NEVADA Budget Report Card

TOURISM IS NEVADA'S LIFEBLOOD, with 18 percent of general fund revenues generated by gaming and 29 percent from sales taxes. With no guarantee that gamblers will flock to the state every year, Nevada would benefit from a policy that accounts for revenue volatility in the funding of its rainy day fund, the Account to Stabilize the Operation of the State Government. But it doesn't have such a policy, and the lack of attention to volatility in managing the rainy day fund limited the state's average reserve funds grade to B for fiscal 2015 through 2019. Even so, Nevada steadily increased funding of the reserve. It was empty in 2015–2016 but rebuilt to $304 million by 2019, equivalent to 6.9 percent of general fund expenditures.

The state averaged a B in budget maneuvers, generally shunning one-time actions to achieve balance save for transfers of money from special funds to the general fund.

Nevada averaged a C in budget forecasting because it provides a revenue and expenditure outlook that covers only the years of the biennial budget. In legacy costs, the state improved public worker pension funding practices during the study period, making actuarially determined contributions in 2016–19. That was not the case with other postemployment benefits (OPEB), primarily health care, which were not funded along actuarial lines for the entire study period. As a result, Nevada's average grade in the category was held to a C. The pension funding ratio was 76 percent in 2019, 5 percentage points above the total for all states.

MOUNTAIN STATES SIDE BY SIDE: Five-Year Average Grades, Fiscal 2015–19

	BUDGET FORECASTING	BUDGET MANEUVERS	LEGACY COSTS	RESERVE FUNDS	TRANSPARENCY
Arizona	B	C	C	A	B
Colorado	C	B	D	B	B
Idaho	D	A	A	A	B
Montana	D	B	C	C	B
Nevada	C	B	C	B	B
New Mexico	B	C	D-	B	B
Utah	B	A	A	A	C
Wyoming	B	B	D-	C	C
US AVERAGE	C	B	C	B	B

NOTE States are grouped by US Census Bureau divisions.

NEVADA Budget Report Card, Fiscal 2015–19

BUDGET FORECASTING

	2015	2016	2017	2018	2019	TREND				
						'15	'16	'17	'18	'19
CATEGORY GRADE	C	C	C	C	C					
Consensus Revenue Forecasts	✓	✓	✓	✓	✓					
Multiyear Expenditure Forecasts	✗	✗	✗	✗	✗					
Multiyear Revenue Forecasts	✗	✗	✗	✗	✗	●	●	●	●	●
Revenue Growth Projections	✓	✓	✓	✓	✓					
5-YEAR AVERAGE C										

BUDGET MANEUVERS

	2015	2016	2017	2018	2019	TREND				
						'15	'16	'17	'18	'19
CATEGORY GRADE	B	B	B	B	B					
Deferring Recurring Expenditures	✓	✓	✓	✓	✓					
Revenue and Cost Shifting	✗	✗	✗	✗	✗	●	●	●	●	●
Funding Recurring Expenditures with Debt	✓	✓	✓	✓	✓					
Using Asset Sales and Up-Front Revenues	✓	✓	✓	✓	✓					
5-YEAR AVERAGE B										

LEGACY COSTS

	2015	2016	2017	2018	2019	TREND				
						'15	'16	'17	'18	'19
CATEGORY GRADE	D	C	C	C	C					
Public Employee OPEB Funding	✗	✗	✗	✗	✗					
Public Employee Pension Funding	✗	✓	✓	✓	✓		●	●	●	●
Public Employee Pension Funded Ratio*	75%	72%	74%	75%	76%	●				
5-YEAR AVERAGE C										

RESERVE FUNDS

	2015	2016	2017	2018	2019	TREND				
						'15	'16	'17	'18	'19
CATEGORY GRADE	B	B	B	B	B					
Positive Reserve or General Fund Balance	✓	✓	✓	✓	✓					
Reserve Funds Disbursement Policy	✓	✓	✓	✓	✓	●	●	●	●	●
Reserve Funds Replenishment Policy	✓	✓	✓	✓	✓					
Reserves Tied to Revenue Volatility	✗	✗	✗	✗	✗					
5-YEAR AVERAGE B										

TRANSPARENCY

	2015	2016	2017	2018	2019	TREND				
						'15	'16	'17	'18	'19
CATEGORY GRADE	B	B	B	B	B					
Consolidated Budget Website	✓	✓	✓	✓	✓					
Provides Debt Tables	✓	✓	✓	✓	✓	●	●	●	●	●
Discloses Deferred Infrastructure Replacement Costs	✗	✗	✗	✗	✗					
Discloses Tax Expenditures	✓	✓	✓	✓	✓					
5-YEAR AVERAGE B										

KEY

✓	Followed best practice
✗	Did not follow best practice

BUDGET FORECASTING evaluates whether and how states estimated long-term revenue and expenditure trends. **BUDGET MANEUVERS** evaluates whether states used one-time revenues, borrowings, asset sales, and other measures to achieve short-term budgetary balance. **LEGACY COSTS** evaluates whether states provided adequate funding, as defined by retirement system actuaries, for pensions and other promised retirement benefits for public workers. **RESERVE FUNDS** evaluates states' rainy day funds and other fiscal reserves, as well as any policies governing their use and replenishment. **TRANSPARENCY** evaluates the accessibility to the public of states' budget practices.
* **SOURCE** Bloomberg.

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