>
<td>7.1%</td>
</tr>
<tr>
<td>Transportation</td>
<td>$1,551,866,012</td>
<td>5.9%</td>
</tr>
<tr>
<td>Treasurer</td>
<td>$738,969,395</td>
<td>2.8%</td>
</tr>
<tr>
<td>Corrections</td>
<td>$688,380,821</td>
<td>2.6%</td>
</tr>
<tr>
<td>Public Safety</td>
<td>$462,922,242</td>
<td>1.8%</td>
</tr>
<tr>
<td>Agriculture</td>
<td>$451,692,178</td>
<td>1.7%</td>
</tr>
<tr>
<td>Employment, Training and Rehabilitation</td>
<td>$362,097,276</td>
<td>1.4%</td>
</tr>
<tr>
<td>Remaining Departments</td>
<td>$2,366,372,960</td>
<td>9.0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$26,144,961,221</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

### Percentage of Statewide Spending (All Funding Types)

- Health and Human Services: 42.6%
- K-12 Education: 17.8%
- Nevada System of Higher Education (NSHE): 7.3%
- Administration: 7.1%
- Transportation: 5.9%
- Treasurer: 2.8%
- Corrections: 2.6%
- Public Safety: 1.8%
- Agriculture: 1.7%
- Employment, Training and Rehabilitation: 1.4%
- Remaining Departments: 9.0%
General Fund by Function

2017-2019 General Funds

- Elected Officials*: 5%
- Finance & Administration: 1%
- Education: 51%
- Commerce & Industry: 1%
- Human Services: 31%
- Public Safety: 9%
- Infrastructure: 1%
- Special Purpose Agencies: 0%

2015 - 2017 General Funds

- Elected Officials*: $379,190,343
- Finance & Administration: $75,064,714
- Education: $4,062,839,245
- Commerce & Industry: $114,296,474
- Human Services: $2,491,982,693
- Public Safety: $707,815,283
- Infrastructure: $79,255,789
- Special Purpose Agencies: $19,776,276
- Total: $7,930,220,817

*includes Legislative and Judicial

2017–2019 Executive Budget Overview
2017–2019 BIENNIAL BUDGET
TOP TEN DEPARTMENTS
(GENERAL FUND)

<table>
<thead>
<tr>
<th>DEPARTMENT</th>
<th>AMOUNT</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>K-12 Education</td>
<td>$2,838,931,787</td>
<td>35.8%</td>
</tr>
<tr>
<td>Health and Human Services</td>
<td>$2,481,767,310</td>
<td>31.3%</td>
</tr>
<tr>
<td>Nevada System of Higher Education (NSHE)</td>
<td>$1,223,907,458</td>
<td>15.5%</td>
</tr>
<tr>
<td>Corrections</td>
<td>$589,027,428</td>
<td>7.4%</td>
</tr>
<tr>
<td>Public Safety</td>
<td>$118,717,749</td>
<td>1.5%</td>
</tr>
<tr>
<td>Governor's Office</td>
<td>$109,527,170</td>
<td>1.4%</td>
</tr>
<tr>
<td>Judicial Branch</td>
<td>$80,539,249</td>
<td>1.0%</td>
</tr>
<tr>
<td>Conservation and Natural Resources</td>
<td>$74,012,176</td>
<td>0.9%</td>
</tr>
<tr>
<td>Legislative Branch</td>
<td>$65,834,695</td>
<td>0.8%</td>
</tr>
<tr>
<td>Taxation</td>
<td>$64,345,756</td>
<td>0.8%</td>
</tr>
<tr>
<td>Remaining Departments</td>
<td>$283,610,039</td>
<td>3.6%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$7,930,220,817</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>
**Significant Budget Items**

- **FTE changes**

<table>
<thead>
<tr>
<th>Current</th>
<th>Governor's Recommended Budget</th>
<th>Biennium Change (compared to FY 2017)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2017</td>
<td>FY 2018</td>
<td>FY 2019</td>
</tr>
<tr>
<td>19,207.26</td>
<td>19,435.60</td>
<td>19,485.87</td>
</tr>
<tr>
<td>Change</td>
<td>228.34</td>
<td>50.27</td>
</tr>
</tbody>
</table>

State positions - all funding sources. Excludes Higher Education and the Legislative Branch
Significant Budget Items

