

MOVING NEVADA FORWARD

Rory Reid's comprehensive plan to rebuild our economy, balance the budget and reinvent Nevada's state government

I. THE CHALLENGE WE FACE

Nevada's state government is fundamentally broken. It is a patchwork of inefficiencies, leftover bureaucracy, and duplicative services. It is an organization designed for the 19th Century that has inched forward with shortsighted fixes and no long-term planning.

As a result, the next governor will face the worst budget shortfall in the nation. It is the legacy of Jim Gibbons, George W. Bush-style mismanagement, and years of postponing tough choices. The deficit is fueled by Nevada's stagnant economy, devastating unemployment, rampant home foreclosures, and our struggling education system.

The way out of this mess, while difficult to traverse, is not difficult to map out:

- We must grow our economy in order to generate more revenue.
- We must invest in education and workforce development.
- We must modernize and streamline state government, make cuts, and live within our means.

These steps won't be easy and they won't be pain-free, but they will work.

In this document, Rory lays out how we can:

- Dramatically cut the size of state government while preserving the most crucial state functions and services.
- Make the investments we need to make in order to grow our economy.
- Get ourselves out of the economic and fiscal ditch we're in.

Given the size of the shortfall being left by Jim Gibbons, we need to start making cuts in state government by looking at the state budget line by line and finding careful ways to trim unneeded expenses and cut fat.

As Clark County commissioner, Rory balanced seven straight budgets by making the tough decisions to cut spending without ever raising taxes. He created a rainy day fund that was used during the economic downturn so important programs didn't have to be cut or taxes raised.

That's the way that Rory will tackle the budget as governor, and his years of experience successfully managing the Clark County budget demonstrate his skill.

As governor, Rory will bring that same attention to detail and concern for results to Carson City. He will launch a statewide efficiency effort, implementing many of the SAGE Commission recommendations, but going further – cutting waste and inefficiency across state government as other states have done. Here are the steps Rory will take, for starters, to close the budget gap.

II. OVERHAULING NEVADA STATE GOVERNMENT

SLASHING THE NUMBER OF AGENCIES AND DEPARTMENTS BY NEARLY 40%

Nevada has too many state entities to manage effectively. As a result, it has too many top state officials, costing too much taxpayer money, and with too little gubernatorial supervision.

Rory will consolidate state agencies: There are at least 26 agencies or departments under gubernatorial control or appointing authority. Rory will cut that number to only 16. This will improve the quality of state government operations, cut through state bureaucracy and reduce costs.

Rory will consolidate or eliminate the following operations:

- Eliminate the Department of Motor Vehicles and the Nevada Taxi Cab Authority, and move their functions under the Nevada Department of Transportation.
- Move the Personnel Department under the Department of Administration.
- Move Consumer Health Assistance and its Bureau of Hospital Patients under the Department of Health & Human Services (HHS).
- Consolidate the Division of Minerals, the Commission on Mineral Resources, the Department of Wildlife, and the Department of Conservation & Natural Resources, to create a single Department of Resources.
- Consolidate the existing Oil, Gas & Geothermal section of the Division of Minerals with the Renewable Energy & Energy Efficiency Authority and the State Energy Office to create a new Energy Department.
- Combine the Military Department, Office of Veterans Services, and Nevada National Guard under a strengthened Department of Public Safety, Military Affairs & Veterans Services.
- Consolidate and intensify our business- and job-creation efforts into a *real* Department of Economic Development by combining the Commission on Economic Development, the Department of Business & Industry, the Tourism Commission, and the Department of Cultural Affairs (the last two of which will be combined into a new division of culture & tourism).
- Move the Rehabilitation and Employment Security divisions of the Department of Employment, Training & Rehabilitation (DETR) so that they are under HHS, and merge the rest of DETR into the new Department of Economic Development.

