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## Office of the Governor

April 3, 2020

Dear Directors, Executive Directors & Administrators:

Just a few weeks ago, my newly established subcabinet groups began the hard work of meeting and formulating the means and ways to successfully implement my vision of a child and family centered Nevada government. In just a short period of time, we saw agencies working together, using their shared expertise to reach a unified goal, and breaking down the silos that plague every organization of this size. My staff and I observed a refreshing optimism and an invigoration of ideas that was carrying us through as we worked towards these focused priorities and toward a new and optimistic budget.

Unfortunately, the unimaginable has happened, and the magnitude of the COVID-19 public health crisis could not have been anticipated. Since my inauguration, I've welcomed honesty in your advice and expertise. Now, I will be honest with you.

We are headed into a new reality and need to take a different direction with our state budget that reflects this reality. One does not have to be a statistician or budget analyst to know that government budgets are taking significant hits as actual revenue will not meet our previous projected revenue expectations. That is why I have asked the Governor's Finance Office to send you the attached direction to begin that hard process of working together with your Governor's Finance Office budget analyst to jointly review your respective budgets and make recommendations for budget reserves. In this unprecedented and unfortunate situation, we need to make these difficult decisions together.

My direction to my staff and the Governor's Finance Office is that we will be surgical and thoughtful in our approach to this problem. While we must have percentage targets to start this process, we will not just simply make a strict percentage cut across the board to our budgets. I believe to do so would be a disservice to the citizens of Nevada. All budgetary decisions made in the coming weeks and months will be made with an eye toward prioritizing our state resources to protect the health and safety of our citizens and to get us on the path toward a healthy recovery, both physically and economically.

We cannot - *and I will not* - cut the budgets of those agencies that provide the necessary resources for those on the front lines of the COVID-19 response. This moment in history is unique as this is a public health crisis of a magnitude that Nevadans have never seen. We must prioritize our resources so that we can effectively address, mitigate, and resolve this crisis as soon as possible and return to social and economic normalcy. We cannot accomplish this mandate if we cut the vital areas needed to execute an effective COVID-19 response.

I wish we weren't facing the reality of this crisis, and I wish I didn't have to write this letter. However, as all Nevadans – including family households, small businesses, and even our largest employers – are looking at their finances and budgets differently right now, so should the State of Nevada. All Nevadans will be making cuts to their budgets, and we need to as well.

I know it is an all too familiar exercise for many of you to be asked to review your budgets for recommendations to remove resources, contract desired expansions, and set aside planned improvements all in the vein of shared sacrifices. In the little over a year since taking office, my staff and I have seen ample evidence of the extraordinary ideas and vision you have as state leaders, and it saddens me to ask you to postpone some of those aspirations for the time being. However, it is my hope that we can learn from this challenge and build a new paradigm so that we will come out stronger on the other end and get back to that work of building the state government that I have envisioned – one that is centered on the needs of the children, families and communities of Nevada.

Sincerely,



Governor Steve Sisolak  
State of Nevada





**STATE OF NEVADA  
GOVERNOR'S FINANCE OFFICE**

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**ALL AGENCY MEMORANDUM #2020 – 11**

April 3, 2020

To: All Agencies  
From: Susan Brown, Director  
Subject: Recommendations for Proposed Budget Reserves Process

As noted in the letter from the Governor:

*"We are headed into a new reality and need to take a different direction with our state budget that reflects this reality. One does not have to be a statistician or budget analyst to know that government budgets are taking significant hits as actual revenue will not meet our previous projected revenue expectations. That is why I have asked the Governor's Finance Office to send you the attached direction to begin that hard process of working together with your Governor's Finance Office budget officer to jointly review your respective budgets and make recommendations for budget reserves. In this unprecedented and unfortunate situation, we need to make these difficult decisions together."*

Due to an expected decline in revenues in fiscal years 2020 and 2021, the Governor is examining the necessity of recommending budget reserves of up to four percent for fiscal year 2020 and ranging from six percent to fourteen percent for fiscal year 2021. Depending on the economic impact of this crisis in the months to come, these amounts may change, but the Governor is asking each department to initiate this process with the recommended amounts. A separate spreadsheet is attached listing the total target each department's budget reserve recommendations must meet.

