

Legislative Commission's Budget
Subcommittee
Executive Budget Overview

January 25, 2011

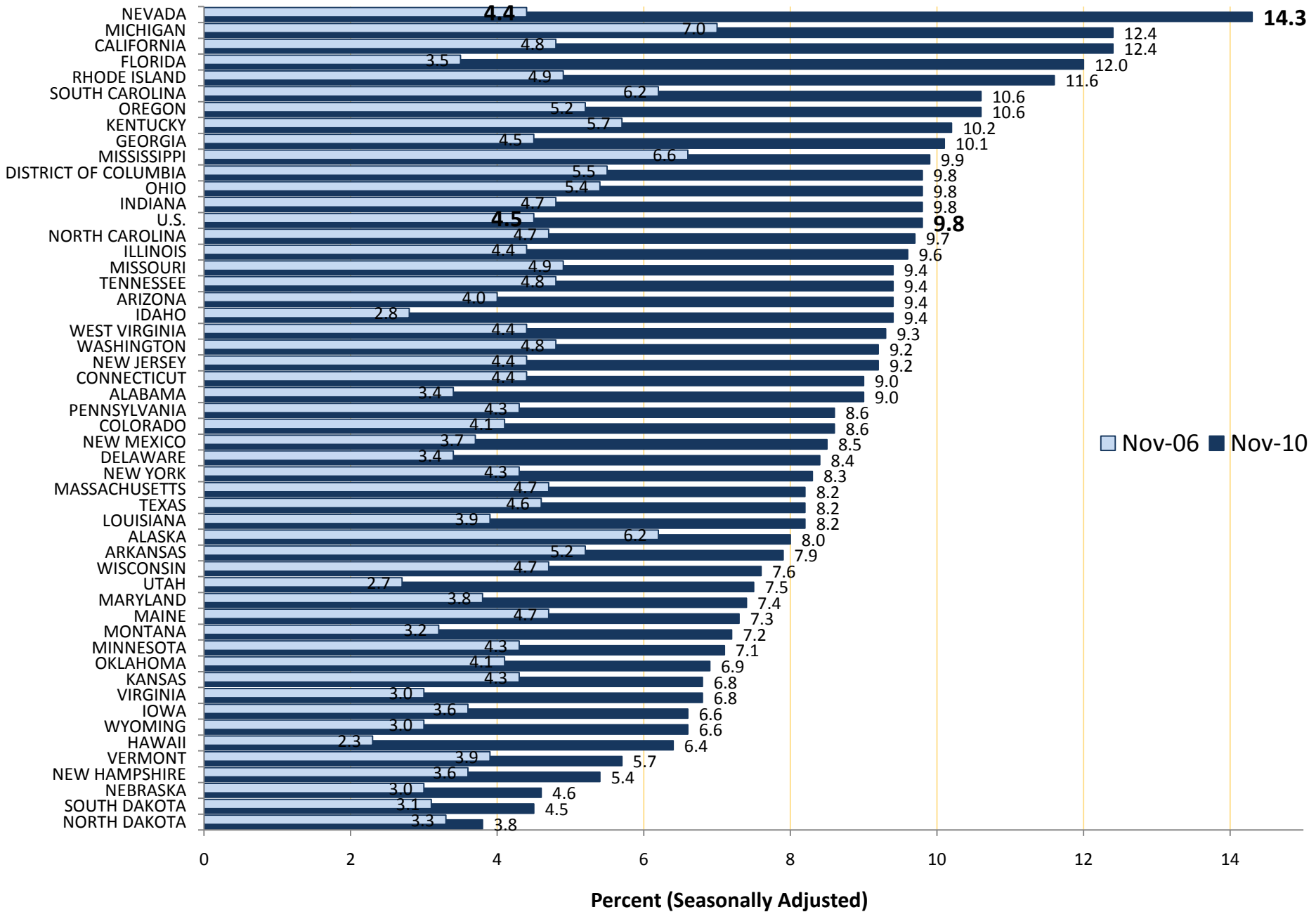
Andrew Clinger, Director

Department of Administration

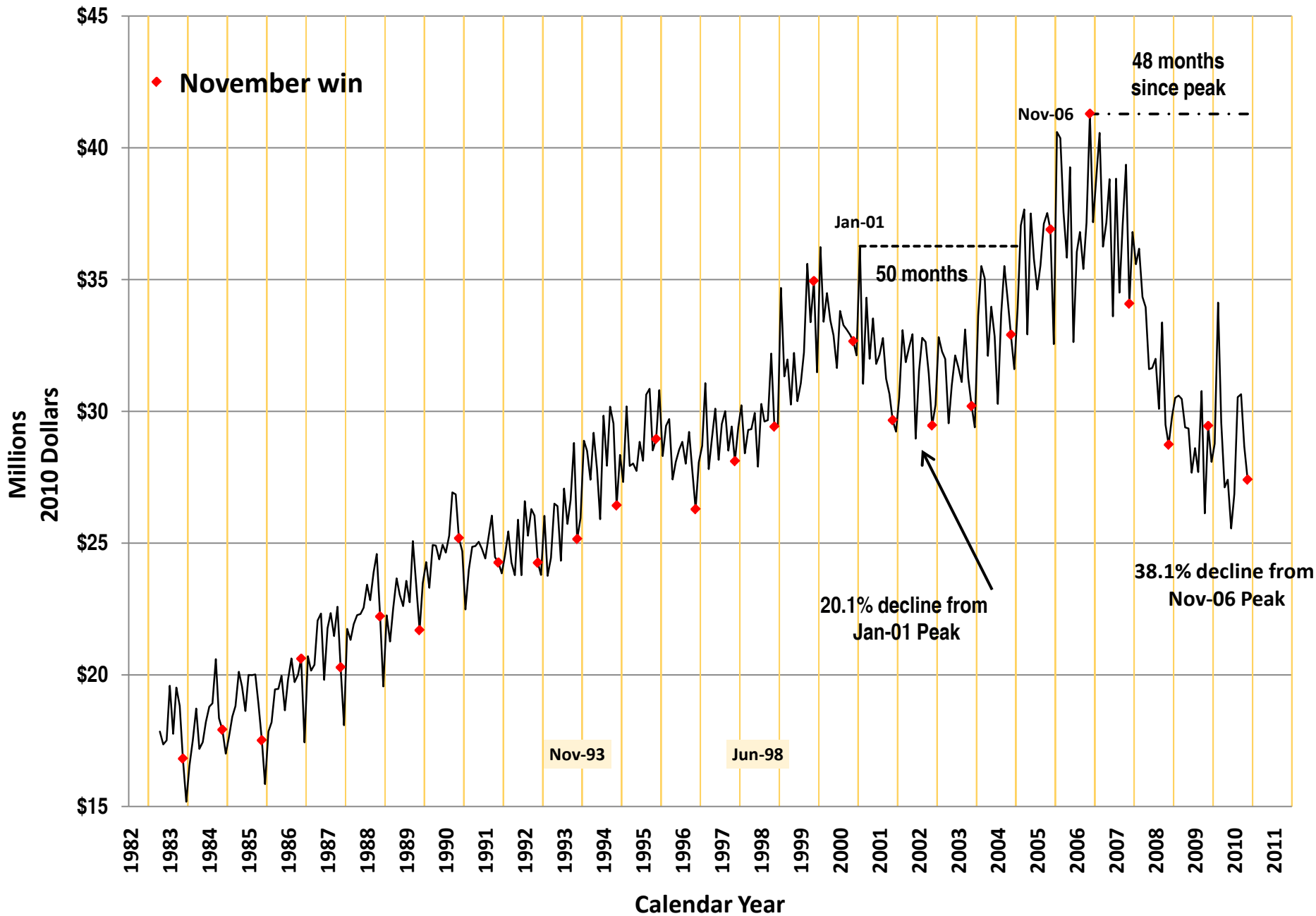
Nevada Economic Indicators

	U.S. Rate	Nevada Rate	Nevada Rank 1 = Worst
Foreclosure Filings Rate	0.2%	1.0%	1
Home Price Index (FHFA)	-3.2%	-6.7%	6
Wage & Salary Disbursements	2.8%	-1.2%	1
Personal Income	3.6%	0.8%	1
Employment	0.6%	-1.9%	1
Unemployment	9.8%	14.5%	1

