



EXECUTIVE BUDGET IN-BRIEF

2005
2007





OFFICE OF THE GOVERNOR

KENNY C. GUINN
Governor

January 18, 2005

Members of the Nevada State Legislature
Seventy-Third Legislative Session
Legislative Building
401 South Carson Street
Carson City, NV 89701

Honorable Members of the Senate and Assembly:

Transmitted herewith is the 2005-2007 Executive Budget for the State of Nevada.

With a shortfall of \$704 million two years ago, the Nevada Legislature faced difficult budget decisions. Because of the actions we took together, our revenue streams have stabilized and broadened. Thanks to those difficult decisions and an economy that has rebounded impressively after the terrorist attacks of September 11, 2001 and a national recession, we are now in a good position to address the vital needs of the people of Nevada. Our two largest sources of income – sales tax and gaming – have produced record double-digit growth during the past year. We have the lowest unemployment rate on record and we have created more than 50,000 jobs in 2004 alone.

My \$5.7 billion budget focuses on the rainy day fund, education, public safety, health and human services.

In order to safeguard for the next time our economy slows down, I feel it is important that we put \$200 million into the Rainy Day Fund.

In my budget, I have included \$100 million for a trust fund to address 122 schools classified as failures under our system and another 99 schools that are on the warning list. In addition to this trust fund, my budget includes more than \$500 million in new revenue for K-12 education. More than \$250 million in new revenue will be included for staff, infrastructure and research in higher education.

Because of tight budgets in recent years for K-12, higher education and other state personnel, salaries have lagged in comparison to other public employees in our state. I have put forward a 2 percent increase in each year of the biennium for these employees. In addition, I have set aside special compensation adjustments for those unique classes

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Members of the Nevada State Legislature
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where there is a significant salary inequity such as correctional, highway patrol and parole officers. Public safety will also be improved with additional correctional facilities.

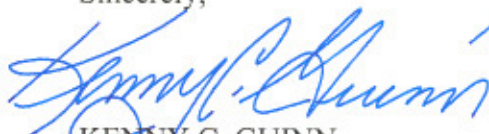
Nevada being the fastest growing state in the nation comes with a price. More than \$273 million in new revenue will be added to health and human service programs. We will increase our capacity to treat mental health patients with a new hospital in Las Vegas. I have also included more money for early intervention services for children and Nevada Check-Up. This budget also supports expansion of health-care coverage for pregnant women and improvement of health care access for low-income families who work for small businesses.

As gaming has spread to other states, it is imperative that Nevada continues to diversify its economy. In my budget, I am calling for \$10 million to help develop the Nevada Cancer Institute and another \$10 million that will go to the economic development authorities in Las Vegas and Reno. If approved, this action will redirect approximately \$1 million for rural Nevada economic development.

After I have given all of our state's priorities consideration, Nevada is in the unique position of having a surplus. That is why I have proposed a \$300 million rebate for all vehicle registrations through the Department of Motor Vehicles.

I look forward to working with you during the 2005 Legislative Session and discussing these and other initiatives put forward by my Administration. Along with my staff and cabinet, I stand ready to assist you in your review and consideration of the Executive Budget recommendations.

Sincerely,



KENNY C. GUINN
Governor

KCG:GB/cm



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January 18, 2005

Dear Fellow Nevadans:

On behalf of Governor Kenny C. Guinn and the Budget and Planning Division, it is my pleasure to present the *Executive Budget in Brief* for the 2005-2007 biennium. This document offers users a quick and easy tool to understand the many challenges facing the State. Most importantly, it highlights the steps proposed by Governor Guinn to successfully meet these challenges.

Being the fastest growing State in the nation for 18 consecutive years has significant fiscal ramifications. Education, human services, and public safety caseloads continue to increase and play a dominant role in shaping the Governor's Executive Budget. Nevada's infrastructure network requires ongoing improvement in order to keep up with increased demands that include an expanding population and a growing and evolving economy. New and more effective methods of delivering the wide variety of services provided by State government must be identified and implemented.

Historically, Nevada's revenue base, which provides critical resources necessary to continue these all-important services, failed to keep pace with the rapid growth in the State; however, the recent changes to our revenue streams implemented in the summer of 2003 have altered that trend. As a result of the State's strong economic growth and the aforementioned revenue changes, Nevada will end the current biennium with approximately \$370 million in resources beyond those anticipated by the 2003 Legislature. It is out of these funds that the Governor is recommending a \$300 million rebate to Nevada's citizens.

Available resources for the 2005-2007 biennium are projected to be \$1.4 billion after providing enough funding to continue the support of K-12 education, the University and Community College System of Nevada (UCCSN) and the operation of State government at the current level. The \$1.4 billion in available resources is before funding any growth and after replacing approximately \$200 million in one-time resources used to fund ongoing operations during the current biennium. The Governor's Executive Budget allocates the \$1.4 billion in available resources to the following areas of critical need:

- ✓ Fund approximately \$700 million in growth in K-12 and UCCSN enrollments; mental health, welfare and other human service caseloads; prison populations; etc.
- ✓ Provide \$79 million in funding to bring the balance in the "Rainy Day" fund to approximately \$200 million.
- ✓ Provide \$100 million in additional remediation funds to improve schools.
- ✓ Fund a 2% cost of living adjustment for all State, school district, and UCCSN employees, as well as special adjustments for law enforcement and other difficult-to-recruit-for positions, all at a cost of over \$200 million.
- ✓ Provide \$44 million for various technology improvement projects that will allow State agencies to work smarter.
- ✓ Use \$52 million to augment bond proceeds in financing a \$322 million Capital Improvement Program.
- ✓ Provide approximately \$200 million to improve existing programs.

This document, as well as a variety of other budget-related information, is accessible on the Internet via our website. I hope that you find this brief to be a useful and valuable resource.

A handwritten signature in dark ink, appearing to read "John P. Comeaux".

John P. Comeaux
Director

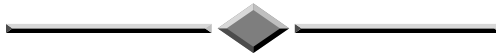
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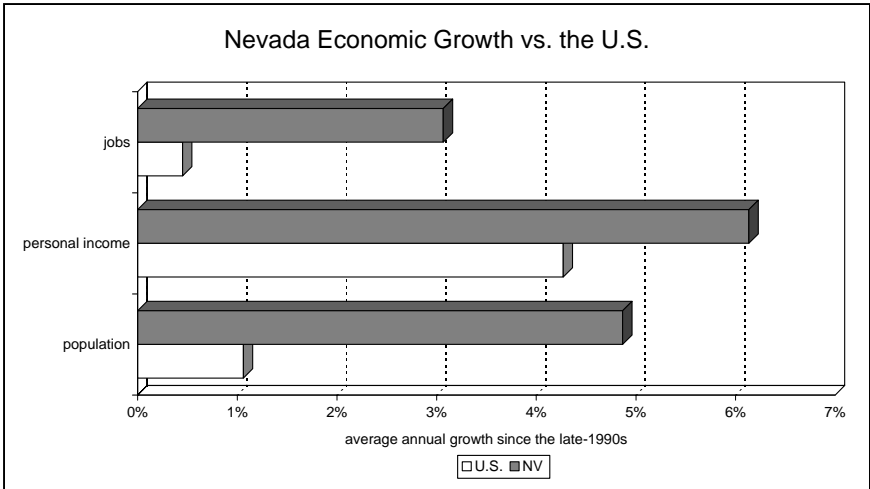
Note: Throughout this document, numerical and tabular information presented may not always add due to rounding. Where applicable, changes from historical to forecast periods depicted in graphs and charts are represented by a change in the color scheme.

Economic Overview



Economic Overview

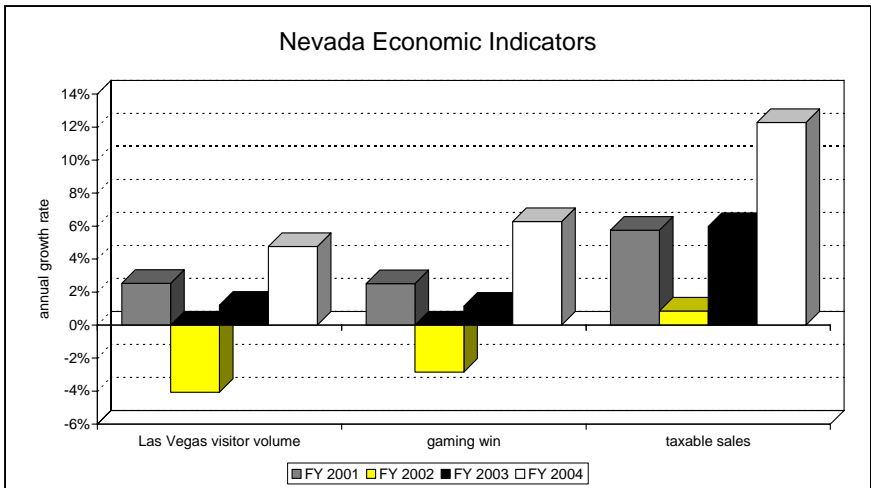
- ✓ For years, Nevada's economy has grown at rates well in excess of national norms, regardless of the health of the national business cycle. Since the late-1990s, for instance, job growth in Nevada has averaged 3.1% vs. just 0.5% in the nation as a whole. Much the same is true for nearly every other economic indicator, including personal income and population growth.



- ✓ The U.S. economy officially emerged from the most recent recession in late-2001. Since then, growth has accelerated, but remains well below pre-recession levels from the mid- and late-1990s. However, at this stage of the economic recovery, trends are very consistent with those immediately following the end of the previous recession, in the early-1990s.
- ✓ In Nevada, FY 2004 was characterized by very impressive economic results. Jobs grew at a 4% rate for the year. Personal income turned in an 8% gain.

Economic Overview

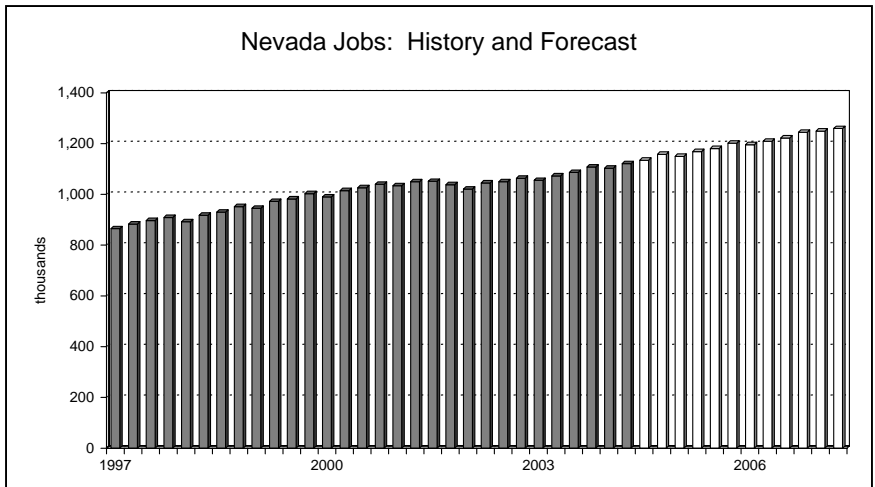
- ✓ Tourism trends have significant impacts on the State's economy. Las Vegas visitor volume expanded at a 4.8% pace in FY 2004. Some of that increase surely reflected the improving national economy. However, growth was also helped in the final six months of the year by comparisons to a year-ago period when visitor trends stagnated in response to the onset of the Iraq War. Through the first five months of FY 2005, visitor volume has grown 4.1%. Budget Office expectations call for growth to hover in the low or mid single-digit range throughout most of the year.



- ✓ Nevada's gaming establishments benefited from these positive tourism and economic trends in FY 2004. At 6.3%, gaming win growth improved sharply from the 1.1% advance in FY 2003. Both the slot and games/tables segments turned in encouraging performances. Growth has actually strengthened a bit off of that solid pace in the early months of FY 2005, and the Budget Office expects trends to remain encouraging throughout the year.

Economic Overview

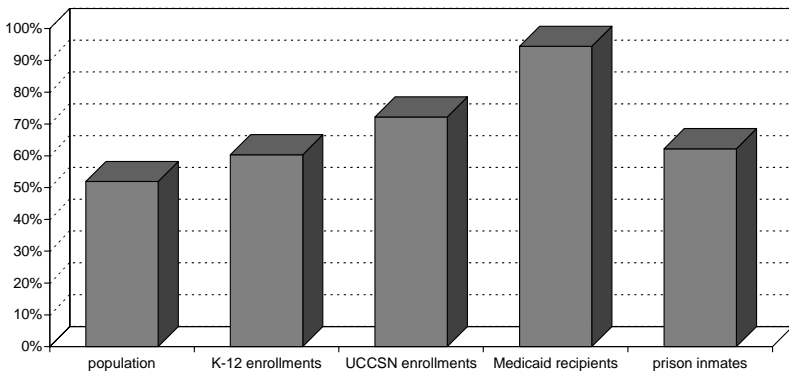
- ✓ Rebounding from depressed results in FY 2002, taxable sales growth picked up to a welcome 6% rate in FY 2003. FY 2004 sales managed to improve upon those results two-fold, coming in at 12.3% for the year. Double-digit gains were turned in by the State's two largest taxable sales categories: eating and drinking establishments and automotive dealers. These gains have carried over into the early months of FY 2005. Although the Budget Office forecast expects gains to ease somewhat, final results will still be quite impressive.
- ✓ According to Global Insight, a well-known consulting firm under contract with the State, the national economic outlook calls for moderate, stable growth. Over the 2005–2007 period, real GDP growth should hover in a fairly narrow range just above 3%. Job growth, at less than 2%, will remain a soft spot. This will leave employment growth well below pre-recession levels.
- ✓ Not surprisingly, the economic outlook for Nevada is significantly more encouraging. These expectations are reflected in the Department of Employment, Training, and Rehabilitation's jobs forecast, which calls for gains to remain near 4% through the next biennium.