The deadline to provide the recommended budget reserves to the Governor's Finance Office (GFO) is the close of business on April 13, 2020. Given the magnitude of this process, the GFO is requesting that all recommendations be entered into the Nevada Executive Budget System (NEBS). This will not only allow all departments to consolidate and prioritize recommended budget reserves in one location, but it will also allow the GFO to effectively coordinate the compilation of recommendations for the Governor's consideration.

Please note, the recommended budget reserves remain confidential and should not be disclosed. The budget reserves will not be made public until the Governor approves a final plan.

The GFO has created a copy of the Legislatively Approved budget in NEBS and labeled this version L01R – BUDGET RESERVES – PROPOSALS in Budget Period 2019-2021 Biennium. Agencies should enter their recommended budget reserves in the L01R version. Since department reserve recommendations are confidential, legislative staff will not have access to this version and this information should not be shared with them at this time.

Please note that security access to NEBS has not changed. Agency staff should have the same security roles that existed during the previous Governor Recommends phase unless a change was requested via the NEBS Security Access Form located at the following link: [NEBS Security Access Form](#)

Please use this form to update the roles of agency staff as necessary. The latest version of the NEBS Manual is also available using this link [NEBS Manual](#), and agencies are strongly encouraged to utilize this resource to re-familiarize themselves with NEBS.

To facilitate entries into NEBS, we have initialized multiple series or groupings of decision units in the “E600” series (Budget Reserves) for agencies to use based on the type of reserve being recommended. Each recommendation for a budget reserve entered into NEBS must utilize one of the following decision unit numbers:

**E605 – E619:** Staffing and Operating Reductions (including vacancy savings) – this would include eliminating a position, deferring a position start date or reducing operating, equipment, travel, training, etc.

**E620 – E625:** Eliminate or Reduce One-Shots & Technology Investment Notifications (TIN) – this would include eliminating items funded with One-Shot funds and eliminating TINs

**E626 – E630:** Eliminate or Reduce New Programs – this would include new programs approved by the 2019 Legislature that have not rolled out or have been partially rolled out.

**E631 – E639:** Program Limits or Rate Reductions – this would include eliminating a budgeted rate increase or deferring the start date for the rate increase. This would most commonly apply to inflationary increases budgeted for Health and Human Services.

**E640 – E649:** Program Reductions/Reductions to Services – this would include reductions to existing programs by reducing caseloads, clients served, etc.

**E650 – E655:** New Revenues or Expenditure Offsets – this would include projected General Fund savings due to receipt of unbudgeted revenues.

**E656 – E665:** Eliminate Capital Improvement Projects (CIPs) – this would include the elimination or deferred start date for CIPs funded with General Fund.

**E680:** FMAP Change – restricted for use by the Department of Health and Human Services.

Please start with the first decision unit number in each series used and increase sequentially as necessary. With the exception of E680 (which may increase the General Fund need), the net effect will be reductions to the General Fund, Highway Fund or other impacted revenue. Each decision unit entered must balance with revenues equaling expenditures. Decision units to reduce General Fund expenditures must be entered with a negative appropriation and an equal amount of negative expenditures. Please be sure to include other revenues, such as federal matching funds, that will be lost as a result of the recommended budget reserve.

The notes and attachments for each budget reserve decision unit must be complete and concise and must include a description of what is being recommended for reserve as well as the consequences of that recommendation. For example, if you are eliminating or partially eliminating an enhancement approved by the legislature, please identify that decision unit in the E6XX decision unit narrative. Similarly, if you are eliminating or partially eliminating a one-shot, please identify the bill and section number. There should be a clear delineation between what was funded versus what is being recommended for budget reserves. Department directors are required to prioritize the recommended budget reserves in NEBS.

