

State of Nebraska

FY2011-12 and FY2012-13 Biennial Budget



**As Revised in the
2012 Legislative Session**

May 2012

Table of Contents

I. HIGHLIGHTS	1
A. General Fund Financial Status	1
B. Cash Reserve Fund	1
C. General Fund Budget Adjustments	2
D. General Fund Revenue Forecasts	2
E. TEEOSA School Aid	2
F. Child Welfare	3
G. Higher Education Construction Projects	3
H. Income Tax reduction	3
II. GENERAL FUND FINANCIAL STATUS	4
A. General Fund Financial Status	5
B. Chronology of the General Fund Financial Status	6
C. Cash Reserve Fund	10
D. Assumptions - Estimated Financial Status for the Following Biennium	12
III. GENERAL FUND REVENUES	16
A. Revenue Forecasts	14
B. Chronology of Revenue Forecasts	19
C. Historical General Fund Revenues	20
D. General Fund Transfers-Out	22
E. General Fund Transfers-In	22
F. Listing of 2012 Revenue Bills	23
IV. GENERAL FUND APPROPRIATIONS	26
A. Overview of FY12/FY13 Biennial Budget	27
1. Summary	27
2. Significant Budget Items	28
3. Breakdown by Major Area	29
B. Historical General Fund Appropriations	34
C. 2012 Session Budget Actions	35
1. Significant Increases and Reductions - 2012 Session	35
2. TEEOSA School Aid (Dept of Education)	36
3. Homestead Exemption (Dept of Revenue)	38
4. Reduced Federal Medicaid Match Rate (DHHS)	38
5. Child Care deficits (DHHS)	38
6. Child Welfare deficits (DHHS)	39
7. Child Welfare Legislation (DHHS)	40
8. Child Support Incentive, Federal Match (DHHS)	42
9. Revised Program Costs, DHHS programs (DHHS)	42
10. Partial Restoration, Medicaid Provider Rate Cut (DHHS)	42
11. Proposed Medicaid Program Changes (DHHS)	43
12. Increased Staffing, Office of Juvenile Services (DHHS)	43
13. Developmental Disability Waiting List (DHHS)	43
14. Governors Emergency Program (Military Dept.)	44
15. Veterinary Diagnostic Center (University of Nebraska, IANR)	44

V. APPROPRIATIONS - ALL FUNDS	45
A. Summary	46
B. Listing of 2012 Session Appropriations Bills	47
C. Major Cash, Federal, Nebraska Capital Construction Fund (NCCF) Items	48
1. Convention Center Support Fund	49
2. LB 1161 Oil pipelines evaluation of routes	49
3. LB 950 Transfer to Water Resources Cash Fund.....	49
4. LB 969 Health Care Cash Fund Transfers.....	49
5. Chadron State College - Armstrong Gymnasium	50
6. Peru State College - Oak Bowl.....	51
7. Nursing and School of Allied Health Professions - Kearney.....	51
8. UNMC Cancer Research Tower.....	51
9. Centennial Mall Improvements	51
10. LB 969 State Colleges Sport Facilities Cash Fund	52
Appendix A Listing-of 2012 Mid-Biennium Budget Adjustments (All Funds)	53
Appendix B General Fund Appropriations by Agency	62
Appendix C General Fund Appropriations by State Aid Program	66

HIGHLIGHTS

General Fund Financial Status

With the 2012 Session changes, the state would finish *this biennium (FY11 & FY12)* with a projected ending balance of \$220.6 million, or \$725,516 above the minimum 3% reserve for the FY11/FY12 biennium. In addition, the Cash Reserve Fund balance is projected at almost \$331 million at the end of the FY11/FY12 biennium. Revenue growth (adjusted for rate and base changes) for the two year period averages only 3.9%, less than the 30 year 5.0% average. Spending growth for the biennium averages 3.3% allowing for a positive \$20 million structural balance at the end of the biennium when comparing on-going revenues and on-going spending.

Based on current estimates, the financial condition for the *following biennium (FY14 & FY15)* is not as bright. The current financial status yields a projected balance that is \$620 million below the minimum reserve at the end of the next biennium. A \$20 million positive structural balance in FY2012-13 between revenues and spending turns into a \$254 million structural imbalance in FY13-14. This is the result of below average revenue growth (3.6%), higher spending growth (overall 9% led by a 20% estimated growth in TEEOSA school aid with expiration of some of the changes made in LB235 enacted last session), initial implementation of LB84 (2011) which diverts the equivalent of ¼% sales tax to highway funding (approximately \$70 million per year), and fully implemented impact of the 2013 income tax reduction enacted in LB970 (2012). This structural imbalance expands in FY14-15 as projected spending growth again exceeds below average revenue growth and the second phase of the LB970 income tax reduction becomes fully implemented.

A key to the financial status for the following biennium is the October 2012 meeting of the Nebraska Economic Forecast Advisory Board (NEFAB) when the initial NEFAB forecasts for FY14-15 and FY15-16 are made. Another key to the financial status for the following biennium is the status of TEEOSA school aid. However, any significant reduction in the projected amounts will likely have to come from statutory changes next session and cannot be incorporated into any projections at this time.

Cash Reserve Fund

The enacted budget changes include \$91 million of transfers from the Cash Reserve Fund (CRF). There is a \$1 million transfer to the Affordable Housing Trust Fund subsequent to the \$8.4 million national mortgage settlement funds credited to the CRF. The second transfer is \$80 million to the Nebraska Capital Construction Fund for five different construction projects. This includes \$79.2 million for higher education projects and \$800,000 for the Centennial Mall project in Lincoln. A description of these projects can be found starting on page 49. The third transfer is \$10 million in FY12-13 to finance \$10 million of additional special education reimbursements.

Even with the use of these funds, the unobligated ending balance for the Cash Reserve Fund is projected at \$331.2 million which is still \$32 million higher than was projected at the end of the 2011 legislative session.

General Fund Budget Adjustments

Adjustments enacted in the 2012 legislative session increase General Fund appropriations by \$57 million over the two year period. About 90% of this overall increase is in fifteen items shown below. A more complete listing of all General Fund items can be found in Table 8 on page 35 and a narrative description of these items starts on page 36.

Major General Fund Changes	FY2011-12	FY2012-13	2 Yr Total
Child Care subsidy deficit	12,000,000	12,000,000	24,000,000
Child welfare shortfall	1,500,000	17,017,346	18,517,346
Lower 2013 Fed Medicaid Match Rate	0	12,429,338	12,429,338
Special Education Aid	1,000,000	9,000,000	10,000,000
Partial restoration of provider rate cut - Medicaid	0	9,660,143	9,660,143
Governors Emergency program	8,900,000	0	8,900,000
University - IANR Veterinary Diagnostic Center (bond payment)	0	6,093,000	6,093,000
Developmental disability, waiting list aid (LB 901)	0	4,000,000	4,000,000
LB 820 Foster care demonstration project	0	3,043,791	3,043,791
State Claims	3,042,081	0	3,042,081
Child Support Incentive Federal Match Change	0	2,630,843	2,630,843
LB 825 DHHS local offices, access to public benefit programs	0	1,650,000	1,650,000
TEEOSA state aid, adjust to NDE current law estimates	0	(27,574,876)	(27,574,876)
Homestead Exemption	(4,200,000)	(5,200,000)	(9,400,000)
Revised program cost estimates, DHHS programs	(7,250,000)	(7,950,000)	(15,200,000)
All Other	825,751	5,005,949	5,831,700
Total Change in GF Appropriations	15,817,832	41,592,576	57,410,408

General Fund Revenue Forecasts

Revenue estimates for FY2011-12 and FY2012-13 are the February 2012 forecasts from the Nebraska Economic Forecast Advisory Board (NEFAB). These forecasts yield a projected adjusted revenue growth of 4.1% in FY11-12 and 3.8% in FY12-13, an average growth of 3.9%, below the 5% historical average.