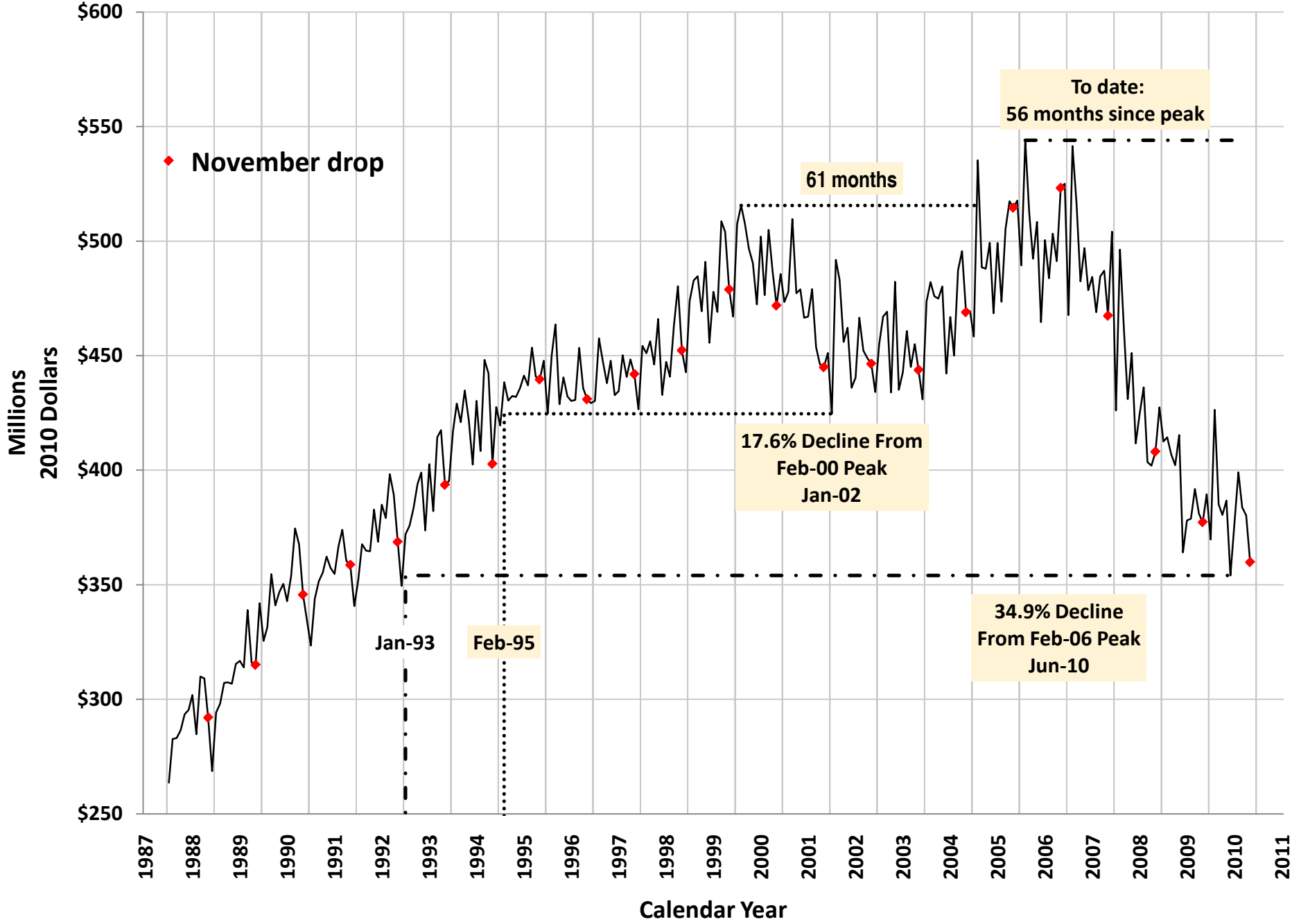
November Unemployment Rates



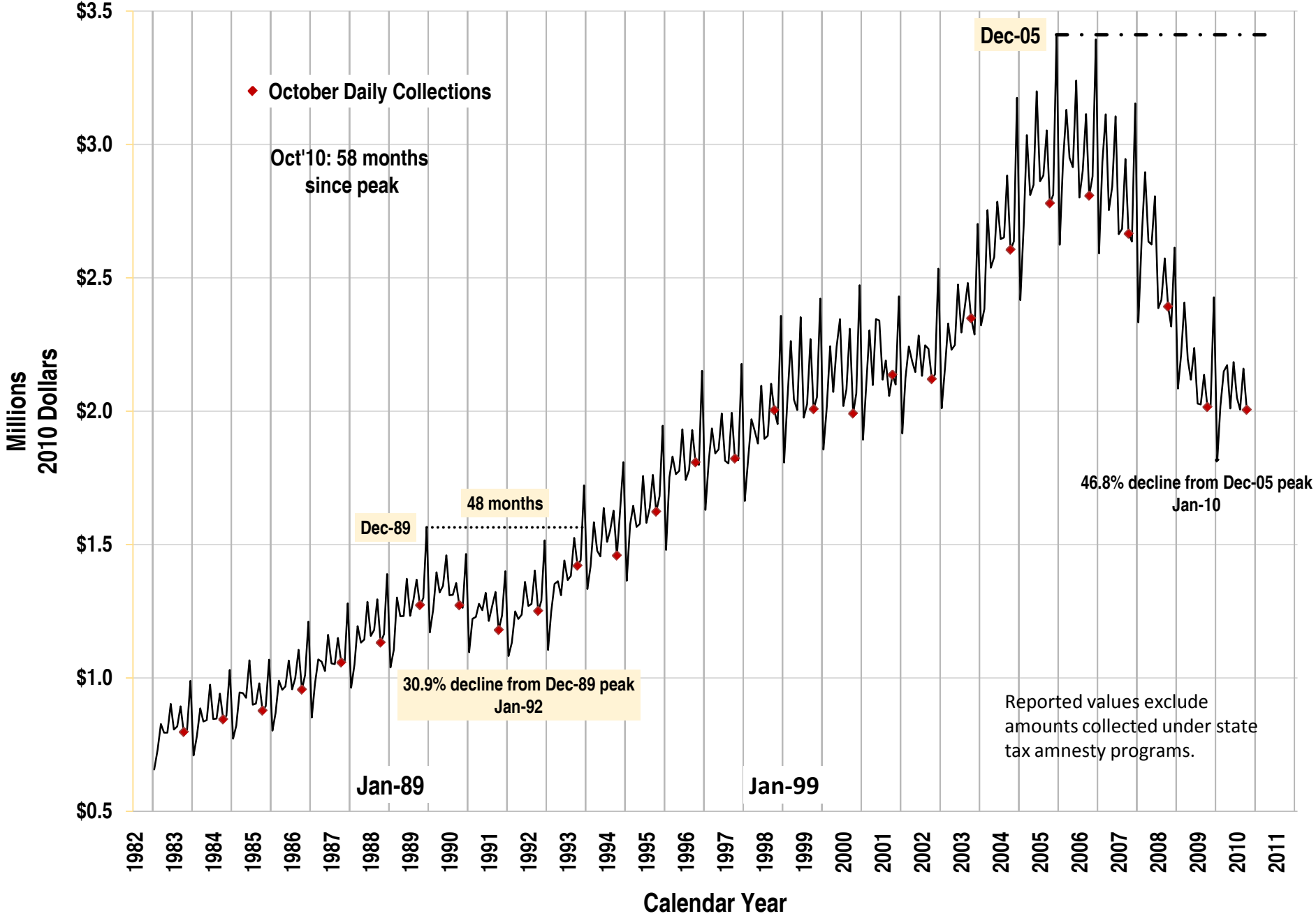
Inflation-Adjusted Statewide Average Daily Gaming Win



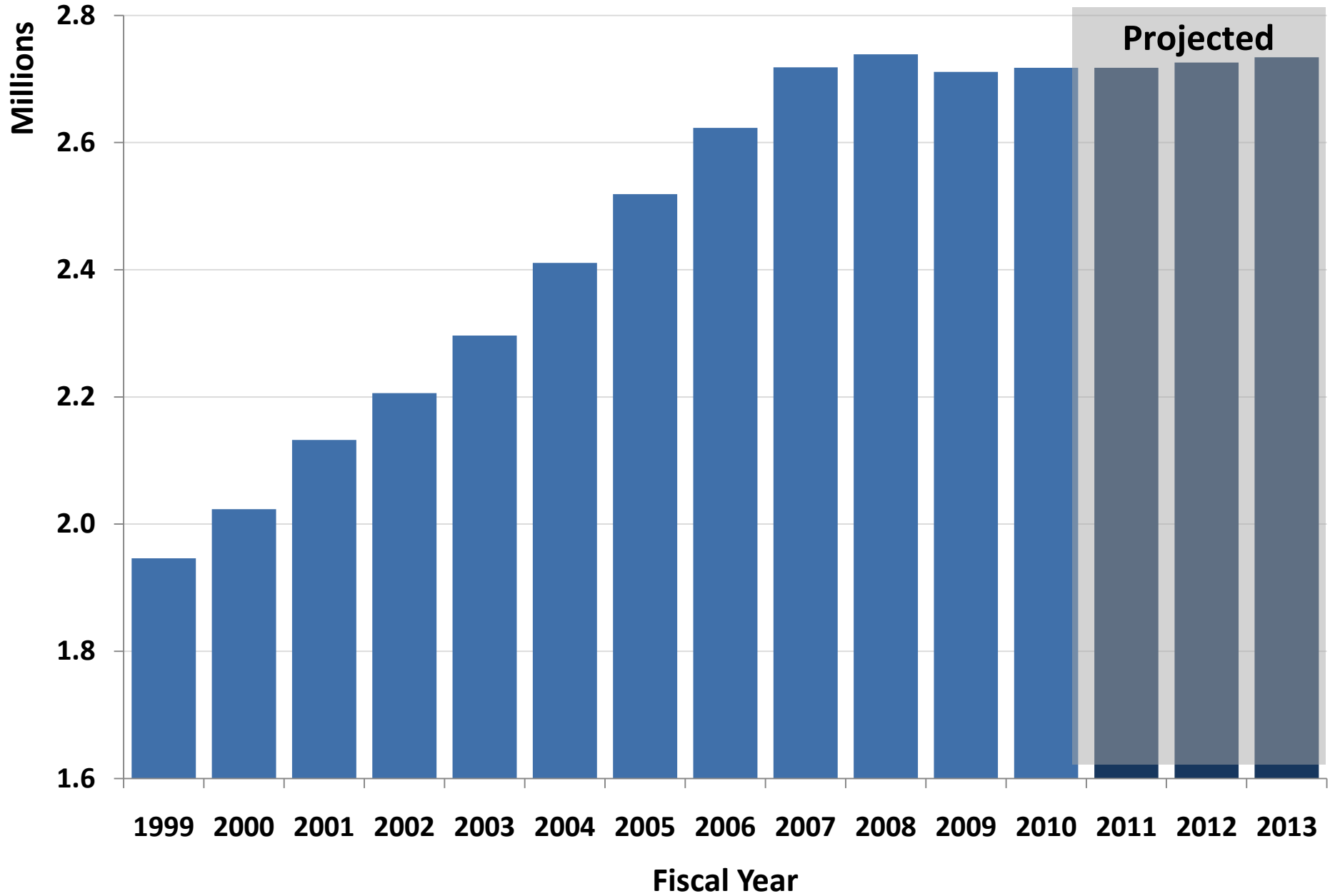
Inflation-Adjusted Statewide Average Daily Gaming Drop



