

OVERVIEW of RECOMMENDATIONS FOR A SOUND FISCAL POLICY

Since the late 1970s, history has shown that government at all levels has experienced ten to thirteen year cycles in which there is both an economic downturn when revenue is less than projected and a period of prosperity when surplus revenue occurs. And while, at least in Nevada, we have seen most governmental units moving into a period of prosperity, there is a need to step back and prepare for the next cycle even though it may be six to eight years away.

In stepping back and reviewing prior budget cycles, it becomes evident that when revenues are not materializing to meet budgeted expectations, the demand for government services, particularly in the area of human services, is greater than normal. Conversely, in times when a greater than anticipated revenue materializes, there is pressure on government to increase programs. Meanwhile, the taxpayer *at the very time their income is reduced or stagnant* is often asked to contribute more to maintain government budgets; yet, when their income is improving they do not see any attempt to reduce their tax liability.

The following recommendations provide a series of changes to maximize the use of existing dollars and minimize the need for new tax and/or fee revenues. Various recommendations have already been adopted and are in use by some governmental units in Nevada. These are not revolutionary recommendations. They are, in fact, *evolutionary*, and many are based on best practices in both government and the private sector.

As you review these recommendations, we would also include a thought about unanticipated revenue increases and grants. Our recommendations encourage strong fiscal responsibility. In many of our suggestions we have recommended that higher-than-projected revenues be set aside for use in specific categories and not used in starting new programs that place enormous demands on future budgets. Also, we caution government entities of the need to thoroughly analyze the long-term impact of grants. While a grant may seem too good to pass up, it may also carry a significant impact on future budget cycles. Grants should be carefully reviewed before they are accepted and continuously reviewed if, in fact, they are received.

It is anticipated that many of our recommendations will provide a starting point for evaluating the expenditure side of government while increasing service delivery and cost efficiencies.

In an effort to address revenue issues between Nevada units of government and the taxpayer, these recommendations are presented for consideration by elected officials and policymakers.