

# NEVADA ISSUES

A publication of the Nevada Taxpayers Association, serving the citizens of Nevada since 1922.

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## Spending Reforms for Nevada

*(Editor's Note: This Nevada Issues represents a compilation of various expenditure reforms which have not been enacted, but have been recommended by the Association on average every three to five years since 1990, in addition to a number of new recommendations. The Overview below accompanied "Recommendations for a Sound Fiscal Policy" issued by the Association in 2005. It has been updated to reflect the current economic conditions.)*

### Overview

Since the late 1970s, history has shown that government at all levels has experienced ten to thirteen year cycles in which there is both an economic downturn when revenue is less than projected and a period of prosperity when surplus revenue occurs. For this reason, the Association has consistently advocated for fiscal restraint in periods of prosperity in order to minimize the negative impacts experienced during a downturn. While the adoption of the recommendations contained in Part 1 of this *Nevada Issues* is not a cure-all for the current revenue shortfall, their adoption will go a long way in minimizing impacts on the State budget in future downturns.

In stepping back and reviewing prior budget cycles, it becomes evident that when revenues do not materialize to meet budgeted expectations, the demand for government services, particularly in the area of human services, is greater than normal. Conversely, in times when greater than anticipated revenue materializes, there is pressure on government to increase spending for programs and services. Meanwhile, the taxpayers at the very time their income is reduced or stagnant are often asked to contribute more to maintain government budgets; yet, when their income is improving there is no attempt to reduce their tax liability.

This *Nevada Issues* provides a series of recommendations to maximize the use of existing dollars and minimize the need for new tax and/or fee revenues. These are not revolutionary recommendations. They are, in fact, evolutionary and many are based on best practices in both government and the private sector.

As you review these recommendations, we would also include a thought about unanticipated revenue increases and grants. These recommendations encourage strong fiscal responsibility. In many of our suggestions we have recommended that higher-than-projected revenues be set aside for use in specific categories and not be used to expand or start new programs that place enormous demands on future budgets. In fact, before new or enhanced services or programs are considered, there should be an analysis done to determine the expansion is sustainable for at least five years. Also, we caution of the need to thoroughly analyze the long-term impact of grants before they are accepted and on an ongoing basis, as they may create a significant impact on future budget cycles. It is anticipated that many of these recommendations will provide a starting point for evaluating the expenditure side of government while increasing service delivery and cost efficiencies.

It is in an effort to address budget issues between Nevada units of government and the taxpayer that these recommendations are presented for consideration by elected officials and other policymakers, and you the taxpayer.

*"Policy makers must continue to rethink and restructure government services and their delivery to achieve the highest level of efficiency and quality possible, while stabilizing the expenditures of the state."*

Excerpted from -  
"Continuing Fiscal Reform"

*Tax Topics,*  
February 1995

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## BUDGET REFORMS

*The current budget process has been in place since 1993. Known as a cost-to-continue budget, it tends to presume that the spending levels of the prior biennium are still viable. This base budget is then increased by “roll-ups,” which include increased caseloads, enrollments, utility costs, grounds upkeep costs, building maintenance costs, and shared administrative costs (Personnel Department costs, IT costs, etc.).*

*During periods of economic growth this tends to allow a budget that is on automatic pilot for increased spending. The following recommendations regarding the budget are focused on providing solutions that more efficiently identify expenditures, and also provide additional accountability and transparency to Nevadans about where and how their tax dollars are being spent.*

### ***1. Prioritize the expenditure of funds.***

**Reason:** Frequently when the need arises for fiscal “belt-tightening,” it is often a vocal minority who argues for nonessential program enhancements. Priorities should be established for programs and services that are essential to the well-being of the general public or carry penalties (mandated programs and services) for not being in compliance. Prioritization of agency budgets would also identify what programs or services should be maintained during an economic downturn vs. those that should be considered for cuts.

**Action Required:** Implementation by Governor and Legislature. (Statute should be changed, otherwise the Governor’s office needs to prepare two budgets.)

**Note:** Also see recommendation #43 of the SAGE Commission Report. The Commission looked at the Arkansas priorities budget law which has been in place since 1945 and determined this would be a viable template for future Nevada budgets.

### ***2. Program-based or Performance-based budgets should be utilized when applicable.***

**Reason:**

Program Based - Where multiple agencies and departments provide similar programs, those agency/department budgets should be program-based. This would allow for better program coordination and provide program continuity. A lead agency should be established and based on funding could award grants to other governmental units and nonprofit organizations that meet program requirements. This would streamline administrative procedures and minimize duplicative administrative costs. (For example, substance abuse programs separately funded with no coordinated link include programs administered by the Department of Prisons, the Office of Parole and Probation, the Department of Education, Clark and Washoe county drug courts, DARE, etc.) When analyzing the delivery of a program or service, nonprofit agencies that work in a particular field should receive consideration as a potential service or program provider.