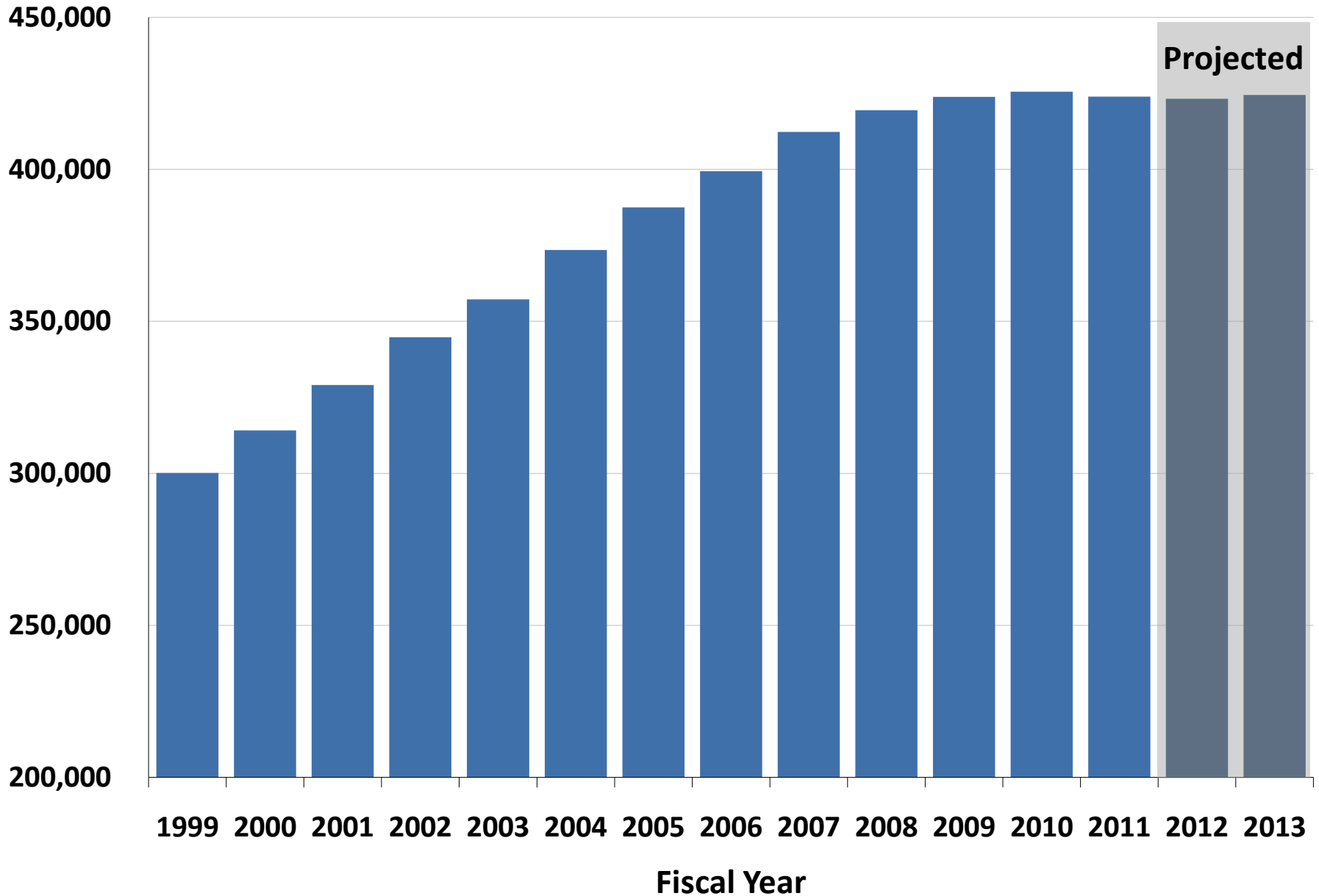
Inflation-Adjusted Average Daily 2% Sales Tax Receipts