Economic Overview

- ✓ Nevada's tourism and leisure sectors are expected to continue expanding and evolving. Wynn Las Vegas, with 2,700 new rooms, will be opening in spring 2005. Other major megaresort-type projects also appear ready to be initiated. Retail and entertainment capacity continues to expand.
- ✓ Continued growth in the economy will be reflected in General Fund revenue trends. The Economic Forum looks for revenue growth of approximately 6% in each year of the next biennium. However, relatively strong underlying economic growth also results in added pressure on State expenditure requirements in that it draws others to Nevada in search of greater opportunity, placing increased demands on public services.

Nevada Population and Major Caseload Growth:
FY 1995-FY 2005

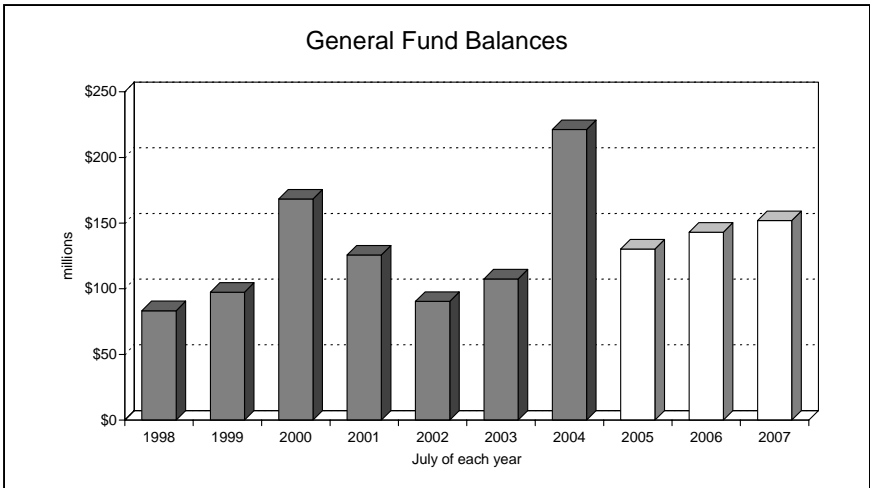


Fund Balances Summary



Fund Balances

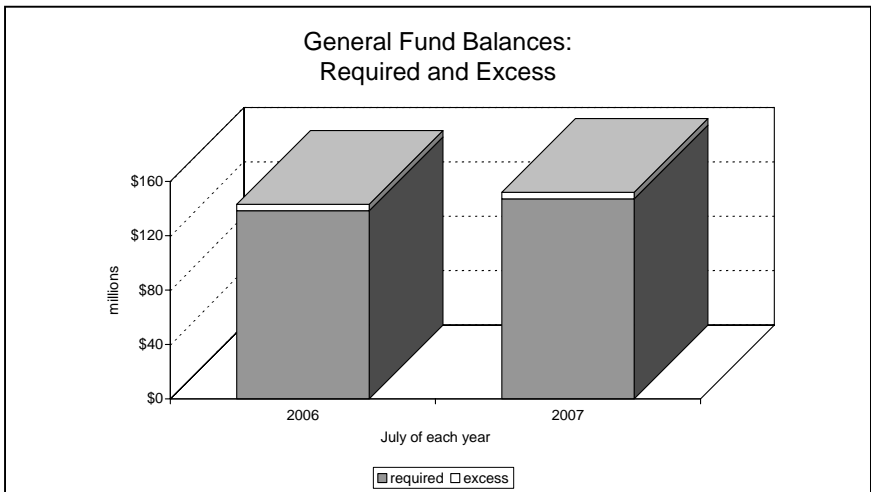
- ✓ The State's General Fund¹ balance at year-end FY 2005 is forecast to be \$130.3 million. It is expected to rise to \$143.1 million the following year and to \$151.9 million by the end of FY 2007.



- ✓ In both FY 2006 and FY 2007, the State's General Fund balance is forecast to be \$4.7 million higher than required.

¹ The State's General Fund receives all revenues and accounts for all expenditures not otherwise provided by law to be accounted for in any other fund. The *Executive Budget* for each fiscal year of a biennium must provide for a General Fund reserve of not less than 5% nor more than 10% of the total of all proposed appropriations from the State General Fund for the operation of all departments, institutions, and agencies of State Government and authorized expenditures from the State General Fund for the regulation of gaming for that fiscal year.

Fund Balances

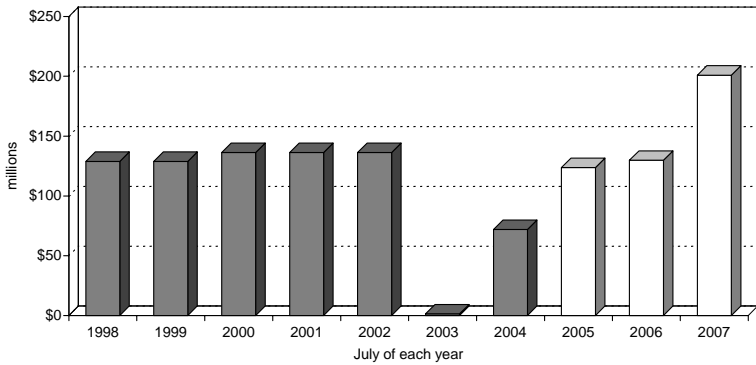


- ✓ Given strong FY 2004 General Fund revenue collections, a \$70.6 million deposit into the “Rainy Day”² Fund was made at year-end. In FY 2005, a \$50 million deposit into the Fund will be “triggered” in accordance with the provisions set forth in SB 8 (20th Special Session). In light of actual and expected revenue and expenditure trends, the *Executive Budget* also provides an additional \$3 million in one-shot funding for deposit into the Fund in FY 2006, followed by \$68 million in FY 2007. Combined with anticipated year-end deposits by the Controller, this will result in a Fund balance in excess of \$200 million.

² The Fund to Stabilize the Operation of State Government is a trust fund. The Fund is also referred to as the “Rainy Day” or “Stabilization” Fund. A direct appropriation to the Fund may be made. In addition, at the close of each fiscal year, the State Controller deposits to the Fund two-fifths of the unrestricted General Fund balance which remains after subtracting an amount equal to 5% of ongoing appropriations.

Fund Balances

Fund to Stabilize the Operation of State Government



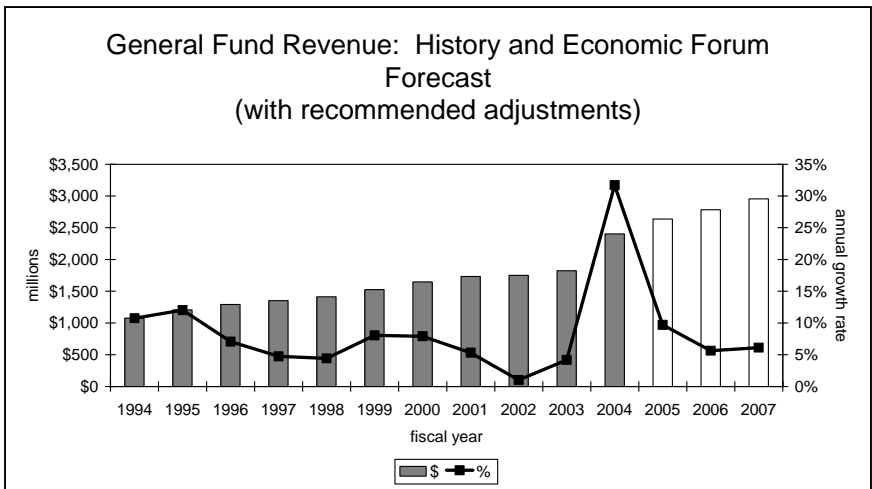
Sources of Funding Summary



Sources of Funding

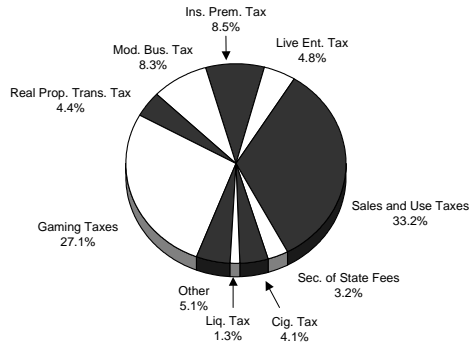
- ✓ Nevada's strong overall economy resulted in solid General Fund revenue collections in FY 2004. All told, collections totaled \$2.4 billion, or \$145.4 million above that adopted by the 2003 Legislature upon which the budget was built. The revised forecast for FY 2005 established by the Economic Forum in December 2004, at \$2.64 billion, is \$175.7 million higher than that contained in the adopted budget.

Economic Forum General Fund Revenue Forecast (with recommended adjustments; millions of \$)				
	2003 - 2005 Biennium		2005 - 2007 Biennium	
	FY 2004 (actual)	FY 2005	FY 2006	FY 2007
Sales and Use Taxes	\$790.6	\$873.3	\$925.7	\$981.2
Gaming Taxes	\$714.7	\$732.3	\$758.7	\$796.7
Insurance Premium Tax	\$194.2	\$212.9	\$234.0	\$256.9
Modified Business Tax	\$161.6	\$214.4	\$229.2	\$245.3
Live Entertainment Tax	\$89.2	\$106.0	\$131.1	\$143.0
Real Property Transfer Tax	\$88.0	\$116.7	\$121.3	\$133.4
Other	\$365.7	\$381.7	\$393.6	\$406.9
Unclaimed Property Adj.			(\$7.6)	(\$7.6)
TOTAL BY YEAR	\$2,404.0	\$2,637.2	\$2,785.8	\$2,955.8
\$ change		\$233.2	\$148.5	\$170.0
% change		9.7%	5.6%	6.1%
TOTAL BY BIENNIUM		\$5,041.3		\$5,741.6
\$ change				\$700.4
% change				13.9%



Sources of Funding

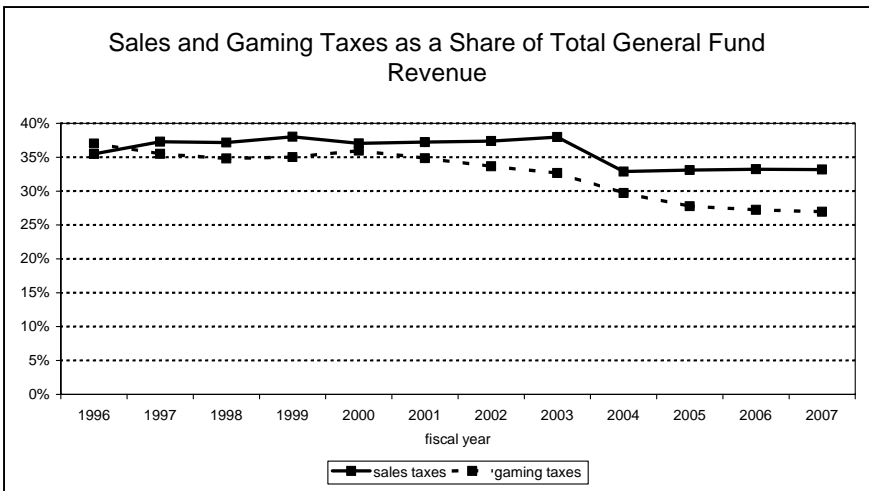
2005 - 2007 Executive Budget General Fund Revenue by Source
(with recommended adjustments)



- ✓ FY 2004 General Fund revenue grew at a 31.7% pace, reflecting, in addition to the State's favorable economic climate, the impacts of the various revenue enhancements enacted by the 2003 Legislature. In December 2004, the Economic Forum forecast growth of 9.7% in FY 2005. This growth is partly due to the fact that the revenue changes enacted by the 2003 Legislature will be in effect for the entire year, whereas many were in place for only a partial year during FY 2004.
- ✓ There is one adjustment to the Economic Forum forecast included in the *Executive Budget*. The unclaimed property revenue forecast for each year of the next biennium is adjusted down by \$7.6 million. As will be outlined later in this *Budget in Brief*, it is recommended that these resources be used to safeguard the future financial health of the Millennium Scholarship Program. After this adjustment, FY 2006 general fund revenue growth is forecast at 5.6%, followed by a 6.1% gain in FY 2007.

Sources of Funding

- ✓ Revenue is expected to total \$5.74 billion in the 2005–2007 biennium.¹ This translates into an increase of \$700.4 million. However, as will be presented later, in “The Decision-Making Process” in this *Budget in Brief*, it is estimated that it will require an additional \$770 million to simply carry current programs forward into the next biennium, taking into account expected increases in caseloads, inflation, and other growth-related costs.
- ✓ The State's largest revenue source, sales and use taxes, is forecast to grow at a 10.5% pace in FY 2005, followed by 6% gains in each year of the next biennium. Sales tax growth is being helped by continued construction development, most notably in southern Nevada.
- ✓ Gaming tax growth is forecast to be more moderate than sales tax gains. This year's 2.5% gain is expected to be followed by a 3.6% advance in FY 2006 and a 5% increase in the final year of the next biennium.



¹ The sources of funds noted in this portion of the analysis are limited to ongoing revenue streams. As will be discussed in more detail later, there is approximately \$375 million in one-time resources that are the result of a variety of factors.

Sources of Funding

- ✓ In FY 1996 and FY 1997, gaming taxes represented 36.2% of all General Fund revenues. A decade later, in the upcoming biennium, they are forecast to represent 27.1% of the total. This likely reflects the continued evolution of Nevada's "traditional" gaming industry to encompass a wide variety of non-gaming activities such as entertainment and shopping. In addition, the revenue enhancements passed in 2003 broadened the tax base, thereby reducing gaming's share of the total. While the share of the total accounted for by sales taxes was reduced as the total tax base was broadened, underlying trends appear to be much stronger than those for gaming.
- ✓ All told, budgeted resources, including federal funds, the Highway Fund, and a variety of other revenue streams, total \$15.81 billion during the 2005-2007 biennium.² This represents an increase of \$2.36 billion over the current biennium.