Performance Based - Many agencies and departments are responsible for delivering a specific service(s). These departmental budgets should be based on what is necessary to efficiently perform/deliver the service(s) based on specific goals and required outcomes.

**Action Required:** See recommendation 1 “Action Required.”

### ***3. Objectives should be established for each program or service to be provided.***

**Reason:** Specific objectives to be achieved can be measured to facilitate an evaluation of the effectiveness of the program or service to allow corrective action to be taken if necessary, or provide for the enhancement or elimination of the program of service.

**Action Required:** Implementation by Governor

### ***4. The outcome-based performance indicators that have been developed for each agency/department should be based on the objectives established and also posted on the State’s website.***

**Reason:** This would provide the measurement standards for the objectives set for programs or services and allow greater transparency and accountability by taxpayers.

**Action Required:** Implementation by Governor or Legislature.

**5. Revenue and budgeted expenses should occur in the same year.**

**Reason:** This would provide a more accurate view and better evaluation of budget expenditures.

**Action Required:** Implementation by Governor or Legislature.

**6. Taxes and fees which are earmarked, in whole or part, for programs within a General Fund agency/department should be reviewed as part of the budget process.**

**Reason:** Elected officials should determine the necessary level of funding for programs based on the needs of the program over the biennium. Earmarking specific taxes tends to eliminate accountability and does not take into account the priority of the program or function on an ongoing basis. A regularly scheduled review would allow a determination as to whether the earmarked funds should (a) continue at the same level, (b) be reduced, or (c) be eliminated.

**Note:** Earmarked revenue streams should be evaluated at a minimum of every four years.

**Action Required:** Implementation by Governor or Legislature.

**Note:** Also see recommendation #17 of the SAGE Commission Report which contains this provision.

**7. Agencies and departments that are supported by fees should review those fees at least every two years to make sure that the service or program being provided is self-supporting and reflects the actual cost of providing the service or program.**

**Reason:** If a specific service or program is provided to a targeted group and is to be supported by that group, the fees should reflect the cost of the service or program being provided. A periodic review should be conducted at least once every four years and, with justification, the fee(s) should be either increased or decreased as determined by the cost to provide the service or program.

**Note:** Fees that are collected for a specific service or program, which are paid for by the recipient of the service or program, but are deposited in whole or part to the General Fund are not fees, they are taxes.

**Action Required:** Implementation by Governor or Legislature.

**Note:** Also see recommendations #18 and #30 of the SAGE Commission Report.

**8. Restrict and prioritize the expenditure of any revenue increases projected at the May 1 meeting of the Economic Forum.**

**Reason:** Revenue projections by the Economic Forum on May 1 can result in surplus revenue being available to Legislators to spend. These increases can occur for many reasons, but cannot be guaranteed to recur the following biennium. This additional revenue should be:

(a) Restricted to non-ongoing expenses; and

(b) Prioritized to be used for such purposes as:

- i. Increasing the amount to be deposited in the Fund to Stabilize the Operation of State Government (A.K.A. rainy day fund).
- ii. Depositing a portion into the account to pay down the unfunded costs of retiree health care.
- iii. Providing technology improvements, both hardware and software.
- iv. Providing employee training.
- v. Establishing and/or adding to a capital replacement/improvement fund.

**Note:** Replacement of capital equipment or construction of capital projects should require that existing revenue covers any maintenance contracts or operating costs.

**Action Required:** Implementation by Governor or Legislature.

9. ***“Sweep” salary savings realized by any agency/department because of employee absences or departures at the end of every quarter.***

**Reason:** Salary savings that result from employee absenteeism or the departure of an employee during a quarter represents a monetary commitment to an expense that did not occur. In these instances, there is no justifiable reason to leave all of the money committed to pay that compensation in the department’s budget.

A percentage of the money swept could be used to:

- a. Buy down the retirees’ health care liability.
- b. Add to the rainy day fund.
- c. Allow the agency/department to obtain technology enhancements with the swept funds.

**Action Required:** Implementation by Governor or Legislature.

10. ***Within the Budget Stabilization Fund (A.K.A. rainy day fund) use a percentage of any surplus revenue from the Distributive School Account after true-ups to:***

- a. ***Create a DSA rainy day account; and***
- b. ***Pay down the unfunded liability of retiree health care.***

**Reason:**

DSA Rainy Day Account - In future economic downturns, this would provide a cushion to minimize the impact of cuts on K-12 education.

Retiree Health Care Liability - This is a substantial unfunded liability. Providing a funding source, albeit one that might fluctuate, would start to reduce the liability.