This will dramatically streamline the state bureaucracy. And it will save **more than \$2 million** in each budget for unneeded agency heads and **\$31.9 million** in reduced administrative costs.¹

In addition, Rory will:

- Create a Sunset Commission to review every state agency on a 10-year cycle. **\$13.9 million.**²

DOWNSIZING AT THE TOP

Rory will start at the very top of state government. Before we can make state government work better, we need a governor who knows how to run an organization more frugally. Rory will:

- Reduce staffing of elected officials. **\$26.0 million.**³
- Cut administrative overhead by 50 percent. **\$47.8 million.**⁴

EXTENDING TEMPORARY STATE EMPLOYEE CUTBACKS

Unfortunately, the 2009 Legislature was forced to impose a budget-reduction plan that required state employees to take one unpaid furlough day per month. In addition, merit pay and longevity pay increases were suspended. Because Nevada remains in a fiscal emergency, it will be necessary to maintain the furlough program and extend the suspension of merit and longevity pay hikes until our state's economy is back on track and revenues are sufficient to justify ending furloughs and reinstating pay increases for state employees. State employees will play an integral part in reforming state government. Rory believes they should be included in the benefits of a more efficient state government by being rewarded for their individual performance and the success of their agencies in meeting defined goals when the state government reaches the needed sufficiency and solvency. **\$480 million.**⁵

REINVENTING STATE GOVERNMENT FOR THE 21ST CENTURY

This means more than simply re-arranging boxes on the state's organization chart. It changes our mindset and approach, and saves the state money. By eliminating separate bureaucracies and unnecessary administrators, we will save money and put Nevada on a new path to economic success. That's basically what Rory has already proposed we do with our K-12 education system in his EDGE plan. As that plan discusses, cities that have modernized the governance structures for their schools have seen administrative costs drop by 10-20 percent. Rory will do the same with *all* areas of Nevada state government. For instance:

- **Keeping us safe.** Rory will refocus our correctional strategy to increase sentences on violent offenders while decreasing recidivism rates for non-violent criminals by moving to community corrections. This will drive down our crime rates *and* the cost of controlling them. Rory will:
 - Implement tough-but-intelligent public safety programs such as drug courts that have proven effective in other states – as well as in Clark and Washoe counties. They should be implemented statewide. **\$47.6 million.**⁶
 - Create intermediate corrections facilities for offenders with substance abuse problems, modeled on Hawaii's "Hope Courts." **\$102.4 million.**⁷

In short, modernizing our approach to corrections should easily save **\$150 million** in each budget.

- **Making health care more cost-effective.** There are countless ways to reinvent how the state handles health care, improving care *and* cutting costs, such as:
 - Combining bulk purchasing of health care and medications across state programs, including state employee coverage, purchases for inmates at state institutions and students at state schools and colleges, as well as the Senior Rx program could save the state tens of millions of dollars.
 - Promoting home- and community-based care to reduce long-term health care costs. **\$39.8 million.**⁸
 - Improving patient management, for example by simply assigning patients a primary care physician. **\$68.2 million.**⁹
 - Expanding managed care for specific groups as the SAGE Commission recommended. **\$14.6 million.**¹⁰

Modernizing state government's approach to health care alone should save roughly **\$200 million** in each budget.

- **Reinventing human services.** We need to re-imagine our human service programs – reducing consumption spending and putting our money instead into investments that will pay dividends: focusing less on income supports and more on training and job-support; delivering a range of individualized or community-based services rather than old-fashioned – and costly – institutional care; investing in preventive measures up front instead of paying increased welfare and public safety costs later. Making all these operations more cost-effective will save at least **\$100 million** per budget cycle.¹¹
- **Turn transportation and infrastructure into real investments.** We need to reengineer our transportation network – using more public/private partnerships instead of old-fashioned, government-run public works programs. We need to drag capital spending into the modern age with a modern capital investment plan that eliminates pork spending and makes investments only in the public interest. Doing so can deliver better results while reducing costs by at least **\$100 million** per biennium.

That's \$550 million in improved efficiency right there. Spread this approach throughout the entire state government and it's not hard to see how, with *smarter* government, we can trim state government by a total of 10 percent: **\$680 million**.

IMPROVING PROCUREMENT AND ASSET MANAGEMENT

- Modernize and consolidate state purchasing. **\$27.5 million**.¹²
- Reduce prescription drugs costs in Health and Human Services and Corrections by leveraging purchasing power across state agencies. **\$10.8 million**.¹³
- End state contracts that aren't performing. **\$6.75 million**.¹⁴
- Renegotiate contracts to demand a 5 percent reduction in price, given the slow economy. **\$6.75 million**.¹⁵
- Adopt preferred pricing clauses in state contracts, which require vendors to provide the lowest price throughout the life of the contract, regardless of initial contract price. **\$1.6 million**.¹⁶
- Professionalize contract management through a wide range of practices that other states have successfully adopted. **\$5.6 million**.¹⁷
- Inventory state assets and optimize their use, such as surplus land and office space. **\$2.9 million**.¹⁸