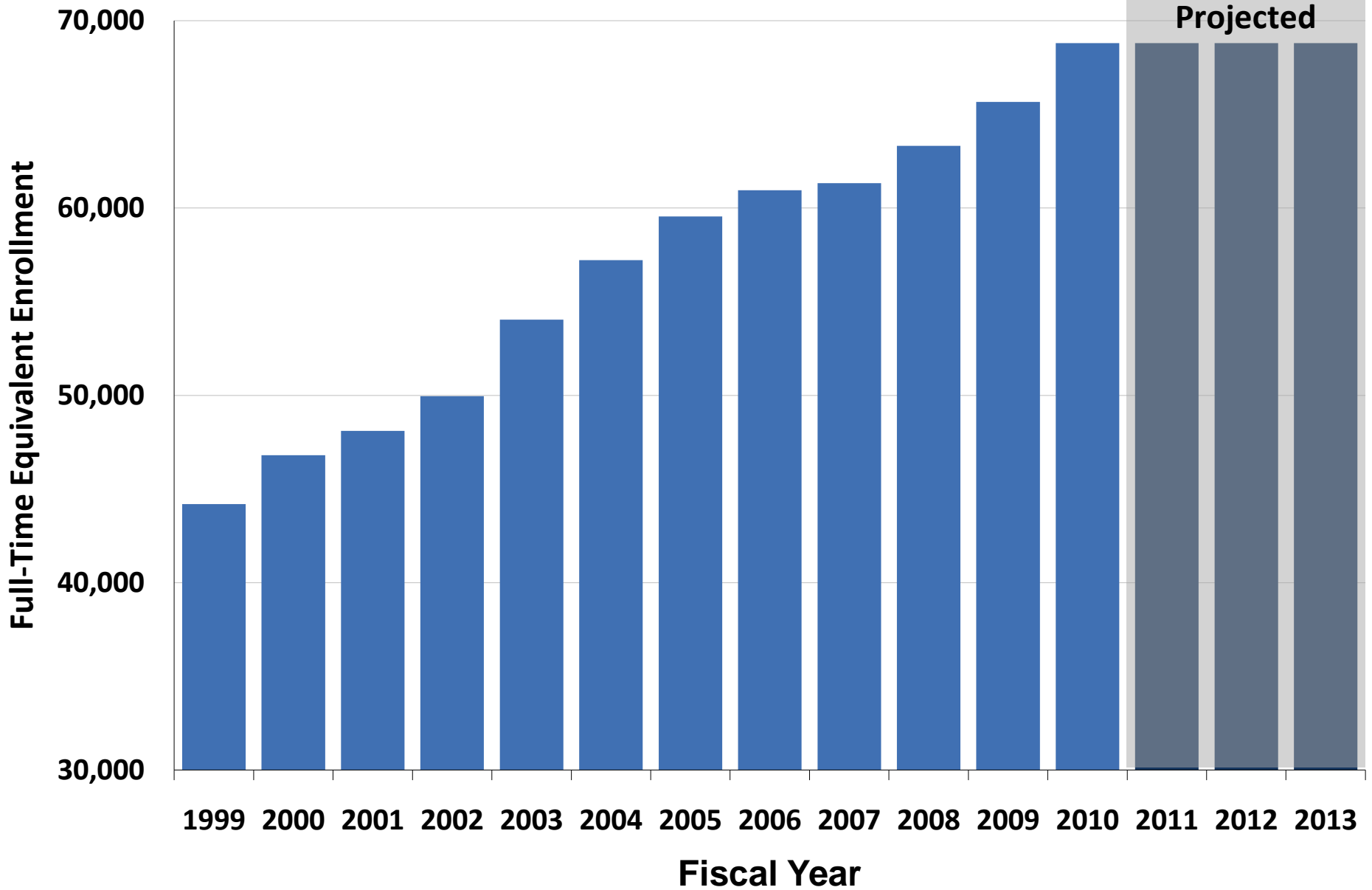
Population



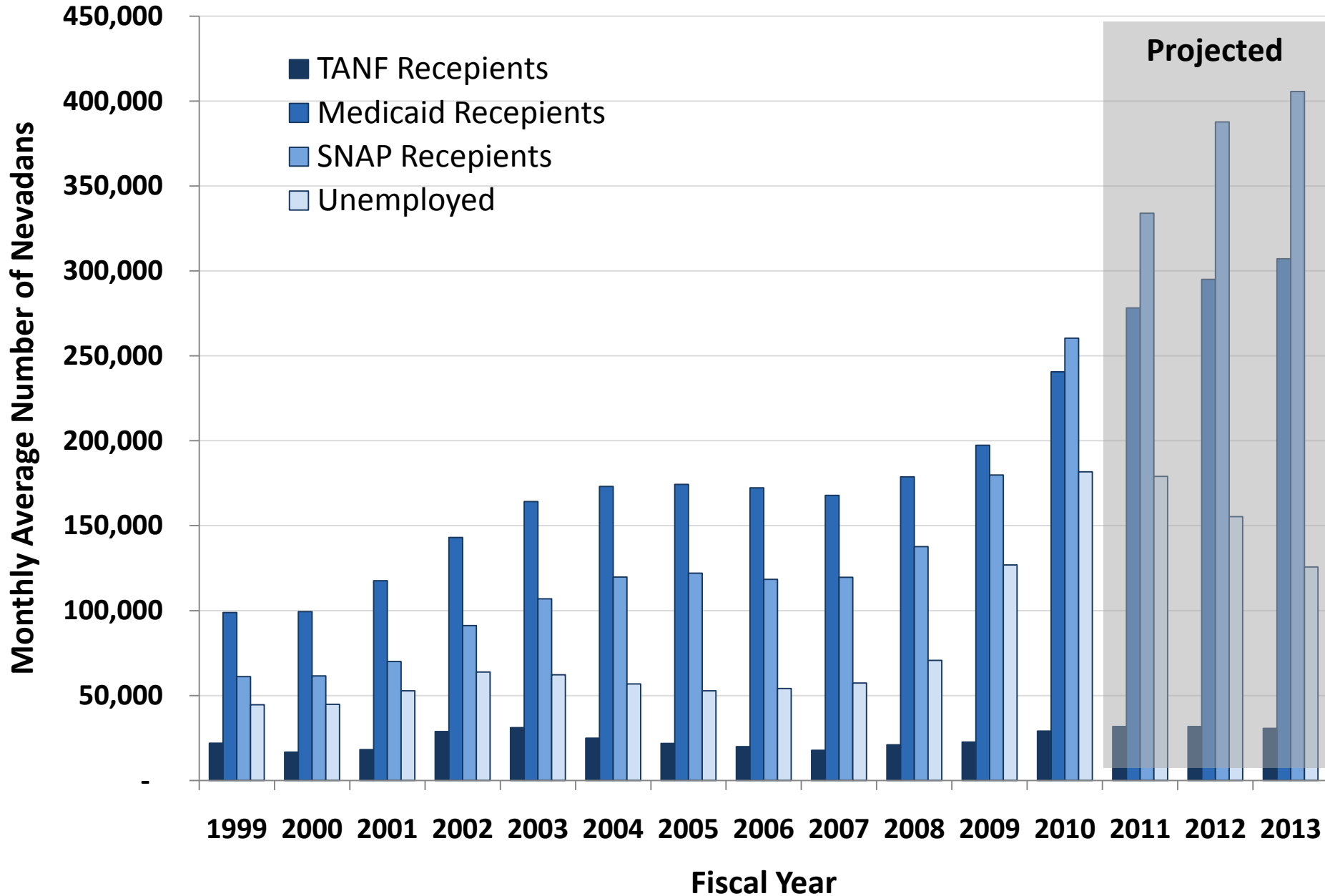
K-12 Schools



Nevada System of Higher Education



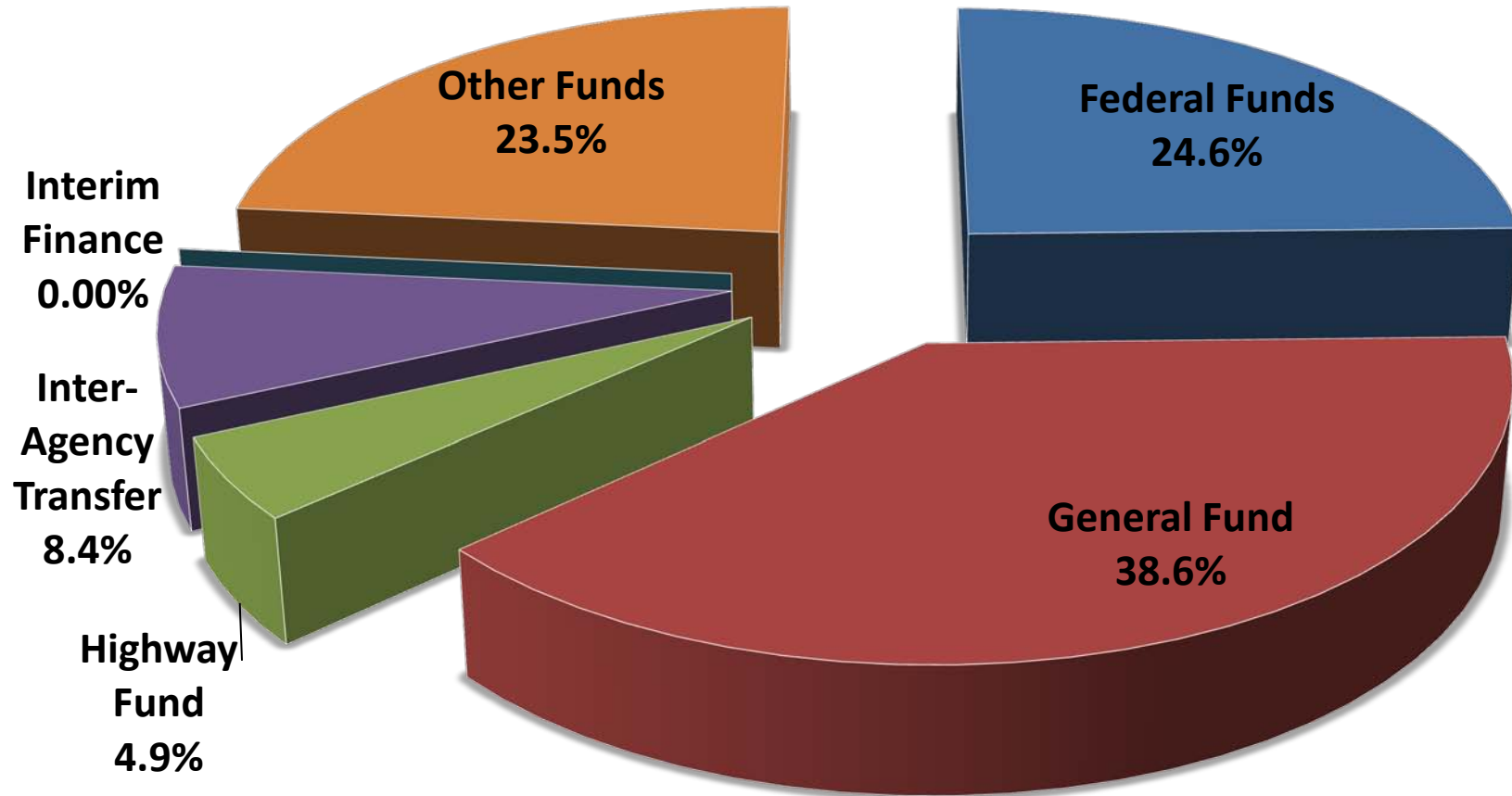
Measures of Economic Wellbeing



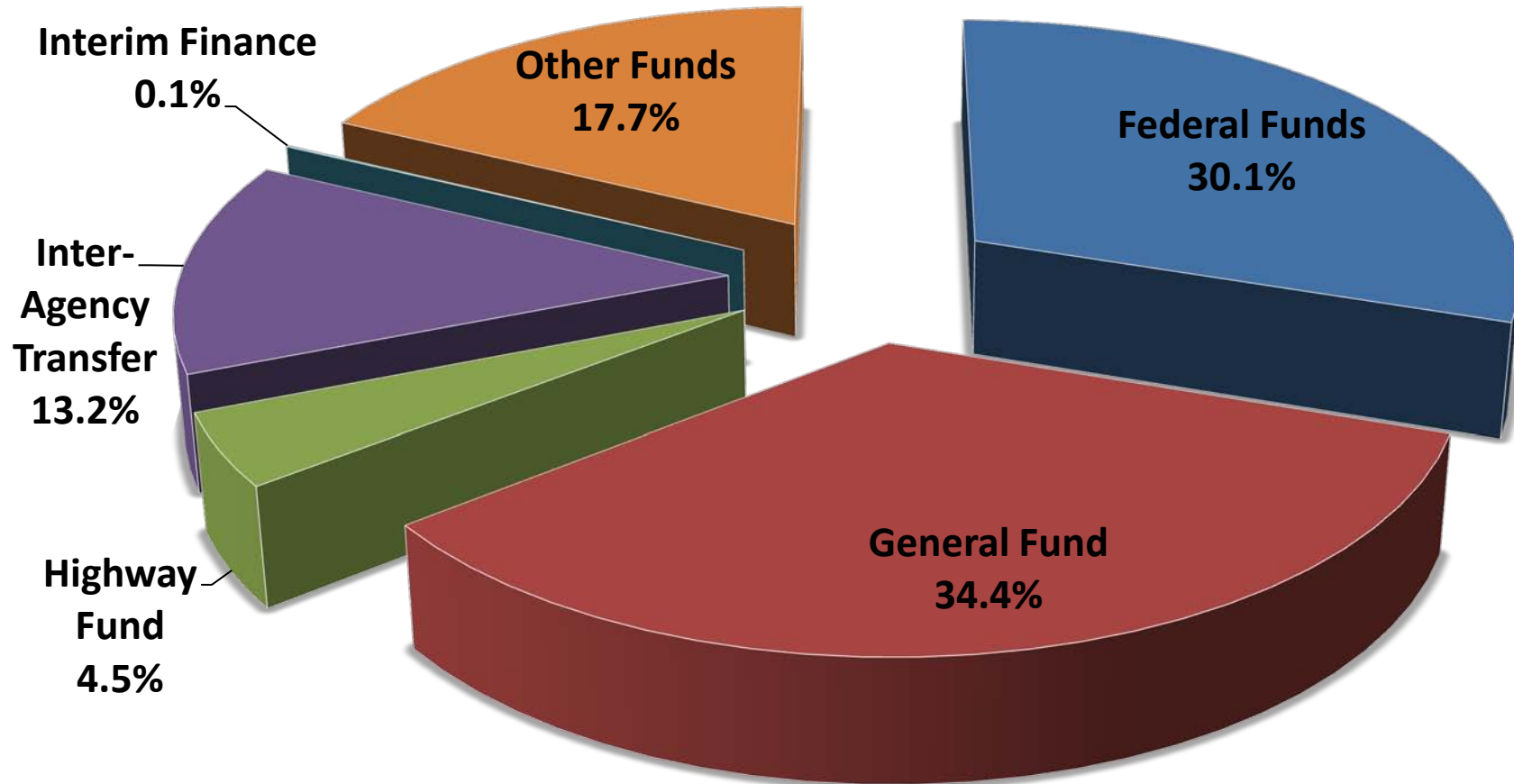
Additional General Fund Requirements

- Loss of ARRA Funds \$450M
 - NSHE \$185M
 - Corrections \$72M
 - FMAP \$190M
- Caseload Growth \$269M
 - DHHS \$244.6M
 - Medicaid \$226.5
 - Child Welfare \$12.6
 - Early Intervention Services \$3.8M
 - MHDS \$655K
 - Welfare \$928K
 - DSA \$20.7M
 - NSHE \$3M
 - Corrections \$714K
- Loss of Local Funds for K-12 \$440.8M
 - LSST \$194.5M
 - Property Tax \$246.3M
- Interest on Unemployment Insurance \$66M
- Total Additional Requirements \$1.23B

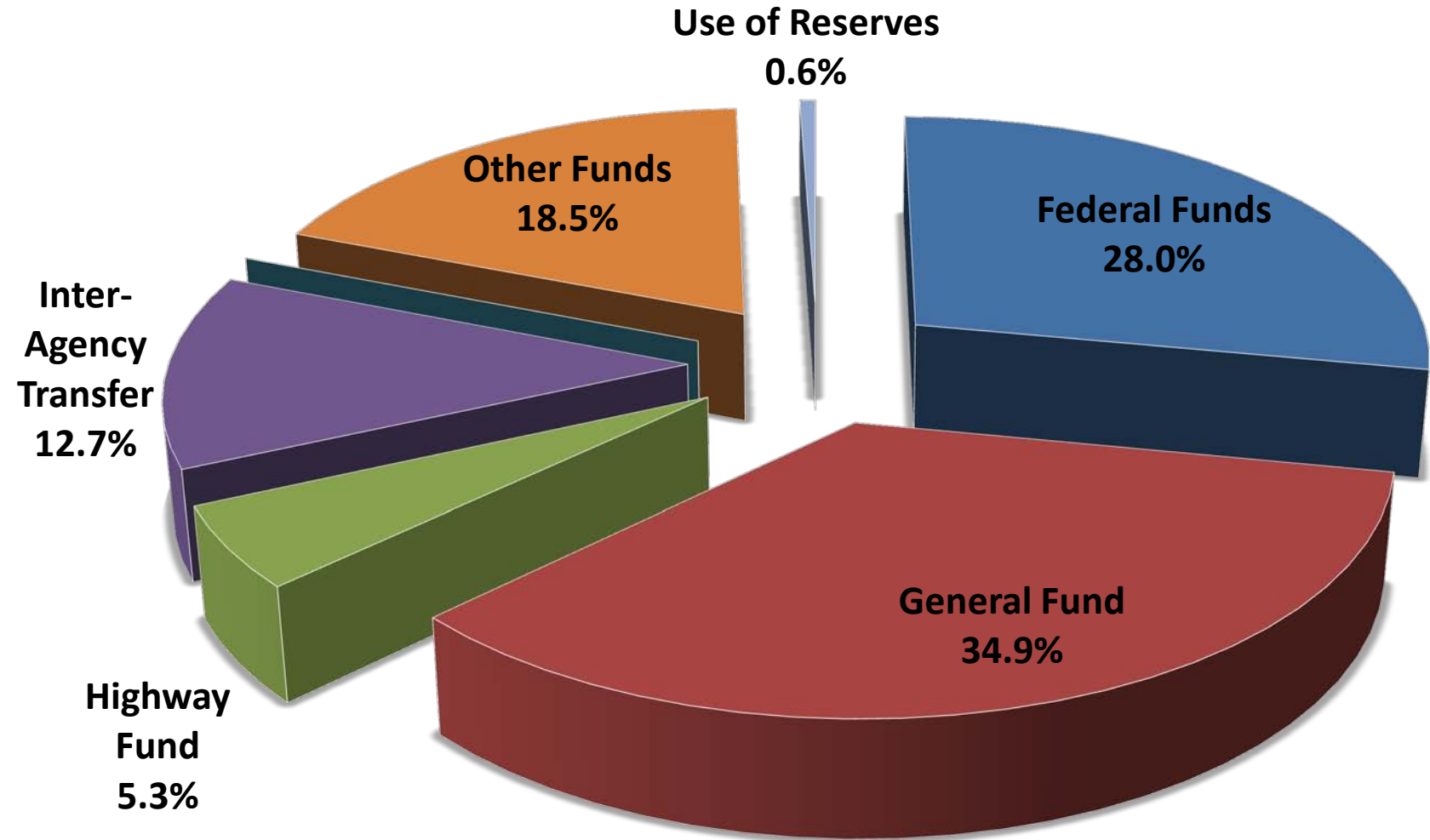
2005-07 Biennium Revenue Sources



2009-2011 Biennium Revenue Sources



2011-2013 Biennium Revenue Sources