For the following biennium or what's commonly referred to as the "out years", the preliminary estimates for FY2013-14 and FY2014-15 are prepared by the Legislative Fiscal Office (LFO) using the "capped" historical average methodology. This "smoothing" technique derives a revenue growth for the "out years" by calculating the level of revenues that would yield a five year average growth (FY10 to FY15) roughly equal to the historical average from FY81 to FY11 (5.0%). Under this method, revenue growth for the two years would average 3.6%. Even with the low growth in the NEFAB forecasts, these out year growth numbers are low due to the 9.4% growth experienced in FY2010-11. The projected numbers for FY2013-14 and FY2014-15 also reflect initial implementation of LB84 (2011) which diverts the equivalent of ¼% sales tax to highway funding (approximately \$70 million per year).

TEEOSA School Aid

The revised budget includes TEEOSA aid funding at a total of \$852.1 million for FY2012-13. This was based on the current TEEOSA law and reflected the state aid calculated and presented by the Department of Education (NDE) in February 2012. This \$852.1 million aid level is \$27.3 million less than the \$879.4 million estimated at the end of the 2011 legislative session and funded in the originally enacted FY2012-13 budget.

In the following biennium, half of the projected overall budget increase is TEEOSA school aid as projected under the current law. General Funds for TEEOSA school aid are projected to increase by 20.8% in FY14 and 8.7% in FY15. About 70% of the projected increase in TEEOSA can be attributed to the expiration of certain provisions of LB235 passed in the 2011 Session which lowered the aid amounts for the current biennium (FY11-12 and FY12-13).

Child Welfare

The revised budget includes a substantial amount of additional funds related to the child welfare system. This includes General Funds of \$20.1 million in FY2011-12 and \$17 million in FY2012-13 to cover shortfalls in the child welfare system and additional staff to lower caseloads. The first year amount is financed with reallocation of unused funds in other budget program and results in no net increase in General Fund appropriations. The \$17 million amount in FY2012-13 however is a new General Fund appropriation. A more detailed description of this deficit can be found starting on page 39. In addition to these funds in the mainline budget bills there were five other bills which made a variety of changes in the child welfare system resulting in increased General Funds of \$3.9 million in FY12-13.

Higher Education Construction Projects

As noted under the Cash Reserve Fund section, the budget included \$79.2 million of transfers from the Cash Reserve Fund to the Nebraska Capital Construction Fund (NCCF) to finance four different University and State College construction projects. In addition, the budget revisions included an annual General Fund appropriation of \$6.1 million per year for ten years for the design and construction of a facility to replace the existing Veterinary Diagnostic Center at the University of Nebraska Institute of Agriculture and Natural Resources School of Veterinary Medicine and Biomedical Sciences.

State Colleges - Chadron Armstrong Gym	6,700,000	NCCF
State Colleges - Peru Oak Bowl improvements	7,500,000	NCCF
University of Nebraska - UNK Allied Health	15,000,000	NCCF
University of Nebraska - UNMC Cancer Research tower	50,000,000	NCCF
University of Nebraska - IANR Veterinarian Diagnostic Center	6,093,000	General

Income Tax Reduction

LB 970 provides for a modest reduction in individual income taxes. Starting in tax year 2013 (January 1, 2013) the bill reduces the individual income tax rates for the three lowest tax brackets with no change in the top bracket. Then starting in tax year 2014 the maximum level of each bracket is increased. The bill also eliminates the use of a base rate and factors from which the tax rate by bracket was derived and replaces it with a statutory tax rate by bracket. The impact on any individual taxpayer varies significantly based on their taxable income and filing status. As an example, a single individual with \$20,000 taxable income would see a 3.8% reduction; a married couple filing jointly with a \$200,000 taxable income would see about a 1% reduction.

General Fund Financial Status

General Fund Financial Status

(End of the 2012 Legislative Session)

	Actual	Biennial Budget		Following Biennium		
	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15	
<u>BEGINNING BALANCE</u>						
1						
2	Beginning Cash Balance	296,986,417	502,306,328	180,281,243	221,322,094	(38,108,311)
3	Cash Reserve transfers-automatic	0	(145,155,092)	(51,901,000)	0	0
4	Carryover obligations from FY11 (net)	0	(230,644,959)	0	0	0
5	Lapse FY11 reappropriations	0	1,924,727	0	0	0
6	Allocation for potential deficits	0	0	(5,000,000)	(5,000,000)	(5,000,000)
7	Unobligated Beginning Balance	296,986,417	128,431,004	123,380,243	216,322,094	(43,108,311)
<u>REVENUES</u>						
8						
9	Net Receipts (Feb 2012 NEFAB+Hist Avg)	3,493,743,977	3,643,000,000	3,780,000,000	3,870,000,000	4,020,000,000
10	General Fund transfers-out	(120,725,000)	(144,600,000)	(113,300,000)	(118,800,000)	(118,800,000)
11	General Fund transfers-in	in forecast	in forecast	in forecast	0	0
12	Cash Reserve transfers (current law)	154,000,000	37,000,000	68,000,000	0	0
13	2012 Cash Reserve transfers (new)	0	0	10,000,000	0	0
14	2012 General Fund transfers-out	0	2,800,000	0	0	0
15	2012 Revenue Bills	0	0	(14,334,394)	(45,660,346)	(80,159,891)
16	General Fund Net Revenues	3,527,018,977	3,538,200,000	3,730,365,606	3,705,539,654	3,821,040,109
<u>APPROPRIATIONS</u>						
17						
18	Appropriations (current law)	3,321,699,066	3,470,531,929	3,590,831,179	3,590,831,179	3,590,831,179
19	Projected budget increases, follow ing biennium	0	0	0	221,049,997	388,791,317
20	2012 Mainline Mid-Biennium Budget Adjustments	0	12,772,751	34,031,641	141,025,068	185,231,359
21	2012 State Claims	0	3,042,081	0	0	0
22	2012 "A" Bills	0	3,000	7,560,935	7,063,815	7,158,405
23	General Fund Appropriations	3,321,699,066	3,486,349,761	3,632,423,755	3,959,970,059	4,172,012,260
<u>ENDING BALANCE</u>						
24						
25	Dollar ending balance (Financial Status as show n)	502,306,328	180,281,243	221,322,094	(38,108,311)	(394,080,461)
26	Dollar ending balance (at Minimum Reserve)			220,596,578		225,667,044
27	Excess (shortfall) from Minimum Reserve			725,516		(619,747,506)
28	Biennial Reserve (%)			3.0%		-4.8%
<u>General Fund Appropriations</u>						
29	Annual % Change - Appropriations (w/o deficits)	2.4%	1.9%	4.7%	9.0%	5.4%
30	Two Year Average	-1.1%	--	3.3%	--	7.2%
<u>General Fund Revenues</u>						
31	Est. Revenue Growth (rate/base adjusted)	9.4%	4.1%	3.8%	3.6%	3.6%
32	Two Year Average	2.3%	--	3.9%	--	3.6%
CASH RESERVE FUND						
		FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
	Beginning Balance	467,201,626	313,201,626	434,058,718	331,208,718	331,208,718
	Excess of certified forecasts (line 3 in Status)	0	145,155,092	51,901,000	0	0
	To/from Gen Fund per current law	(154,000,000)	(37,000,000)	(68,000,000)	0	0
	To/From Water Contingency Cash Fund	0	4,302,000	4,249,000	0	0
	2012 National mortgage settlement (estimated)	0	8,400,000	0	0	0
	2012 To Affordable Housing Trust fund	0	0	(1,000,000)	0	0
	2012 To Nebr Capital Construction Fund (NCCF)	0	0	(80,000,000)	0	0
	2012 To General Fund	0	0	(10,000,000)	0	0
	Projected Unobligated Ending Balance	313,201,626	434,058,718	331,208,718	331,208,718	331,208,718