**Action Required:** Implementation by Legislature.

11. ***Provide a summary of all grants received by each agency/department in the budget document.***

**Reason:** To provide for: (a) a review of matching fund grants, (b) better coordination of similar programs in different agencies/departments funded by grants, (c) an evaluation to determine if the funding match/commitment has remained the same, and (d) if the program funded by the grant should be continued.

**Action Required:** Implementation by Governor or Legislature.

**Note:** See recommendation 13 below. Also, see SAGE Commission recommendation #41.

12. ***Require an initial and renewal review of any federal funds, including grant funds, to ensure the State is not committing to an ongoing expenditure with one-time funds.***

**Reason:** It is tempting to take what can be perceived as “free” money to add or enhance programs. However, if those funds are for a limited duration, the State and ultimately the taxpayers are on the hook to continue the expenditure.

**Action Required:** Implementation by Governor.

13. ***Coordinate the use and expenditure of federal funds, including grant funds, received by the State of Nevada and local governments to maximize their use.***

**Reason:** Some funds are made available at both the State and local government level for programs which may be the same or similar in nature. The establishment of a coordinating point would ensure that programs and related administrative expenses do not result in duplication, but rather enhance the program(s) provided and maximize the number of Nevadans served. Additionally, requirements for matching funds could be shared, minimizing the impact on any one governmental unit.

**Action Required:** Implementation by Governor or Legislature.

- 14. *A supplemental report should accompany the Executive Budget, which is also posted on the State's website, showing by department, overtime paid, the number of vacancies, audit results, and grants.***

**Reason:** This information is not generally available to the general public. Having this information available to the public would allow more scrutiny and provide an additional level of accountability. The information should show:

- a. The number and percentage of employees receiving overtime and the total amount of overtime paid by a department for each month of the prior biennium.
- b. The number of vacant positions (in FTE equivalents by department) that are reflected in the proposed biennium budget.
- c. List the recommendations that were made as the result of the last two audits with the status of those recommendations.
- d. A summary of all grants received by each agency and department including the purpose of the grant.

**Action Required:** Implementation by Governor.

- 15. *Require a "yellow page" test by agencies and departments to determine if new or expanded programs/services are currently being provided by business or nonprofit organizations.***

**Reason:** Government should not displace business but should take advantage of the expertise of business or nonprofit organizations which provide services. (Examples: Culvert cleaning or janitorial services to be provided by a private sector business; a nonprofit organization to provide latchkey services.)

**Action Required:** Implementation by Governor or Legislature.

- 16. *In conjunction with recommendation 15, if a program/service is considered for outsourcing, also allow the agency or department to submit a bid.***

**Reason:** Any service or program should be provided in the most cost-effective manner possible.

**Action Required:** Implementation by Governor or Legislature. (Statutory changes may be required.)

- 17. *Amend the State's expenditure cap to delete expenditures which are removed from the State's General Fund.***

**Reason:** Expenditures which are removed from the General Fund should be subtracted from the base used to calculate allowable expenditures for the next biennium. Allowing a removed expenditure to remain can artificially allow future expenditures to increase.

**Action Required:** Implementation by Legislature.

- 18. *Provide an incentive to those State agencies/departments whose employees develop cost-saving measures.***

**Reason:** Generally, the employees of an agency are in the best position to know the efficiencies that can be achieved. In almost all cases these efficiencies will result in cost savings.

**Note:** There has been legislation introduced at least three times since 1991 to address this proposal. Generally the legislation does not allow normal reversions or unfilled vacancies to be considered savings.

**Action Required:** Implementation by Legislature.

- 19. *Provide a sunset for all boards and commissions.***

**Reason:** As times and laws change, the need for the continuation of some boards and commissions may be diminished, or may be more efficiently combined with other boards and commissions.

**Action Required:** Implementation by Legislature

**Note:** Also see recommendation #17 of the SAGE Commission Report which contains this suggestion.

## EMPLOYEE COMPENSATION

*Employee compensation - - - wages and benefits - - - tends to make up 75 to 85 percent of the General Fund budget. It has become all too obvious that in an economic downturn, prior increases in compensation provided during the good times cannot be sustained unless there are significant reductions in programs and services, layoffs, or taxes are increased.*

*Changes will have to be made so that in the future, even during economic downturns, compensation levels can be sustained. Statutory changes to address the Public Employees Retirement System (PERS) also need to be reflected in NRS 288, the Local Government Employee Management Relations Act.*

### **20. Both the employer and the employee should share all retirement contributions.**

**Reason:** In Nevada, the Public Employee Retirement System (PERS) functions in place of Social Security for government employees. State employees make their employee contribution either through a payroll deduction reflected on their pay stub, or by being placed on a lower salary scale. The same is not true for local government employees who collectively bargain and are permitted to declare their employee contribution as being “in lieu of equivalent basic salary increases or cost-of-living increases, or both.” This effectively shields local government employees from sharing the cost of their retirement, contrary to the intent of the law.