Comparison of the 2009-11 and 2011-13 Biennial Revenues and Expenditures

	2009-11 Biennium Total	2011-13 Biennium Total	Change	% Change
Beginning Balance	\$644,372,001	\$904,488,543	\$260,116,542	40.37%
REVENUE:				
Federal Funds	\$5,472,026,811	\$4,679,975,766	(\$792,051,045)	-14.47%
General Fund	\$6,241,971,538	\$5,839,701,845	(\$402,269,693)	-6.44%
Highway Fund	\$813,444,499	\$889,989,328	\$76,544,829	9.41%
Inter-Agency Transfer	\$2,393,272,142	\$2,118,557,041	(\$274,715,101)	-11.48%
Interim Finance	\$15,737,961	\$0	(\$15,737,961)	-100.00%
Other Funds	\$3,222,375,124	\$3,092,303,411	(\$130,071,713)	-4.04%
Reversions	(\$47,784,812)	\$0	\$47,784,812	N/A
TOTAL REVENUE	\$18,111,043,263	\$16,620,527,391	(\$1,490,515,872)	-8.23%
EXPENDITURES	\$18,158,119,467	\$16,714,468,865	(\$1,443,650,602)	-7.95%
Ending Balance	\$597,295,797	\$810,547,069	\$213,251,272	35.70%