Chronology of the Financial Status

SINE DIE 2011 SESSION

At the end of the 2011 legislative session, the originally enacted FY12/FY13 biennial budget yielded an unobligated ending balance that was \$3.2 million above the minimum 3% reserve. The projected variance from the minimum reserve for the following biennium, FY14/FY15 biennium was projected at a negative \$245.2 million.

At the start of the 2011 legislative session a projected financial status showed a budget that was \$986 million below the required minimum reserve. From that point, a balanced budget was achieved with a combination of higher revenue forecasts (\$278 million), cash fund transfers (\$68 million), Cash Reserve Fund transfers (\$22 million), lapse of prior year carryover appropriations (\$36 million), lower than projected increases in the budget including TEEOSA school aid (\$513 million), and outright cuts in operations and state aid programs (\$153 million). Subsequent to these savings were two items that utilized additional funds, a decline in the federal FY2012 Medicaid match rate costing \$62 million over the two years and a one-time \$25 million allocation of funds for the University Innovation Campus. (shown under General Fund transfers out). Cuts in agency operations were specific items and ranged from under .5% to roughly 10% by agency and resulted in an overall cut of approximately 2.7% of current General Fund appropriations for operations excluding constitutional officers salaries.

Impact on Variance from Min Reserve (Millions of Dollars)	FY11	FY12	FY13	Total
Revised Revenue Forecasts (net) - Feb 2011	(9.5)	24.0	30.0	44.5
Revised Revenue Forecasts - April 2011	82.5	91.0	60.0	233.5
Cash Fund lapses	0.0	34.6	33.4	67.9
Cash Reserve Fund transfers	0.0	(45.5)	68.0	22.5
Lapse reappropriations	36.3	0.0	0.0	36.3
Revenue Bills enacted - 2011	0.0	2.7	4.8	7.5
General Fund transfers-out (Other items)	0.0	1.7	5.5	7.2
General Fund transfers-out (Innovation Campus)	0.0	(25.0)	0.0	(25.0)
Reserve Change	0.0	0.0	(11.3)	(11.3)
Subtotal - Revenue	109.3	83.4	190.4	383.1
TEEOSA aid, LB235 vs current law	0.0	165.2	198.9	364.1
Negate need for additional funds, retirement plans	0.0	24.6	56.4	81.0
Employee health insurance, fund no increased costs	0.0	13.9	29.1	43.0
Depreciation assessments, repealed	0.0	6.1	6.3	12.4
Homestead Exemption (revised est)	0.0	4.0	8.8	12.8
High Ability Learner, Early Childhood, Ed Innovation	0.0	5.5	6.1	11.6
Operations reductions	0.0	32.7	35.0	67.7
HHS Provider rates, 0% and 2.5% cut	0.0	14.7	14.7	29.3
Eliminate Aid to Cities, Counties, NRD's, ESU's	0.0	22.1	22.1	44.1
Medicaid (program cuts)	0.0	4.0	4.1	8.1
Public Assistance (program cuts)	0.0	1.9	1.9	3.9
Federal match rate change (FMAP), federal FY2012	0.0	(26.3)	(35.4)	(61.7)
Spending Bills enacted - 2011	0.0	(6.6)	(6.5)	(13.1)
Water Litigation Funding	0.0	(2.0)	0.0	(2.0)
Deficits and State Claims	(2.1)	0.0	0.0	(2.1)
All Other appropriations (net)	0.0	.8	6.5	7.3
Subtotal - Appropriations	(2.1)	260.8	348.1	606.8
Total	107.1	344.1	538.3	989.6

2011 INTERIM

The General Fund financial status for the FY12/FY13 biennium improved from \$3.2 million above the minimum reserve to \$62.5 million during the 2011 interim.

Actual receipts for FY2010-11 were \$62.7 million above the forecast used at Sine Die of the 2011 Session. The amount of the minimum reserve increases by \$6.7 million due to a technical change in the calculation of the reserve attributed to assuming 100% expenditure of funds in FY11 at Sine Die versus less than 100% expenditure with FY11 actual data but offsetting carryover of unexpended appropriations at the start of the next year. Lastly, the \$5.9 million of accounting adjustments include several transfers to other funds not previously accounted for under "transfers-out". These are transfers out that are authorized in statute but not in specific amounts or occur on a deficit basis like the Omaha Convention Center support and tax amnesty allocation to the Dept of Revenue. There is estimated for lapses of FY11 unexpended funds as unexpended funds for operations were reappropriated and large amount of estimated unexpended aid funds were already specifically lapsed in the 2011 Session.

<u>Impact on Variance from Min Reserve (Millions of Dollars)</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>Total</u>
FY11 Actual vs Est General Fund Net Receipts	62.7	0.0	0.0	62.7
FY11 Actual vs Est CRF transfers-automatic	0.0	(62.7)	0.0	(62.7)
FY11 Actual vs Est Accounting adjustment	(5.9)	0.0	0.0	(5.9)
Assumed lapse, FY11 unexpended	0.0	0.0	0.0	0.0
Change in Minimum Reserve	0.0	0.0	(6.7)	(6.7)
Total Change - FY10-11 Actual Data	56.7	(62.7)	(6.7)	(12.6)

In October 2011, the FY11-12 and FY12-13 forecasts were revised by the Nebraska Economic Forecast Advisory Board (NEFAB). At that meeting, revenue forecasts were increased by a total of \$113.3 million; \$51.9 million in FY11-12 and \$61.4 million in FY12-13. Further, the unobligated beginning balance for the biennium increased by \$1.9 million with the final certification of FY09 reappropriations and encumbrances. By law, revenues above certified forecasts are to be transferred to the Cash Reserve Fund therefore the \$51.9 million increase in the FY11-12 forecast is then shown as transfers to the Cash Reserve Fund.