- Workforce Innovation
  - Creates a permanent Office in the Office of the Governor
  - Converts contract staff in DETR to state employees and transfers employees to new budget account
  - Transfers Apprenticeship Council from Labor Commissioner
  - Transfers Nevada P20–Workforce Data System (NPWR) from DETR
    - $500,000 to plan for additional data elements for NPWR
    - $2.2 million total budget for NPWR
Significant Budget Items

- **Nevada System of Higher Education**
  - **Formula Funding**
    - Continue formula funding for institutions with growth in the number of weighted student credit hours ($56.8 million over the biennium).
  - **Career and Technical Education** programs at the 4 community colleges ($21.4 million over the biennium)
  - **Capacity Building** projects at the 8 institutions ($10.5 million in the second year of the biennium)
  - **Cloud Seeding** enhancement to increase water content ($1.4 million over the biennium)
  - **Silver State Opportunity Grant** increases from $2.5 million to $5 million per year

*2017–2019 Executive Budget Overview*
Significant Budget Items

- **Nevada System of Higher Education**
  - **UNLV Medical School** Continuation of build out ($52 million over the biennium – total investment approaching $80 million)
  - **UNLV Hotel College** Furniture, fixtures and equipment ($1.4 million in bond funds)
  - **UNR Engineering Building** $41.5 million state share financed through a lease-purchase arrangement with the first payments due in FY 2019.
Pre–K Through 12th Grade

- **DSA**
  - Funding of the 2% step and column adjustments
  - Funding PERS and health benefit rate increases at the same increase as state employees
  - Funding projected enrollment growth of 1.05% in FY 2018 and 1.25% in FY 2019
  - IP 1 (Room Tax) revenues removed from funding Basic Support to fund supplemental support and Other State programs

- **Special Education**
  - Additional supplemental funding (weighted student funding) – ($30 million increase over the biennium)
Significant Budget Items

- **Pre–K Through 12th Grade (continued)**
  - **English Language Learners** ($42 million increase over the biennium)
    - Expansion of ELL program started in the 2013–2015 Budget to an additional 25 schools.
  - **Victory Schools** ($30 million increase over the biennium)
    - Expansion of funding for 30 additional low performing schools within the poorest zip codes
  - **Gifted and Talented Education** ($4.3 million additional funding over the biennium)
  - Nearly $107 million in additional resources for these identified populations
Pre–K Through 12th Grade (continued)

- **Nevada Ready 21 Technology Grants**
  - Continues existing funding for 1:1 instructional devices
  - Transfers Wide Area Network funding to OSIT for the Nevada Connect Kids Initiative to better leverage eRate funds
- **Teach Nevada Scholarship Program** ($1 million new funding over the biennium)
- **Teacher Hiring Incentives**
  - Funding of $2.5 million per year for Special Education
  - Allow use of ZOOM or Victory funds for incentives
Pre-K Through 12th Grade (continued)

- Education Savings Accounts
  - Creates a new budget account within the Office of the State Treasurer
  - $60 million in funding over the biennium ($25 million in FY 18 and $35 million in FY 19)
  - 3% administrative fees included in the appropriation to:
    - Fund for four new staff and operating costs
    - Payback IFC Contingency and Statutory Contingency allocations made to implement and provide legal defense of the program
Significant Budget Items

- **State Parks**
  - $15 million in new funding for additional parks and upgrades to existing parks
    - New Walker River State Recreation Area
    - New Tule Springs State Park
    - Upgrades for:
      - Preservation at Fort Churchill
      - Operating costs at Van Sickle Bi-State Park (Lake Tahoe)
      - Cabins
      - Campground upgrades, including pull-through sites and Wi-Fi
      - Electrical and water system upgrades
Significant Budget Items

- **Drought**
  - $3.9 million in new funding to address recommendations from the Nevada Drought Forum and Western Governor’s Association Initiatives
    - Judicial College education program on water law ($25k)
    - Department of Agriculture drought monitoring and data collection program ($1 million over the biennium)
    - Division of Water Resources Drought Resiliency and Water Planning program and related enforcement activities ($2.1 million over the biennium)
    - Division of Forestry improvements for drought response capabilities ($800k over the biennium)
**Significant Budget Items**