Agencies may propose the elimination of positions or deferring the start date for new or vacant positions. Please note, **any** reclassifications or changes to class codes that were effective **after** the legislatively approved budgets were finalized **will not** be reflected in the L01R version. This version is a copy of the Legislature approved budget and will not be updated to include changes made in Advantage HR after the budgets were closed. Therefore, you will need to be certain you are working with the correct PCNs when recommending your budget reserves.

The only fringe benefits that can be eliminated are those rates that are calculated against gross salaries. Rates that are calculated by FTE cannot be eliminated from your budget (these would be EITS assessments, employee bond, AG tort, payroll and personnel assessments). Make sure you eliminate EITS utilizations such as phone line and voice mail or business productivity suite for the appropriate months. Eliminate furniture, equipment, operating and travel (including Fleet Services) as applicable. If you are eliminating equipment that is tied to an EITS service (DBA, MSA, etc.), you will need to eliminate that service as well.

If you are proposing to create salary savings by leaving positions vacant or delaying hiring, remember to adjust the start or end date within the position schedule to ensure costs calculate correctly, **(Note – NEBS will only accept full months, partial months can't be entered).**

If utilizing this strategy, remember to take the budgeted vacancy savings into account, because that savings must be met first and will not count toward the budget reserves. Please make sure any resulting overtime costs do not diminish your reductions.

Given the complexity of calculating savings by leaving positions vacant or delaying hiring, we have posted a separate document to our website located at <http://www.budget.state.nv.us/> with various examples of how to display the savings in NEBS. Please review this carefully and contact your assigned budget officer if you have any questions.

Also, agencies that are eliminating positions, leaving positions vacant, or delaying hiring will not be eligible for the entire amount budgeted for salary adjustment. You will need to work closely with your assigned budget officer to determine a pro-rated amount based on the recommended budget reserves for personnel services.

Agencies should not submit work programs for FY 2020 or FY 2021 until the Governor has approved a final budget reserve plan.

Please review the examples on the aforementioned link and contact your assigned budget officer if you have any questions regarding this process or using NEBS.

Thank you for your cooperation during this difficult time.

**Nevada System Of Higher Education  
FY 20 & FY 21 State General Fund Appropriations  
& Estimated Impact of Governor's Finance Office Budget Reduction Scenarios**