<u>Impact on Variance from Min Reserve (Millions of Dollars)</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>Total</u>
Revenue Forecasts (revised Oct 2011)	0.0	51.9	61.4	113.3
"Above certified" FY12 forecast to CRF	0.0	0.0	(51.9)	(51.9)
Change in Minimum Reserve	0.0	0.0	(1.8)	(1.8)
Total Change -Oct 2011 Forecast Revisions	0.0	51.9	7.7	59.6

Subsequent to the October revenue forecast revisions, there were several other instances where the financial status changed. Actual lapse of unexpended reappropriations were calculated and amounted to \$4.6 million. The \$5 million allocation for deficits was removed and agency requests for midbiennium budget adjustments were substituted. These requests totaled \$48.1 million over the two year period and included \$18 million for higher child care costs, \$12.4 million for a lower federal Medicaid match rate, and \$12.3 million for the Governors emergency program. In October the estimate for TEEOSA school aid was lowered by \$50.7 million but subsequently revised upward by \$15.5 million in December with the availability of new information. Other revisions to the requested midbiennium budget

adjustments include \$23.3 million for defined benefit retirement programs. One other change was the costs of a special session as well as \$2 million for an environmental study related to the Keystone Pipeline.

<u>Impact on Variance from Min Reserve (Millions of Dollars)</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>Total</u>
Lapse of FY10-11 appropriations	0.0	4.6	0.0	4.6
Exclude allocation for deficits	0.0	5.0	0.0	5.0
Midbiennium Requests - Child care deficit	0.0	(9.0)	(9.0)	(18.0)
Midbiennium Requests - Reduced 2012 Medicaid FMAP	0.0	2.0	(12.4)	(12.4)
Midbiennium Requests -Lower Homestead exemption	0.0	4.2	5.2	9.4
Midbiennium Requests -Governors Emergency program	0.0	(8.9)	0.0	(8.9)
Midbiennium Requests - Retirement required contribution	0.0	0.0	(23.3)	(23.3)
Midbiennium Requests - all other	0.0	(.9)	(4.4)	(5.3)
TEEOSA School Aid revisions (October 2011 joint meeting)	0.0	0.0	50.7	50.7
TEEOSA School Aid revisions (Dec 2011 AFR)	0.0	0.0	(15.5)	(15.5)
Special session costs and environmental study	0.0	0.0	(2.1)	(2.1)
Total Change - Other Interim Changes	0.0	(4.9)	(10.9)	(15.9)

2012 SESSION

During the 2012 session the most significant changes in the financial status related to deficits in child welfare funding (not previously requested) and enactment of a significant amount of revenue reduction bills including LB970 which reduced income tax rates over a three year period. The Nebraska Economic Forecasting Board met in February 2012 but did not alter the forecasts they had previously made in October 2011.

<u>Impact on Variance from Min Reserve (Millions of Dollars)</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>Total</u>
Revenue Forecasts (no change, Feb 2012)	0.0	0.0	0.0	0.0
Committee Prelim vs Request (as revised)	0.0	2.7	3.3	6.1
Retirement - actuarially required contribution, don't fund	0.0	0.0	23.3	23.3
State Claims (approved claims, original LB 1072)	0.0	(0.5)	0.0	(0.5)
TEEOSA state aid, adjust to certified	0.0	0.0	(7.6)	(7.6)
Child welfare shortfall	0.0	0.0	(17.0)	(17.0)
Partial restoration of provider rate cut - Medicaid	0.0	0.0	(9.7)	(9.7)
IANR Veterinary Diagnostic Center (bond payment)	0.0	0.0	(6.1)	(6.1)
Developmental disability, waiting list aid (LB 901)	0.0	0.0	(4.0)	(4.0)
All Other appropriation changes	0.0	(0.4)	(0.7)	(1.1)
Reduce Medicaid, remaining estimated surplus	0.0	2.0	2.0	4.0
Excess community corrections council reappropriation	0.0	0.4	0.0	0.4
Additional special education funds	0.0	(1.0)	(9.0)	(10.0)
TEEOSA, reorg incentives from lottery funds	0.0	0.0	0.2	0.2
Reduce transfer to EPIC fund	0.0	2.8	0.0	2.8
Transfer from CRF to General Fund	0.0	0.0	10.0	10.0
Boys & Girls Home subcontractor state claims	0.0	(2.5)	0.0	(2.5)
Veto Boys & Girls Home subcontractor state claims	0.0	2.5	0.0	2.5
Override Boys & Girls Home subcontractor state claims	0.0	(2.5)	0.0	(2.5)
Revenue bills enacted	0.0	0.0	(14.3)	(14.3)
A Bills enacted (net of vetoes/overrides)	0.0	(0.0)	(7.6)	(7.6)
Total Change - 2012 Session Changes	0.0	3.5	(37.1)	(33.6)

Table 1 Chronology of the Financial Status

Negative numbers are items that use available funds; increased expenditures and transfers-out or reduced revenues and transfers-in. Positive numbers are items that increase available funds; reduced expenditures and transfers-out or increased revenues and transfers-in