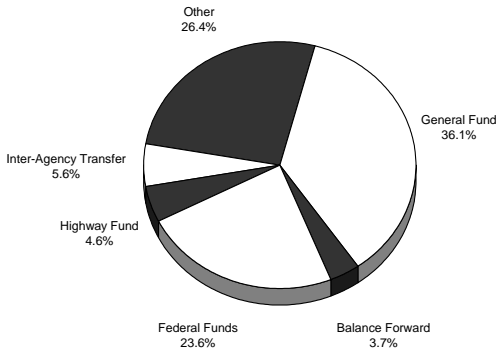
Total Sources of Funding (millions of \$)				
	2003 - 2005 Biennium		2005 - 2007 Biennium	
	FY 2004 (actual)	FY 2005	FY 2006	FY 2007
General Fund	\$2,284.8	\$2,511.4	\$2,768.3	\$2,943.8
Balance Forward	-\$71.5	\$366.0	\$286.9	\$302.6
Federal Funds	\$1,632.9	\$1,877.4	\$1,823.6	\$1,902.4
Highway Fund	\$361.6	\$401.6	\$363.7	\$365.1
Inter-Agency Transfer	\$516.4	\$607.2	\$423.8	\$458.7
Other	\$1,246.5	\$1,738.4	\$2,046.9	\$2,126.1
Interim Finance	\$34.9	\$21.8		
Reversions	-\$75.3			
TOTAL BY YEAR	\$5,930.2	\$7,523.7	\$7,713.2	\$8,098.6
\$ change		\$1,593.5	\$189.5	\$385.5
% change		26.9%	2.5%	5.0%
TOTAL BY BIENNIUM		\$13,453.9		\$15,811.8
\$ change				\$2,358.0
% change				17.5%

² That portion of General Fund revenue made available for ongoing appropriations is presented in the total sources of funding information. General Fund appropriations differ from General Fund revenue. Not all General Fund revenue is made available for ongoing appropriations. General Fund revenue may be utilized for special appropriations or to adjust fund balances.

Sources of Funding

- ✓ General Fund resources represent 36.1% of the total. Federal funds account for an additional one-fourth of the total.³

2005 - 2007 Executive Budget Total Sources of Funding



³ Included in the "Other" category are a variety of sources, such as grants and agency-specific fees.

Spending Summary



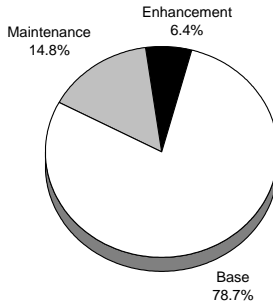
Spending

General Fund Appropriations by Function (millions of \$)				
	2003 - 2005 Biennium		2005 - 2007 Biennium	
	FY 2004 (actual)	FY 2005 (work program)	FY 2006	FY 2007
Elected Officials	\$30.7	\$29.4	\$34.4	\$32.5
Legislative / Judicial	\$44.5	\$43.7	\$49.2	\$50.7
Finance and Administration	\$24.5	\$24.1	\$90.0	\$75.8
Education	\$1,263.1	\$1,425.0	\$1,479.3	\$1,557.7
Commerce and Industry	\$42.5	\$42.6	\$51.0	\$50.4
Human Services	\$627.3	\$686.6	\$777.4	\$868.7
Public Safety	\$221.0	\$229.5	\$252.2	\$273.7
Infrastructure	\$25.2	\$24.5	\$28.6	\$27.6
Special Purpose	\$5.9	\$6.0	\$6.3	\$6.5
TOTAL BY YEAR	\$2,284.8	\$2,511.4	\$2,768.3	\$2,943.8
\$ change		\$226.6	\$256.9	\$175.5
% change		9.9%	10.2%	6.3%
TOTAL BY BIENNIUM		\$4,796.1		\$5,712.0
\$ change				\$915.9
% change				19.1%

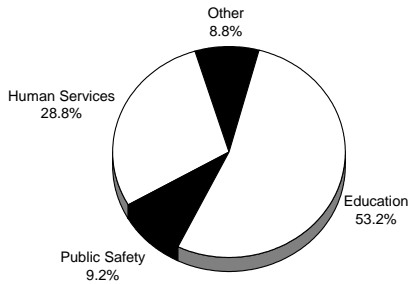
- ✓ FY 2004 General Fund spending came in very much as originally budgeted for, reflecting the absence of any “shocks,” either internal or external, which have the potential to alter the State’s spending plan. Much the same is expected to be true for FY 2005.
- ✓ The *Executive Budget* provides for total General Fund appropriations of \$2.77 billion in FY 2006 and \$2.94 billion the following year. For the biennium, this translates into an increase of \$915.9 million, or 19.1%.
- ✓ Nearly all of the General Fund appropriations represent spending necessary to continue State programs under existing conditions (the “base” budget) and for “maintenance” purposes—to continue existing programs after taking into account a variety of factors, such as caseload growth and new mandates. The remainder, just 6.4%, is budgeted for program “enhancements.”

Spending

2005 - 2007 Executive Budget Appropriations by Decision Unit



2005 - 2007 Executive Budget General Fund Appropriations by Function



Spending

- ✓ More than half (53.2%) of total General Fund spending is targeted for education. For the upcoming biennium, \$1.71 billion, out of a total education-related appropriation of \$3.04 billion, is budgeted for the State's General Fund obligation to the Distributive School Account, the funding mechanism through which State monies are distributed to school districts. Expectations for relatively strong local school support tax collections, among other factors, are helping to offset the need for additional General Fund resources in the DSA, despite continued annual enrollment growth in the 4%-5% range.
- ✓ Human services account for 28.8% of General Fund appropriations. The State's Medicaid obligations total \$830.5 million out of \$1.65 billion in human services spending. Another \$112.9 million is for the TANF Program.
- ✓ More than \$525 million in General Fund spending, 9.2% of the total, is earmarked for public safety purposes.

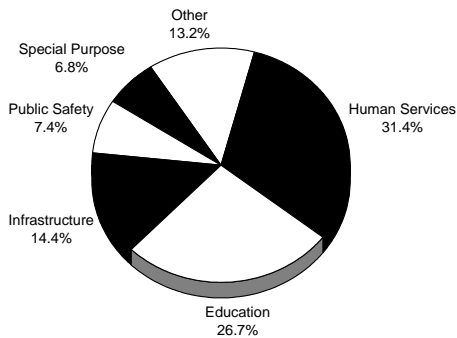
Total Spending by Function (millions of \$)				
	2003 - 2005 Biennium		2005 - 2007 Biennium	
	FY 2004 (actual)	FY 2005 (work program)	FY 2006	FY 2007
Elected Officials	\$363.6	\$450.7	\$473.3	\$479.5
Legislative / Judicial	\$57.5	\$70.1	\$68.6	\$70.1
Finance and Administration	\$150.5	\$207.3	\$266.5	\$269.8
Education	\$1,781.2	\$2,081.1	\$2,057.5	\$2,169.9
Commerce and Industry	\$180.2	\$208.7	\$229.0	\$233.7
Human Services	\$2,006.1	\$2,285.1	\$2,385.6	\$2,575.8
Public Safety	\$448.5	\$596.9	\$569.2	\$601.2
Infrastructure	\$741.3	\$1,288.2	\$1,140.8	\$1,143.9
Special Purpose	\$201.4	\$335.6	\$522.6	\$554.9
TOTAL BY YEAR	\$5,930.2	\$7,523.7	\$7,713.2	\$8,098.6
\$ change		\$1,593.5	\$189.5	\$385.5
% change		26.9%	2.5%	5.0%
TOTAL BY BIENNIUM		\$13,453.9		\$15,811.8
\$ change				\$2,358.0
% change				17.5%

- ✓ The 2005–2007 *Executive Budget* proposes total spending, funded via a number of revenue sources in addition to General Funds, such as federal funds and the Highway Fund, of \$15.81 billion for the biennium. General Fund appropriations represent just 36.1% of the total. During the current biennium, spending is budgeted at \$13.45 billion.

Spending

- ✓ Spending on human services accounts for 31.4% of the total. A significant portion of non-General Fund spending in this programmatic area is driven by various federal resources.
- ✓ Education accounts for 26.7% of total spending.
- ✓ All told, 14.4% of total spending is targeted to the State's varied infrastructure networks. Much of that spending is attributable to Department of Transportation activities, which are completely funded by non-General Fund monies.
- ✓ Public safety accounts for 7.4% of total spending in the 2005–2007 *Executive Budget*.

2005 - 2007 Executive Budget Total Spending by Function

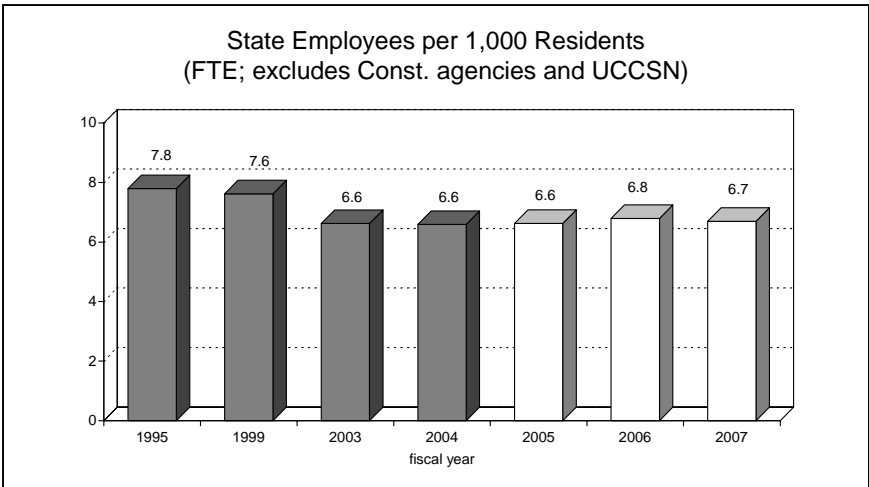


Positions Summary



Positions

- ✓ Earlier in this *Budget in Brief*, it was noted that growth in the State's major caseload groups in education, human services, and public safety, has been much more pronounced than for Nevada's population. Despite this, measured relative to the population, State positions have declined noticeably of late. In FY 1995, there were 7.8 State workers per 1,000 residents. As recently as FY 1999, that figure stood at 7.6 positions. Since then, however, there has been a marked decline. By FY 2007, there will be just 6.7 State workers per 1,000 residents. The fact that this measure of State Government efficiency did not show a marked increase following the revenue enhancements recently put in place is especially notable. Perhaps most importantly, while per capita State Government employment has been declining in Nevada, per capita public sector employment is on the rise throughout the nation as a whole.

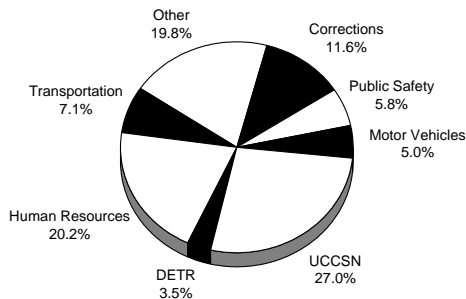


- ✓ Exclusive of the Departments of Human Resources and Corrections, State payrolls are going up by just 1.6% in FY 2006 and 0.2% in FY 2007. In the State economy as a whole, jobs are forecast to be growing at, roughly, a 4% clip over the same period.

Positions

- ✓ In FY 2005, there are 23,402 positions currently budgeted for. Over the next two years, there will be 943 new full-time equivalent positions added in FY 2006 and 245 added in FY 2007. The Departments of Human Resources and Corrections account for a significant share of the increase. Together, they comprise close to 75% of the FY 2006 increase and nearly 85% of the increase in FY 2007. In Human Resources, the increase is largely caseload-driven. For Corrections, the increase is mainly the result of the opening of the Southern Nevada Correctional Center.
- ✓ Not all of these new positions are supported with General Fund resources. Many are funded with other revenue streams, including federal monies, grants, fees, etc. In FY 2006, approximately 44% of these new positions will be supported with General Funds. In FY 2007, that figure is 40% General Funds.
- ✓ Nearly half of all State positions, 47.2%, are accounted for by just two State Government units: UCCSN and the Department of Human Resources. Four other departments--Corrections, Transportation, Public Safety, and Motor Vehicles--account for another 30% of all State jobs.

2005 - 2007 Executive Budget Positions by Department
(full-time equivalent basis)



The Decision-Making Process



The Decision-Making Process

- ✓ In a rapidly changing State such as Nevada, the budgeting process can become increasingly complex. Necessary tools and analytical approaches must be put in place to ensure that fiscal resources are allocated in a thoughtful and efficient manner.
- ✓ Governor Kenny Guinn has implemented a system that is best described as the “new money” approach. It facilitates a fiscal decision-making process that is orderly and methodical and which highlights the distribution of the State’s fiscal resources across key programmatic areas.
- ✓ The Economic Forum General Fund revenue forecast¹ calls for collections to total \$2.79 billion in FY 2006 and \$2.96 billion in FY 2007. These revenues provide the bulk of General Fund resources available to meet the needs of Nevada citizens.
- ✓ All told, available General Fund resources, given the Economic Forum forecast, total \$5.9 billion for the next biennium--\$2.85 billion in FY 2006 and \$3.05 billion in FY 2007.

"New Money" Calculation			
(millions)			
	FY 2006	FY 2007	Biennium
RESOURCES:			
Economic Forum forecast	\$2,793.4	\$2,963.4	\$5,756.8
reversions	\$55.3	\$88.4	\$143.7
Total	\$2,848.7	\$3,051.8	\$5,900.5
SPENDING NEEDS:			
FY 2005 spending program	\$2,278.6	\$2,218.3	\$4,497.0
gross new \$ available	\$570.1	\$833.5	\$1,403.6

¹ For now, the \$15.2 million adjustment to General Fund revenue resulting from the Millennium Scholarship initiative is excluded from the analysis. It will be factored in later, as part of a broad enhancement and investment strategy.