- **Cyber Defense**
  - $3.5 million in new funding to:
    - Establish Cyber Defense Center in the Department of Public Safety
      - Four staff
      - Primary focal point for cyber threats and security and conduit between other levels of government and the private sector
      - $900k over the biennium
    - Enterprise IT Services Division
      - Upgrades to improve data security for state owned information ($2.6 million over the biennium)
      - General Fund loan for new hardware associated with improved security protocols ($800k)
significant budget items

- state employees
  - 2% cost of living adjustment effective july 1, 2017 and a second 2% cola effective july 1, 2018
  - one grade increases included for correctional officers (e672) and it professionals (e671)
  - additional funding of approximately $34.3 million for employee and retiree health benefits inflation and plan stability
  - no pers increase proposed for 2017-2019 biennium
Significant Budget Items

- Health and Human Services
  - Aging and Disability Services
    - Autism Caseload – $3.4 million GF and federal funds over the biennium
      - Increase caseload by 175 children (26%) from FY 2016
      - 25 contractors converted to state employees plus 2 new staff
    - Early Intervention Services – $12 million GF Savings
      - Service Model Change to leverage Medicaid funding
      - 65 new FTE to replace service contractors
  - Home Delivered Meals for Homebound Seniors
    - Additional $1.5 million over the biennium to support the program
  - Home and Community Based/Frail Elderly Waiver – $11.5 million GF and federal funds combined
    - Increase caseload by 247 (12%) over the biennium
Significant Budget Items

Health and Human Services

Health Care Finance and Policy

- $72.7 million in GF included for Medical Inflation
- $172.9 million in GF included for caseload growth and adjustments to FMAP
  - FMAP for newly eligible decreased to 95% effective 1/1/17
  - Decreases 1% per year until 1/1/2019 and 3% until 1/1/2020 (to 90%)
  - FMAP for traditional population – 65.57% in FFY2018; 65.50% in FFY2019
- Total Medicaid enrollment increased an estimated 22,619 between June 2016 and June 2017. Projected caseload increases 2.19% in FY2018 and 2.41% in FY2019.
Significant Budget Items

Total Medicaid Recipients

- Actual
- Projected

- 2009: 100,000
- 2010: 200,000
- 2011: 300,000
- 2012: 400,000
- 2013: 500,000
- 2014: 600,000
- 2015: 700,000
- 2016: 700,000
- 2017: 567,952
- 2018: 676,885
- 2019: 700,000

2017–2019 Executive Budget Overview
## Significant Budget Items

### Summary of Medicaid Medical Spending by Funding Source

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Federal</th>
<th>County</th>
<th>Funds Treated Like General Fund</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 12</td>
<td>$532,830,840</td>
<td>$1,008,553,756</td>
<td>$30,776,986</td>
<td>$180,570,570</td>
<td>$2,369,961</td>
<td>$1,755,102,113</td>
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<tr>
<td>FY 13</td>
<td>$543,617,285</td>
<td>$1,157,801,091</td>
<td>$27,845,095</td>
<td>$155,866,241</td>
<td>$1,990,091</td>
<td>$1,887,119,803</td>
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<tr>
<td>FY 14</td>
<td>$549,024,282</td>
<td>$1,493,246,340</td>
<td>$26,027,510</td>
<td>$118,940,020</td>
<td>$1,623,365</td>
<td>$2,188,861,517</td>
</tr>
<tr>
<td>FY 15</td>
<td>$598,090,666</td>
<td>$2,373,947,145</td>
<td>$29,792,291</td>
<td>$174,602,760</td>
<td>$3,633,123</td>
<td>$3,180,659,858</td>
</tr>
<tr>
<td>FY 16</td>
<td>$556,174,144</td>
<td>$2,642,985,519</td>
<td>$25,775,483</td>
<td>$196,284,157</td>
<td>$4,249,006</td>
<td>$3,425,468,309</td>
</tr>
<tr>
<td>FY 17</td>
<td>$623,248,921</td>
<td>$2,885,099,848</td>
<td>$31,636,921</td>
<td>$220,948,571</td>
<td>$4,010,935</td>
<td>$3,764,945,196</td>
</tr>
<tr>
<td>FY 18</td>
<td>$687,056,122</td>
<td>$2,907,798,958</td>
<td>$27,767,686</td>
<td>$199,256,976</td>
<td>$4,741,901</td>
<td>$3,826,621,643</td>
</tr>
</tbody>
</table>

Note: Funds Treated Like General Funds column includes Intergovernmental Transfers (IGT), Provider Tax, Cost Containment Fees and Fines.

