



# STATE OF NEVADA INTERGOVERNMENTAL FINANCIAL DEPENDENCY REPORT

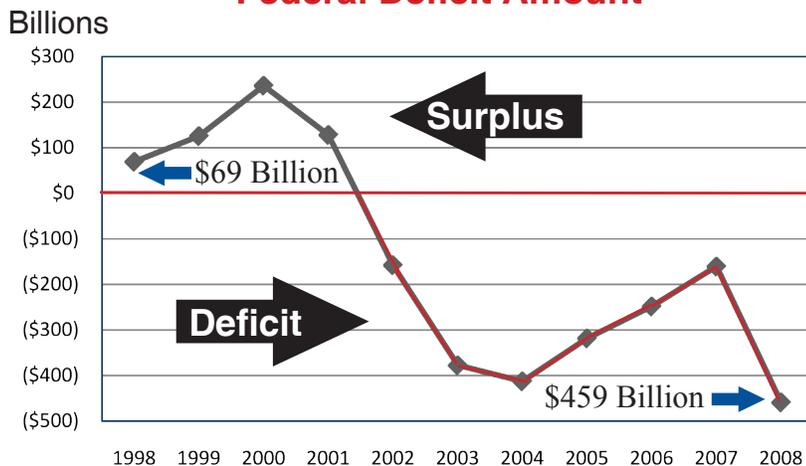
## WHAT IS THE INTERGOVERNMENTAL FINANCIAL DEPENDENCY REPORT?

This report is devoted to raising awareness of, and seeking solutions to the fiscal challenges posed by the rising national debt, the financial relationship between all levels of government and bringing people together to find sensible, long-term solutions that transcend age, party lines and ideological divides.

The state of government finances are getting worse with the passage of time. We should only expect the government to do what we are willing to pay for. The federal government has shown it can't control its spending, and it isn't doing a good job of raising revenues. The result has been persistent budget deficits, a rapidly ballooning national debt, and an increasing reliance on foreign lenders. Moreover, projections of current policy point to dramatic future increases in deficit and debt levels that threaten America's well-being across the board.

### NATIONAL STATISTICS YOU SHOULD KNOW FACTS AT A GLANCE

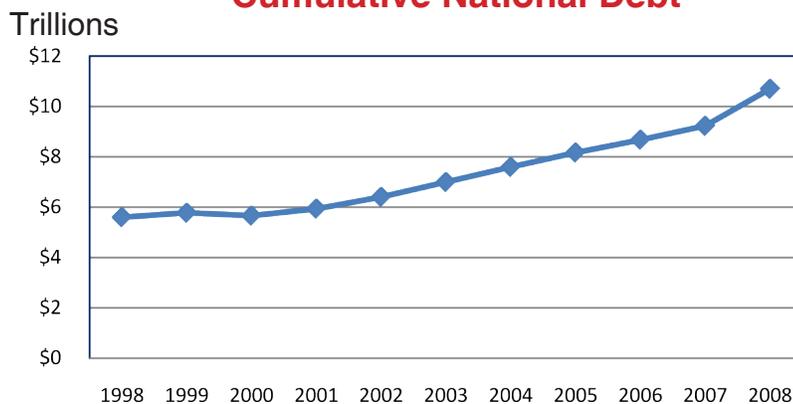
#### Federal Deficit Amount



\* Projected 2009 Deficit \$1.84 Trillion

Source: Congressional Budget Office

#### Cumulative National Debt



Source: Bureau of The Public Debt

#### THE FEDERAL DEFICIT A DEFINITION

The deficit is the difference between the amount of money the government spends and the amount it raises in revenues each year. If the government spends less than it collects in revenue, then it runs a surplus—the opposite of a deficit.

Over the last 40 years, the federal government's average annual spending has exceeded revenues, resulting in an average deficit of about 2.4 percent of Gross National Product (GDP). Given the federal government's stimulus and financial stabilization efforts during the recent financial crisis, deficits are projected to rise if additional revenues are not raised.

For more information about the federal financial condition and what you can do to help go to the Peter G. Peterson Foundation website at [www.pgpf.org](http://www.pgpf.org).