The Decision-Making Process



- ✓ In allocating these resources across competing uses, the first step examines the extent to which current operations can be funded into the next biennium. For FY 2005, total budgeted appropriations, with some minor adjustments, amount to \$2.51 billion. If current operations were budgeted in each year of the biennium, with no allowance for caseload growth, new mandates, or rising costs, \$4.5 billion in General Fund resources would be required.
- ✓ Due to the impressive results in local revenue collections, especially with respect to the local school support tax, the FY 2005 spending plan, carried forward into the next biennium, has benefited from a reduced need for General Fund resources to support the Distributive School Account. Had these local revenue collections been more “normal,” required spending would have been significantly higher. Given available resources, that leaves \$1.4 billion in gross new money available to address the State’s needs and meet our obligations to Nevada’s citizens. It should be noted that in 2003, the Legislature utilized one-time resources to fund ongoing costs. In this *Executive Budget*, Governor Guinn was required to use \$200 million in General Fund resources to replace these one-time resources in our base budgets.
- ✓ Years of unprecedented growth bring a hefty price tag. From this \$1.4 billion in gross new money, the Governor was required to pay for growth in our programs from our burgeoning population, rising costs, and to meet the requirements of federal mandates.
- ✓ The State’s continued growth has placed tremendous pressures on our educational infrastructure. This budget accommodates an anticipated 35,000 new K-12 students in the next biennium. It also funds additional hiring of teachers and provides the needed books and supplies. The cost of meeting these obligations is \$278.7 million.
- ✓ Similarly, costs associated with providing services for expanding enrollments in the University System will require nearly \$70 million in additional resources over the course of the next biennium. Expectations are for enrollments to increase by about 7,000 over current levels.

The Decision-Making Process



"New Money" Calculation--cont.			
(millions)			
	FY 2006	FY 2007	Biennium
gross new \$ available	\$570.1	\$833.5	\$1,403.6
K-12 growth	\$98.1	\$180.6	\$278.7
sub-total net new \$ available	\$472.0	\$652.8	\$1,124.9
UCCSN growth	\$29.7	\$38.8	\$68.6
sub-total net new \$ available	\$442.3	\$614.0	\$1,056.3

- ✓ The State must address the human service needs of our citizens by providing services such as healthcare. It will cost nearly \$107 million to provide the same services next biennium that are being provided today.

"New Money" Calculation--cont.			
(millions)			
	FY 2006	FY 2007	Biennium
sub-total net new \$ available	\$442.3	\$614.0	\$1,056.3
Medicaid growth	\$41.9	\$64.9	\$106.7
sub-total net new \$ available	\$400.5	\$549.1	\$949.6
welfare growth	\$0.2	\$3.2	\$3.4
sub-total net new \$ available	\$400.2	\$546.0	\$946.2
MHDS growth	\$9.9	\$20.2	\$30.1
sub-total net new \$ available	\$390.3	\$525.8	\$916.1

- ✓ Welfare caseloads are also expected to increase next biennium. General Fund resources necessary to maintain existing services are \$3.4 million.
- ✓ Providing mental health services will require \$30 million in additional General Fund resources in the next biennium, simply because of growth.
- ✓ Taken as a group, these major education and human service caseload groups require almost \$500 million to simply maintain current programs and allow for growth.

The Decision-Making Process



- ✓ The State will be reopening the Southern Nevada Correctional Center. This will result in an additional \$16 million in costs above and beyond those associated with current service levels.

"New Money" Calculation--cont.			
(millions)			
	FY 2006	FY 2007	Biennium
sub-total net new \$ available	\$390.3	\$525.8	\$916.1
SNCC costs	\$0.8	\$15.2	\$16.0
sub-total net new \$ available	\$389.5	\$510.6	\$900.1
all other growth	\$14.8	\$22.3	\$37.2
sub-total net new \$ available	\$374.6	\$488.3	\$862.9

- ✓ There are other, often less visible, growth-induced costs straining State resources. All told, these other costs are expected to total \$37.2 million, leaving approximately \$863 million in General Fund resources to satisfy other requirements.

"New Money" Calculation--cont.			
(millions)			
	FY 2006	FY 2007	Biennium
sub-total net new \$ available	\$374.6	\$488.3	\$862.9
inflation	\$43.4	\$79.4	\$122.9
sub-total net new \$ available	\$331.2	\$408.9	\$740.1

- ✓ Just as consumers see their pocketbooks stretched by rising prices, State resources also feel the impacts of inflationary pressures. Inflation occurs in many different forms—in fringe benefit rates, agency cost allocations, prescription drugs, etc. It is estimated that these cost pressures will increase resource requirements by nearly \$123 million in the next biennium.
- ✓ There are other miscellaneous ongoing cost increases that also require additional resources. These include additional costs associated with the Legislative Session, necessary replacement equipment, mandates, etc. Together, these requirements will add almost \$106 million in costs to the State's General Fund need in the next biennium.

The Decision-Making Process



"New Money" Calculation--cont.

(millions)

	FY 2006	FY 2007	Biennium
sub-total net new \$ available	\$331.2	\$408.9	\$740.1
miscellaneous costs	\$49.2	\$56.7	\$105.9
total net new \$ available	\$282.0	\$352.2	\$634.2

- ✓ After the State has funded costs related to growth, inflation, and new mandates in the 2005-2007 *Executive Budget*, there remains close to \$635 million in "net" new money. These resources are utilized to meet critical needs and make strategic investments in the future of the State, such as funding the Capital Improvement Program, providing pay increases for State employees and teachers, increasing our pool of economic development resources, and funding enhancements to current services. These various initiatives are presented below and will be discussed in more detail in the various "Highlights" sections which follow.
- ✓ In addition, there is approximately \$375 million in one-time funds that are the result of a variety of factors. Most importantly, they reflect the fact that the General Fund balance in FY 2004 ended the year well above expectations, largely due to strong revenue results. The Governor has chosen to return most of these resources to the citizens of the State through a rebate of motor vehicle registration fees.
- ✓ The resulting budget is one that meets the growth-induced needs of the State enhances and improves upon a number of existing State programs and services, and provides many one-time investments in a number of critical areas.

The Decision-Making Process



"New Money" Calculation--cont.

(millions)

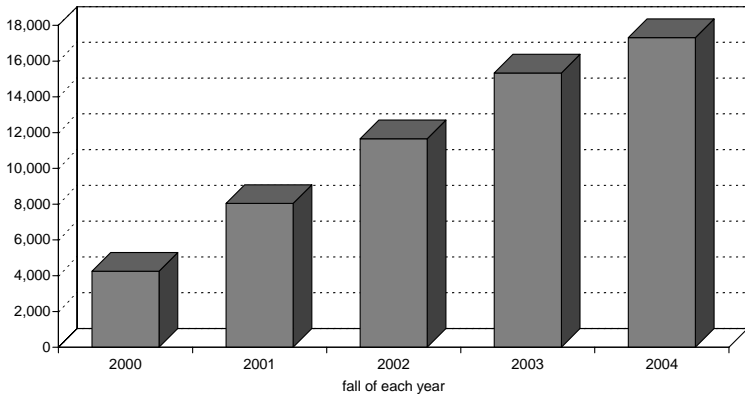
	FY 2006	FY 2007	Biennium
total net new \$ available	\$282.0	\$352.2	\$634.2
enhancements / strat. investments:			
Rainy Day Fund replenishment	\$6.1	\$71.1	\$77.2
K-6 improvement funds	\$50.0	\$50.0	\$100.0
Millennium Scholarship support	\$7.6	\$7.6	\$15.2
economic development	\$5.0	\$5.0	\$10.0
law enf. officers--two grade inc.	\$8.8	\$9.1	\$17.9
other critical classes--two grade inc.	\$3.2	\$3.2	\$6.4
occupational study changes	\$0.3	\$0.4	\$0.7
CIP funding	\$52.0	\$0.0	\$52.0
deferred facilities maintenance	\$15.5	\$4.4	\$19.9
technology improvement projects	\$32.3	\$11.9	\$44.3
agency enhancements	\$39.5	\$68.5	\$107.9
agency one-shot funding requests	\$2.0	\$2.0	\$4.0
State 2% COLA	\$8.2	\$17.2	\$25.4
K-12 2% COLA	\$41.0	\$86.0	\$127.0
UCCSN 2% COLA	\$7.2	\$14.6	\$21.8
unclassified salary adjustments	\$1.2	\$1.0	\$2.2
net new \$ remaining	\$2.0	\$0.0	\$2.1

General Highlights

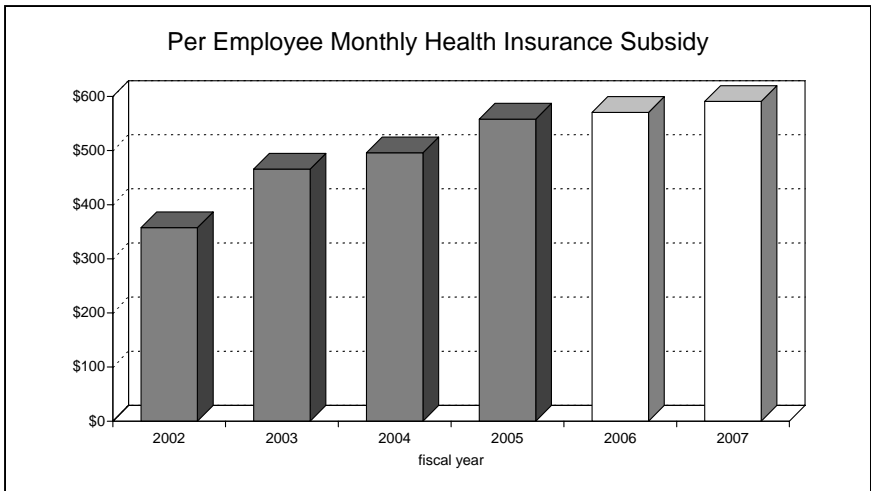


- ✓ The 2005-2007 *Executive Budget* ensures that Nevadans will benefit directly from the State's recent solid performance on the revenue front. This budget proposal contains tax relief in the form of a \$300 million refund of vehicle registration fees paid by our citizens during 2004.
- ✓ The State's experience during the recent economic downturn illustrates the key role that Rainy Day Fund resources can play in dealing with difficult fiscal times. Hence, a quick and significant replenishment of the Fund is necessary and is provided for in the budget. In that Nevada continues to lead the nation in terms of overall growth, an investment of additional resources above and beyond those required to simply bring the Fund back to its previous level are necessary. Doing so will help ensure that the appropriate tools are available for policymakers to address any future fiscal difficulties as they arise. The forecasted Rainy Day Fund balance, at \$201 million, represents 6.8% of budgeted General Fund appropriations in FY 2007, very consistent with the 7.5% "share" in FY 2002 when the Fund balance was \$136.3 million.
- ✓ Since its implementation, the Millennium Scholarship Program has assisted thousands of Nevadans seeking to further their education. In the fall of 2004, more than 17,300 Scholarships were being utilized. In order to ensure that the Program continues to provide quality higher education opportunities to Nevada students, it is recommended that \$7.6 million of unclaimed property proceeds forecast by the Economic Forum for deposit into the general fund in each year of the next biennium instead be utilized to safeguard the program's future financial health. Similar action will be required in future years. This will provide the resources necessary to service the debt on roughly \$100 million in securities, the proceeds of which will serve as an infusion into the Millennium Scholarship Program. This initiative, combined with other changes, is projected to keep the Program viable for another decade.

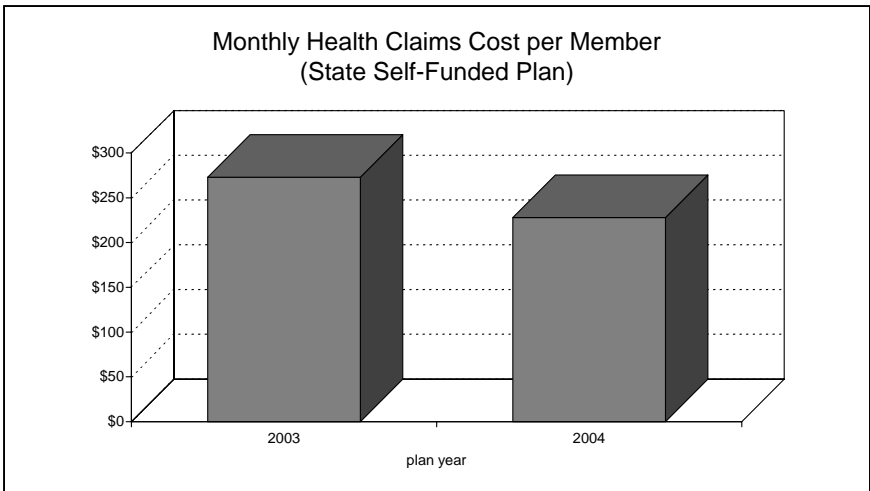
Millennium Scholarship Utilization



- ✓ A well-deserved 2% cost of living adjustment in each year of the next biennium for all State workers, at a general fund cost of \$25.4 million, is included in the budget proposal.
- ✓ General Funds totaling \$17.9 million are budgeted for a two-grade pay increase for law enforcement officers in the Departments of Corrections, Public Safety, Wildlife, and Conservation and Natural Resources. These critical positions are becoming increasingly difficult to fill.
- ✓ A similar increase, requiring \$6.4 million in General Fund resources, is provided for nurses, dispatchers, and some youth correctional staff within a number of different departments.
- ✓ Healthcare costs are rising at a worrisome rate nationwide, including in Nevada. As has been the case in previous budgets, this *Executive Budget* provides resources that will offset some of the negative impacts of these developments on the pocketbooks of State employees. The State's monthly subsidy to the Public Employees Benefit Program is budgeted to increase from the current level of \$558 per employee to \$571 in FY 2006. This amounts to a 2.2% increase. In FY 2007, an additional 3.5% increase is provided for, to \$591.



- ✓ Although they have not been painless, steps are being taken to address these rising costs. Expressed on a monthly basis, claims costs per member declined from \$273 in plan year 2003 to \$228 in plan year 2004.
- ✓ Partly as a result of these cost-control efforts, resources totaling \$13.6 million are provided in this budget proposal for the restoration of some benefits. Member responses to surveys and in focus group settings identified healthcare deductibles, prescriptions, vision benefits, and dental coverage as four key areas where enhanced benefits should be concentrated.
- ✓ In order to ensure that the State's service-delivery methods are as efficient as possible, this budget includes \$19.9 million for deferred facilities maintenance projects identified in the Public Works Board's Facility Condition Analysis Reports, as well as \$44.3 million in Technology Improvement Projects.