### Share of Spending by Funding Source

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Federal</th>
<th>County</th>
<th>Funds Treated Like General Fund</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 12</td>
<td>30.3%</td>
<td>57.5%</td>
<td>1.8%</td>
<td>10.3%</td>
<td>0.1%</td>
</tr>
<tr>
<td>FY 13</td>
<td>28.8%</td>
<td>61.3%</td>
<td>1.5%</td>
<td>8.3%</td>
<td>0.1%</td>
</tr>
<tr>
<td>FY 14</td>
<td>25.1%</td>
<td>68.2%</td>
<td>1.2%</td>
<td>5.4%</td>
<td>0.1%</td>
</tr>
<tr>
<td>FY 15</td>
<td>18.8%</td>
<td>74.7%</td>
<td>0.9%</td>
<td>5.5%</td>
<td>0.1%</td>
</tr>
<tr>
<td>FY 16</td>
<td>16.2%</td>
<td>77.2%</td>
<td>0.8%</td>
<td>5.7%</td>
<td>0.1%</td>
</tr>
<tr>
<td>FY 17</td>
<td>16.6%</td>
<td>76.6%</td>
<td>0.8%</td>
<td>5.9%</td>
<td>0.1%</td>
</tr>
<tr>
<td>FY 18</td>
<td>18.0%</td>
<td>76.0%</td>
<td>0.7%</td>
<td>5.2%</td>
<td>0.1%</td>
</tr>
<tr>
<td>FY 19</td>
<td>18.6%</td>
<td>75.6%</td>
<td>0.7%</td>
<td>5.0%</td>
<td>0.1%</td>
</tr>
</tbody>
</table>
Significant Budget Items

Health and Human Services

- Health Care Finance and Policy
  - **Plan Savings** – $60 million GF over the biennium
    - Retroactive claiming supplemental payments to hospitals
    - Automation of Medicaid/Medicare buy-in process
    - Implementation of asset verification system
    - Prior authorization and limiting certain medical services
  - **Rate increases** – $8.6 million GF over the biennium (additional approximately $25.4 million in federal funds)
    - Skilled Nursing Facilities
    - Adult day health care
    - Assisted living services
    - Pediatric surgeons
Health and Human Services
  • Public and Behavioral Health
    • Forensic Inpatient Caseload
      • 55 new staff at Rawson Neal/Stein Hospitals to manage growth of 31 (66%) patients over the biennium – $9.2 million in GF over biennium
    • Managed Care Organization staff services
      • $22.7 million in GF over the biennium based on CMS ruling that Nevada no longer eligible for safety net payments from the MCOs
Health and Human Services

- Welfare and Supportive Services
  - Caseload Increases
  - Assistance to Aged & Blind caseload projected increases of 5.5% per year – $2.4 million GF over the biennium
  - Child Assistance and Development increase of approximately 1,700 (26%) from FY 2016 to FY 2019 – $29.8 million in federal funds over the biennium
Significant Budget Items

- Health and Human Services
  - Child and Family Services
    - Juvenile Justice Reform
      - $1.5 million in GF over the biennium to standardize risk and needs assessments to reduce recidivism and improve outcomes for youth in the system
      - Separate BDR to make policy changes related to juvenile justice
    - County Child Welfare
      - $5.5 million over the biennium to support increase adoption subsidy caseload in Clark and Washoe Counties
  - Desert Willow Treatment Center
    - Relocates a 10 bed acute unit and 10 bed residential treatment unit for youth in Rawson-Neal Hospital
    - Eliminates 53 FTE
    - Saves $3.2 million in GF
    - Facility will be repurposed
Significant Budget Items

- Department of Corrections
  - Forecast need for 700 additional beds over the biennium
    - Work with P&P for more timely release of inmates
    - Remodel Building 8 at Southern Desert to add 200 beds
    - Purchase up to 200 out-of-state beds – $12.4 million in GF over the biennium
  - $1.8 million in funding over the biennium to purchase 71 body cameras, 312 stationary cameras and related storage capacity for inmate and employee safety
  - $2.2 million in funding over the biennium to replace an outdated telephone system which has reached the end of its useful life
Significant Budget Items

