



Nevada Policy Research Institute

For Immediate Release
October 15, 2012

Contact Victor Joecks
(702) 222-0642

NPRI comments on agency-budget requests

LAS VEGAS — Official state funding requests, by agency, were released today by the budget division of Nevada's Department of Administration for the 2013-2015 budget cycle. These requests total \$3.22 billion in Fiscal Year 2014 and \$3.24 billion in FY 2015, which would be modest increases from the \$3.11 billion spent in FY 2011 and \$3.15 billion spent in FY 2012. In response, NPRI's Deputy Policy Director, Geoffrey Lawrence, released the following comments:

Governor Brian Sandoval and his budget staff should be applauded for helping executive-branch agencies limit cost growth and to focus more narrowly on their statutory missions. While not perfect, these agency budget requests are a concrete step toward limiting the growth of government from already inflated levels.

Besides limiting spending increases, this budget shows the power of performance-based budgeting, which focuses on providing the highest level of outcomes for every dollar spent. Combined with Governor Sandoval's instructions that spending increases would only be accepted in the case of rising caseloads, these directives have allowed state agencies to moderate budget requests while achieving largely the same outcomes for taxpayers.

Lawrence noted that Nevada government previously used a flawed method known as baseline budgeting, which presumes that government agencies are *entitled* to significant funding increases from year to year in order to finance automatic pay raises and other so-called roll-up costs. Unlike a performance-based budget, baseline budgeting provides no incentives for agencies to pursue greater efficiency.

Lawrence also observed:

It must still be recognized that agency requests are only the beginning of the governor's process of focusing spending upon the areas where it can have the greatest impact. When revenue projections are provided by the Economic Forum in December, the governor will have additional opportunities to adjust his Executive Budget proposal to align with available tax revenue.

NPRI believes strongly that Nevada's leaders can meet the state's budgetary challenge while keeping their promise to let temporary increases in payroll and sales taxes and car registration fees expire — and without impinging any further on the state's struggling private sector.

Meeting that challenge may require long-overdue reform legislation in areas like education finance, Medicaid, collective bargaining, agency outsourcing and prevailing wage, among others. But, armed with the highly specific reform ideas available in NPRI's *Solutions 2013*, Governor Sandoval and legislative leaders should have no problem finding additional savings.

Lawrence also warned lawmakers against using any higher revenue projections from the Economic Forum to boost spending.

Higher-than-expected revenue projections from the Economic Forum should be used to lower taxes on struggling Nevada families, instead of as an excuse to increase government spending. Agency budget requests are agency wish lists and, as such, should be the high-water mark for government spending proposals for the next two years. If an agency didn't request it, why should lawmakers spend precious taxpayer dollars?

Read more:

- [*Solutions 2013*](#)

###

The Nevada Policy Research Institute • 7130 Placid St., Las Vegas, NV 89119
Phone: (702) 222-0642 • Fax: (702) 227-0927 • Web site: www.npri.org