**Notes:**

1. The rate of contribution to PERS has increased substantially since the 2002 contribution rate of 18.65% for all employees and 28.5% for police and firefighters. The current rates are 21% for all employees and 37% for police and firefighters. Statute provides that this is a shared contribution however; State employees have the option of choosing to share the cost or having the full contribution made by the State. Employees who choose to share the cost receive a higher salary.

2. NRS 286.421, section 3, subsection (a) needs to be amended to delete Paragraph (1) and amend section 8 to delete the following language: “*For the purposes of adjusting salary increases and cost-of-living increases or of salary reduction, . . .*”

**Action Required:** Implementation by Legislature.

### **21. An employee who leaves government employment should receive any interest that has been earned on the contributions made by the employee, if recommendation 20 is enacted.**

**Reason:** Currently, an employee who has chosen to pay into PERS and leaves prior to vesting, receives only the actual dollar amount of their contribution. As those contributions have been invested, the employee portion should be returned with a share of earned interest.

**Action Required:** Implementation by Legislature.

### **22. Change the PERS retirement age to correspond with retirement ages established by Social Security.**

**Reason:** As individuals are living longer and working longer, increasing the age required for retirement not only makes sense, but would equalize the retirement age between Nevada public sector employees and private sector employees.

**Action Required:** Implementation by Legislature.

### **23. Prohibit any changes to increase benefits or to change vesting until PERS is fully funded. Or, in the alternative do not allow any changes in benefits until the fund shows an average funding of 85% over a five year period.**

**Reason:** PERS is the largest unfunded liability in the State. Every effort should be made to see that PERS is fully funded as soon as possible. When benefits are increased and investment income does not materialize as projected, the door is opened to either delay the time frame to fully fund the plan or require an increase in the rate of contribution. The former is not fair to employees and the latter is not fair to taxpayers.

Current law requires that benefits may be changed when funding of PERS reaches 85 percent. Since this percentage can fluctuate from year to year, the percentage should represent a 5-year average.

**Action Required:** Implementation by Legislature.

**24. *Eliminate buy backs for accumulated vacation time and sick leave.***

**Reason:** “Buy backs” are phenomena of government. They cannot be budgeted for, but have budgetary impacts when taken. Further, they are not “bought back” at the salary the person was earning at the time the vacation or sick leave accrued. At the very least, buy-backs should be calculated at the salary respective to the period the vacation time or sick leave was accrued and not taken. With current computer capability, that should not be a problem.

**Action Required:** Implementation by Legislature.

**Note:** Also see recommendation 25 below.

**25. *Provide specific conditions when sick leave or vacation time may be extended beyond the year in which it should have been taken, including how it may be “banked” for another employee to use during an extended illness.***

**Reason:** A policy should be adopted that provides for specific conditions when sick leave or vacation time may be extended beyond the year in which the benefit accrues.

**Action Required:** Implementation by Governor.

**26. *Change the procedures by which compensation is increased: (a) eliminate longevity pay; and (b) change “merit pay” to a “merit bonus” awarded on the basis of achieving increased productivity, attainment of goals, performing “above and beyond.”***

**Reason:** Longevity pay and merit pay, as with pay increases associated with “colas,” when combined with step-pay increases create “salary-creep.” Additionally, longevity pay has nothing to do with how well an employee is performing or the level of skill required to perform the job. Also, a monetary reward based on merit should have a relationship to the attainment of specific goals. A bonus acknowledges achievement for a specific time period; it does not assume the achievement will be ongoing with no further attainment of increased performance or productivity.

**Note:** The schedule for longevity pay is found in NRS 284.177.

**Action Required:** Implementation by Governor and Legislature

**27. *Change the procedure by which classified employee compensation is approved.***

**Reason:** Increases in classified employee compensation exceeding a three-year average of the Consumer Price Index (CPI) should be justified in the Executive Budget. If compensation is increased over that which is identified in the Executive Budget by the Legislature then that justification should be included in the *Legislative Appropriations Report*.

**Action Required:** Implementation by Governor or Legislature.

**28. *Eliminate the subsidies for retiree health care. (New hires only.)***

**Reason:** The current liability of approximately \$2.5 billion dollars will continue to grow and does not have a funding mechanism to buy down the liability.

**Note:** Retirees would still be able to purchase health care insurance through the State system if they were not eligible for Medicare.

