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ALL AGENCY MEMORANDUM #2010-26

June 7, 2010

TO: All Agencies

FROM: Andrew K. Clinger, Director
Department of Administration

SUBJECT: PRIORITIES OF GOVERNMENT AND ACTIVITY BUDGET

During the last three years the State of Nevada has faced a fiscal crisis possibly greater than any in our state history. In these difficult times we have maintained a balanced budget through many rounds of budget reductions, temporary tax increases, one-time fund transfers and increased federal funds. While these solutions have helped keep the state's budget balanced, many of them are temporary fixes. In addition, our long-term economic forecasts show that the last three years was not just a temporary down turn but a permanent economic correction. Given this we can no longer afford to create budgets by just taking last years actual expenditures, adjusting for one-time expenditures and adding for inflation and caseload growth. We must create a budget process that looks first at the outcomes citizens expect.

Some of the questions this new budget building approach needs to answer are: What is the proper role of state government? What services must we provide? What is the most efficient way to provide those services? And, what is the best way to pay for them? To assist in answering these questions the administration formed the Priorities of Government Working Group to review and prioritize all state services. To begin this process we must first create an inventory of all state services and the outcomes they produce.

To create this inventory of state services we have created the Activity Budget module in the Nevada Executive Budget System (NEBS). Agencies are required to record basic information such as the agency mission statement, summary of operations, and the list of activities which the agency engages in. For each activity agencies will also be required to provide additional details

on the population(s) served, the cost of the activity, how the activity is currently funded and outcome and output measures related to the activity. This information is required in addition to the regular NEBS line item budget and is due with the Agency Request Budget on September 1st. The Activity Budget information will be a NEBS only submission and does not require any additional printed materials in the agency budget submission.

The working group will then use this information to begin to answer the questions outlined above. The answers to these questions along with other criteria identified by the working group will help us begin to prioritize where to use our limited state resources and engage in activities that produce the most valuable outcomes for our citizens.

Included with this memo is a link to the tutorial that covers the process of determining agency activities, prioritizing the activities and entering the information in the new NEBS module as well as a link to the NEBS Activity Budget Module access form. You will not be able to use the new module or even view the new tab in NEBS without submitting the access form. In July we will also roll out a mapping function for the Activity Budget which will require mapping of agencies current line item budget to the newly established activities. Additional tutorial information will be available for this Activity Mapping at that time. Please meet with your assigned analysts from the Budget Division and LCB when developing your list of agency activities. We strongly recommend reaching agreement with your analyst on the activities as early as possible and before continuing to the next steps in the process. This is a new process and undoubtedly questions will arise as we proceed.

It is important to remember that the 2011-2013 funding targets outlined in All Agency Memorandum #2010-20 still apply. The Agency Request Budget you submit on September 1 must not exceed the targets detailed in the memo. When you have questions please contact your assigned analyst in the Budget Division.



Andrew K. Clinger, Director

[http://nevadabudget.org/wiki/Priorities of Government](http://nevadabudget.org/wiki/Priorities_of_Government)

[POG Access form](#)