- ✓ The new Department of Conversation and Natural Resources State Office Building will be opening in mid-2005. It is the first large-scale construction project utilizing the lease purchase program, an innovative financing technique, initiated by the State Treasurer, which allows the State to convert rent money spent on numerous buildings into one worksite that will now be owned by the State. The lease purchase option for this building costs less to amortize than to rent, plus the added benefit of owning the building at the end of the lease period.

- ✓ The Governor's Capital Improvement Program totals \$321.9 million. These projects will be financed by a variety of sources, including General Fund one-shot resources totaling \$52 million and \$224.9 million in General Obligation bonds. The CIP includes:
- UCCSN projects totaling \$60.4 million.
 - Other new construction requiring \$121.9 million in funding.
 - Furniture, fixtures, and equipment for projects previously approved, with a total cost of \$49.7 million.
 - Resources of \$17.6 million are required for renovations, additions, and demolitions.
 - Funding of \$38.6 million for much-needed maintenance necessary to maintain a safe environment in existing State and UCCSN buildings.
 - \$18.2 million in Statewide programs, including work related to compliance with the Americans With Disabilities Act, roofing projects, paving programs, etc.
 - \$15.5 million for future project planning.

2005 Capital Improvement Program (millions of \$)	
Total Program	\$321.9
Sources of Funds:	
State General Fund	\$52.0
New General Obligation Bonds	\$224.9
Other Funding	\$45.0
Total Funds*	\$321.9
*Funds not expended will be reserved for future projects.	

Elected Officials Highlights



Elected Officials

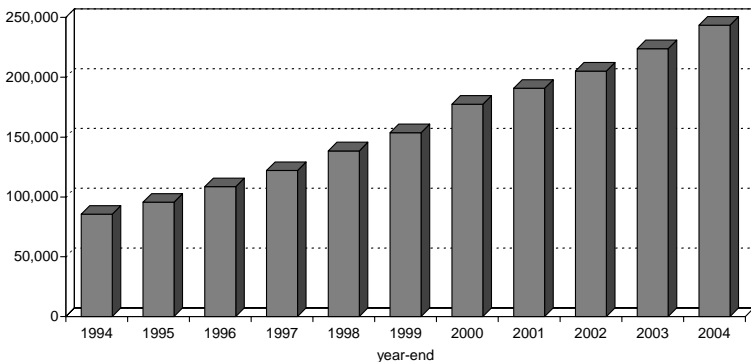
Elected Officials' Budgets							
(millions of \$; positions expressed on a full-time equivalent basis)							
	2003 - 2005 Biennium			2005 - 2007 Biennium			
	FY 2004	FY 2005		FY 2006		FY 2007	
			Change		Change		Change
Governor	\$10.9	\$12.1	\$1.2	\$11.5	-\$0.6	\$9.7	-\$1.8
General Fund	\$4.4	\$4.1	-\$0.3	\$6.4	\$2.3	\$4.5	-\$1.9
Other	\$6.5	\$8.0	\$1.5	\$5.1	-\$2.9	\$5.2	\$0.1
Positions		48.0		49.0	1.0	49.0	0.0
Lieutenant Governor	\$0.5	\$0.5	\$0.0	\$0.5	\$0.0	\$0.6	\$0.0
General Fund	\$0.5	\$0.5	\$0.0	\$0.5	\$0.0	\$0.5	\$0.0
Other	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Positions		7.0		7.0	0.0	7.0	0.0
Attorney General	\$33.8	\$42.8	\$9.0	\$45.1	\$2.4	\$44.5	-\$0.7
General Fund	\$14.7	\$12.9	-\$1.8	\$14.1	\$1.2	\$13.6	-\$0.6
Other	\$19.1	\$29.9	\$10.7	\$31.0	\$1.1	\$30.9	-\$0.1
Positions		324.9		330.9	6.0	330.9	0.0
Controller	\$3.6	\$3.9	\$0.3	\$4.0	\$0.1	\$4.0	\$0.1
General Fund	\$3.9	\$3.9	\$0.0	\$3.9	\$0.0	\$3.9	\$0.0
Other	-\$0.3	\$0.0	\$0.3	\$0.1	\$0.1	\$0.1	\$0.1
Positions		45.0		45.0	0.0	45.0	0.0
Secretary of State	\$12.3	\$29.9	\$17.5	\$16.4	-\$13.5	\$15.1	-\$1.3
General Fund	\$5.8	\$6.5	\$0.7	\$7.8	\$1.2	\$8.3	\$0.6
Other	\$6.5	\$23.3	\$16.8	\$8.6	-\$14.7	\$6.8	-\$1.9
Positions		135.6		143.6	8.0	143.6	0.0
Treasurer	\$302.6	\$361.5	\$59.0	\$395.7	\$34.2	\$405.6	\$9.8
General Fund	\$1.4	\$1.5	\$0.0	\$1.6	\$0.2	\$1.6	\$0.0
Other	\$301.1	\$360.1	\$59.0	\$394.1	\$34.0	\$404.0	\$9.9
Positions		38.0		39.0	1.0	39.0	0.0
Total	\$363.6	\$450.7	\$87.0	\$473.3	\$22.6	\$479.5	\$6.2
General Fund	\$30.7	\$29.4	-\$1.3	\$34.4	\$4.9	\$32.5	-\$1.9
Other	\$333.0	\$421.3	\$88.3	\$438.9	\$17.7	\$447.0	\$8.1
Positions		598.5		614.5	16.0	614.5	0.0

- ✓ Resources are provided on two different fronts to ensure that Nevada's interests are heard in the decision-making process concerning the location of a federal nuclear waste repository at Yucca Mountain.
- General Funds totaling \$2 million are appropriated for the Nevada Protection Account within the Governor's Office where they will be utilized to protect Nevada's interests in any licensing proceedings before the Nuclear Regulatory Commission.
 - An additional \$1 million is provided to the Attorney General's Office for continued Yucca Mountain litigation costs.

Elected Officials

- ✓ Within the Governor's Office, the Ethics Commission is provided the resources necessary to enhance investigative capabilities, especially in southern Nevada.
- ✓ General Funds totaling nearly \$0.5 million are being budgeted for the purchase of necessary equipment and services to support the Secretary of State's new electronic imaging and workflow system (eSOS). This will improve operating efficiency within the Office, especially in the area of commercial recordings.

Secretary of State Filings:
Business Entities in Good Standing



Legislative / Judicial Highlights



Legislative / Judicial

Legislative / Judicial Budgets (millions of \$; positions expressed on a full-time equivalent basis)							
	2003 - 2005 Biennium			2005 - 2007 Biennium			
	FY 2004	FY 2005		FY 2006		FY 2007	
			Change		Change		Change
Leg. Counsel Bureau	\$28.4	\$32.8	\$4.4	\$30.9	-\$1.9	\$31.3	\$0.3
General Fund	\$24.3	\$22.8	-\$1.5	\$26.1	\$3.2	\$26.9	\$0.8
Other	\$4.1	\$10.0	\$5.9	\$4.9	-\$5.1	\$4.4	-\$0.5
Positions		n.a.		n.a.		n.a.	
Supreme Court	\$28.6	\$36.8	\$8.2	\$37.2	\$0.4	\$38.4	\$1.2
General Fund	\$19.7	\$20.4	\$0.6	\$22.6	\$2.2	\$23.4	\$0.8
Other	\$8.9	\$16.5	\$7.6	\$14.6	-\$1.9	\$15.0	\$0.4
Positions		184.0		173.0	-11.0	174.0	1.0
Judicial Disc. Comm.	\$0.4	\$0.5	\$0.0	\$0.5	\$0.0	\$0.5	\$0.0
General Fund	\$0.5	\$0.5	\$0.0	\$0.5	\$0.5	\$0.5	\$0.0
Other	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Positions		2.5		2.5	0.0	2.5	0.0
Total	\$57.5	\$70.1	\$12.7	\$68.6	-\$1.5	\$70.1	\$1.5
General Fund	\$44.5	\$43.7	-\$0.8	\$49.2	\$5.5	\$50.7	\$1.6
Other	\$12.9	\$26.5	\$13.5	\$19.5	-\$7.0	\$19.4	-\$0.1
Positions		n.a.		n.a.		n.a.	

- ✓ As recommended by the Interim Study Committee for the Criminal Justice System in Rural Nevada and Transitional Housing for Released Offenders, nearly \$0.2 million is budgeted for a Rural Courts Coordinator. This position will be responsible for a variety of judicial support services.
- ✓ One-shot General Fund resources totaling \$8 million are recommended to assist White Pine County in the construction of a new court facility. This was another recommendation of the Interim Study Committee.
- ✓ Nearly \$0.4 million in General Funds are provided for the Supreme Court's E-Court initiative, which will create an integrated electronic filing and public access system that allows the filing of documents and viewing of vital case information via the Internet. This will improve the overall operating efficiency of the Supreme Court.
- ✓ General Funds totaling \$3 million are provided for the establishment of a substantial and comprehensive Senior Judge Program.

Finance & Administration Highlights



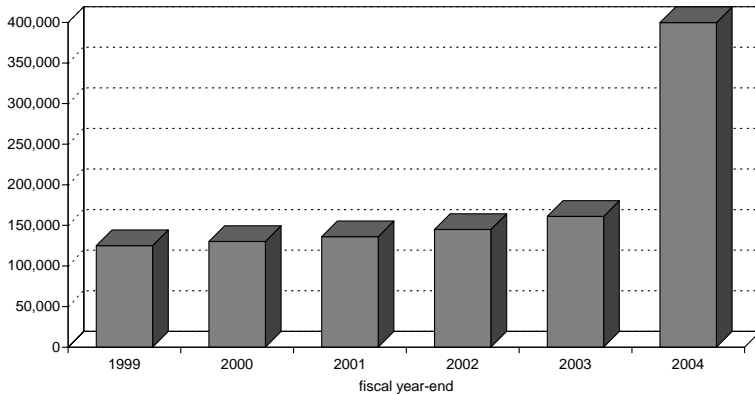
Finance & Administration

Finance & Administration Budgets (millions of \$; positions expressed on a full-time equivalent basis)							
	2003 - 2005 Biennium			2005 - 2007 Biennium			
	FY 2004	FY 2005		FY 2006		FY 2007	
			Change		Change		Change
Administration	\$91.6	\$121.7	\$30.1	\$179.4	\$57.7	\$185.5	\$6.1
General Fund	\$8.4	\$8.8	\$0.3	\$53.0	\$44.3	\$43.5	-\$9.5
Other	\$83.2	\$112.9	\$29.8	\$126.3	\$13.4	\$142.0	\$15.6
Positions		321.0		340.5	19.5	340.5	0.0
Taxation	\$19.8	\$35.4	\$15.5	\$38.2	\$2.8	\$33.8	-\$4.4
General Fund	\$16.1	\$15.3	-\$0.8	\$37.0	\$21.7	\$32.3	-\$4.7
Other	\$3.8	\$20.1	\$16.3	\$1.2	-\$18.8	\$1.6	\$0.3
Positions		323.5		323.5	0.0	323.5	0.0
Information Technology	\$28.5	\$37.5	\$9.1	\$34.6	-\$2.9	\$35.2	\$0.6
General Fund	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Other	\$28.5	\$37.5	\$9.1	\$34.6	-\$2.9	\$35.2	\$0.6
Positions		194.5		161.0	-33.5	165.0	4.0
Personnel	\$10.6	\$12.7	\$2.1	\$14.3	\$1.7	\$15.2	\$0.9
General Fund	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Other	\$10.6	\$12.7	\$2.1	\$14.3	\$1.7	\$15.2	\$0.9
Positions		86.0		88.0	2.0	88.0	0.0
Total	\$150.5	\$207.3	\$56.8	\$266.5	\$59.2	\$269.8	\$3.3
General Fund	\$24.5	\$24.1	-\$0.4	\$90.0	\$65.9	\$75.8	-\$14.2
Other	\$126.0	\$183.2	\$57.2	\$176.5	-\$6.7	\$194.0	\$17.5
Positions		925.0		913.0	-12.0	917.0	4.0

- ✓ Almost \$0.3 million in non-General Fund resources are to be utilized by the Department of Personnel to replace the Recruitment and Applicant Tracking System (TRAC). This will improve the Department's ability to attract and communicate with talented job applicants in an increasingly competitive marketplace.
- ✓ General Funds totaling nearly \$24 million are provided for the development and implementation of the Department of Taxation's revenue collection management system, the Unified Tax System (UTS). This will assist the Department's collection efforts in light of the various changes made to Nevada's revenue streams which have increased the number of active taxation accounts significantly.

Finance & Administration

Active Taxation Accounts



- ✓ The Department of Administration is responsible for budgetary oversight of major State Technology Improvement Projects. These Projects total \$27.3 million for the biennium, including \$20.5 million in General Funds. Some of the projects include:
- The Offender Tracking Information System for the Department of Corrections (\$11.1 million in General Funds).
 - The AVATAR Mental Health Information System for the Mental Health and Developmental Services Division in the Department of Human Resources (\$2.1 million in General Funds).
 - A second disaster recovery location and virtual tape storage facility to be operated by the Department of Information Technology (\$1.9 million in General Funds).
 - Phase 4 of the Digital Microwave Project for the Department of Information Technology (\$1.6 million in General Funds and \$5.7 million in other funding).
 - The development and implementation of a web-based application to track financial information for multi-year projects, especially those in the Capital Improvement Program (\$0.7 million in General Funds).