Millions of Dollars	Current Biennium			Following Biennium		
	FY12	FY13	3 Yr Total	FY14	FY15	5 Yr Total
<i>Sine Die 2011 Session (May 26, 2011)</i>			3.2			(245.2)
FY11 Actual vs Est General Fund Net Receipts	0.0	0.0	62.7	0.0	0.0	62.7
FY11 Actual vs Est CRF transfers-automatic	(62.7)	0.0	(62.7)	0.0	0.0	(62.7)
FY11 Actual vs Est Accounting adjustment	0.0	0.0	(5.9)	0.0	0.0	(5.9)
Change in Minimum Reserve	0.0	(6.7)	(6.7)	0.0	6.9	0.2
<i>July 2011 Tax Rate Review Committee</i>			(9.4)			(251.0)
Revenue Forecasts (revised Oct 2011)	51.9	61.4	113.3	31.3	0.0	144.6
"Above certified" FY12 forecast to CRF	0.0	(51.9)	(51.9)	0.0	0.0	(51.9)
Lapse of FY10-11 appropriations	4.6	0.0	4.6	0.0	0.0	4.6
Exclude allocation for deficits	5.0	0.0	5.0	0.0	0.0	5.0
2012 Mid-biennium Budget Requests	(22.2)	(25.9)	(48.1)	(25.9)	(25.9)	(99.9)
TEEOSA School Aid (October 2011 estimate)	0.0	50.7	50.7	(48.6)	(97.3)	(95.1)
Change in Minimum Reserve	0.0	(1.8)	(1.8)	0.0	(1.1)	(3.1)
<i>Nov 2011 Tax Rate Review Committee</i>			62.5			(346.7)
Special session costs and environmental study	0.0	(2.1)	(2.1)	0.0	0.0	(2.1)
Revised requests; homestead, Gov Emerg program	7.6	5.2	12.8	5.2	5.2	23.2
Retirement - actuarially required contribution	0.0	(23.3)	(23.3)	0.0	0.0	(23.3)
TEEOSA School Aid revisions (Dec 2011 AFR)	0.0	(15.5)	(15.5)	(31.6)	(34.6)	(81.7)
Change in Minimum Reserve	0.0	0.0	0.0	0.0	0.7	0.7
<i>Start of 2012 Session</i>			34.3			(429.9)
Committee Prelim vs Request (as revised)	2.7	3.3	6.1	3.3	3.3	12.8
Actuarially required contribution, not necessary	0.0	23.3	23.3	0.0	0.0	23.3
Revise out year retirement est, Buck 2011 report	0.0	0.0	0.0	34.7	17.2	51.9
State Claims (approved claims, original LB 1072)	(0.5)	0.0	(0.5)	0.0	0.0	(0.5)
Change in Minimum Reserve	0.0	0.0	0.0	0.0	(0.8)	(0.8)
<i>Committee Preliminary Budget</i>			63.2			(343.2)
Revenue Forecasts (no NEFAB change, Feb 2012)	0.0	0.0	0.0	0.0	0.0	0.0
TEEOSA school aid revisions, to NDE Feb estimate	0.0	(7.6)	(7.6)	0.8	0.6	(6.2)
Child welfare shortfall (net of lapse)	0.0	(17.0)	(17.0)	(17.0)	(17.0)	(51.1)
Partial restoration of provider rate cut - Medicaid	0.0	(9.7)	(9.7)	(9.7)	(9.7)	(29.0)
IANR Veterinary Diagnostic Center (bond payment)	0.0	(6.1)	(6.1)	(6.1)	(6.1)	(18.3)
Developmental disability, waiting list aid (LB 901)	0.0	(4.0)	(4.0)	(4.0)	(4.0)	(12.0)
All Other appropriation changes	(0.4)	(0.7)	(1.1)	(0.6)	(0.6)	(2.3)
Change in Minimum Reserve	0.0	0.0	0.0	0.0	1.3	1.3
<i>Committee Budget to the Floor</i>			17.6			(460.6)
Reduce Medicaid, remaining estimated surplus	2.0	2.0	4.0	2.0	2.0	8.0
Excess community corrections council reappropriation	0.4	0.0	0.4	0.0	0.0	0.4
Additional special education funds	(1.0)	(9.0)	(10.0)	(9.0)	(1.2)	(20.2)
TEEOSA, reorg incentives from lottery funds	0.0	0.2	0.2	0.0	0.0	0.2
Reduce transfer to EPIC fund	2.8	0.0	2.8	0.0	0.0	2.8
Transfer from CRF to General Fund	0.0	10.0	10.0	0.0	0.0	10.0
Boys & Girls Home subcontractor state claims	(2.5)	0.0	(2.5)	0.0	0.0	(2.5)
Veto Boys & Girls Home subcontractor state claims	2.5	0.0	2.5	0.0	0.0	2.5
Override Boys & Girls Home subcontractor state claims	(2.5)	0.0	(2.5)	0.0	0.0	(2.5)
Revenue bills enacted	0.0	(14.3)	(14.3)	(45.7)	(80.2)	(140.2)
A Bills enacted (net of vetoes/overrides)	(0.0)	(7.6)	(7.6)	(7.1)	(7.2)	(21.8)
Change in Minimum Reserve	0.0	0.0	0.0	0.0	4.1	4.2
<i>Sine Die 2012 Session (April 18, 2012)</i>			0.7			(619.8)

Cash Reserve Fund

The Cash Reserve Fund unobligated balance at the end of this biennium is projected at \$413.8 million. This is based on all existing statutory transfers and assumes repayment of \$8.5 million transferred to the Water Contingency Fund in FY2007-08 (repayment in two installments shown in both FY12 and FY13).

Table 2 Cash Reserve Fund

	Actual FY2010-11	Estimated FY2011-12	Estimated FY2012-13	Estimated FY2013-14	Estimated FY2014-15
Beginning Balance	467,201,626	313,201,626	434,081,246	331,231,246	331,231,246
Excess of certified forecasts (line 3 in Status)	0	145,155,092	51,901,000	0	0
To/from Gen Fund, per current law	(154,000,000)	(37,000,000)	(68,000,000)	0	0
To/From Water Contingency Cash Fund	0	4,302,000	4,249,000	0	0
National mortgage settlement (estimated)	0	8,422,528	0	0	0
LB 131 To Affordable Housing Trust fund	0	0	(1,000,000)	0	0
LB 131 To Nebr Capital Construction Fund	0	0	(80,000,000)	0	0
LB 131 To General Fund	0	0	(10,000,000)	0	0
Ending Balance	313,201,626	434,081,246	331,231,246	331,231,246	331,231,246

EXCESS OF CERTIFIED FORECASTS

Shown on line 3 of the Financial Status, revenues in excess of "certified" forecasts are required by statute to be transferred from the General Fund to the Cash Reserve Fund. These would take place in July of the fiscal year following completion of that year. The \$145,155,092 transfer in FY12 reflects the amount the FY2010-11 actual receipts were above certified. The \$51.9 million in FY13 reflects the amount that the NEFAB forecast in October 2011 for FY11-12 exceeds the July certified level and is just an estimate not an actual amount.

TRANSFERS-TO & FROM GENERAL FUND - PRIOR LAW

Unlike the automatic transfers that occur after the close of the fiscal year and are statutorily required, other transfers can take place as specifically enacted by the Legislature. Transfers in FY2010-11 under existing law include LB 456-2009 (\$151,000,000) and LB317-2010 (3,000,000). The budget enacted in the 2011 Session utilized \$105 million of Cash Reserve Fund transfers to the General fund to assist in balancing the budget, \$37 million in FY11-12 and \$68 million in FY12-13.

TRANSFERS TO & FROM OTHER FUNDS - PRIOR LAW

In the 2008 session, LB1094 provided for a \$9 million transfer to the Water Contingency Cash Fund for the purpose of paying water right holders who agreed to lease and forgo water use to assist in the management, protection and conservation of the water resources of river basins, but remain unpaid due to litigation. Repayment by the NRD receiving said funds is required once the litigation is resolved no later than FY2012-13. The actual amount used was \$8.5 million and is being repaid over two years, \$4.3 million in FY12 and \$4.2 million in FY13.

NATIONAL MORTGAGE SETTLEMENT

In February 2012 state attorneys general from 49 states and the federal government reached agreement on a joint state-federal settlement with the country's five largest loan servicers, Ally/GMAC, Bank of America, Citi, JPMorgan Chase, and Wells Fargo. The agreement settles state and federal investigations into loan servicer law violations. Nebraska's share of the settlement is \$8.4 million and is scheduled to be credited to the Cash Reserve Fund.

2012 SESSION TRANSFERS

A total of \$91 million of Cash Reserve Fund monies were used in the 2012 legislative session. The first is a \$1 million transfer to the Affordable Housing Trust Fund which followed from notice of an amount to be credited from the National Mortgage Settlement. The second is an \$80 million transfer to the Nebraska Capital Construction Fund (NCCF) for five different capital construction projects as shown below. A description of these projects can be found starting on page 50. The last transfer was \$10 million to the General Fund to support increased funding for Special Education reimbursement.