**Action Required:** Implementation by Legislature.

*“The people of the state have no desire to under-pay their employees, but salaries fixed at a high figure in times of great prosperity and of high living expenses should be adjusted to present conditions.”*

Excerpted from  
“Salaries of Public  
Employees”

*Nevada Tax Review*  
June 1932

### PERSONNEL REFORMS

**29. *All General Fund personnel functions should be consolidated under the Department of Personnel.***

**Reason:** There should be consistency, not fragmentation, in the administration of personnel functions.

**Action Required:** Implementation by Governor and Legislature.

**30. *Cross train employees.***

**Reason:** To provide a pool of employees that can “step in” when the need arises (i.e., covering vacations or leaves of absence).

**Action Required:** Implementation by Governor.

**31. *Create a uniform policy for the assignment of positions to unclassified and classified service.***

**Reason:** There should be consistency in the administration of personnel functions.

**Action Required:** Implementation by Governor.

**32. *Limit to five years the time of post-employment eligibility for occupational diseases related to heart and lung for firefighters, police officers and arson investigators.***

**Reason:** Under current law (NRS 617.457) a firefighter, police officer or arson investigator who has been continuously employed for 5 or more years before the date of disablement, and suffers a heart or lung disease is presumed to have a work-related disease and is entitled to lifetime eligibility to collect disability benefits. This creates a huge uncertainty in trying to determine the potential liability that the State (and local governments) will incur. Limiting this presumption to a period of 5 years from the date of last employment would provide a time certain period for budgeting the risk and the manifestation of the disease.

**Note:** It is suggested that the statutory language be changed as follows. *Notwithstanding any other provision of NRS 616.453, 617.455, 617.457 and 617.485, diseases of the heart, diseases of the lung, cancer or Hepatitis of a person who, for 5 years or more, has been employed in a full-time continuous, uninterrupted and salaried occupation as a firefighter, arson investigator or police officer in this State before the date of disablement are conclusively presumed to have arisen out of and in the course of the employment for a period not to exceed 5 years following the last date of employment in such qualifying occupation.*

**Action Required:** Implementation by Legislature.

### TECHNOLOGY

**33. *Develop common email and web platforms to be used by all State agencies.***

**Reason:** This would improve the sharing of information between agencies, and reduce costs associated with maintaining different platforms.

**Note:** When the SAGE Commission conducted a survey of all State employees, it was determined that over 3,000 employees could not be surveyed as they were on a separate platform.

**Action Required:** Such a schedule could be developed by the Executive Branch with the related funding needs part of the Executive Budget. The Legislature would need to support the funding requirements.

**Note:** See recommendation 8 for use of surplus revenue. Also, see SAGE Commission recommendations 25 and 26.

**34. *Establish priority scheduling for technology enhancements and employee training for the enhancements for all General Fund agencies and departments.***

**Reason:** The use of technology can enhance employee productivity, but only if employees are trained in the correct use of hardware and software.

**Action Required:** The schedule should be developed by the Administration and any potential related funding needs part of the Executive Budget. The Legislature would need to support any funding requirements.

**Note:** See recommendation 8 for use of surplus revenue.

**Technology continued**

35. *All General Fund agencies and departments should have the ability to take payments by electronic funds transfers.*

**Reason:** In today's technological environment it is more efficient to allow electronic payments. Electronic funds transfers (EFT) minimize concerns about lost cash or checks and bank deposits not being made in a timely manner.

EFTs allow revenue collections to be maximized and expenditures to be minimized. In conjunction with this recommendation, electronic reporting and filing should be utilized. Electronic fund transfers would allow additional interest income to be generated.

**Action Required:** Implementation by Governor or Legislature.

36. *Where possible, Compact Discs (CDs) should be used for the publication of Agency reports.*

**Reason:** The use of CDs eliminates all the costs associated with printing and minimizes mailing costs.

**Action Required:** Implementation by Governor.

37. *Agencies should develop email lists for the purpose of notifying interested parties of on-line reports, meetings, workshops, regulatory changes, etc.*

**Reason:** This would minimize the costs associated with printing and mailing.

**Action Required:** Implementation by Governor.

**PROPERTY ASSETS**

38. *All agencies/departments must be required to maintain a listing of all personal property owned, which is inventoried annually. These inventory lists should be submitted to a defined reporting agency for the purposes of compiling a "master list."*

**Reason:** All equipment, whether a desk, computer or a back-hoe is an investment of taxpayer dollars, and as such should be accounted for accurately.

**Action Required:** Implementation by Governor.

39. *There should be a comprehensive review and analysis (justification) of all real estate owned by the State to determine if the property, including land, buildings and water-rights, should be retained or sold.*

**Reason:** Selling property which is determined to be unneeded or obsolete will reduce the costs associated with caring for and maintaining the property. Putting previously tax exempt property on the tax rolls also has the benefit of generating additional tax revenue.