Education Highlights



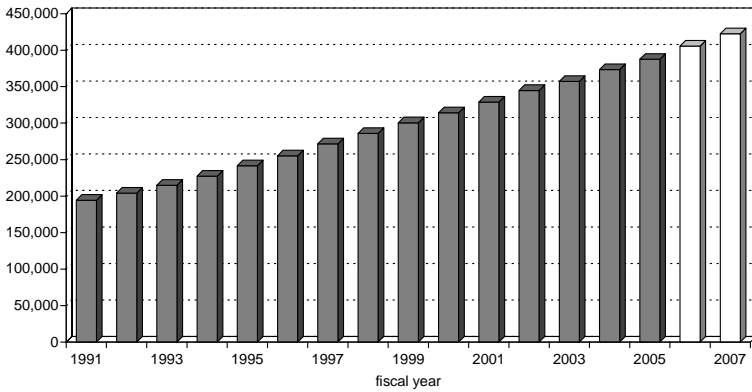
Education

Education Budgets (millions of \$; positions expressed on a full-time equivalent basis)							
	2003 - 2005 Biennium			2005 - 2007 Biennium			
	FY 2004	FY 2005		FY 2006	FY 2007		
			Change		Change		Change
K-12 Education	\$1,143.0	\$1,399.0	\$256.0	\$1,301.0	-\$98.0	\$1,365.0	\$64.0
General Fund	\$767.1	\$906.0	\$138.8	\$899.2	-\$6.8	\$952.9	\$53.7
Other	\$375.9	\$493.0	\$117.1	\$401.8	-\$91.2	\$412.1	\$10.3
Positions		136.5		142.5	6.0	142.5	0.0
University System	\$620.2	\$662.8	\$42.5	\$736.5	\$73.7	\$785.8	\$49.4
General Fund	\$482.5	\$506.6	\$24.1	\$565.4	\$58.8	\$591.2	\$25.8
Other	\$137.8	\$156.2	\$18.4	\$171.1	\$14.9	\$194.6	\$23.5
Positions		6,582.0		6,594.7	12.7	6,594.7	0.0
Cultural Affairs	\$15.9	\$17.3	\$1.4	\$18.1	\$0.8	\$17.1	-\$1.0
General Fund	\$12.0	\$11.1	-\$1.0	\$13.4	\$2.3	\$12.2	-\$1.1
Other	\$3.9	\$6.2	\$2.3	\$4.7	-\$1.5	\$4.9	\$0.1
Positions		153.7		159.2	5.5	159.2	0.0
W.I.C.H.E.	\$1.7	\$1.7	\$0.1	\$1.7	-\$0.1	\$1.6	\$0.0
General Fund	\$1.2	\$1.1	-\$0.1	\$1.1	\$0.0	\$1.1	\$0.0
Other	\$0.5	\$0.6	\$0.1	\$0.5	-\$0.1	\$0.5	\$0.0
Positions		3.0		3.0	0.0	3.0	0.0
Postsec. Ed. Comm.	\$0.3	\$0.4	\$0.0	\$0.3	\$0.0	\$0.4	\$0.0
General Fund	\$0.3	\$0.3	\$0.0	\$0.2	\$0.0	\$0.2	\$0.0
Other	\$0.1	\$0.1	\$0.0	\$0.1	\$0.0	\$0.1	\$0.0
Positions		4.0		4.0	0.0	4.0	0.0
Total	\$1,781.2	\$2,081.1	\$299.9	\$2,057.5	-\$23.6	\$2,169.9	\$112.4
General Fund	\$1,263.1	\$1,425.0	\$161.9	\$1,479.3	\$54.3	\$1,557.7	\$78.4
Other	\$518.1	\$656.1	\$138.0	\$578.2	-\$77.9	\$612.2	\$34.0
Positions		6,879.2		6,903.4	24.2	6,903.4	0.0

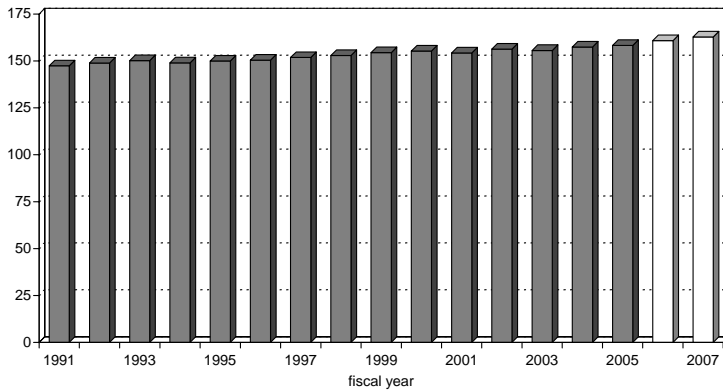
- ✓ K-12 student enrollments are forecast to increase by 35,000 between FY 2005 and FY 2007. All told, enrollments will total close to 422,500 by the end of the biennium. Trends over the past several years have resulted in a doubling of the student population every 15 years. The forecast for the next biennium translates into a continuation of that trend. The student population continues to grow relative to the general population. In FY 1997, there were 152 students per 1,000 residents. By FY 2007, that figure will be 163.
- ✓ The basic per student guarantee within the Distributive School Account is budgeted to increase over the FY 2005-FY 2007 period. For the biennium, it is budgeted at \$4,431 on average. This is up from the Legislatively approved \$4,360 in the current biennium and \$3,944 in the 2001-2003 period.

Education

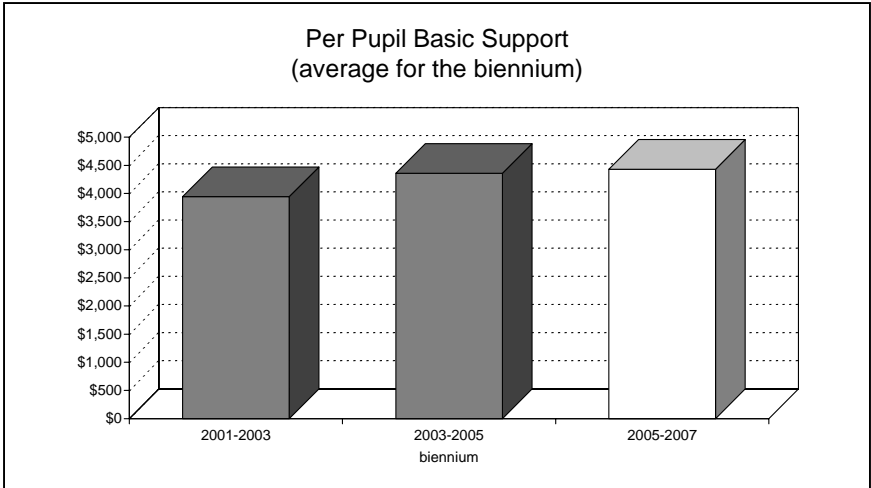
K-12 School Enrollments



K-12 Students per 1,000 Residents



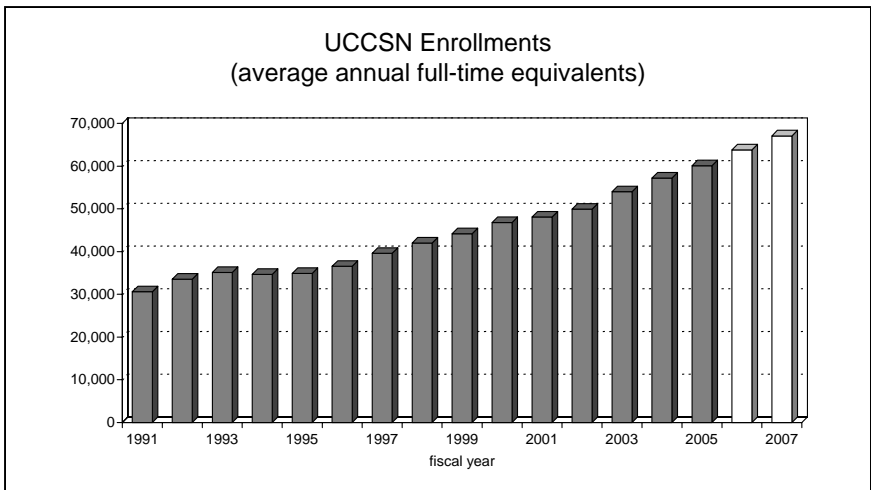
Education



- ✓ General Funds of \$100 million are provided for the School Remediation Trust Fund. These resources will be utilized to implement creative and innovative improvement plans for those schools failing or struggling to meet federal standards. This will allow for the establishment of best practices for remediation programs at schools that most clearly need this funding.
- ✓ Nearly \$10 million is included in the 2005-2007 *Executive Budget* to provide for education technology funding necessary to provide an effective education for all of our students in Nevada schools.
- ✓ The 2005–2007 *Executive Budget* includes resources to provide for a 2% cost of living pay increase in each year of the biennium for all public employees in local school districts, requiring \$127 million in General Fund resources.

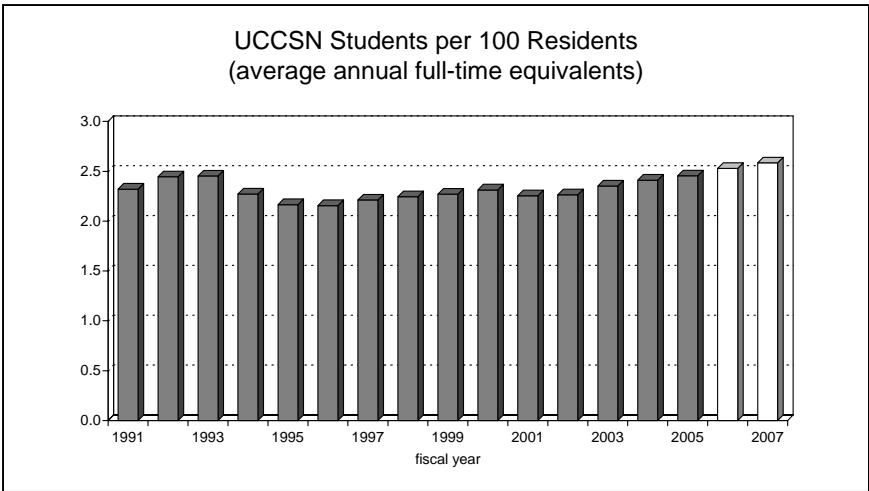
Education

- ✓ Several existing programs designed to improve K-12 educational results in Nevada are also budgeted for:
 - In order to attract high-quality educational personnel to the State, funding is provided to continue a \$2,000 signing bonus for all new and qualified teachers hired in Nevada public schools. These resources total \$10.2 million.
 - Retirement credits for certain licensed personnel in high impact positions and certain teachers in at-risk schools are funded at a cost of \$28.1 million.
 - The increased level of funding resulting from the \$50 per student made available for textbooks and computer hardware/software is also built into the budget.
 - The continuation of the Class Size Reduction Program, requiring \$260.2 million in General Funds, is recommended in the budget.
- ✓ One-shot funding totaling \$0.9 million is provided to the Department of Cultural Affairs for the development, renovation, and expansion of the Southern Nevada Railroad Museum.



Education

- ✓ UCCSN enrollments, expressed on a full-time equivalent basis, will continue to expand in the next biennium. By FY 2007, enrollment is expected to total nearly 67,100. That represents a gain of nearly 7,000, or 11.6%, from FY 2005. As is the case for K-12 students, UCCSN enrollments, expressed on a per capita basis, are on the rise.



- ✓ A \$10 million one-shot appropriation is budgeted for the School of Medicine in support of its partnership with the Nevada Cancer Institute to expand research, treatment, education, and teaching opportunities in Nevada.
- ✓ Also in the School of Medicine:
 - Funding of \$3.8 million is recommended for the School of Medicine to expand the medical residency and fellowship training programs in Las Vegas and Reno.
 - \$0.8 million is provided to support the Lou Ruvo Center for Alzheimer's Disease and Brain Aging as part of the first phase of the Academic Medical Center on land donated by the City of Las Vegas.

Education



- ✓ This budget recommends that UCCSN retain 100% of indirect cost recovery. It is proposed that the \$10.2 million in retained allocations be used to supplement competitive research activities.
- ✓ A 2% cost of living pay increase in each year of the biennium for all UCCSN classified and professional employees is budgeted for, at a General Fund cost of \$21.8 million.
- ✓ The Capital Improvement Program recommends the following projects:
 - The \$37.2 million Greenspun College of Urban Affairs at UNLV.
 - An Electrical & Industrial Technology Building, with costs totaling \$13.2 million, at Great Basin College.
 - A \$10 million Classroom Building at the Community College of Southern Nevada.

