

# **FINAL - SUMMARY OF 26TH SPECIAL SESSION**

**(February 23 – March 1, 2010)**

## **PROBLEM**

- In January 2010, the Economic Forum revised its earlier projections and forecast a budget shortfall of over \$880 million—representing a 22% shortfall.
- The Legislature’s goal was to minimize cuts to:
  - K-12 education to avoid massive layoffs and even larger class sizes;
  - Higher education to protect students and our colleges and universities; and
  - Health and human service programs serving our most vulnerable populations.
- The Assembly and Senate heard hours of testimony from State agencies, school districts, union representatives, businesses, local governments, and the public.

## **SOLUTION AND STRATEGIES**

- The budget gap has been bridged using three strategies: (1) minimizing or avoiding cuts to K-12 and higher education, health and human services, and public safety; (2) implementing government efficiencies; and (3) increasing certain fees. To mitigate the effects of the economic downturn, creating jobs was also a priority.

## **MINIMIZING AND AVOIDING CUTS**

- Instead of proposed cuts of \$211 million in State funding for K-12 education, the final cut in State funding will be \$116.8 million.
- The school districts have been given flexibility that will help them maximize the use of their funding.
- Instead of proposed cuts of \$76 million for our colleges and universities, the final cut will be approximately \$46 million.
- Cuts to a wide variety of critical services for children, the disabled, elderly, and the mentally ill, as well as cuts to hospitals, have been avoided.
- The Nevada State Prison will remain open—as will Casa Grande, a transitional facility for prisoners about to be released.

## **IMPLEMENTING GOVERNMENT EFFICIENCIES**

- To save energy and other costs, a 4-day work week for most State offices will be instituted, similar to the Utah model.
- Approximately \$10 million will be saved by cutting certain State contracts with outside consultants.
- No further cuts to the pay and benefits for State workers will be made since they took an 11% cut in the 2009 Session.
- Approximately \$197 million in unspent State funds will be redirected to the priority areas of health, education, and public safety.
- By authorizing the Department of Taxation to hire new auditors and implement a tax amnesty program, the State will collect \$20 million in owed, but unpaid, taxes.

## **INCREASING FEES**

- Mining fees and fees on new gaming licenses have been increased.
- The fee paid by banks when filing a Notice of Default and Election to Sell has been increased from \$50 to \$200 and the Nevada Supreme Court will be allowed to expand the foreclosure mediation program enacted last session to include commercial foreclosures affecting small businesses.

## **CREATING JOBS**

- Using a modest amount of State and local revenues to bond for road construction and repair, an estimated 12,000 jobs will be created. In addition to providing badly needed construction jobs, this money will also make a long overdue investment in the State's transportation infrastructure.

March 2, 2010