**Action Required:** Implementation by Governor or Legislature.

**Note:** Property sold by the State should *not* be leased back. Leasing back property that was sold defeats the purpose of this recommendation. While the State recognizes the short-term benefit of cash, the long-term consequence is that of incurring inter-generational debt for the use of a property that was previously paid for - - - not sound fiscal policy. Additionally, revenue generated from the sale of any property is one-time revenue, and as such should not be spent for ongoing expenditures.

40. *Evaluate the use of all telecommunications devices and services.*

**Reason:** Enhanced telecommunications services may be acquired without the prior service or lines being eliminated. For instance, cell phones may be replaced without canceling service on the old phone. High-speed data lines may be added, yet bills are still being paid for unused phone lines.

**Action Required:** Implementation by Governor.

**Property Assets continued**

- 41. *Establish a schedule to evaluate equipment used by all State agencies. Reassign or remove and sell equipment and vehicles that are no longer needed. Special emphasis should be placed on heavy equipment (particularly for building maintenance and roads).***

**Reason:** When equipment is purchased that will not be used to maximum efficiency, it takes away money that could go into other projects. An evaluation should be done to determine whether leasing, renting or purchasing is the most cost effective manner to acquire the equipment. Today it is generally more efficient to rent or lease heavy equipment. If leasing heavy equipment is the chosen path for highly utilized tools\*, equipment dealers generally offer shorter term leases (2-4 years that allow agencies the ability not to have to deal with major component rebuilds) to ensure that an up-to-date fleet is maintained. These shorter term leases allow for guaranteed buy-back rates from the equipment dealers so that the exact cost of ownership can be determined at the initial purchase.

\*Highly utilized tools are used for more than 1,200 operating hours per year.

**Action Required:** Such a review can be developed by the Administration. Where leasing or renting is determined to be the preferred alternative, then a schedule can be established for the replacement and sale of the state-owned equipment and the necessary budget changes. The Legislature would need to support any funding changes.

- 42. *Eliminate the use of the motor pool in the urban areas in favor of contracting with car rental agencies.***

**Reason:** The expenses of maintaining the State Motor Pool are no longer necessary in urbanized areas where rental vehicles are readily available, and contracts to meet the needs of employees requiring a vehicle can be arranged. The expense of providing vehicles, maintaining them, and providing garage and storage facilities takes away General Fund dollars that could be better used in providing other State services.

**Note:** The State currently has contracts with rental car companies to cover those time periods that the State Motor Pool is not open.

**Action Required:** Implementation by Legislature.

**DEBT REPORTING**

- 43. *All Executive Branch Agencies and the University System should report all debt issued and debt outstanding on an annual basis. The report should include the amount of debt they are authorized to issue, how much has been issued, length of time for which the debt has been issued, interest rate and the type of debt issued (i.e., G.O. bonds, revenue bonds, lease-purchases, etc.).***

**Reason:** There is no centralized compilation of debt issued by the State, therefore there is no way to evaluate the actual and potential liability to taxpayers.

**Note:** Local governments are required to submit this type of report to the Department of Taxation for compilation into a publication known as the "Green Book."

**Action Required:** Implementation. by Legislature.

- 44. *In conjunction with Recommendation 43, an Annual Report of State Indebtedness, including both general obligation and revenue debt should be compiled and be available on-line.***

**Reason:** The same policy requiring the compilation and publication of local government debt should be required of the State. (The Department of Taxation prepares the annual report of debt for all local governments.)

**Action Required:** Implementation by Legislature.

## EDUCATION

*The largest component of the State's General Fund budget is education, which encompasses both K-12 and higher education. While there is general agreement that funding should be increased, any increases need to be preceded by expenditure reforms that maximize the use of existing funds.*

*Education, both K-12 and higher education have long been a concern for policy makers as well as the public at large. It is the largest General Fund investment that is made by Nevada, representing 55.2 % of the 2009 - 2011 biennium budget. The percentages for K-12 and the Nevada System of Higher Education (NSHE) are 39.9 % and 15.3 % respectively.*

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**45. *Require state agencies for public and higher education to coordinate their long-range plans and educational programs.***

**Reason:** To facilitate the functioning of the entire system of public education extending from early childhood through postgraduate study.

**Action Required:** Implementation by Legislature.

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### K-12 EDUCATION

**46. *Consolidate the Department of Education into the Department of Human Services.***

**Reason:** In 1992, the KPMG-Peat Marwick study "Review of the Organization Structure of Nevada" made this recommendation, which is as valid today as it was then.