Comparison of the 2005-07 and 2011-13 Biennial Revenues and Expenditures

	2005-07 Biennium Total	2011-13 Biennium Total	Change	% Change
Beginning Balance	\$574,251,174	\$904,488,543	\$330,237,369	57.51%
REVENUE:				
Federal Funds	\$3,691,324,580	\$4,679,975,766	\$988,651,186	26.78%
General Fund	\$5,792,293,523	\$5,839,701,845	\$47,408,322	0.82%
Highway Fund	\$732,244,074	\$889,989,328	\$157,745,254	21.54%
Inter-Agency Transfer	\$1,254,793,322	\$2,118,557,041	\$863,763,719	68.84%
Interim Finance	\$40,000	\$0	(\$40,000)	-100.00%
Other Funds	\$3,516,802,931	\$3,092,303,411	(\$424,499,520)	-12.07%
Reversions	\$0	\$0	\$0	N/A
TOTAL REVENUE	\$14,987,498,430	\$16,620,527,391	\$1,633,028,961	10.90%
EXPENDITURES	\$14,986,555,885	\$16,714,468,865	\$1,727,912,980	11.53%
Ending Balance	\$575,193,719	\$810,547,069	\$235,353,350	40.92%

General Fund Revenue

2011-2013 Biennium

	FY 2012	FY 2013	Total
Economic Forum, Dec. 1 Forecast	\$2,605,229,906	\$2,732,977,018	\$5,338,206,924
REVENUE REALLOCATIONS:			
Room Tax	\$107,715,000	\$113,794,000	\$221,509,000
Net Proceeds of Minerals	\$60,000,000	\$0	\$60,000,000
Short-term Auto Lease Tax	\$3,978,000	\$3,999,000	\$7,977,000
Court Administrative Assessments	\$4,831,187	\$4,725,744	\$9,556,931
Supplemental Account for Indigent	\$19,617,508	\$19,779,105	\$39,396,613
Quarterly Slot Fees	\$766,297	\$776,651	\$1,542,948
MBT – Non-Financial	\$(8,300,000)	\$(8,400,000)	\$(16,700,000)
Monetization of Insurance Premium Tax	\$190,000,000	\$0	\$190,000,000
TOTAL REVENUE REALLOCATIONS	\$378,607,992	\$134,674,500	\$513,282,492
TOTAL UNRESTRICTED GENERAL FUND	\$2,983,837,898	\$2,867,651,518	\$5,851,489,416

General Fund, DSA & NSHE Revenue Reallocations

	FY 2012	FY 2013	Total
TOTAL GF REVENUE REALLOCATIONS	\$378,607,992	\$134,674,500	\$513,282,492
9 Cent Property Tax Reallocation to NSHE	\$60,446,095	\$60,882,447	\$121,268,542
Transfer From K-12 Excess Bond Reserves	\$212,500,000	\$212,500,000	\$425,000,000
TOTAL REVENUE REALLOCATIONS	\$651,554,087	\$407,996,947	\$1,059,551,034

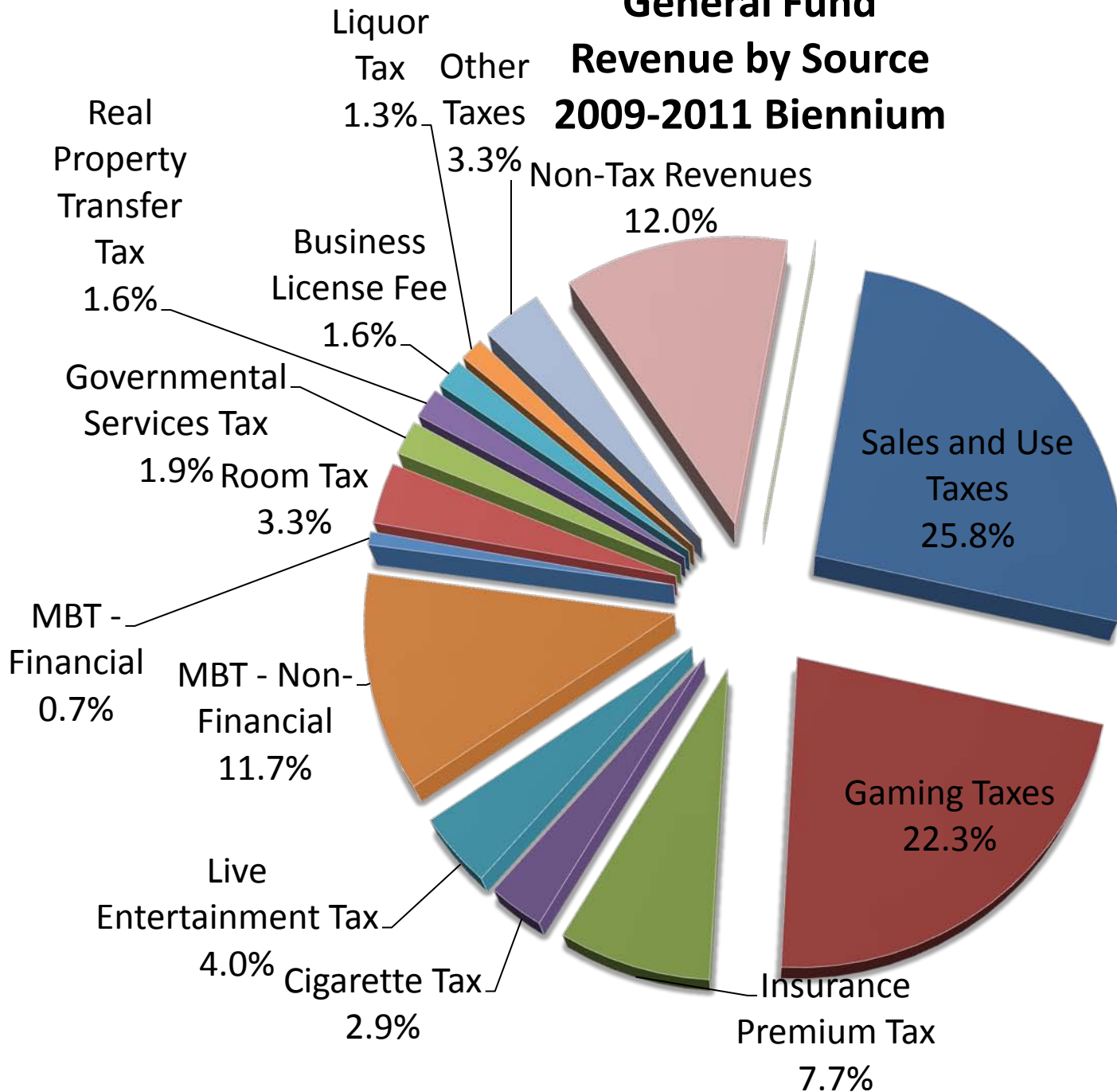
Monetizing of Insurance Premium Tax

- 3rd Largest General Fund revenue source
- Issue late in FY 2012
- No payments until 2014
- Does not affect state debt capacity
- Proceeds to state \$190MM
- Final Maturity 2017
- Average Life 4.5 years
- All-in TIC (True Interest Cost) 2.70%
- 3.2% of total General Fund Resources for 2011-13 Biennium

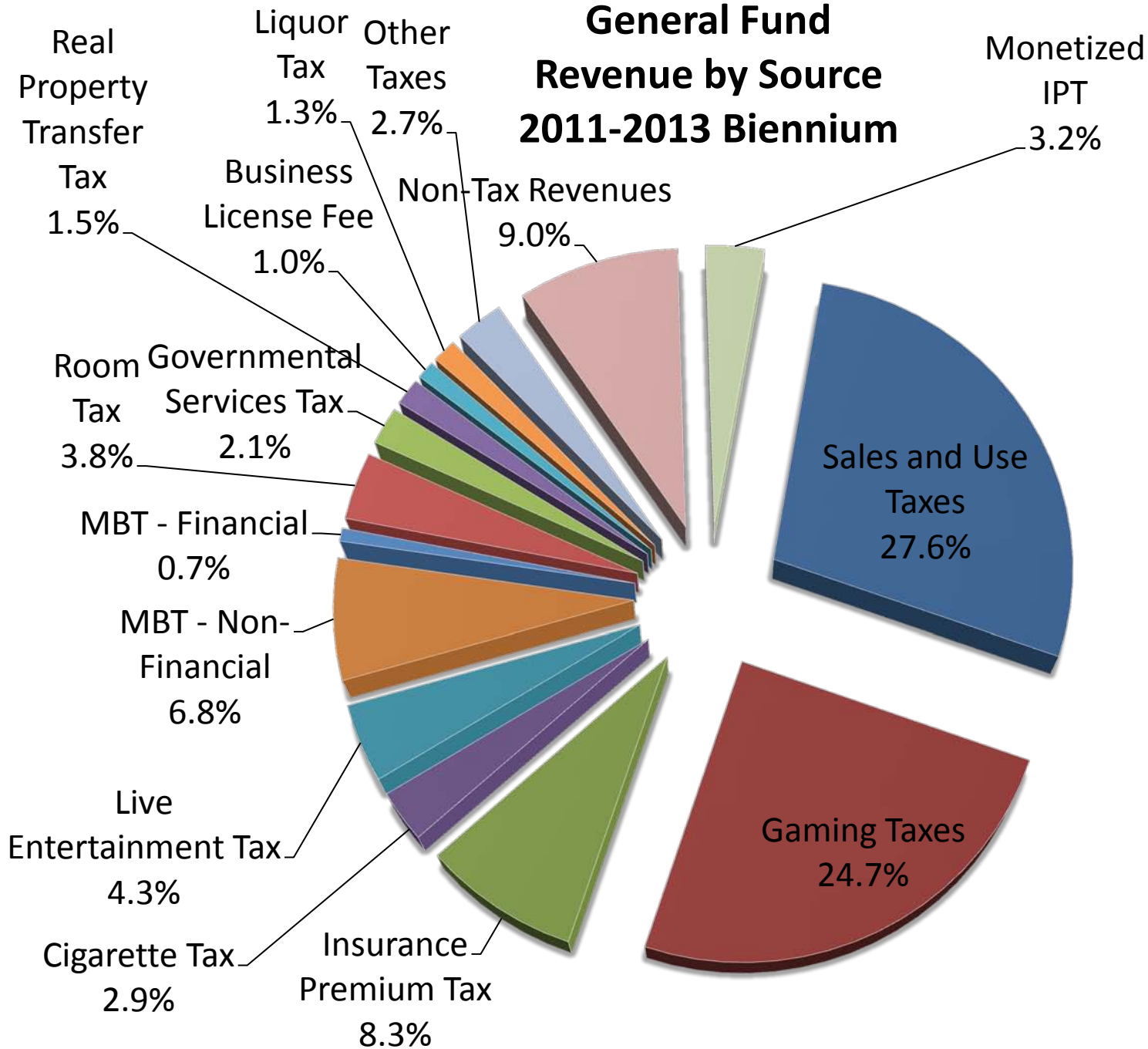
\$425M in excess School Bond Reserve Funds