To see additional information, visit: [controller.nv.gov](http://controller.nv.gov)

# NEVADA'S DEPENDENCE ON FEDERAL DOLLARS

**With the looming federal fiscal crisis and the dependence on federal dollars, Nevada is at risk as well. The following reflects some of Nevada's dependence on federal funds:**

1. The State of Nevada received \$2.4 billion or 33% of all its revenues from the federal government.
2. Nevada distributed \$475 million in federal grants to local governments with 44% used for public welfare and 43% used for K-12 education.
3. Nevada's federal grants came from Health and Human Services 42%, Labor 20%, Agriculture 12.5%, Transportation 10%, and Education 10%.
4. In 2008 Nevada received \$100 million more from the federal government compared to 2007. We received \$41 million more in nutrition programs, \$150 million more in unemployment insurance, (\$78 million) less in transportation planning, (\$11 million) less in justice and homeland security, (\$6 million) less in wildlife, and \$4 million more from various other programs.
5. Nevada's federal grant dollars have increased 130% over the last ten years from 1998-2008.
6. The amount of the National Debt held by Nevada in investments is \$6.9 billion of the \$10.7 trillion total National Debt.
7. Individual Nevadans received \$8.75 billion in total benefits from the federal government. Social Security 51.1%, Medicare benefits 19.7%, federal retirement/disability/veterans benefits 16.6%, and miscellaneous payments 12.6%.
8. Nevada has 75 federally leased/owned buildings managed by the U.S. General Services Administration.
9. Nevada has 58 military bases and facilities. Two are considered major bases, and employ 15,333 military and civilian personnel.

Nevada Received \$2.4 Billion from the Federal Government



## Nevada and the American Recovery and Reinvestment Act (ARRA)

Nevada's economy is struggling and our families and businesses are paying the price. Our unemployment and foreclosure rates are among the country's worst. Congress passed and President Obama signed a historic \$787 billion economic recovery package. Nevada will receive \$1.5 billion in direct aid and Medicaid assistance, as well as millions more in competitive grants that are expected to create and save nearly 34,000 jobs in our state.



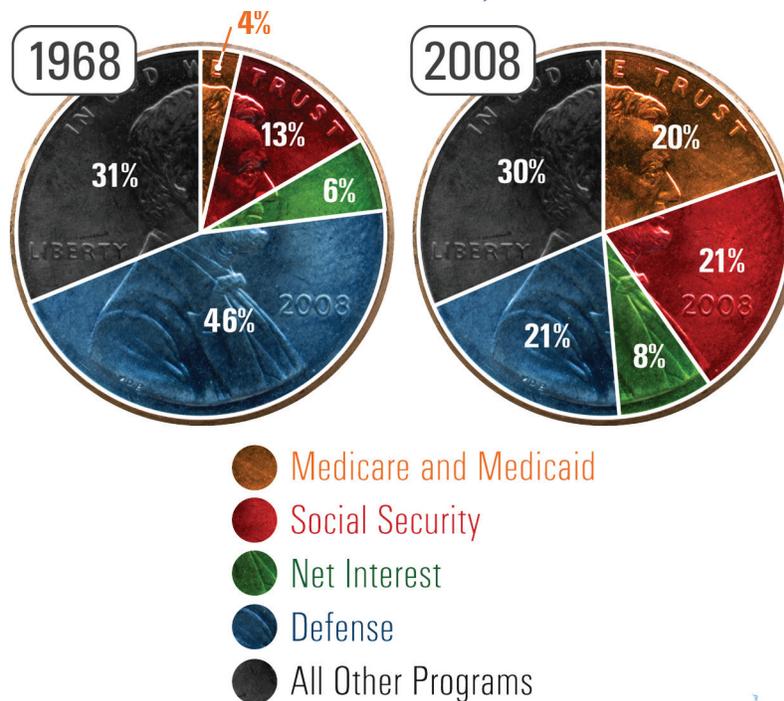
# NEXT STEPS - MOVING FORWARD

## WHAT CAN WE HAVE OUR GOVERNMENT DO?

1. Have budget controls that address spending as well as tax preferences.
2. Pass tax reform that is more streamlined, understandable, equitable, and competitive while also generating adequate revenues.
3. Remake the base of the government to focus on the future and generate real results.
4. Reform Social Security to make the program solvent, sustainable, secure and more savings-oriented.
5. Pursue health care reform that addresses coverage, cost, quality and personal responsibility.
6. Create processes to achieve the above objectives within a reasonable period of time.

## COMPOSITION OF FEDERAL SPENDING (% OF TOTAL SPENDING)

SOURCES: OMB, CBO



## WHAT CAN WE DO AS CITIZENS?

1. Register to vote.
2. Become informed about the key issues facing our country and society.
3. Demand politicians address these issues and disclose their proposed solutions.
4. Rethink our priorities, focusing on critical needs, programs and policies that create a better future. We should not ask government to do what we are not willing to pay for in taxes.
5. Build a consensus for change by sharing awareness of the fiscal challenge, the need for action and the cost for inaction.
6. Join with others and support groups that are working to address our fiscal challenges.