State Colleges - Chadron Armstrong Gym	\$6,700,000
State Colleges - Peru Oak Bowl improvements	7,500,000
University of Nebraska - UNK Allied Health	15,000,000
University of Nebraska - UNMC Cancer Research tower	50,000,000
DAS - Centennial Mall project	800,000
	<hr/>
Transfers to NCCF	80,000,000
Transfer to Affordable Housing Trust Fund	1,000,000
Transfer to General Fund	10,000,000
	<hr/>
Total Transfers from the CRF	91,000,000

Table 3 Cash Reserve Fund - Historical Balances

Fiscal Yr	Beginning Balance	Deposit and Interest	Legislative Transfers	Cash Flow	Automatic Transfers	Ending Balance
FY1992-93	26,937,043	0	(9,500,000)	0	0	17,437,043
FY1993-94	17,437,043	0	7,250,000	0	3,063,462	27,750,505
FY1994-95	27,750,505	0	1,250,000	0	(8,518,701)	20,481,804
FY1995-96	20,481,804	0	18,189,565	0	(20,481,804)	18,189,565
FY1996-97	18,189,565	0	3,032,333	0	19,740,786	40,962,684
FY1997-98	40,962,684	0	0	0	91,621,018	132,583,702
FY1998-99	132,583,702	0	(98,500,000)	0	111,616,422	145,700,124
FY1999-00	145,700,124	0	(24,500,000)	0	20,959,305	142,159,429
FY2000-01	142,159,429	0	(49,500,000)	0	77,576,670	170,236,099
FY2001-02	170,236,099	0	(60,170,000)	0	0	110,066,099
FY2002-03	110,066,099	66,476,446	(87,400,000)	(30,000,000)	0	59,142,545
FY2003-04	59,142,545	59,463,461	(61,577,669)	30,000,000	0	87,028,337
FY2004-05	87,028,337	8,170,556	(26,758,180)	0	108,727,007	177,167,720
FY2005-06	177,167,720	0	(165,266,227)	0	261,715,297	273,616,790
FY2006-07	273,616,790	0	(17,458,523)	0	259,929,524	516,087,791
FY2007-08	516,087,791	0	(161,978,767)	0	191,436,773	545,545,797
FY2008-09	545,545,797	0	(84,330,505)	0	116,976,571	578,191,863
FY2009-10	578,191,863	0	(110,990,237)	0	0	467,201,626
FY2010-11	467,201,626	0	(154,000,000)	0	0	313,201,626
FY2011-12 est	313,201,626	8,422,528	(32,698,000)	0	145,155,092	434,081,246
FY2012-13 est	434,058,718	0	(154,751,000)	0	51,901,000	331,231,246

Assumptions- Following Biennium

Revenues

The NEFAB does not make official forecasts for the following biennium or what's commonly referred to as the "out years". The revenue estimates used for the following biennium (FY13-14 and FY14-15) in the current financial status are prepared by the Legislative Fiscal Office (LFO) using the "capped" historical average methodology. This "smoothing" technique derives a revenue growth for the "out years" by calculating the level of revenues that would yield a five year average growth (FY10 to FY15) roughly equal to the historical average from FY81 to FY11 (5.0%). Inherent in this methodology is the concept that within any five-year period, below average revenue growth in some years will be offset by above average growth in others and is visually seen in the line graph of historical adjusted revenue growth.

Under this method, revenue growth for the two years would average 3.6%. Even with the low growth in the NEFAB forecasts, these out year growth numbers are low due to the 9.4% growth experienced in FY2010-11. The projected numbers for FY2013-14 and FY2014-15 also reflect initial implementation of LB84 (2011) which diverts the equivalent of ¼% sales tax to highway funding (approximately \$70 million per year). Other methods yield revenue estimates relatively similar as described on page 18.

Spending

For the "following biennium" (FY13-14 and FY14-15), the mainline budget numbers reflect the annualized impact of the current budget actions plus an estimate of future year increases in entitlement programs, salary and health insurance increases, and other funding requirements that are normally not optional. While the actual funding needs in these areas will not be known until the biennial budget process starts again next session, some level of funding for these items must be acknowledged and shown as likely funding commitments for planning purposes. Table 4 shows the individual items and assumption used in arriving at a projected budget.

Half of the total projected budget increase in the next biennium is TEEOSA school aid as projected under the current statute. General Funds for TEEOSA school aid is projected to increase by 20.8% in FY14 and 8.7% in FY15. About 70% of the projected increase in TEEOSA can be attributed to the expiration of certain provisions of LB235 passed in the 2011 Session which lowered the aid amounts for the current biennium (FY11-12 and FY12-13).

A large unknown for the following biennium is the costs that the state will incur due to federally enacted health care reform as contained in the Patient Protection and Affordable Care Act (PPACA). Most of the expanded coverage affecting the state become operative in 2014. At the present time there are no definitive estimates that can be incorporated into the projected status for the following biennium although there will very likely be some increased costs associated with this law. Milliman, Inc. was retained by the Nebraska Department of Health and Human Services to provide consulting services related to the financial review of the act as they relate to the provisions impacting the State's Medicaid program and budget. In their August 2010 report, the mid-range participation scenarios yield a projected increase

in state costs of \$30 million in FY2013-14 and \$55 million in FY2014-15 excluding the estimates for pharmacy rebate losses which have subsequently been deleted. While there are many unknown variables regarding the costs of this law, the key assumption is the level of participation for those (1) newly eligible for expanded coverage, (2) previously eligible but not enrolled who obtain benefits to comply with the minimal essential coverage mandate (woodwork effect), and (3) those who are eligible but are not switching from existing health insurance coverage. No specific dollar amounts have been included in the out year projection as we have yet to conclude that these estimates are reasonable.

Table 4 Projected Budget Increases-Following Biennium
(includes on-going impact of 2012 budget actions)

<i>Dollar Changes from FY13 Base Year</i>	Annual % Change			Projected Increases	
	FY14	FY15	2 Yr Avg	FY2013-14	FY2014-15
FY2012-13 Base Appropriation				3,632,423,755	3,632,423,755
TEEOSA School Aid (Gen Fund only)	20.8%	7.9%	14.4%	174,262,864	254,860,425
DHHS aid programs, eligibility & utilization	3.8%	3.8%	3.8%	41,290,683	83,855,716
DHHS aid programs, provider rates	3.0%	3.0%	3.0%	30,524,412	62,865,388
Employee Salary increases	2.5%	2.5%	2.5%	25,433,710	51,329,069
Employee Health Insurance	10.0%	10.0%	10.0%	19,130,155	36,122,550
DHHS aid programs, replace one-time funds	--	--	--	11,000,000	11,000,000
Agency operating cost increases	2.0%	2.0%	2.0%	5,707,762	11,529,679
Special Education reimbursement	2.5%	2.5%	2.5%	4,622,346	9,360,251
DHHS operations, replace one-time funds	--	--	--	6,400,000	6,400,000
Community Colleges	3.5%	3.5%	3.5%	3,036,531	6,179,340
Homestead Exemption	3.2%	3.2%	3.2%	2,331,000	4,731,930
Early Childhood (restore GF per current law)	--	--	--	3,365,962	3,365,962
Inmate per diem costs	6.0%	6.0%	6.0%	1,186,026	2,407,632
Aid to ESU's	2.5%	2.5%	2.5%	351,294	711,370
Capital Construction (to reaffirmations only)	--	--	--	(1,254,233)	(1,754,233)
Return county assessor to counties	--	--	--	(616,540)	(616,540)
Defined benefit retirement plans	--	--	--	1,546,000	(1,770,000)
All Other	--	--	--	(1,084,626)	(990,035)
Federal Health Care Reform (ACA)	--	--	--	?	?
Total General Fund Increases (Biennial Basis)	9.1%	5.6%	7.3%	327,546,304	539,588,505
Projected Appropriation per Financial Status				3,959,970,059	4,172,012,260