NRS 350.020 - The Governor's Executive Budget reduces the reserve requirement to the lesser of the amount of six months of principal and interest payments due on all of the outstanding bonds of the school district in the next fiscal year or 10 percent of the outstanding principal amount of the outstanding bonds of the school district.

General Fund Revenue by Source 2009-2011 Biennium



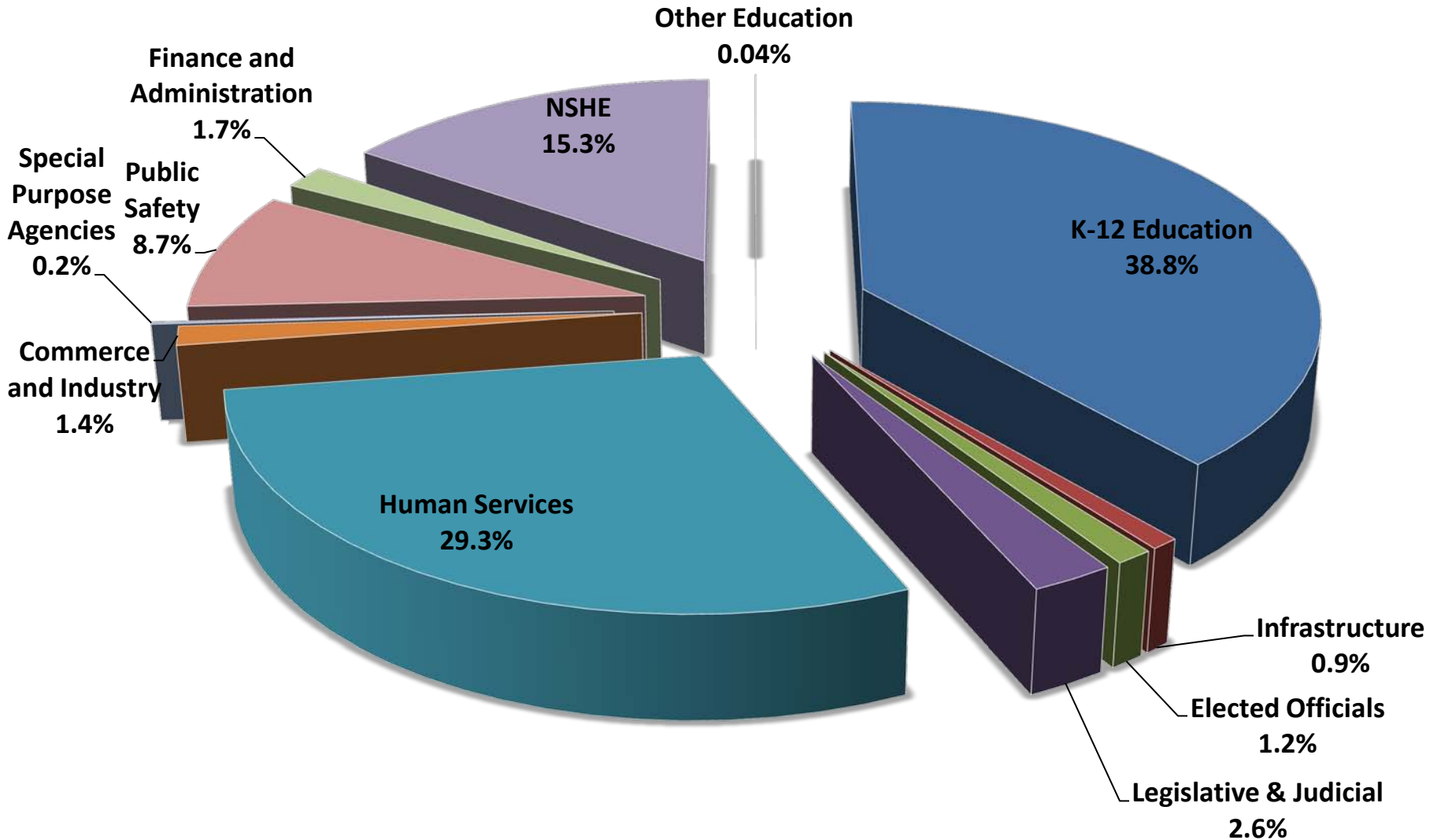
General Fund Revenue by Source 2011-2013 Biennium



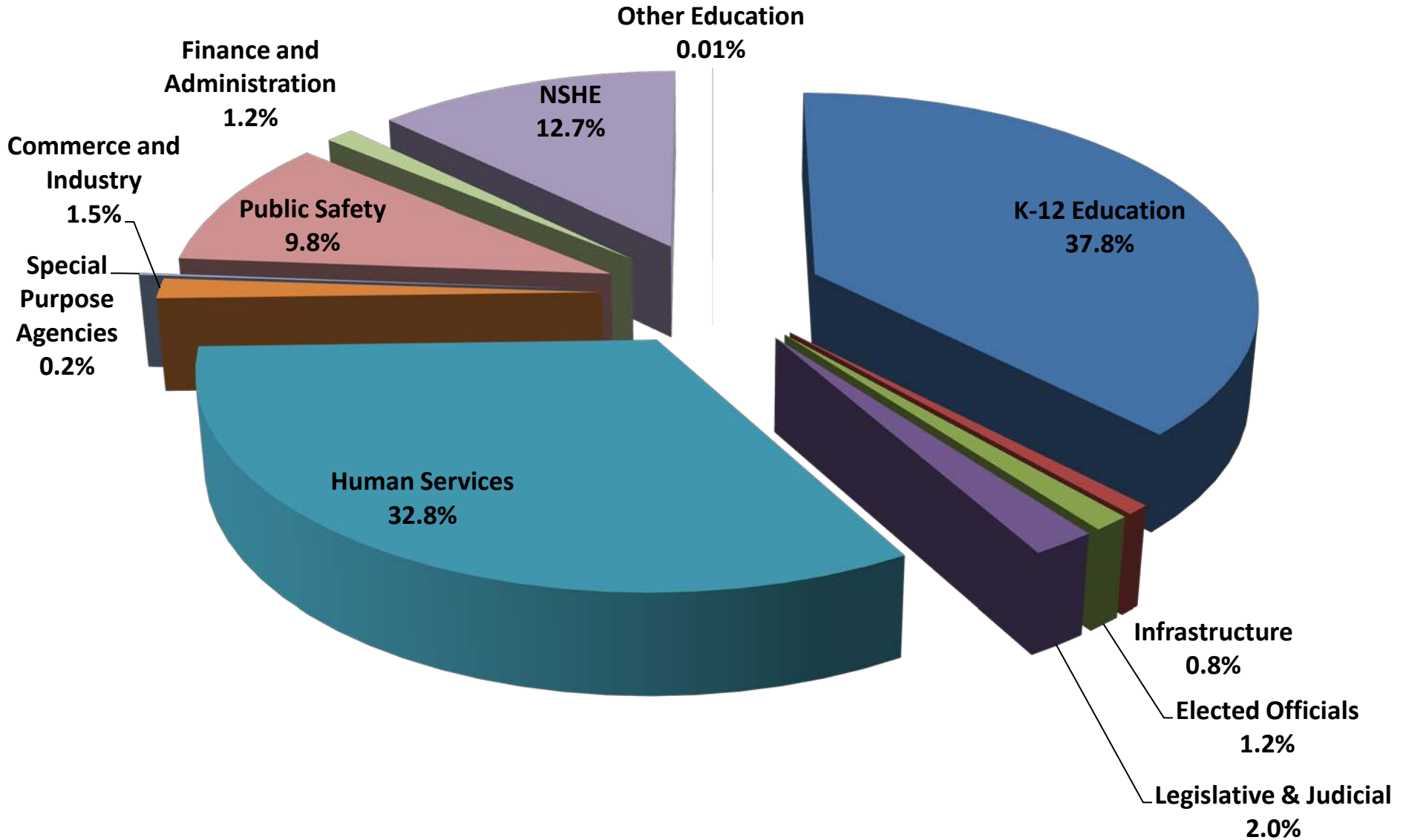
General Fund Appropriations 2009-11 Biennium Vs. 2011-13 Governor Rec

