

## **SECTION II**

### **GENERAL FUND PROJECTED FUND BALANCE**

Senate Bill 23 (1993) established an Economic Forum to forecast state General Fund revenues for use by all state agencies, the Governor and the Legislature. The Economic Forum must forecast revenues by December 1 of even-numbered years and revise the forecast by May 1 during the legislative session, if necessary. If either the Governor or the Legislature wants to appropriate more than what is available pursuant to the official forecast, a revenue enhancement proposal must be made. The Governor has not recommended any major revenue enhancements.

Once the official forecast of state revenues has been completed, an estimate of the unappropriated General Fund balance (surplus) can be made. On the following page is the General Fund balance as estimated by the Budget Division. This balance is estimated to be achieved after the Governor directed the reversion of current appropriations of \$62.5 million. These reversions include \$24.0 million from the Distributive School Account (DSA) and \$3.5 million from the NOMADS Project. The projected General Fund balance, before any legislative action, for June 30, 2001 is \$319.3 million. Under the proposed budget, the balance would go from \$168.3 million at June 30, 2000, to \$106.9 million at the end of the biennium on June 30, 2003.

#### **STABILIZATION FUND (NRS 353.288)**

In 1991, the Legislature created a "rainy day" fund to help stabilize the budget. The idea was to create a state trust fund which could be built up during good times and which could be accessed in a fiscal emergency. The concept of the trust fund is relatively simple. When the state General Fund surplus reaches a certain threshold at the end of a fiscal year, a portion of the excess is to be held in trust to help the state through financial emergencies. The conditions under which monies held in trust can be expended are tightly defined in law (NRS 353.288) and require concurrence of both the Legislature and the Governor.

In FY 1993-94, surplus General Funds exceeded the threshold and, pursuant to the law, the Controller transferred two-fifths (40 percent) of the excess to the rainy day fund. The actual transfer for FY 1993-94 was \$18.0 million. The remaining three-fifths (60 percent) of the excess remained in the general fund to meet supplemental and one-time appropriation needs as well as state capital improvement program requirements. At the 1995 Legislative Session, the Governor proposed, and the Legislature approved, an appropriation of \$81.9 million to bring the fund to \$100 million.

The 1995 Legislature indexed the maximum limit on the fund to 10 percent of annual General Fund appropriations. In FY 1995-96, \$23.4 million was triggered to the fund, and the Legislature approved an appropriation of \$5.5 million in FY 1996-97 to raise the fund to \$128.9 million. No additional funds were triggered to the fund at the end of FY 1997-98 or FY 1998-99 because state General Fund revenues were below projections and the threshold was not reached.

In FY 1999-2000, surplus General Funds triggered a transfer to the rainy day fund of \$7.5 million, which increases fund balance to \$136.3 million. The Executive Budget does not recommend an appropriation to the fund during the 2001-03 biennium.

**STATEMENT OF PROJECTED UNAPPROPRIATED  
GENERAL FUND BALANCE - FISCAL YEARS 2001-2003**

|   | <b>BUDGET DIVISION</b> |                           |
|---|------------------------|---------------------------|
| <b>Unappropriated Balance - July 1, 2000</b>  |                        | <b>\$168,280,733 (a.)</b> |
| Projected Revenues 2000-01 - Economic Forum Estimate of December 1, 2000                    | \$1,750,044,432        |                           |
| Projected Reversions 2000-01  | <u>\$62,500,000</u>    |                           |
| Total Funds Available   |                        | \$1,812,544,432           |
| Less Appropriations:  |                        |                           |
| 1999 Appropriations for FY 2000-01  | (\$1,639,014,901)      |                           |
| 2000-01 One-Shot Appropriations (1999 Legislature)  | (\$7,128,772)          |                           |
| FY 1999-2000 Appropriations Moved to FY 2000-01   | (\$5,305,679)          |                           |
| FY 2000-01 Appropriations Moved To FY 1999-2000   | <u>\$3,455,824</u>     |                           |
| Net Appropriations  |                        | (\$1,647,993,528)         |
| Adjustment to Fund Balance  |                        | (\$45,039)                |
| Transfer to Disaster Relief Fund (NRS 353.288/2735)   |                        | (\$2,000,000)             |
| Estimated Cost of the 2001 Legislative Session  |                        | <u>(\$11,500,000)</u>     |
| <b>Total Unappropriated Balance July 1, 2001 Before Rainy Day Adjustment</b>                |                        | <b>\$319,286,598</b>      |
| <b>Estimated Unappropriated General Fund Balance Before Legislative Action:</b>             |                        | <b>\$319,286,598</b>      |
| Estimated Revenue FY 2001-02  | \$1,832,474,518        |                           |
| Transfer to Disaster Relief Fund (NRS 353.288/2735)   | (\$2,000,000)          |                           |
| Estimated Reversions FY 2001-02   | <u>\$38,920,000</u>    |                           |
| Total Revenue and Reversions FY 2001-02   |                        | \$1,869,394,518           |
| Estimated Revenue FY 2002-03  | \$1,910,865,147        |                           |
| Transfer to Disaster Relief Fund (NRS 353.288/2735)   | (\$2,000,000)          |                           |
| Estimated Reversions FY 2002-03   | <u>\$81,370,000</u>    |                           |
| Total Revenue and Reversions FY 2002-03   |                        | <u>\$1,990,235,147</u>    |
| <b>Unappropriated Balance July 1, 2003 Before Legislative Action / Rainy Day Adjustment</b> |                        | <b>\$4,178,916,263</b>    |

| <b>Recommended General Fund Appropriations Before the 71st Nevada Legislature</b> |                          |
|---|--------------------------|
|   | <b>BUDGET DIVISION</b>   |
| 2000-01 Restore Fund Balances   | (\$14,900,000)           |
| 2000-01 Supplemental Appropriations   | (\$4,454,533)            |
| 2000-01 One-Shot Appropriations   | (\$173,985,878)          |
| 2000-01 Recommended Park Improvement Program                                      | (\$2,093,928)            |
| 2000-01 Recommended Capital Improvements  | (\$18,000,000)           |
| Estimated Cost of the 2003 Legislature  | <u>(\$11,700,000)</u>    |
| <b>Total 2000-01 Recommended Appropriations</b>                                   | <b>(\$225,134,339)</b>   |
| <b>Total 2001-02 Recommended Appropriations</b>                                   | <b>(\$1,869,121,338)</b> |
| <b>Total 2002-03 Recommended Appropriations</b>                                   | <b>(\$1,977,807,769)</b> |
| <b>Estimated Unappropriated Balance July 1, 2003 Before Rainy Day Adjustment</b>  | <b>\$106,852,817</b>     |

(a.)-Subject to reconciliation with the 1999-2000 Controller's Annual Report; does not include \$136,340,970 in the Stabilization Fund (NRS 353.288).