	FY 20		FY 21					Biennium
Budget Account	State Appropriation	4% Budget Reduction	State Appropriation	6% Budget Reduction	Additional 4%	Additional 4%	Total Budget Cuts	Total Budget Cuts
System Administration	\$ 4,932,899	\$ 197,316	\$ 4,941,631	\$ 296,498	\$ 197,665	\$ 197,665	\$ 691,828	\$ 889,144
Performance Funding Pool <sup>1</sup>	-	-	-	-	-	-	-	-
System Computing Center	18,758,967	750,359	18,790,097	1,127,406	751,604	751,604	2,630,614	3,380,973
Special Projects	2,278,035	91,121	2,280,047	136,803	91,202	91,202	319,207	410,328
Education for Dependent Children	-	-	14,365	862	575	575	2,012	2,012
University of Nevada, Reno	\$ 130,357,424	\$ 5,214,297	\$ 131,048,475	\$ 7,862,909	\$ 5,241,939	\$ 5,241,939	\$ 18,346,787	\$ 23,561,084
Business Center North	2,147,055	85,882	2,154,095	129,246	86,164	86,164	301,574	387,456
University Press	454,091	18,164	455,601	27,336	18,224	18,224	63,784	81,948
UNR – Intercollegiate Athletics	5,475,113	219,005	5,481,111	328,867	219,244	219,244	767,355	986,360
UNR – Statewide Programs	8,749,206	349,968	8,461,957	507,717	338,478	338,478	1,184,673	1,534,641
Agricultural Experiment Station	5,573,516	222,941	5,584,863	335,092	223,395	223,395	781,882	1,004,823
Cooperative Extension Service	3,867,743	154,710	3,882,367	232,942	155,295	155,295	543,532	698,242
UNR – School of Medicine	37,561,465	1,502,459	37,632,115	2,257,927	1,505,285	1,505,285	5,268,497	6,770,956
Health Laboratory and Research	1,780,159	71,206	1,785,810	107,149	71,432	71,432	250,013	321,219
2017 UNR Engineering Building Debt Service	3,288,350	131,534	3,314,250	198,855	132,570	132,570	463,995	595,529
<b>Total University of Nevada, Reno</b>	<b>\$ 199,254,122</b>	<b>\$ 7,970,166</b>	<b>\$ 199,800,644</b>	<b>\$ 11,988,040</b>	<b>\$ 7,992,026</b>	<b>\$ 7,992,026</b>	<b>\$ 27,972,092</b>	<b>\$ 35,942,258</b>
University of Nevada, Las Vegas	\$ 181,018,756	\$ 7,240,750	\$ 181,632,636	\$ 10,897,958	\$ 7,265,305	\$ 7,265,305	\$ 25,428,568	\$ 32,669,318
Business Center South	1,951,542	78,062	1,957,810	117,469	78,312	78,312	274,093	352,155
UNLV – School of Medicine	35,519,101	1,420,764	41,464,109	2,487,847	1,658,564	1,658,564	5,804,975	7,225,739
UNLV – Intercollegiate Athletics	7,896,825	315,873	7,902,866	474,172	316,115	316,115	1,106,402	1,422,275
UNLV – Statewide Programs	3,814,504	152,580	3,818,417	229,105	152,737	152,737	534,579	687,159
UNLV Law School	10,430,525	417,221	10,456,418	627,385	418,257	418,257	1,463,899	1,881,120
UNLV Dental School	9,735,157	389,406	9,806,394	588,384	392,256	392,256	1,372,896	1,762,302
<b>Total University of Nevada, Las Vegas</b>	<b>\$ 250,366,410</b>	<b>\$ 10,014,656</b>	<b>\$ 257,038,650</b>	<b>\$ 15,422,320</b>	<b>\$ 10,281,546</b>	<b>\$ 10,281,546</b>	<b>\$ 35,985,412</b>	<b>\$ 46,000,068</b>
Great Basin College	13,730,752	549,230	13,974,209	838,453	558,968	558,968	1,956,389	2,505,619
Nevada State College	21,446,937	857,877	21,718,947	1,303,137	868,758	868,758	3,040,653	3,898,530
Desert Research Institute	8,124,693	324,988	8,666,365	519,982	346,655	346,655	1,213,292	1,538,280

**Nevada System Of Higher Education  
FY 20 & FY 21 State General Fund Appropriations  
& Estimated Impact of Governor's Finance Office Budget Reduction Scenarios**

	FY 20		FY 21					Biennium
Budget Account	State Appropriation	4% Budget Reduction	State Appropriation	6% Budget Reduction	Additional 4%	Additional 4%	Total Budget Cuts	Total Budget Cuts
College of Southern Nevada	107,667,716	4,306,709	109,024,754	6,541,485	4,360,990	4,360,990	15,263,465	19,570,174
Western Nevada College	15,165,829	606,633	14,914,956	894,897	596,598	596,598	2,088,093	2,694,726
Truckee Meadows Community College	37,619,997	1,504,800	38,294,670	2,297,680	1,531,787	1,531,787	5,361,254	6,866,054
Silver State Opportunity Grant Program	5,000,000	200,000	5,000,000	300,000	200,000	200,000	700,000	900,000
Prison Education Program	361,251	14,450	396,126	23,768	15,845	15,845	55,458	69,908
Capacity Building Enhancement <sup>2</sup>	-	-	-	-	-	-	-	-
Total	\$ 684,707,608	\$ 27,388,305	\$ 694,855,461	\$ 41,691,331	\$ 27,794,219	\$ 27,794,219	\$ 97,279,769	\$ 124,668,074

Footnotes:

<sup>1</sup> Performance Pool funding is reflected in each institutions budget

<sup>2</sup> Capacity Building Enhancement funding is reflected in each institutions budget