INCREASING EFFICIENCY WITH INFORMATION TECHNOLOGY

- The State Information Technology Advisory Board should be reconstituted for the specific purpose of creating a cost-effective strategic information technology plan for Nevada.¹⁹

- Consolidate and leverage Information Technology to create savings. All sorts of savings are available through better use of technology that should be adopted by the state:
 - Adoption of a common telecommunications platform. **\$9.4 million.**²⁰
 - Consolidation of IT operations. **\$9.0 million.**²¹
 - Establish a common email platform for state agencies. **\$750,000.**²²
 - Consolidate state agency website management. **\$1.5 million.**²³
 - Consolidate service and maintenance agreements. **\$20.5 million.**²⁴
- Move to thin client (mainframe-based computing that's accessed remotely) technology. **\$1.2 million.**²⁵
- Consolidate printing services using online vendors. **\$1.4 million.**²⁶
- Replace paper checks with e-payments. **\$4.7 million.**²⁷
- Increase e-receipts rather than processing paper checks. **\$300,000.**²⁸
- Create an e-Learning Academy for state employee training. **\$1.4 million.**²⁹
- Utilize a web-based payroll time management system. **\$464,000.**³⁰

GOING GREEN TO SAVE GREEN

- Cut down on energy waste and consumption in state buildings and major facilities like prisons. **\$15.0 million.**³¹
- Reduce computer energy use with a modern power management solution. **\$625,000.**³²
- Move to paper-on-demand printing and make more state information and correspondence electronic. **\$1.5 million.**

BETTER MANAGING STATE EMPLOYEES

- Ensure state employee health insurance covers only those eligible. **\$6.0 million.**³³
- Incentivize wellness programs to slow the growth of health care costs. **\$9.1 million.**³⁴
- Modify retirement plans for new employees. **\$26.9 million.**³⁵
- Move to a four-day work week for state employees, 10 hours a day.³⁶ **\$4.7 million.**
- Create a state employee workforce plan to evaluate long-term changing staff needs. **\$11.3 million.**³⁷
- Reduce unneeded layers of management. **\$60 million.**³⁸

MAKING MORE COST-EFFECTIVE POLICY CHOICES

- Reduce billing fraud in Medicaid. **\$41.1 million.**³⁹

- Reduce the state’s cost for durable medical equipment. **\$9.2 million.**⁴⁰
- Privatize inmate medical and mental health care. **\$9 million.**⁴¹
- Reduce the number of uninsured motorists. **\$7.9 million.**⁴²
- Consolidate highway maintenance stations. **\$1.5 million.**⁴³
- Reinstate the requirement for Proof of Insurance. **\$8.6 million.**⁴⁴
- Consistently fund child and family services youth detention facilities. **\$900,000.**⁴⁵

MAXIMIZING REVENUES

- Crack down on tax deadbeats. **\$9.2 million.**⁴⁶
- Require companies that get job-creation tax credits but don’t create the jobs to give the money back. **\$4.4 million.**⁴⁷
- Shift funding for non-General Fund activities out of the General Fund. **\$68.3 million.**⁴⁸
- Get Nevada’s fair share of the federal dollars that Gibbons has not pursued, by submitting the necessary paperwork for federal reimbursement of programs the state is already carrying out, using the Indigent Accident Fund (IAF) and the Supplemental Relief Fund (SRF) to bring in more federal dollars,⁴⁹ and creating a State Grants Office to apply for federal dollars in state projects. **\$186 million.**

III. INVESTING IN EDUCATION TO GROW REVENUE

We cannot tax our way out of our problems, and we can’t cut our way out of them, either: We have to *grow* our way out. To do that, we need an advanced economy. And every Nevadan knows that to make that economy happen, we need to invest in human capital – in education, innovation, and entrepreneurship.

That means that we need a skilled and educated workforce to attract these jobs and high-paying industries.

LAYING A STRONG FOUNDATION

As Rory laid out in his EDGE plan, we must better administer, govern and fund our schools. These changes will streamline school administration and slash education bureaucracy, allowing us to reduce the cost of operating our school system by 10 percent overall – that’s \$220 million a year in further efficiency savings when fully phased in. Rory will take the money we save by reinventing our schools through his EDGE plan – eventually totaling \$220 million a year – and re-invest it in the initiatives we need to ensure that *every* Nevada child graduates with the ability to compete in the 21st Century.