AID TO LOCAL GOVERNMENTS

TEEOSA State Aid to Schools (Sine Die Estimate) The estimates for FY14 and FY15 are based on the same methodology utilized for the November estimates required under current law for FY12-13 but with Fiscal Office assumptions and should be considered Fiscal Office estimates. They are based on the TEEOSA formula as revised by LB235 enacted in the 2011 Session. General Funds for TEEOSA school aid is projected to increase by 20.8% in FY14 and 8.7% in FY15. Of this 20.8% increase, the equivalent of a 14.2% increase directly relates to the expiration of certain provisions of LB235 passed in the 2011 Session which lowered the aid amounts for the current biennium (FY11-12 and FY12-13). This includes the local effort rate (LER) returning to \$1.00 from \$1.0395 and the cost growth factor going from .5% to 3.0% in

FY14 and then 5.0% in FY15. The cost growth factor is used to take two year old actual data and inflate to “aid year” amounts.

Special Education: Increases for FY13-14 and FY14-15 reflect a 2.5% per year increase which is equal to the basic allowable growth rate under the K-12 school spending limitation.

Aid to Community Colleges A 3.5% per year annual increase is included for the following biennium budget reflecting increased state aid to support operations budget increases. This increase amounts to about a \$3.0 million per year increase.

Early Childhood program In the 2011 Session, LB333 shifted funding for several education programs from the General Fund to the Education Innovation Fund (lottery). For the early childhood program, this shift was only for two years thus the general funds are restored starting in FY13-14.

Homestead Exemption A 3% per year annual increase is included for the following biennium budget reflecting some level of inflationary increases.

Aid to ESU's The amount of aid to ESU's is based on funding of a certain level of core services and technology infrastructure. Growth in aid is set at the same rate as the basic allowable growth rate under the K-12 school spending limitation (2.5% per year).

AID TO INDIVIDUALS

Medicaid For the following biennium, a 7.5% per year increase is used. This approximates the average growth over the past 10 years. This reflects a 4.5% increase in eligibility and utilization and a 3% increase in provider rates.

Public Assistance A basic growth rate of 6.0% per year is utilized for the various Public Assistance programs for the following biennium and includes a 3% increase in provider rates.. This approximates the average growth over the past 10 years. In addition, FY13-14 includes a \$11 million increase in General Funds to replace the one-time use of Emergency TANF funds in current biennial budget. This increases the FY13-14 increase to 10.7% and boosts the two year average growth to 8.2%

Children's Health Insurance (SCHIP) For the following biennium, a 7.5% per year increase is used which is the same as Medicaid. However the growth in General Funds is closer to 10% as the General Fund would pick up all increases in this program because the \$5 million allocation from the Health Care Cash Fund is a fixed amount.

Developmental Disability Aid A 4% per year increase is included. This provides the equivalent of 2.5% per year for rate equity similar to the employee salary assumption and 1.5% for clients transitioning from K-12 programs. As this projected budget assumes no expanded programs, nothing is assumed for funding of the waiting list.

Behavioral Health Aid. This area includes substance abuse and mental health aid. The increases in the following biennium reflect a 3% increase to reflect some annual increase in provider rates.

AGENCY OPERATIONS / CAPITAL CONSTRUCTION

Employee Salary Increases Although salary increases will be the result of bargaining, some level of increase is factored in more for illustration than planning purposes. A 2.5% per year increase is included which approximates inflation and the current biennium funding.

Employee Health Insurance For planning purposes, a 10% per year increase in health insurance is included for the following biennium. This rate of growth is similar with the increases in the current proposed budget as well as the average growth over the past 5 to 10 years. Also for the state plan(excludes University and Colleges) there is an additional 5% increase in FY14 to offset subsidized low rates in FY13. There is projected to be a surplus in the insurance funds in FY12 based on existing rates and projected expenditures. This surplus is then available to offset a projected shortfall in FY13 (negative gap is about 5%) allowing the rates to remain the same over the biennium. However in FY14 the rates would need to be increased about 5% with no cost increases just to replace the one-time surplus funds that were used to supplement the FY13 rates.

Operations Inflation Included in the projected status is an across the board 2% increase in agency non-personnel operating costs.

Inmate Per Diem Costs While some costs at the Dept. of Correctional Services such as staffing are “fixed” within a range of inmate population, some costs change directly with each inmate. This includes items such as food, clothing, and medical care. A 3% per year increase is included to reflect both inflationary costs and an increase in the number of inmates.

Defined Benefit Retirement plans LB382 enacted in the 2011 Session addressed the projected shortfalls in defined benefit and cash balance retirement plans for the FY12/FY13 biennial budget. Original projections at that time were that the shortfall would grow into the following biennium. However, based on the latest actuary data, additional funding needs for the next biennium appear to be relatively small.

LB1100 Depreciation Assessments The statutory provisions of what are referred to as LB1100 depreciation assessments were eliminated in LB380 enacted in the 2011 session, therefore no additional funds are included.

Capital Construction General Fund dollars included in the projected budget for the following biennium for capital construction reflect reaffirmations only based on the proposed FY12/FY13 biennial budget. These are dollar amounts needed to complete funding of previously approved projects.

General Fund Revenues

General Fund Revenue Forecasts

July 2011

Actual receipts for FY2010-11 were \$62.7 million above the forecast used at Sine Die of the 2011 Session which was the April 2011 forecast of the Nebraska Economic Forecast Advisory Board (NEFAB). Adjusted revenue growth for FY2010-11 based on actual receipts is 9.4% compared to the 7.9% growth calculated per the April forecast. This 9.3% growth follows two significantly negative “growth” years, -4.8% in FY09-10 and -4.4% in FY08-09. Even with this high growth rate, the FY2010-11 actual receipts are still slightly less than actual receipts in FY2007-08.

October 2011

The FY11-12 and FY12-13 forecasts were revised by the Nebraska Economic Forecast Advisory Board (NEFAB) at their meeting on October 27, 2011. The forecasts were increased by a total of \$113.3 million; \$51.9 million in FY11-12 and \$61.4 million in FY12-13. These forecasts yield a projected adjusted revenue growth of 4.1% in FY11-12 and 3.8% in FY12-13, an average growth of 3.9%, below the 5% historical average. For the most part these higher forecasts simply reflected the higher FY11 base year actual receipts.

With the FY11-12 revenue forecast that was certified in July at \$3,591,100,000, the \$51.9 million increase in the FY12 forecast would be transferred to the Cash Reserve Fund under current law. The \$61.4 million increase in the forecast for FY12-13 would be retained in the General Fund.