	2009-11 Biennium Total	2011-13 Biennium Total	Change	% Change
Elected Officials	\$71,988,087	\$69,054,982	\$(2,933,105)	-4.07%
Legislative & Judicial	\$159,353,949	\$118,215,175	\$(41,138,774)	-25.82%
Finance & Administration	\$107,314,873	\$69,831,468	\$(37,483,405)	-34.93%
Nevada System of Higher Education	\$956,004,797	\$742,405,537	\$(213,599,260)	-22.34%
Kindergarten to 12 th Grade	\$2,419,065,958	\$2,206,850,347	\$(212,215,611)	-8.77%
Other Education	\$2,345,164	\$812,491	\$(1,532,673)	-65.35%
Human Services	\$1,828,427,767	\$1,914,187,109	\$85,759,342	4.69%
Commerce & Industry	\$87,468,424	\$89,309,433	\$1,841,009	2.10%
Public Safety	\$545,004,748	\$575,152,197	\$30,147,449	5.53%
Infrastructure	\$54,593,266	\$44,458,573	\$(10,134,693)	-18.56%
Special Purpose Agencies	\$10,249,413	\$9,424,533	\$(824,880)	-8.05%
Total	\$6,241,816,446	\$5,839,701,845	\$(402,114,601)	-6.44%

General Fund Appropriations 2009-11 Biennium



General Fund Appropriations 2011-13 Biennium



Governor's Budget Restores \$119M in General Fund Cuts to DHHS

- Personal Care Services \$55M GF
- Traumatic Brain Injury Patients \$3M GF
- Continue Autism services
- Hospice services \$1.5M GF
- Adult day care \$4M GF
- Dentures and relines, prosthetics, orthotics, audiology, hearing aids \$4M GF
- Restore occupational, speech, and physical therapy \$900K GF
- Restore assistance to adult group care for aged and blind \$1.3M GF
- Two Parent TANF assistance \$8M GF
- Restore welfare caseworkers \$7.8M GF

County Participation for Services

	FY 2012	FY 2013	Total
Elder Protective Services	\$1,002,518	\$1,248,394	\$2,250,912
MAABD Institution and Waiver Costs for Persons with Income over 132%/124% of the Federal SSI Rate	\$17,390,937	\$19,784,461	\$37,175,398
Consumer Health Protection (Food and Facilities)	\$594,760	\$586,759	\$1,181,519
Emergency Medical Services	\$752,723	\$755,653	\$1,508,376
Rural Developmental Services Costs	\$889,602	\$864,199	\$1,753,801
Southern Developmental Services Costs	\$3,161,290	\$3,307,429	\$6,468,719
Northern Developmental Services Costs	\$1,685,899	\$1,637,502	\$3,323,401
Mental Health Courts	\$2,982,136	\$2,995,888	\$5,978,024
Youth Parole Services	\$6,004,110	\$6,019,719	\$12,023,829
Rural Counties for State CPS	\$2,396,258	\$2,441,086	\$4,837,344
TOTAL	\$36,860,233	\$39,641,090	\$76,501,323

Eliminated State Programs Impacting Counties

	FY 2012	FY 2013	Total
Medical Care Related to TB Program	\$617,804	\$617,804	\$1,235,608
Medical Care Related to STD Program	\$7,380	\$7,380	\$14,760
Child Support Employment Assistance Program (4 FTE)	\$250,931	\$255,277	\$506,208
Clark County Co-located State Staff (10 FTE)	\$721,640	\$733,371	\$1,455,011
TANF Emergency Assistance Eliminated	\$817,498	\$817,498	\$1,634,996
Eliminates Funding to Community Juvenile Justice Programs.	\$1,414,502	\$1,418,021	\$2,832,523
Eliminates Funding for County Youth Camps	\$1,381,033	\$1,381,033	\$2,762,066
Eliminates MH Room and Board Caseload Growth and Base Reduction. Impacts county probation departments. (GF & Title XX)	\$4,534,491	\$4,852,827	\$9,387,318
Pre-Sentence Investigators	\$5,293,062	\$5,377,413	\$10,670,475
TOTAL	\$15,038,341	\$15,460,624	\$30,498,965

Child Welfare Block Grant for Clark and Washoe County

- \$14.25M/year for Washoe County compared to \$14M in fiscal year 2010
- \$42.75M/year for Clark County compared to \$41.3M in fiscal year 2010
- \$7M in incentives

Overhaul of Economic Development

- Increase funding in the Commission on Economic Development \$5M
- Create a \$10M Catalyst Fund

“Silver State Works”

- Program targeting veterans, unemployment benefit recipients and ex-offenders
- Hiring incentives
- On-the-job training
- Community Service
- \$10M over biennium

Agency Mergers and Consolidations

20 State Agencies

Administration

Department of Information Technology (DoIT)

Department of Personnel (DoP)

Buildings and Grounds with State Public Works (SPWB)

Personnel

Centralize personnel services for the following departments –
Administration, Taxation, Education, Business & Industry, and
Agriculture

Energy

Renewable Energy and Energy Efficiency Authority (REEEA) merged
with the Energy Office

Business and Industry (B & I)

Combine Housing and Manufactured Housing

Cultural Affairs – Reassigned

Library and Archives to DoIT under the Department of
Administration

Museums to Nevada Commission on Tourism (NCET) under the
Lieutenant Governor

Arts Council to Nevada Commission on Tourism (NCET) under the
Lieutenant Governor

Historical Preservation and Comstock Historic District to Depart of
Conservation and Natural Resources (DCNR)

Department of Motor Vehicles (DMV)

Pollution Control from Agriculture to DMV

Weights and Measures from Agriculture to Motor Carrier in DMV

NDOT

Consolidate DPS Office of Traffic Safety's Bicycle Safety Program
with NDOT's Bicycle Safety Program

Department of Health and Human Services (DHHS)

Combine Consumer Health Assistance (GovCHA) with Minority
Health and move to DHHS Director's Office

Transportation-related Departments

Move all transportation-related departments, NDOT, DMV, and
Public Safety, under one department and centralize back
office functions. Planning for this consolidation has begun
but given the complexity of the restructuring, no savings have
been included in the current budget.

State, K-12 and NSHE Compensation

- The budget includes a 5% salary reduction for all Executive Branch employees, including salaries in the Distributive School Account and the Nevada System of Higher Education (NSHE), in lieu of continuing the furloughs from the current biennium.
- Total savings for the biennium is \$453 million with \$380 million of that from the General Fund

State, K-12 and NSHE Compensation continued...

- The budget also implements a “salary freeze” by deferring step increases for the 2011-2013 biennium. The Legislative Branch included the “salary freeze” in its budget while the Judicial Branch did not. Total savings for the biennium is \$232 million with \$205 million of that from the General Fund
- The budget also continues the suspension of longevity payments for state employees saving \$6.9M in General Fund

Position Eliminations and Layoffs

- Currently 24,494 positions statewide including NSHE
- The budget eliminates 824 positions with a worst case scenario of 361 layoffs

K-12 Funding

- Funds Basic Support of \$4,918 per pupil for each year of the biennium – a reduction of 5.2% from FY 2011 (reduction of \$270 per pupil)
- The following categorical line items are transferred to the new Student Achievement Block Grant Program (the associated statutory requirements to operate the programs are proposed for elimination – the programs become optional through the block grant):
 - Class Size Reduction
 - Early Childhood Education
 - Gifted and talented Units
 - Library Media Specialist
 - Special Elementary Counseling
 - At-Risk Kindergarten Class Size Reduction
 - Special Transportation
 - Full-day Kindergarten

K-12 Funding Continued...

- A BDR is being submitted to remove the minimum textbook expenditure requirement to provide greater flexibility to the districts during this challenging financial period.
- \$20M is included for teacher performance pay
- \$10M one-shot for the Kenny C. Guinn Millennium Scholarship

NSHE Funding

- Addition of \$121M in 9 cent property tax funding from Clark and Washoe Counties
- Overall 9.86% reduction in state and local funding
- All ongoing funds reduced 6.96%
- Loss of ARRA funds brings total reduction to 17.66%

Priorities and Performance Budget

- Prioritized list of all state activities
 - New budget report
 - Nevadaspending.com
- What must the state accomplish?
- How will the state measure its progress and success?
- How much money does the state have available to spend?
- What is the most efficient and effective way to deliver essential services within available funds?