To see additional information, visit: [controller.nv.gov](http://controller.nv.gov)

# IMPROVING YOUR PERSONAL FISCAL HEALTH

## WHAT CAN YOU DO AS PARENTS?

Parents should teach children about planning, saving, budgeting, investing, and using credit. There is no right or wrong age to start talking to children about money. As soon as they become interested in money, start teaching them to handle it wisely. The following are four simple lessons that will give a solid foundation for a lifetime of sound financial decisions:

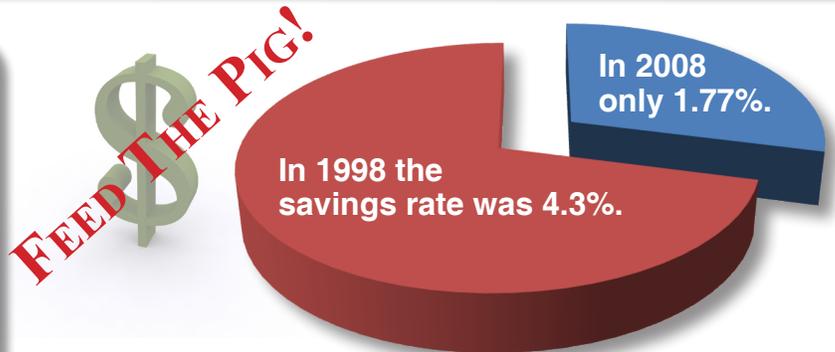
1. **Learning to Handle an Allowance.**
2. **Opening a Savings Account.**
3. **Setting Financial Goals.**
4. **Becoming a Smart Consumer.**

Saving for college should be an important part of a family financial plan. The State of Nevada offers parents investment tools and pre-paid tuition programs that will help in saving for their children's education. To find out more about Nevada's college saving programs go to <https://nevadatreasurer.gov/CollegeSavings.htm>

You can find more information about planning and saving for you and your family at [www.feedthepig.org](http://www.feedthepig.org) and [www.360financialliteracy.org/](http://www.360financialliteracy.org/)

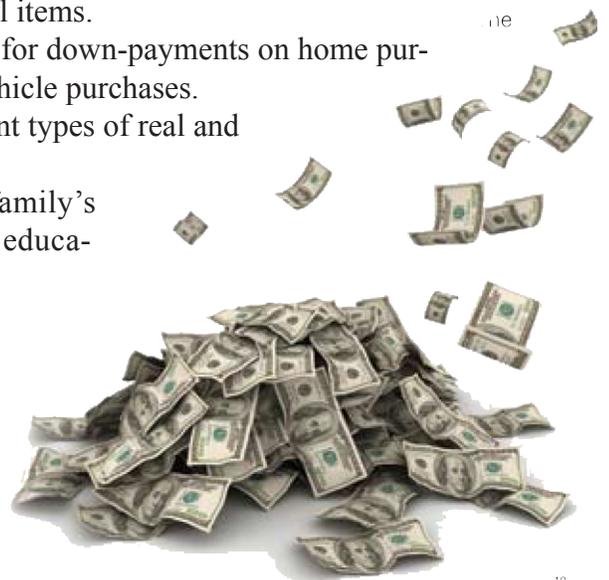
*We want to hear from you! Do you believe this report should include any other information?*

*Please contact: Kim Wallin, State Controller at (775) 684-5632*



## WHAT CAN WE DO AS INDIVIDUALS?

1. Establish a personal budget and stick to it.
2. Create a financial plan and ask the following questions:
  - What are my short- and long-term personal financial objectives?
  - What major milestones do I need to prepare for (e.g., education, family, retirement)?
  - When do I see myself retiring?
  - Have I considered that for each year I delay my retirement, I can substantially increase my retirement income for the rest of my life?
3. Be more responsible in decisions to spend and use credit.
  - Use credit cards only for real emergencies.
  - Do not use credit cards for vacations, toys, TV's, games, or other non-essential items.
  - Reduce or eliminate all credit card balances.
4. Open a savings account and save for wanted or needed items.
  - Plan and save for vacations.
  - Use savings to purchase toys, TV's, games, and other non-essential items.
  - Use savings for down-payments on home purchases or vehicle purchases.
5. Invest in different types of real and financial assets.
6. Invest in your family's knowledge and education.



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