MAKING HIGHER EDUCATION A PROFIT CENTER

Our universities can and should be economic drivers. As governor, Rory will reward Nevada universities for technology transfer and commercialization programs that move innovations from Nevada universities into the marketplace.

And we need to refashion our higher education system to make it more entrepreneurial – generating more commercial spin-offs that can fund educational expansion. We should also allow our colleges and university campuses to keep the revenues they generate, especially from non-Nevadans.

Rory will promote entrepreneurship and business start-ups by:

- Creating a Nevada Innovation Incentive Fund to invest in world-class research institutions to facilitate the growth of new high-tech industry clusters.
- Creating a Nevada Capital Investment Corporation to invest in venture capital projects that agree to establish a presence in Nevada and actively seek investments in Nevada.
- Establishing a Research Commercialization Matching Grant Program to assist small or startup companies.

THE BOTTOM LINE

These investments will attract new jobs and higher wages. If we attract new jobs and higher wages, our economy will grow. If our economy grows, state revenues will increase *without* raising taxes. How much? There is no perfect way to estimate. But for the 10 years beginning in 1997, Nevada experienced annual growth in Gross Domestic Product (GDP) of 8.03 percent compared to only 1.48 percent under Jim Gibbons.⁵⁰ Rory believes that if we invest in building the economy of the future, we can eventually return to higher growth rates. But, in the short-term, he believes we can set – and achieve – a more modest goal:

The Legislative Counsel Bureau estimates, based on the latest projections from the Economic Forum, that the state government’s annual revenue will fall from \$3.352 billion in the current fiscal year to only \$2.546 billion in each of the next two years. That’s an annual drop of \$806 million in revenue – more than \$1.6 billion over two years – more than half the shortfall challenge we face in the next biennium. Of course, some of that drop is due to the expiration of tax increases imposed under Governor Gibbons – but that’s only \$381.8 million of the total.

Rory Reid believes that we don’t have to accept that in the next two years the economy will be *so much worse than it is today* that revenues will be reduced by \$615 million each year, as current projections show. Rory believes that in the second year of the biennium, growth will begin to occur. If we simply return to *where we are now* by *two years from now*, we will exceed current projections by **\$615 million**.

IV. CONCLUSION

This election poses a stark contrast between competing theories: **Brian Sandoval is betting that if you stop paying your debts and don’t invest in your education, you’ll be richer in the future.**

That’s the approach that created the problem.

In contrast, **Rory Reid believes that, ultimately, our state's budget should reflect our values.** Rory believes that we must start saving and investing – to create jobs today and build for a better future. And he believes that we can make government work – and that we *must* make it work *better*. Nevada has a 19th Century government. It's time to reinvent state government for the 21st Century.

It's essential that we stop spending in ways that are wasteful or inefficient. But it is not enough simply to cut waste, fraud and abuse. This document identifies nearly \$2.5 billion in new savings, efficiencies and growth that the state can realize in the next biennium, and it does so through thoughtful, careful measures that minimize the impact on services and modernize government.

SUMMARY OF PLAN

	Biennial Savings/ Revenue Gains
Slashing the Number of Agencies and Departments by Nearly 40%	\$ 47.8 million
Downsizing at the Top	\$ 73.8 million
Keeping State Employee Cutbacks	\$ 480.0 million
Reinventing State Government	\$ 680.0 million
Improving Procurement and Asset Management	\$ 61.9 million
Increasing Efficiency with Information Technology	\$ 50.6 million
Going Green to Save Green	\$ 17.1 million
Better Managing State Employees	\$ 118.0 million
Making More Cost-Effective Policy Choices	\$ 78.2 million
Maximizing Revenues	\$ 267.9 million
Investing in Education to Grow Revenues	\$ 615.0 million
TOTAL	\$2.4903 billion

NOTES

¹ Below we include cuts to all administrative line items of 50 percent, which would result in biennial savings of \$79.7 million. To take into consideration savings in those agencies that will be consolidated or eliminated, 40 percent of the statewide savings from administrative cuts (\$31.9 million) are being accounted for here, and the remainder accounted for below.

² 5 FTE at 75,000 each (includes benefits, overhead costs). At a \$37 return on each dollar, the total savings would be \$13.9 million.