- Department of Public Safety
  - Training Division
    - Funding to support Southern Nevada Training Academy
    - Increase from 2 academies per year to 4
    - Six new FTE
    - $1.8 million over the biennium; approximately $800k GF
  - Highway Patrol
    - $1.0 million in funding over the biennium to fund on-going communication and storage costs associated with body cameras
Significant Budget Items

- **Department of Public Safety**
  - **Parole and Probation**
    - 31 new non-sworn staff for projected caseload growth – $3.7 million over the biennium ($1.1 million GF)
    - Implementation of new supervision ratios using risk based approach and 12 existing sworn positions
    - Addition of 2 positions for post-conviction investigations for projected caseload growth
    - Implement Day Reporting Center to focus on intervention and reducing recidivism – $2.7 million GF over the biennium and eight new staff
Department of Public Safety

- Parole and Probation
  - Six new case workers to be stationed in prison facilities to improve and expedite the release process of inmates eligible for parole – $850k over the biennium with ability to get additional funding if caseload warrants
  - Create State-funded house arrest program – $1.1 million over the biennium
  - Addition of $230k over the biennium to increase the Transitional Housing Fund to support the release plans of qualifying inmates
  - Addition of 8 new staff to supervise additional paroled offenders under the new programs – $1.2 million over the biennium
Significant Budget Items

- **Department of Business and Industry**
  - Consolidation of Housing and Manufactured Housing Divisions and programs for efficiencies in use of personnel and addition of a Housing Advocate position

- **Department of Veterans Services**
  - Addition of 2 Veterans Services Officers to assist veterans with accessing assistance programs
  - Funding to front the federal share of the Northern Nevada Veterans Home – approximately $33.1 million plus additional bond funding for building cost inflation
  - Funding facility management and operations to open the home in FY 2019 – $7.6 million in GF over the biennium
    - Needed until facility is certified and can bill for services; Medicaid, Medicare and private insurance billings in subsequent years will reduce GF
Governor’s Office of Economic Development

- $3.5 million in FY 2018 and $4.5 million in FY 2019 for the Workforce Innovations for a New Nevada (WINN) account to provide for workforce development projects
- $6.0 million in FY 2018 and $6.5 million in FY 2019 for the Knowledge Fund to spur research and its commercialization
- $500k per year to the Catalyst Fund to support efforts to attract new businesses to Nevada

Department of Administration

- Elimination of 2 FTE and pre–employment written tests for classified positions – saves $332k over the biennium
Department of Taxation – Recreational Marijuana

- Regulation and Taxation of Marijuana Act approved by voters in November 2016 – Department responsible for licensing and regulating recreational/adult use
- Regulations must be complete by end of 2017 – expected to be complete by summer
- Act provides for fees to be paid by establishments and a 15% wholesale tax on product
- Revenue from fees/taxes used by Department for costs and by local entities to enforce implementation – balance to DSA
- Governor’s Recommended budget includes an additional 10% retail excise tax – budgetary BDR to be submitted
- Revenue to DSA, net of DHHS, Taxation and local government costs – $99.2 million over the biennium
Department of Taxation – Recreational Marijuana

- New budget account for Department oversight
  - 16 FTE including a new Deputy Director – approximately $1.9 million per year
  - $5 million per year reserved for local government enforcement grant program
  - Department has submitted request for an IFC Contingency Fund loan to hire first 4 FTE, establish operating funds, develop regulations and modify tax system for collection of taxes and fees related to the act
    - $887,491 for use in FY 2017
    - Intent is to repay loan with fees/taxes after collections begin
**Significant Budget Items**

- **State Treasurer**
  - Continuation of existing basic College Kick Start Program
    - BDR submitted to recoup funds not claimed by 3rd grade
  - Governor’s Recommended budget proposes $5.0 million of Endowment Account funds be transferred to the Guinn Millennium Scholarship Program – BDR to be submitted

- **State Controller**
  - Debt Collection Office transferred to Governor’s Finance Office;
  - Assistant Controller position created to oversee debt collection efforts eliminated
  - Training Facility to be closed and Training Officer eliminated – savings of approximately $300k over the biennium
Other Projects