*"Department of Education, Health and Human Services. This Department is built upon the strengths of the current department of Human Resources. Education is consolidated within Human Resources since more than half of the activities performed by Education are similar to activities performed within Human Resources. Specifically, the allocation of federal and other state funds to local service providers is performed by both departments. Consolidation would also result in administrative cost-savings."* (Emphasis added.) "Review of the Organization Structure of Nevada," October 1992.

**Note:** The Department of Education can still be maintained as a Cabinet level position.

**Action Required:** Implementation by Legislature.

**47. *Change the manner in which the Superintendent of Schools is selected.***

**Reason:** With an independently elected State School Board as the appointing authority for the Superintendent, the actions of this Agency can become insulated from the Executive Branch and Governor. In fact, the governance of the Department appears to be more like that of the University System than an Executive Branch agency.

**Action Required:** Implementation by Legislature.

**48. *Change the function of the State School Board.***

**Reason:** The School Board should coordinate the statewide collection of data and be responsible for the academic performance of the various schools within the 17 school districts. Allow the board to "take over" severely under-achieving schools and consolidate the functions of all the separate education boards by giving those functions to the State School Board.

**Note:** The "take over" provision would be similar to the authority given to the Tax Commission in those cases where a "severe financial emergency" exists with a local government.

**Action Required:** Implementation by Legislature.

*“How can you measure the value of a school system? What is it that says, this is a good school? What are the standards by which we judge? The basis for judgment must be, in the final analysis, the product of the system. Just as you judge soil by what it can produce, so you must judge education by the results it achieves in the community.”*

Excerpted from  
“Four Commandments of  
Education in Nevada”

*Nevada Tax Review*  
April 1948

49. ***Provide each school district with the flexibility to determine the best use of class-size reduction funds, to accommodate the needs of the students in the district.***

**Reason:** One size does not fit all. For instance, in Clark County it might be more effective to utilize the funds to provide smaller class sizes to students who need to become proficient in English. In other districts it might be more effective to have a staffing ratio of 20 students to one teacher in grades 1 - 6 or to reduce class sizes in core subjects only. The district should also be required to measure the results of their proposal.

**Note:** A school district could be required to have the approval of the State School Board for their plan for the alternate use of class-size reduction funds.

**Action Required:** Implementation by Legislature.

50. ***Require local school districts to pay for any remediation classes required of a student as a condition of entrance into a school within the Nevada System for Higher Education (NSHE).***

**Reason:** A student who has completed the entire last year of high school in Nevada and receives a diploma from a school in Nevada should have gained the required knowledge to enter college. Taxpayers should not have to pay for the same education twice.

**Note:** Also see Recommendation 58.

**Action Required:** Implementation by Legislature.

51. ***Develop a ratio of administrators to teachers.***

**Reason:** As revenue to school districts increases, administrative costs tend to also increase.

**Action Required:** Implementation by Legislature.

52. ***Expand the use of technology in all school districts to assist English language learners (ELL) through the use of specialized computer programs.***

**Reason:** This cost effective method, currently being used in 85 schools in Clark County, allows a learning program to be designed for each student. The program called Imagine Learning is also in use in most of Utah’s school districts, and has shown proven benefits to ELL in both the Clark County and Utah schools. Utilizing computers in a lab setting, students spend approximately 30 minutes every day learning English. The program is available in many languages so that the concern for finding teachers to teach students who speak a language other than English, is not a problem. It has also proven to be cost effective.

**Action Required:** Implementation by School Districts or Legislature.

53. ***Utilize the “virtual classroom” to provide classes to persons studying for a GED, or to allow students unable to take classes due to illness, or to allow additional credits to be obtained by students, etc.***

**Reason:** This maximizes the availability of continuing education to individuals who might not be able to attend regularly scheduled classes to obtain a GED; allows home-bound students to keep up with classes; and provides an opportunity for students who would like to take additional classes.

**Action Required:** Implementation by School Districts or Legislature.

NEVADA SYSTEM OF HIGHER EDUCATION (NSHE)

**54. *Develop performance measurements to evaluate NSHE.***

**Reason:** Provide accountability for performance and achievement before any further changes are made to the higher education system.

**Action Required:** Implementation by either the Board of Regents or Legislature.

**55. *Identify the level of programs to be provided by community colleges, the State College and NSHE.***

**Reason:** As they are less expensive to provide and cost less for the students, it makes sense to have the community colleges focus on entry level and continuing education programs. The State College should focus on baccalaureate programs and the University on upper degree and research programs. This would be more cost effective for the students, and should be more cost effective for the system. For example, the baccalaureate programs in nursing, related medical fields and teaching currently provided by UNLV could be moved to the State College at Henderson. This would provide the operating costs for the State College, and free up facilities at UNLV to expand its programs for Masters and Ph.D. degrees.