³ This includes the following cuts in General Fund line items: Elected Officials: Reduce General Fund support by 50% for the following line items: Governor's Office; Mansion Maintenance; Lieutenant Governor's Office; Controller's Office; Treasurer's Office. Eliminate all other General Fund funding: High-level nuclear waste fund; Office of Consumer Health Assistance; Office of Energy Conservation; Special Fund; Medicaid Fraud (only receives \$100 in General Fund); Consumer Advocate; and HAVA Election Reform. Legislative Branch: Reduce General Fund support for the Interim Finance Committee and the Nevada Legislative Interim by 25%. Judicial Branch: No General Fund reduction for District Judges' Salaries; Judicial Retirement System; or the Senior Justice and Senior Judge Program (a program that helps keep down court costs). Reduce General Fund support for the Supreme Court by 25%. Reduce General Fund support for the Law Library and Judicial Programs and Services by 50%.

⁴ If all administrative line items are reduced by 50%, the state would save a total of \$79.7 million each biennium. Because we will be consolidating or eliminating some agencies, 40% of these savings are accounted for in an earlier section of the document (see endnote 1) and 60% (\$47.8 million) are accounted for here.

⁵ Legislative Counsel Bureau, Fiscal Division.

⁶ A National Council on Crime and Delinquency (NCCD) report looked at potential cost savings from directing "non-serious" offenders to alternatives other than prison in four states. The average reduction in annual costs for the redirected offenders was estimated to be 77 percent on average. (See Linh Vuong, Christopher Hartney, Barry Krisberg, Susan Marchionna, *The Extravagance of Imprisonment Revisited*, National Council on Crime and Delinquency, Jan 2010, http://nccd-crc.issuelab.org/research/listing/extravagance_of_imprisonment_revisited)

Assumptions: as of December 2009, Nevada had 12,512 inmates; 45 percent of inmates are incarcerated for nonviolent and non-sex offense crimes; assume Nevada diverts 25 percent of these offenders; the average annual cost of incarceration is \$22,000. The savings are calculated as follows: $12,512 * 45\% * 25\% * \$22,000 * 77\text{ percent} = \text{Annual savings of } \23.8 million . See Nevada Department of Corrections, December 2009 Statistical Summary, http://www.doc.nv.gov/stats/2009/12/Monthly_Statistical_Summary_December_2009.pdf for inmate statistics. The annual cost of housing a prisoner of \$22,000 is from the Nevada SAGE Commission on Spending and Government Efficiency, Final Report, January 2010, Recommendation 31, page 41.

⁷ Nevada SAGE Commission on Spending and Government Efficiency, Final Report, January 2010, Recommendation 31, page 41.

⁸ Medicaid can provide these services for three individuals for the same cost as serving one in a nursing home. AARP Public Policy Institute (2009). "Providing More Long-Term Supports Services at Home: Why It's Critical for Health Reform." Available at http://www.hcbs.org/files/160/7952/fs_hcbs.pdf.

⁹ Mike Colias, *Illinois credits program changes with \$300M Medicaid savings*, ChicagoBusiness.com, April 27, 2010; <http://www.chicagobusiness.com/cgi-bin/news.pl?id=37995>

¹⁰ Nevada SAGE Commission on Spending and Government Efficiency, Final Report, January 2010, Recommendation 3, page 13.

¹¹ See, e.g., http://www.raisemeup.org/about_casey/.

¹² Delaware was able to reduce its procurement costs by 13.5% – \$20 million in savings.

¹³ Nevada SAGE Commission on Spending and Government Efficiency, Final Report, January 2010, Recommendation 44, page 54.

¹⁴ Nevada spends \$90 million annually on contracts. Nevada Legislative Counsel Bureau. The 2009 Legislature reduced contract spending in FY 2010-2011 by \$10.3 million, so the further savings projected here are conservative.

¹⁵ According to the NV Legislative Fiscal Bureau, last year the state spent approximately \$90 million on contracts. In the Florida TaxWatch, *Report and Recommendations of the Florida TaxWatch Government*

Cost Savings Task Force to Save More Than \$3 Billion, March 2010, p. 10, it estimated the state could save 5 percent on contract costs by renegotiating for better rates.

¹⁶ Florida estimated that if it enforced PPCs more strictly and reduced short term contract prices by just one percent, it would save \$8 million annually. Florida TaxWatch, *Report and Recommendations of the Florida TaxWatch Government Cost Savings Task Force to Save More Than \$3 Billion*, March 2010, p. 5.

