

Nevada's new money not necessarily good news

By Andrew Doughman, Las Vegas Sun

CARSON CITY – Gov. Brian Sandoval might not be Santa Claus, but he does know how to give mysterious gifts.

This month, he found \$25 million for education programs and even released a handy slogan: “Increasing funds for education without raising taxes: Check.”

The next day, he said he found yet another \$25 million for health programs for the state's most vulnerable populations. Then, he announced \$12 million more for eliminating furloughs for state workers by mid-2015.

How, exactly, did those presents end up under Nevada's Christmas tree?



Gov. Brian Sandoval has money to spend. Photo/LTN file

The majority of the money comes from regular state accounting adjustments, and it's not necessarily good news. Nevada gets a portion of this new money because the federal government now projects the average American's income will grow faster than the average Nevadan's income.

While Democrats have called for more education spending this year, Sandoval said during his address to the Legislature that his budget will grow with the economy.

“We cannot cut our way out, we cannot tax our way out, we can only grow our way out,” he said.

But in this case, economic growth isn’t fueling increases to the budget.

Besides getting more federal money because it’s getting poorer than other states, Nevada also is benefiting from revisions to the number of state residents enrolled in government health programs and a nationwide trend in lower-than-projected health care costs.

“Those are both pretty standard adjustments we’d make,” said Jeff Mohlenkamp, the state’s budget director. “They just happen to be working in our favor right now.”

The governor did bargain one large concession from the federal government. His office negotiated with federal officials to get an extra \$17.6 million as part of the state’s expansion of Medicaid, a part of President Obama’s health care overhaul law.

“It’s a large win for the state,” Mohlenkamp said.

Besides these accounting adjustments, Mohlenkamp said there are at least three other major adjustments the state will make before it finalizes its budget in June.

Some of these will reflect the state of the economy.

“I feel good,” Mohlenkamp said. “I’d be surprised if it went down significantly.”

Democrats welcomed the new money for the budget, saying the Republican governor is putting money toward good programs.

But Sandoval's budget still isn't big enough to mollify calls from Democrats to spend more for education and health programs that were reduced in the past few recession-era budgets.

"We should be spending more on all-day kindergarten, and we should be spending more on (English-language learners)," said Assemblywoman Maggie Carlton, D-Las Vegas, the chairwoman of the Assembly's Ways and Means committee, which manages spending bills at the Legislature. "This is basically a scratch in restoration of all the cuts that have happened. This is a nice little baby step forward."

Overall, the governor has added \$77.7 million to the \$6.5 billion general fund budget he has proposed, including \$25 million for expanding English-language learner and full-day kindergarten programs.

The budget office is banking \$11.4 million, hedging against further adjustments to the budget.

"It's prudent not to spend every dime until we know what we're up against," Mohlenkamp said.

The final total dollar amount available won't be known until May 1, when a bipartisan panel of economists charged with making the state's official revenue forecasts, the Economic Forum, meets.

Some conservative-minded Republicans privately grumbled that all \$77.7 million should be used to help replace budget gimmicks and tax increase extensions that Sandoval is using in his proposed budget.

Sen. Debbie Smith, D-Reno, has called for more education spending from her perch at the head of the powerful Senate Finance Committee. She was pleased with Sandoval's amendment.

"He is funding our priorities," she said. "That said, we will have to wait until after the Economic Forum plays out."