- Nevada Shared Radio System Replacement
  - NDOT is the lead agency
  - Budget of approximately $29.2 million from all sources
- Special Appropriations – $14.4 million over the biennium
  - Holocaust Education – $100k per year
  - Civil Air Patrol – $25k
  - Nevada Volunteers – $150k per year
  - Graduate Medical Education Grants – $10 million
  - Food security initiative grant matching funds – $275k
  - Supplemental funding for P&P prison re-entry program – $700k
  - Loans to EITS for hardware – $2.8 million for Cyber Security and “Bigger Pipes” initiatives
Significant Budget Items

Capital Improvement Projects

- 92 Proposed construction, maintenance and planning projects totaling $344.5 million ($216.2 from State funding sources)
- **Northern Nevada Veterans Home** – provides $33.1 million in cash to front federal share and $3.0 million in bond funds for inflation
- **UNR Engineering College** (as mentioned under NSHE above) – $41.5 million using lease-purchase funding with $41.5 million provided by UNR
- **DMV building in Reno** – $42.0 million to replace existing Galletti Way facility (Split between Highway Fund and Pollution Control Fund)
Significant Budget Items

- Capital Improvement Projects
  - Military – $37.1 million to build the National Guard Readiness Center in North Las Vegas ($2.9 million GF)
  - Corrections
    - $6.7 million to remodel Building 8 at SDCC
    - $11.3 million for ADA retrofits at NNCC
  - Tourism and Cultural Affairs
    - $4.5 million for the Stewart Indian School Cultural and Welcome Centers
    - $1.2 million for roof replacement and seismic stabilization of the Old Gym on the Stewart Indian School campus
Significant Budget Items

- **IT Projects**
  - **Secretary of State** – continuation of eSOS system replacement ($6.3 million GF over the biennium)
  - **Health Care Finance & Policy** – phase two of MMIS ($3.3 million GF, $20.5 million federal over biennium)
  - **Gaming Control Board** – phase three of Alpha Migration Project system replacement ($2.2 million GF over biennium)
  - **Department of Motor Vehicles** – System Modernization phase two ($36.2 million HF and $13.4 million in technology fees)
  - **Statewide** – phase one of replacement of financial and human resources system with ERP ($15.0 million GF over the biennium)
  - **Department of Public Safety** – Continue modernization of the Nevada Criminal Justice Information System ($6.3 million over the biennium from reserves)
Significant Budget Items

IT Projects

- **Division of Welfare and Supportive Services**
  - Modernization of Child Support Enforcement IT system ($9.3 million GF, $20.1 million federal over the biennium)
  - Modernize Access Nevada public facing web application ($1.0 million GF, $9.0 million federal over the biennium)
  - Case Management System for “No Wrong Door” approach to serving clientele ($408k GF, $3.5 million federal over the biennium)
  - Master Client Index to develop unique identifier over all databases ($127k GF, $1.2 million federal over the biennium)

- **Department of Health and Human Services** – Implement integrated medication management system for the department ($1.7 million GF over the biennium)
Significant Budget Items

IT Projects

- Department of Employment Training and Rehabilitation – Update Vocational Rehabilitation Client Information System for compliance with federal and state reporting requirements ($593k GF, $2.2 million federal over the biennium)

- Department of Administration
  - Implement an eProcurement System (BDR submitted to allow for charging fees to participating vendors)
  - Implement statewide Grants Management System ($424k GF)

- Department of Corrections
  - Implement an Electronic Medical Records system department wide ($2.3 million GF over the biennium)
  - Continue transition of NOTIS to internal Offender Management System ($1.3 million GF over the biennium)
  - Implement system wide Workforce Scheduling and Communications System ($637k GF over the biennium)
Other One-Shot Items

- **Guinn Millennium Scholarship Program** – $20 million to fund projected shortfall in the 2017–2019 biennium
- **Nevada Highway Patrol** – $8.9 million for replacement of vehicles and motorcycles
- **NSHE** – $11.5 million to fund the Higher Education and Special Higher Education Capital Construction funds (plus $3.5 million from Slot Tax for total of $15 million over the biennium)
- **Statewide** – $5.1 million over the biennium for deferred maintenance and maintenance projects in various budget accounts for agencies managed facilities
Significant Budget Items

- Statewide Decision Units
  - EITS Cost Pools and Rate Methodology Changes (M106)
  - AG Cost Allocation Change to Place GF in Paying Agency Accounts (M107)