¹⁷ Texas estimated it would save 0.05 percent, or \$70 million annually in procurement costs for all types of goods and services through professionalizing contract management. See California Performance Review, SO73, *Create a Statewide Contract Management Policy*, p. 4; <http://cpr.ca.gov/report/cprprt/issrec/stops/proc/so73.htm>.

¹⁸ The state owns surplus land and leases 1.5 million square feet of space in 212 leases at an annual cost of \$28 million. At least fifteen states have conducted reviews. The state of Virginia, for example, engaged a nationally known commercial real estate company for an operational review of its real property assets, involving 520,000 acres of land, 11,000 owned buildings and 1,350 active leases; estimated savings over ten years from these recommendations were \$70 million.

¹⁹ Nevada SAGE Commission on Spending and Government Efficiency, Final Report, January 2010, Recommendation 32, page 42.

²⁰ Nevada SAGE Commission on Spending and Government Efficiency, Final Report, January 2010, Recommendation 35, page 45.

²¹ Through consolidation, Iowa is projected to save about \$27 million over five years after costs are factored in; Alabama concluded that combining just three agency data centers into one department could reduce costs by a projected \$2 million, while Texas expects to save \$163.9 million by combining 30 facilities into two and Oregon has saved \$10-20 million by converting eight facilities into one.

²² Nevada SAGE Commission on Spending and Government Efficiency, Final Report, January 2010, Recommendation 26, page 36.

²³ Nevada SAGE Commission on Spending and Government Efficiency, Final Report, January 2010, Recommendation 25, page 35.

²⁴ Alabama reduced the number of its various service/maintenance contracts and saved about \$7 million during the first year of the contract.

²⁵ Michigan recently changed 27,000 state employees over to thin client technology – replacing normal PCs with mainframe-based computing that's accessed remotely – and is saving between \$3 million and \$5 million within its first year of operation.

²⁶ Nevada SAGE Commission on Spending and Government Efficiency, Final Report, January 2010, Recommendation 7, page 17.

²⁷ Florida estimated that such a change would save it \$23.1 million per year. Florida TaxWatch, *Report and Recommendations of the Florida TaxWatch Government Cost Savings Task Force to Save More Than \$3 Billion*, March 2010, pages 15-16.

²⁸ Florida estimated that if it converts half of its paper payments to e-payments, it could save \$1 to \$1.5 million annually. Florida TaxWatch, *Report and Recommendations of the Florida TaxWatch Government Cost Savings Task Force to Save More Than \$3 Billion*, March 2010, page 16.

²⁹ Florida estimated it had the potential for 10 to 20 percent savings using e-learning, translating to \$3.7 to \$7.4 million in annual cost avoidance. Florida TaxWatch, *Report and Recommendations of the Florida TaxWatch Government Cost Savings Task Force to Save More Than \$3 Billion*, March 2010, p. 18; estimated savings do not factor in implementation costs.

³⁰ Florida estimated that adopting such a system would save the state approximately \$2.3 million annually. Florida TaxWatch, *Report and Recommendations of the Florida TaxWatch Government Cost Savings Task Force to Save More Than \$3 Billion*, March 2010, pp. 18-19; estimated savings do not factor in implementation costs.

³¹ Nevada SAGE Commission on Spending and Government Efficiency, Final Report, January 2010, Recommendation 27, page 37.

³² Florida estimated that it could reduce energy costs by \$3.1 million annually by reducing computer energy use. Florida TaxWatch, *Report and Recommendations of the Florida TaxWatch Government Cost Savings Task Force to Save More Than \$3 Billion*, March 2010, pp. 16-17.

³³ Florida estimated that a dependency audit could generate \$5 to \$30 million dollars in on-going savings for the state. Florida TaxWatch, *Report and Recommendations of the Florida TaxWatch Government Cost Savings Task Force to Save More Than \$3 Billion*, March 2010, pp. 82-83.

³⁴ Currently, 21 states have incentivized wellness programs for their employees, including North Carolina, South Carolina, Georgia, and Alabama. The DelaWELL program in Delaware is considered a national model and has held the line on state employee health care premiums for three years. Richard Cauchi, Director of the Health Program for the National Conference of State Legislatures, *State & Public Employee Health Benefits: Trends Across States*, presentation to the Michigan Legislature Public Employee Health Care Reform Committee, September 17, 2009;

<http://www.ncsl.org/portals/1/documents/health/MISStateEmployee09.pdf>

³⁵ Nevada SAGE Commission on Spending and Government Efficiency, Final Report, January 2010, Recommendation 13, page 23. Since then, SB 427 of the 2009 session reduced the multiplier from 2.67 to 2.5, producing further savings by approximately one-third.