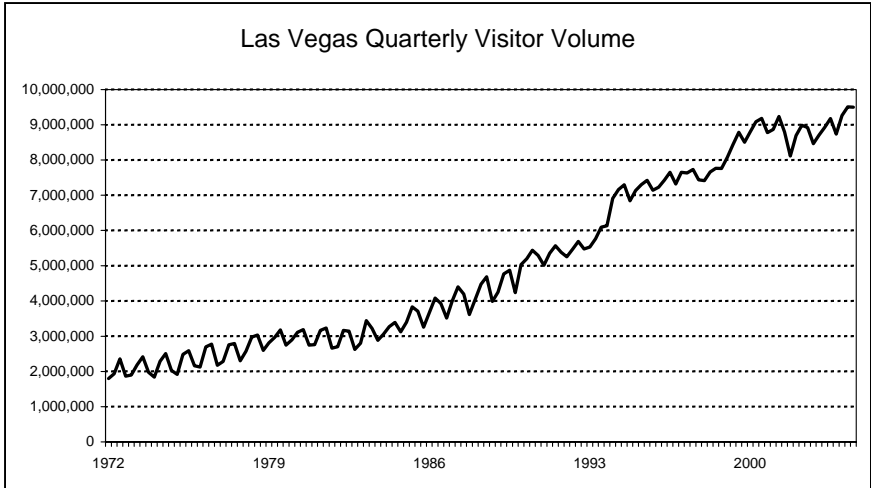
Commerce & Industry Highlights



Commerce & Industry

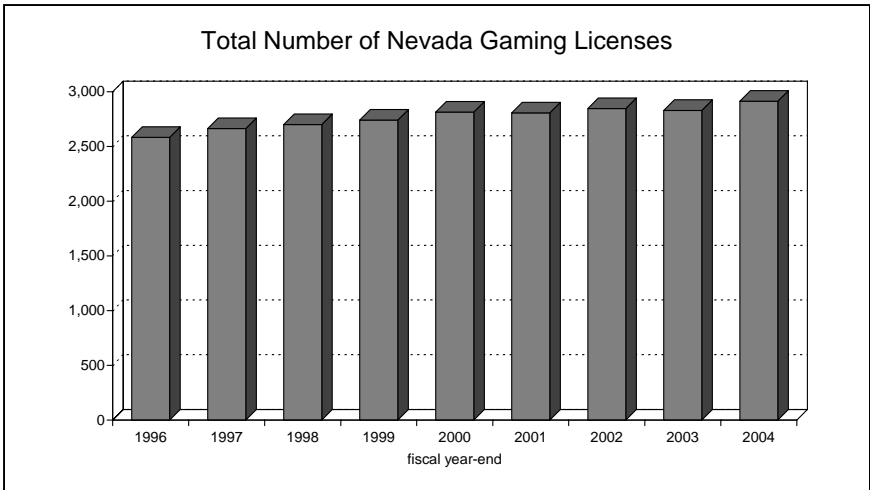
Commerce & Industry Budgets							
(millions of \$; positions expressed on a full-time equivalent basis)							
	2003 - 2005 Biennium			2005 - 2007 Biennium			
	FY 2004	FY 2005		FY 2006		FY 2007	
			Change		Change		Change
Agriculture	\$10.3	\$16.8	\$6.5	\$15.2	-\$1.7	\$13.1	-\$2.0
General Fund	\$3.8	\$3.8	\$0.0	\$4.2	\$0.4	\$4.0	-\$0.2
Other	\$6.5	\$13.0	\$6.6	\$11.0	-\$2.1	\$9.1	-\$1.8
Positions		108.7		99.5	-9.2	97.3	-2.3
Business and Industry	\$92.6	\$103.0	\$10.5	\$113.8	\$10.8	\$121.4	\$7.6
General Fund	\$7.8	\$7.5	-\$0.3	\$8.5	\$1.0	\$8.5	\$0.0
Other	\$84.8	\$95.5	\$10.7	\$105.3	\$9.8	\$112.9	\$7.6
Positions		605.5		621.0	15.5	621.0	0.0
Econ. Dvlpmnt. & Tour.	\$25.3	\$28.9	\$3.6	\$35.0	\$6.1	\$33.8	-\$1.2
General Fund	\$3.6	\$3.9	\$0.3	\$8.9	\$4.9	\$8.9	\$0.0
Other	\$21.7	\$25.0	\$3.3	\$26.1	\$1.1	\$24.9	-\$1.2
Positions		70.0		72.0	2.0	72.0	0.0
Gaming Control Board	\$42.2	\$46.6	\$4.5	\$50.8	\$4.1	\$51.1	\$0.4
General Fund	\$27.3	\$27.4	\$0.1	\$29.4	\$2.0	\$29.1	-\$0.3
Other	\$14.9	\$19.3	\$4.4	\$21.4	\$2.1	\$22.0	\$0.7
Positions		440.0		448.0	8.0	448.0	0.0
Minerals	\$1.0	\$1.3	\$0.3	\$1.5	\$0.1	\$1.5	\$0.0
General Fund	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Other	\$1.0	\$1.3	\$0.3	\$1.5	\$0.1	\$1.5	\$0.0
Positions		9.0		9.0	0.0	9.0	0.0
Public Utilities Comm.	\$8.9	\$12.0	\$3.1	\$12.8	\$0.8	\$12.7	-\$0.1
General Fund	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Other	\$8.9	\$12.0	\$3.1	\$12.8	\$0.8	\$12.7	-\$0.1
Positions		88.0		90.0	2.0	91.0	1.0
Total	\$180.2	\$208.7	\$28.5	\$229.0	\$20.3	\$233.7	\$4.6
General Fund	\$42.5	\$42.6	\$0.1	\$51.0	\$8.4	\$50.4	-\$0.5
Other	\$137.7	\$166.1	\$28.5	\$178.1	\$12.0	\$183.3	\$5.2
Positions		1,321.2		1,339.5	18.3	1,338.2	-1.3

- ✓ The Commission on Tourism is utilizing \$8.2 million in non-General Funds to increase Nevada's visibility to potential tourists via television ad campaigns, print collateral, advertising in China, and Internet exposure.



- ✓ Funding is provided to the Nevada Development Authority and the Economic Development Authority of Western Nevada via \$10 million in appropriations to the Commission on Economic Development. Funding will be used to assist business recruiting, relocation, retention, and expansion efforts. There will be special emphasis placed on rural development efforts.
- ✓ Non-General Fund resources totaling \$1.3 million are budgeted for the Public Utilities Commission to pursue an Electronic Filing and Records Management System (EFRMS). The System is designed to implement the technologies and processes necessary to support the acceptance and management of “legally defensible” electronic documents and records and collect associated fees electronically.
- ✓ The number of Nevada gaming licenses is on the rise, and currently stands 13% higher than levels from the mid-1990s. As a result, the Gaming Control Board is requesting eight new positions, funded entirely with non-General Fund resources.

Commerce & Industry



- ✓ The Department of Administration is providing budgetary oversight of major State Technology Improvement Projects. The Department of Business and Industry has two such projects, each designed to streamline operations and provide better service to the public: the Consumer Affairs Tracking System (iCAT) and a new Wage Claim System in the Labor Commissioner's Office. Together, these projects are utilizing \$0.7 million in General Fund resources. There are a number of other projects budgeted for within the Department of Business and Industry, each utilizing non-General Fund resources, the largest of which is the Taxicab Authority's Taxicab Organizer System.

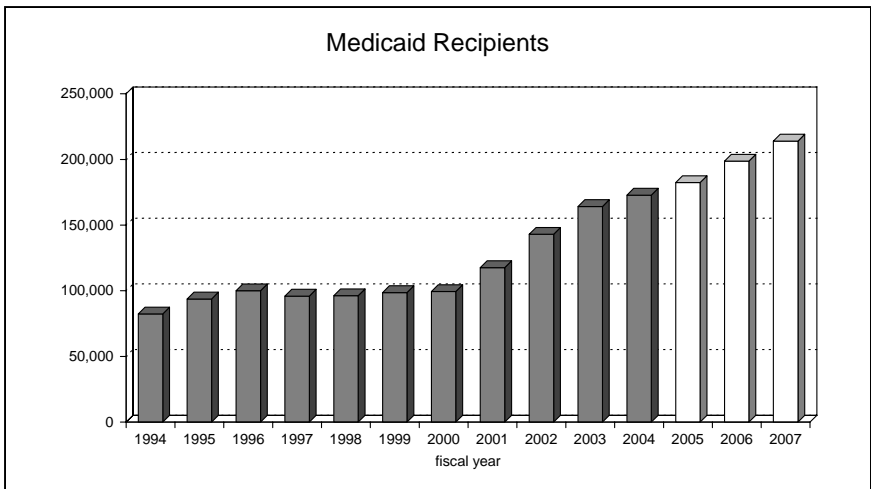
Human Services Highlights



Human Services

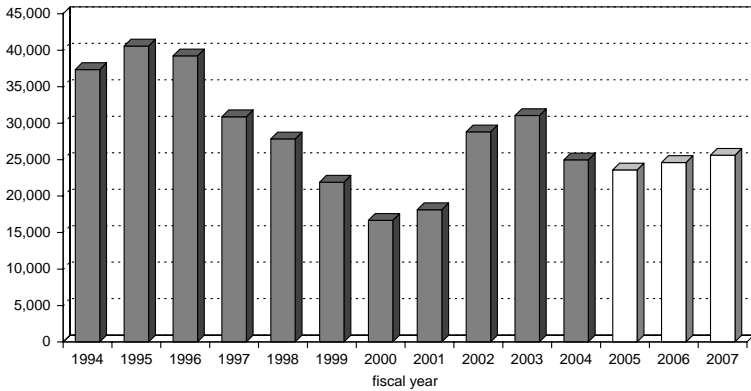
Human Services Budgets (millions of \$; positions expressed on a full-time equivalent basis)							
2003 - 2005 Biennium				2005 - 2007 Biennium			
	FY 2004	FY 2005		FY 2006	FY 2007		
		Change			Change		
Human Resources	\$1,893.7	\$2,124.9	\$231.1	\$2,251.7	\$126.8	\$2,443.1	\$191.4
General Fund	\$622.5	\$681.8	\$59.3	\$772.2	\$90.4	\$863.5	\$91.2
Other	\$1,271.2	\$1,443.1	\$171.9	\$1,479.5	\$36.4	\$1,579.6	\$100.1
Positions		4,407.6		4,851.0	443.5	5,010.9	159.9
Empl., Training, & Reh.	\$112.4	\$160.2	\$47.8	\$133.8	-\$26.3	\$132.7	-\$1.2
General Fund	\$4.7	\$4.8	\$0.1	\$5.1	\$0.3	\$5.3	\$0.1
Other	\$107.6	\$155.4	\$47.7	\$128.7	-\$26.7	\$127.4	-\$1.3
Positions		833.1		861.6	28.5	870.6	9.0
Total	\$2,006.1	\$2,285.1	\$279.0	\$2,385.6	\$100.5	\$2,575.8	\$190.2
General Fund	\$627.3	\$686.6	\$59.3	\$777.4	\$90.8	\$868.7	\$91.4
Other	\$1,378.8	\$1,598.5	\$219.6	\$1,608.2	\$9.7	\$1,707.0	\$98.8
Positions		5,240.6		5,712.6	472.0	5,881.5	168.9

- ✓ The State administers a number of human service programs, each serving a defined population. The largest such program is Medicaid. By FY 2007, Medicaid caseloads are expected to total nearly 214,000. If that forecast holds, it will leave caseloads nearly 115,000 over FY 2000 levels. Increases of nearly 16,000 per year are expected in the 2005-2007 biennium. TANF recipients are also forecast to continue rising, but at a less pronounced clip. Annual caseload gains in excess of 1,000 are expected.

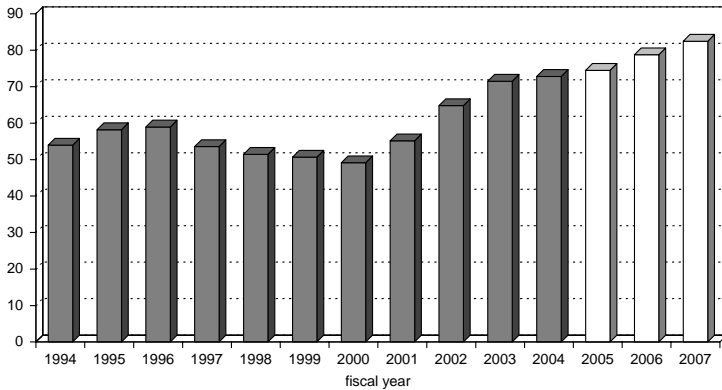


Human Services

AFDC / TANF Grant Recipients



Medicaid Recipients per 1,000 Residents



Human Services

- ✓ Medicaid recipients are increasing faster than the rate of population growth in Nevada. Since FY 2000, its most recent low point, the number of Medicaid recipients per 1,000 residents has increased from 49 to an estimated 74 in FY 2005. By FY 2007, if the caseload forecasts holds true, that figure will be 82 recipients per 1,000 residents.
- ✓ Provider rate increases totaling over \$20 million are recommended in the *Executive Budget*. Included in the rate increases are:
 - Personal assistance services.
 - Air ambulance services.
 - Mental health rehabilitative treatment services.
 - Home infusion therapy.
 - Supportive living arrangements.
 - Family Preservation Program.
 - Jobs and day training.
 - Residential group care and non-residential services.
 - Employment support services.
- ✓ Funding of over \$0.3 million is recommended for a Statewide Suicide Prevention Coordinator within the Department of Human Resources. The Coordinator will be responsible for developing, disseminating, and implementing a Statewide suicide awareness and prevention program.
- ✓ \$0.2 million is provided to support the creation of a problem gambling program within the Department of Human Resources, in response to a comprehensive study funded by the Legislature and completed by Gemini Research.

Human Services

- ✓ Within the Division of Mental Health and Developmental Services:
 - The new psychiatric hospital on the campus of Southern Nevada Adult Mental Health Services in Las Vegas is scheduled to open in May 2006 with a recommended 120 acute bed capacity, up from the existing 77 acute beds. General Fund cost for the additional 43 beds is \$7.5 million over the biennium.
 - In response to a lack of psychiatric emergency beds in Clark County, the Interim Finance Committee approved a 28-bed emergency hospital annex on the campus of Desert Regional Center in Las Vegas in August 2004. The Governor recommends continuing these 28 beds even after the opening of the new psychiatric hospital to help alleviate the lack of emergency psychiatric beds in Clark County. General Fund cost to maintain the 28 beds is \$4.3 million for the biennium.
 - The Governor recommends increasing the bed capacity in the Psychiatric Observation Unit from the existing 26 beds to 30 beds in the new hospital, at a General Fund cost of \$1.6 million for the biennium. This will bring the total capacity of the new hospital to 150 beds.
 - The Governor recommends maintaining 39 beds in the existing psychiatric hospital starting in fiscal year 2007, to bring the total psychiatric bed capacity in Southern Nevada to 217. General Fund cost is \$5.7 million.
 - \$1.0 million in General Funds are recommended to establish a new mental health clinic in Laughlin.
 - \$25.5 million in General Funds are recommended to address mental health caseload growth in the medication clinics, residential supports, psychiatric ambulatory services, outpatient counseling, and psychosocial rehabilitation services.
 - On the Developmental Services side of the Division, the Governor recommends \$7.8 million over the biennium, \$4.6 million of which are General Funds, to address caseload growth in service coordination, family support services, residential supports, and jobs and day training programs.
- ✓ Funding of \$2.2 million, \$1.2 million of which are General Funds, is recommended to cover the waiting lists for Early Childhood Services and Outpatient treatment services at Northern and Southern Nevada Child and Adolescent Services.