**Action Required:** This recommendation needs the support of the Governor and implementation by the Board of Regents.

**56. *Change the governing authority of classified employees that work for NSHE from State employees to System employees.***

**Note:** A change of this type was previously and successfully accomplished when the State Industrial Insurance System was privatized.

**Reason:** The differences in the personnel systems between the State and NSHE are problematic for the System's Presidents in trying to efficiently and effectively run their campuses. For example, there are different retirement systems, grievance procedures, promotion policies, etc.

**Action Required:** Implementation by Legislature.

**57. *Increase the time spent in the classroom by instructors.***

**Reason:** As with any other function of Government, personnel costs are a major and frequently the largest component of the State's budget. According to the 2000 Report issued by the University System, contact time by instructors with their students averaged 9.1 hours per week at UNR and 8.9 hours per week at UNLV. Increasing the time teaching would reduce the number of instructors needed, allowing existing funds to go further.

**Action Required:** Implementation by Board of Regents.

**58. *If remediation is required of a student prior to taking a class the student should be informed of the reason. Additionally, a test of the student should be allowed to confirm the need.***

**Reason:** The University has stated that as many as 35% of students entering college require remediation, yet many students who had grade point averages over 3.0 have complained they do not require remediation. A procedure such as proposed in this recommendation should assure a student that remediation will be required only when the need is demonstrated.

**Action Required:** Implementation by the Board of Regents.

**Note:** Also see Recommendation 50.

**59. *Change the payment structure to recipients of the Millennium Scholarship to make the first year payment in the form of a loan that will be forgiven if the student: 1) meets the requirements for the Scholarship; 2) completes the first year; and 3) registers for the second year.***

**Reason:** The scholarship should provide an incentive to encourage students to continue their college education and not just "try it out."

**Action Required:** Support by the Board of Regents and implementation by the Legislature.

*“Governmental budgets differ from the budgets of private enterprises in this particular:*

*Private enterprises or individuals, first estimate their expected income and then determine their expenditures accordingly; the State, on the other hand, generally first estimates its expected expenditures and then determines its income. The difference is vital, and is one of the chief factors in the extravagance of governments.”*

Excerpted from -  
“The State Budget”

*Nevada Tax Review*  
December 1922

**60. Allow Millennium Scholarship recipients to take 15 credits per semester instead of the current 12 credits established in statute.**

**Reason:** It takes 15 credits per semester to be able to graduate in 4 years. Under the current provisions a student who solely relies on the Millennium Scholarship to pay their way through college needs to spend 5 years to obtain their baccalaureate degree. This costs the state more money in the long run due to cost increases. Additionally, the student potentially loses a year of employment opportunity. It is a case of being penny wise and pound foolish.

**Action Required:** Support by the Board of Regents and implementation by the Legislature.

**Note:** The maximum amount, per statute, that would be expended over 4 or 5 years is the same, \$40,000. Due to the current economy and because this is a cash-flow issue, this recommendation might have to have a deferred implementation date. However, the required legislation to implement this recommendation should not be delayed.

**61. Determine the research programs which will assist in providing economic viability to Nevada. Where appropriate, require each research project to contain an economic development component.**

**Reason:** The system cannot be all things to all students and professors. This recommendation would allow better coordination between what the state needs for future economic development and diversification and should ultimately provide greater employment opportunities for Nevada students.

**Note:** The model used by the State of Georgia - “The Georgia Research Alliance”- is a time-tested successful model that could be used as a template to coordinate the efforts of research programs that will benefit economic development and diversification.

**Action Required:** This recommendation needs the support of the Governor and Board of Regents, as well as implementation by the Legislature along with the necessary seed money.

**62. Expand the use of online classes.**

**Reason:** This would allow the system to reach more students without impacting or creating the need for additional facilities. Additionally, it would better serve those potential students who are unable to attend some classes due to work schedules.

**Note:** Online courses are the very successful backbone of many private colleges and universities.

**Action Required:** Implementation by College or University Presidents or the Board of Regents.

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**Note:** *Nevada Tax Review* which is referenced in the excerpts on pages 8, 13 and this page was the name of the Association’s newsletter from 1922 to 1955.

## NEVADA TAXPAYERS ASSOCIATION

### ABOUT THIS PUBLICATION

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### ABOUT THE ASSOCIATION

The Nevada Taxpayers Association is one of the oldest government research and advocacy associations not only in Nevada, but also in the United States. The Association was established in 1922 as a statewide, non-profit 501(c)(4) non-partisan, membership association

### THE MISSION

The mission of the Association since it was formed has been to monitor, analyze and research information regarding fiscal matters; to take positions as appropriate in the areas of taxes and expenditures; and to disseminate these positions and information while there is still time for responsible action.

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