



The Nevada Policy Research Institute

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Alternative budget released: Nevada needs only \$5.1 billion to meet its priorities in next biennium

A Nevada state budget crafted on priorities and principle would cost taxpayers only \$5.1 billion over the next biennium, a fiscal policy analyst at the Nevada Policy Research Institute finds.

“Nevada’s Freedom Budget 2009-2011: The Road to Recovery” is the result of a line-by-line analysis of Gov. Jim Gibbons’ proposed budget by NPRI analyst Geoffrey Lawrence. Unlike any other budget proposed so far, this alternative budget is in line with revenue projections. Its release comes a day before the May meeting of the Economic Forum, which is expected to project lower tax-revenue collections than previously anticipated and thus prompt lawmakers to respond by proposing record or near-record tax increases. Although the Nevada Legislature has spent months holding hearings and back-room meetings, it has not yet released a budget for public discussion and debate.

Four principles provide the basis for the Institute’s Freedom Budget: prioritizing, consistent application of government rules and taxes, agency thrift and “last in, first out,” which resulted in the elimination of many programs created and funded by Nevada’s record 2003 tax increases. Among the cuts were ineffective full-day kindergarten programs that would consume \$52.8 million from the governor’s proposed budget.

“Lawmakers have complained for months about Nevada’s budget situation without putting a substantive proposal on the table,” said Lawrence. “But by setting priorities and eliminating programs created after the 2003 tax hikes, which produced record revenues, this budget spends \$1 billion less than the governor’s.

“It is called ‘Nevada’s Freedom Budget’ because it refuses the federal stimulus money and its accompanying strings, and because it acknowledges that every dollar that state government wastes on an expendable item is a dollar that taxpayers are forced to do without. By eliminating ineffective programs, this budget frees public resources to finance areas of priority. It allocates \$85 million more than the governor’s budget to care for the mentally ill, indigents and the severely disabled and gives almost \$80 million more to the Department of Education to purchase learning materials.”

The budget also substantially restructures the Nevada System of Higher Education. It restores \$176 million in funding for the state's regional colleges that had been cut by the governor's budget, while increasing the autonomy of the University of Nevada, Las Vegas and the University of Nevada, Reno and eliminating their state subsidies.

"Families, especially lower-income families, should not be forced to finance the education of future doctors or lawyers who will earn much more over their lifetimes than those who are left with the bill," Lawrence said. "Freeing UNLV and UNR from state mandates would also allow them to operate more like prestigious private universities by innovating, responding to market forces and setting and keeping their own tuition rates.

"In the coming weeks, Nevada's politicians will do their best to convince us that the world will end without a tax increase. Nevada's Freedom Budget shows that to be untrue. The truth is that Nevada isn't facing a budget crisis. Our crisis is that lawmakers have consistently refused to set priorities, reject the cries from the special interests and live within their means as Nevada's families and businesses must."

Nevada's Freedom Budget can be found online at:

http://www.npri.org/docLib/20090430_Nevada_Freedom_Budget_2009-2011.pdf.

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