Human Services



- ✓ \$3.6 million in General Funds are recommended to reduce the foster care placement caseload statewide.
- ✓ It is recommended that resources totaling \$8.1 million, \$3.3 million of which are General Funds, be used to modify the delivery system for behavioral health services by allowing earlier interventions for families in order to avoid the escalation of undiagnosed and untreated mental illness.
- ✓ This budget provides the resources necessary to fund an additional 97 eligible slots to address the projected waiting list of disabled individuals needing activities of daily living (ADL) assistance. Costs will total \$4.3 million and require \$1.9 million in General Funds.
- ✓ \$2.9 million in non-General Funds are provided for the development and implementation of the Nevada Child Care System (NCCS), a resource, referral, and subsidy management system for child care funds for eligible parents in Nevada.
- ✓ Enrollment increases in the Nevada Check Up Program are likely to result in \$7.6 million in additional costs in order to sustain improvements and accommodate eligibility processing, \$2.4 million of which will require General Fund resources.
- ✓ Enrollment in the Senior Rx Program will continue to expand. FY 2006 enrollment is expected to come in 22% higher than in FY 2004. In FY 2007, enrollments are expected to be one-third higher than in FY 2004. This will result in additional operating costs of \$2.1 million over the biennium, supported with non-General Funds.
- ✓ General Funds totaling \$0.5 million are provided to enhance the efficiency and effectiveness of the Elder Protective Services Program.
- ✓ \$0.7 million in non-General Funds are recommended to enhance the New Employees of Nevada (NEON) Program which utilizes a series of short and focused community college-based courses designed to provide participants with additional skills to assist them in being more successful in obtaining and maintaining employment.

Human Services

- ✓ An extensive outreach and marketing campaign initiated by the Energy Assistance Program in spring 2004 will generate substantial growth in caseloads. As a result, additional costs are expected to total \$12.7 million, supported entirely by non-General Funds.
- ✓ One-shot funds of \$1 million are provided to assist Opportunity Village in the construction of a new Southwest Campus. Similar funding is earmarked for the Nevada Rural Hospital Partners in support of their efforts to establish a loan/grant pool for rural healthcare providers.
- ✓ Notable capital improvement projects include:
 - Funding of \$20.9 million toward a lease purchase office building for the Department of Human Resources.
 - A fourth unit for the new psychiatric hospital in southern Nevada for \$11.3 million.
- ✓ The Department of Employment, Training, and Rehabilitation is undertaking a number of initiatives (all using non-General Funds) that will generate benefits for Nevadans and our State's economy:
 - Funding of \$1.2 million is provided in order to improve and expand business facilities and operations for visually impaired operators seeking self-sufficiency.
 - Resources totaling \$3.8 million are being focused on efforts to expedite the processing of disability determinations in the State.
 - Given the current and expected need for skilled workers in the Nevada workforce, \$2.8 million is budgeted for recruitment and training efforts.

Public Safety Highlights



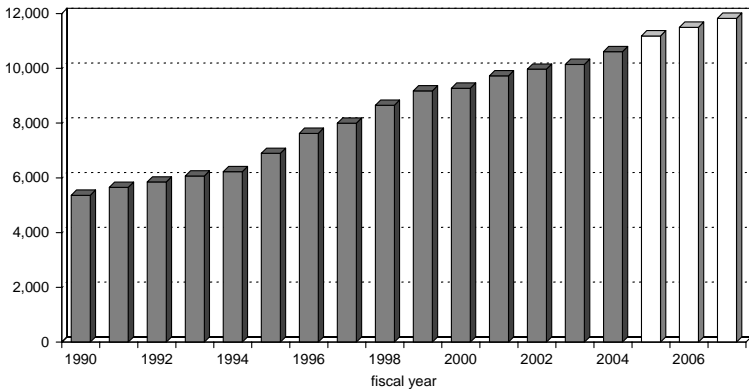
Public Safety

Public Safety Budgets (millions of \$; positions expressed on a full-time equivalent basis)							
	2003 - 2005 Biennium			2005 - 2007 Biennium			
	FY 2004	FY 2005		FY 2006		FY 2007	
			Change		Change		Change
Corrections	\$208.5	\$235.2	\$26.7	\$253.0	\$17.8	\$279.3	\$26.3
General Fund	\$181.5	\$188.7	\$7.3	\$207.2	\$18.5	\$227.8	\$20.6
Other	\$27.0	\$46.5	\$19.5	\$45.8	-\$0.7	\$51.5	\$5.8
Positions		2,564.4		2,808.4	244.0	2,855.0	46.5
Motor Vehicles	\$90.6	\$115.7	\$25.0	\$121.1	\$5.4	\$125.3	\$4.2
General Fund	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Other	\$90.6	\$115.6	\$25.0	\$121.1	\$5.4	\$125.3	\$4.2
Positions		1,186.6		1,205.6	19.0	1,221.6	16.0
Public Safety	\$147.5	\$243.8	\$96.3	\$192.3	-\$51.4	\$193.6	\$1.3
General Fund	\$39.6	\$40.7	\$1.2	\$45.0	\$4.3	\$45.8	\$0.9
Other	\$107.9	\$203.0	\$95.1	\$147.4	-\$55.7	\$147.7	\$0.4
Positions		1,367.5		1,426.5	59.0	1,430.5	4.0
POST	\$1.9	\$2.3	\$0.4	\$2.8	\$0.5	\$3.0	\$0.2
General Fund	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Other	\$1.9	\$2.3	\$0.4	\$2.8	\$0.5	\$3.0	\$0.2
Positions		16.5		17.0	0.5	17.0	0.0
Total	\$448.5	\$596.9	\$148.5	\$569.2	-\$27.7	\$601.2	\$31.9
General Fund	\$221.0	\$229.5	\$8.4	\$252.2	\$22.8	\$273.7	\$21.4
Other	\$227.4	\$367.5	\$140.0	\$317.0	-\$50.5	\$327.5	\$10.5
Positions		5,135.1		5,457.5	322.5	5,524.0	66.5

- ✓ In the upcoming biennium, Nevada's prison population is expected to total in excess of 11,500 in FY 2006 and 11,800 in FY 2007. In-house inmates have increased every year since at least 1990. (Population counts in FY 2004 and FY 2005 are somewhat inflated, in that they include in excess of 360 prisoners from Washington and Wyoming that were housed in Nevada facilities. These inmates will not be housed in Nevada in the next biennium and are not included in the caseload forecast.) There continue to be signs that inmate growth is slowing. Between FY 1990 and FY 1995, gains averaged 5.1% per year. During the FY 1995-FY 2000 period, growth came in at an average annual clip of 6.1%. If the FY 2007 forecast proves to be accurate, it will translate into average annual growth of 3.5% since FY 2000.

Public Safety

Prison Inmates



- ✓ The Department of Corrections is opening the Southern Nevada Correctional Center. For the biennium, costs will total nearly \$20 million. All but \$0.6 million of those resources will be General Fund. All told, the facility will require 237 FTE positions.
- ✓ Supplemental funding of \$1.4 million is provided to the Department of Corrections, as they have taken over responsibility for operations at the Southern Nevada Women's Correctional Facility effective in October 2004.
- ✓ Three housing units, at a cost of \$58.6 million, are scheduled for construction at High Desert State Prison as part of the Capital Improvement Program.
- ✓ The 2005-2007 *Executive Budget* recommends that \$1 million in resources, \$0.6 million of which are General Funds, be utilized to expand the house arrest program, which will result in a more efficient management of caseload within the Division of Parole and Probation.

Public Safety



- ✓ In order to protect Nevada's consumers, the Department of Motor Vehicles is enhancing its compliance-type efforts on a number of fronts. Resources are being utilized to support efforts concerning registered vehicle repair facilities and the investigation of vehicle repair order disputes. In addition, steps are being taken to detect and reduce fuel tax evasion and obtain compliance with Nevada's fuel tax laws by increasing the frequency of audits of Nevada's fuel supplier industry.
- ✓ Within the POST Commission:
 - Non-General Funds of \$0.7 million are provided for Police Corps cadet recruitment efforts.
 - Additional funding (all non-General Funds) of \$0.2 million is provided for scholarships for fallen officers and college expense reimbursement for Police Corps participants pursuant to federal guidelines.

Infrastructure Highlights



Infrastructure

Infrastructure Budgets							
(millions of \$; positions expressed on a full-time equivalent basis)							
	2003 - 2005 Biennium			2005 - 2007 Biennium			
	FY 2004	FY 2005		FY 2006		FY 2007	
			Change		Change		Change
Con. & Natural Res.	\$87.1	\$128.8	\$41.7	\$133.3	\$4.4	\$133.0	-\$0.2
General Fund	\$24.5	\$23.8	-\$0.6	\$26.9	\$3.1	\$26.3	-\$0.6
Other	\$62.7	\$105.0	\$42.3	\$106.3	\$1.3	\$106.7	\$0.4
Positions		740.7		763.2	22.5	764.2	1.0
Transportation	\$489.6	\$706.1	\$216.5	\$674.1	-\$32.0	\$679.3	\$5.2
General Fund	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Other	\$489.6	\$706.1	\$216.5	\$674.1	-\$32.0	\$679.3	\$5.2
Positions		1,719.6		1,745.1	25.5	1,745.1	0.0
Wildlife	\$27.9	\$57.8	\$28.6	\$41.0	-\$16.8	\$36.6	-\$4.4
General Fund	\$0.7	\$0.7	\$27.9	\$1.6	\$0.9	\$1.3	-\$0.3
Other	\$27.2	\$57.2	\$0.7	\$39.4	-\$17.8	\$35.3	-\$4.1
Positions		236.3		231.3	-5.0	231.3	0.0
Colorado River Comm.	\$136.6	\$395.4	\$258.7	\$292.4	-\$103.0	\$294.9	\$2.5
General Fund	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Other	\$136.6	\$395.4	\$258.7	\$292.4	-\$103.0	\$294.9	\$2.5
Positions		42.5		52.5	10.0	52.5	0.0
Total	\$741.3	\$1,288.2	\$546.9	\$1,140.8	-\$147.4	\$1,143.9	\$3.0
General Fund	\$25.2	\$24.5	-\$0.6	\$28.6	\$4.0	\$27.6	-\$0.9
Other	\$716.1	\$1,263.6	\$547.5	\$1,112.3	-\$151.4	\$1,116.2	\$4.0
Positions		2,739.1		2,792.1	53.0	2,793.1	1.0

✓ The Nevada Department of Transportation is in the midst of the largest highway construction program in the State's history. Currently, there is more than \$250 million in construction under way, with an even more aggressive plan for the 2005-2007 biennium. These projects are vital in maintaining an up-to-date infrastructure network and enhancing safety. They also provide substantial economic development and growth benefits by helping the State attract new business and create new jobs. Major projects include:

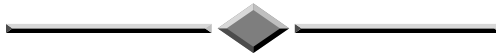
- US-95 widening.
- I-215/515 Henderson Interchange.
- Hoover Dam Project.
- St. Rose Parkway/I-15 to I-215 widening.
- Carson City Bypass.
- I-580 freeway extension between Reno and Carson City.

Infrastructure



- ✓ The Department of Transportation's Board of Directors will be requesting that the State Board of Finance issue \$200 million in special obligation bonds in both FY 2006 and FY 2007 to support various infrastructure projects throughout the State.
- ✓ NDOT and its Las Vegas-area partners have identified a need for a freeway and arterial management system (FAST) to help manage traffic during fluctuating periods of vehicle demand on freeways and arterials, as well as provide enhanced incident response capabilities. Funding of \$3.5 million is provided.
- ✓ \$2.7 million is required for the Department of Transportation to hire staff necessary to remain current with demographic trends and the State's rapidly growing population in order to assess future transportation needs.
- ✓ A \$0.5 million one-shot appropriation is being made to the Department of Conservation and Natural Resources to fund various purchases necessary to prepare the new State Office Building for occupancy. Appropriations are also being made to various agencies within the Department to fund move-in costs.

Special Purpose Highlights



Special Purpose

Special Purpose Budgets (millions of \$; positions expressed on a full-time equivalent basis)							
	2003 - 2005 Biennium			2005 - 2007 Biennium			
	FY 2004	FY 2005		FY 2006		FY 2007	
			Change		Change		Change
Adjutant General	\$6.6	\$8.9	\$2.3	\$11.2	\$2.3	\$12.3	\$1.0
General Fund	\$2.1	\$2.2	\$0.0	\$2.9	\$0.8	\$3.1	\$0.2
Other	\$4.5	\$6.7	\$2.2	\$8.3	\$1.5	\$9.1	\$0.9
Positions		76.5		136.5	60.0	141.5	5.0
Veterans Services	\$9.9	\$14.1	\$4.2	\$15.4	\$1.4	\$15.9	\$0.5
General Fund	\$3.8	\$3.8	\$0.0	\$3.3	-\$0.5	\$3.4	\$0.1
Other	\$6.1	\$10.3	\$4.2	\$12.1	\$1.8	\$12.5	\$0.4
Positions		206.0		206.0	0.0	206.0	0.0
PERS	\$7.9	\$8.2	\$0.2	\$8.2	\$0.1	\$8.3	\$0.1
General Fund	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Other	\$7.9	\$8.2	\$0.2	\$8.2	\$0.1	\$8.3	\$0.1
Positions		62.0		62.0	0.0	62.0	0.0
Pub. Emp. Benefits	\$176.9	\$304.4	\$127.5	\$487.7	\$183.3	\$518.4	\$30.7
General Fund	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Other	\$176.9	\$304.4	\$127.5	\$487.7	\$183.3	\$518.4	\$30.7
Positions		32.0		32.0	0.0	32.0	0.0
Total	\$201.4	\$335.6	\$134.2	\$522.6	\$187.0	\$554.9	\$32.3
General Fund	\$5.9	\$6.0	\$0.1	\$6.3	\$0.3	\$6.5	\$0.3
Other	\$195.5	\$329.6	\$134.2	\$516.3	\$186.7	\$548.3	\$32.0
Positions		376.5		436.5	60.0	441.5	5.0

- ✓ The 2005 Capital Improvement Program contains funding for a new \$23.2 million National Guard readiness center in southern Nevada.
- ✓ In the Public Employees Benefit Program:
 - Funding of \$0.1 million is provided for an expanded communications plan. This will allow Plan participants to better understand their benefits and improve their healthcare choices.
 - Move-in costs are provided for the Program's relocation into the new State Office Building.

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Contacts

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