³⁶ Nevada SAGE Commission on Spending and Government Efficiency, Final Report, January 2010, Recommendation 11, page 21.

³⁷ The California Performance Review estimated that an effective workforce plan could result in savings of \$240 million in the first year, with continuing savings in subsequent years.

³⁸ In Florida, the state's Chief Financial Officer found that cutting unnecessary layers in state government by achieving a 7:1 employee-to-manager ratio, in line with best business practices, would save nearly \$300 million annually if adopted throughout state government. Consumer eViews, Florida CFO Alex Sink's on-line newsletter, Feb 19, 2010.

³⁹ Nationwide estimates of Medicaid fraud are around 10% of all spending. 1994 Office of the Inspector General (OIG) testimony to the US Congress, as cited in *Issues in Missouri Health Care 2008 - Compliance: Myths and Facts About Medicaid Fraud and Abuse*, October 2008, page 4; <http://www.healthcare4kc.org/uploadedFiles/Publications/Compliance%20Myths%20and%20Facts%20About%20Medicaid%20Fraud%20and%20Abuse%20101308.doc>. Nevada spends approximately \$867.9 million each biennium in state funds on Medicaid and \$49.2 million each biennium for the TANF program. 2009 Appropriations Report prepared by the Fiscal Analysis Division of the Nevada Legislative Counsel Bureau, pages 215 and 230;

<http://www.leg.state.nv.us/Division/Fiscal/Appropriation%20Reports/2009AppropriationsReports/9Human%20Services.pdf>. The state should be able to cut fraud in half with an aggressive program.

⁴⁰ Federal demonstration projects have shown that overall savings to the Medicare program range from 17% to 22%. In the two demonstration sites of Polk County, Florida and San Antonio, Texas, the net savings for DME expenditures totaled \$2.7 million. FY2009 state spending on DME = \$21 million. Biennial = \$42 million. 22% of \$42 million = \$9.2 million. Nevada Department of Health and Human Services and Division of Health Care Financing and Policy, *Medicaid Opt Out White Paper*, January 22, 2010, page 14.

⁴¹ Nevada SAGE Commission on Spending and Government Efficiency, Final Report, January 2010, Recommendation 37, page 47.

⁴² Nevada SAGE Commission on Spending and Government Efficiency, Final Report, January 2010, Recommendation 9, page 19.

⁴³ Nevada SAGE Commission on Spending and Government Efficiency, Final Report, January 2010, Recommendation 39, page 49.

⁴⁴ Nevada SAGE Commission on Spending and Government Efficiency, Final Report, January 2010, Recommendation 22, page 32.

⁴⁵ Nevada SAGE Commission on Spending and Government Efficiency, Final Report, January 2010, Recommendation 4, page 14.

⁴⁶ Rhode Island estimated it could increase tax collections by \$6 million simply by matching tax records with license and registration renewal databases to block individuals owing back taxes from obtaining vehicle or professional licenses or renewing registrations.

⁴⁷ Fiscal Analysis Division, Legislative Counsel Bureau, "Report on Tax Abatements, Tax Exemptions, Tax Incentives for Economic Development and Tax Increment Financing in Nevada," February 2009.

⁴⁸ Such programs are distributed throughout the state budget. For instance, a Department of Motor Vehicles \$18,000 appropriation and \$7.8 million in Department of Employment, Training, and Rehabilitation programs are primarily supported by other funds. Programs requiring state matching funds in order to generate federal funding are expressly excluded here.

⁴⁹ Nevada SAGE Commission on Spending and Government Efficiency, Final Report, January 2010, Recommendation 8, page 18.

⁵⁰ Nevada GDP data from U.S. Department of Commerce, Bureau of Economic Analysis, *Regional Economic Accounts, Gross Domestic Product by State*, <http://www.bea.gov/regional/gsp/>. FY 2011 estimated revenues are from the Nevada Open Government Budget Summary; <http://open.nv.gov/OpenGov/ViewBudgetSummary.aep?amountView=Year2&budgetPeriod=4&version=L&type=Rev&view=ObjectType>.