February 2012

Revenue estimates for FY2011-12 and FY2012-13 are the February 2012 forecasts from the Nebraska Economic Forecast Advisory Board (NEFAB). These forecasts yield a projected adjusted revenue growth of 4.1% in FY11-12 and 3.8% in FY12-13, an average growth of 3.9%, below the 5% historical average. These forecasts were unchanged from the Boards’ October 2011 forecasts.

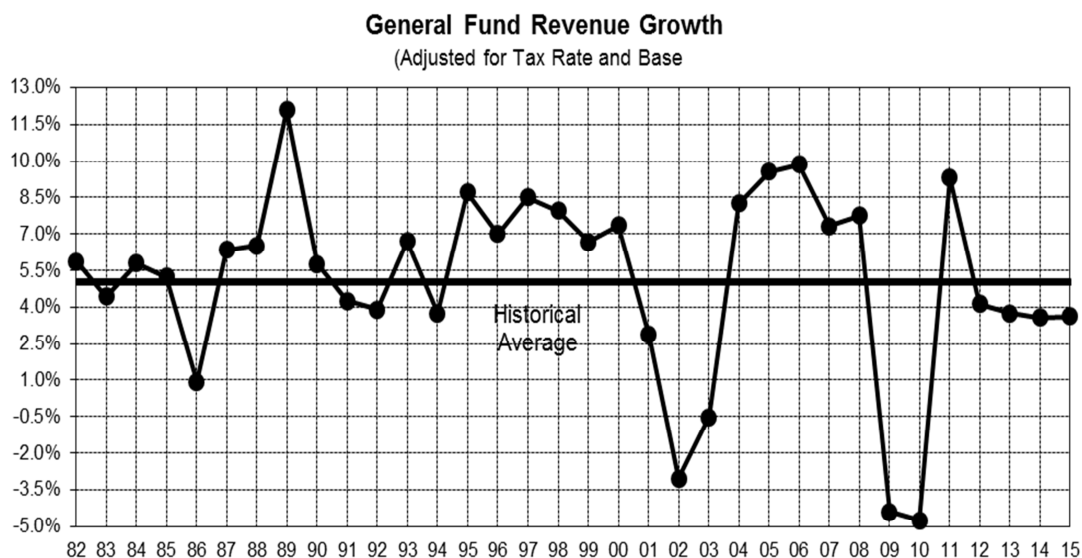
Following Biennium - Historical Average Methodology

The NEFAB does not make official forecasts for the following biennium or what’s commonly referred to as the “out years”. Although different methodologies could be utilized, the revenue estimates used for the following biennium (FY13-14 and FY14-15) in the current financial status are prepared by the Legislative Fiscal Office (LFO) using the “capped” historical average methodology. This “smoothing” technique derives a revenue growth for the “out years” by calculating the level of revenues that would yield a five year average growth (FY10 to FY15) roughly equal to the historical average from FY81 to FY11 (5.0%). Inherent in this methodology is the concept that within any five-year period, below average revenue growth in some years will be offset by above average growth in others and is visually seen in the line graph of historical adjusted revenue growth.

Under this method, revenue growth for the two years would average 3.6%. Even with the low growth in the NEFAB forecasts, these out year growth numbers are low due to the 9.4% growth experienced in FY2010-11. The projected numbers for FY2013-14 and FY2014-15 also reflect initial implementation of LB84 (2011) which diverts the equivalent of ¼% sales tax to highway funding (approximately \$70 million per year). This did not impact the calculated revenue growth in the “out years” as the growth calculations are all rate and base adjusted.

Table 5 - General Fund Revenue Forecasts

<i>Revenue Estimates Used in Financial Status</i>	Actual FY2010-11	NEFAB FY2011-12	NEFAB FY2012-13	LFO Prelim FY2013-14	LFO Prelim FY2014-15
Actual/Forecast					
Sales and Use Tax	1,372,784,033	1,428,000,000	1,485,000,000	1,465,000,000	1,512,000,000
Individual Income Tax	1,735,208,600	1,780,000,000	1,870,000,000	1,998,000,000	2,112,000,000
Corporate Income Tax	154,944,966	217,000,000	230,000,000	225,000,000	220,000,000
Miscellaneous receipts	236,717,493	218,000,000	195,000,000	182,000,000	176,000,000
Subtotal - Forecast/Actual	3,499,655,092	3,643,000,000	3,780,000,000	3,870,000,000	4,020,000,000
2012 Revenue Bills Enacted	na	0	(12,934,394)	(45,660,346)	(80,159,891)
Total GF Revenues	3,499,655,092	3,643,000,000	3,767,065,606	3,824,339,654	3,939,840,109
Adjusted Growth					
Total Gen Fund Revenues	9.3%	4.1%	3.8%	3.6%	3.6%
Five Yr Average	--	--	--	--	4.9%



Following Biennium - Alternate Forecasts

As noted above, other alternative methods are available for purposes of deriving revenue estimates for the following biennium. In addition to the historical average methodology used in the financial status, both the Nebraska Dept of Revenue (NDR) and Legislative Fiscal Office

(LFO) have calculated revenue estimates for these two “out years” using the same models and input from Global Insight and Moody’s, the national forecasting services used as input into the tax forecast models. While these forecasts work well for the 1 to 3 year forecasts, when extended further they have a tendency to flatten out and follow the 3 year trend into the 4th and 5th year. In other words, they have difficulty picking up changes in the trend. The historical average methodology, the method used since 1991 and used in the current financial status, utilizes a “smoothing” technique which derives a revenue growth for the “out years” by calculating the level of revenues that would yield a five year average growth (FY09 to FY13) roughly equal to the historical average from FY81 to FY11 (currently 5.0%).

In Table 5, the preliminary estimates for the two “out years” arrived at using the historical average concept (as used in the Financial Status), are very similar to the Global Insight model averages. Forecasts using Moody’s are significantly higher than either the historical average method or Global Insight.

Table 6 - Comparison of "Out Year" Forecasts

Based on Feb 2012 Revenue Forecasts	Current Status	Average Global Insight	Average All Forecasts	High Est LFO-Moodys	Low Est LFO Global
<u>Dollar Forecast (thousands)</u>					
FY2013-14 Prelim	3,870,000	3,862,689	3,903,914	3,966,128	3,873,258
FY2014-15 Prelim	4,020,000	4,053,396	4,123,416	4,174,231	4,020,104
<u>Calculated Growth (adjusted)</u>					
FY2013-14 Prelim	3.6%	3.4%	4.4%	5.9%	4.0%
FY2014-15 Prelim	3.6%	4.6%	5.2%	4.9%	3.2%
Two Year Avg (Prelim)	3.6%	4.0%	4.8%	5.4%	3.6%
Five Year Avg	4.9%	5.0%	5.4%	5.6%	4.9%
<u>Difference from Status</u>					
FY2013-14	0	(7,311)	33,914	96,128	3,258
FY2014-15	0	33,396	103,416	154,231	104
Cumulative Total	0	26,085	137,330	250,359	3,362

Chronology of General Fund Revenue Forecasts

Table 7 provides a chronology of revenue forecasts for FY2010-11, FY2011-12 and FY2012-13 since the initial NEFAB forecast in October 2008 (FY10-11) and October 2010 (FY11-12 and FY12-13).

The table shows the actual forecast and the change from the prior forecast broken down by the cause of the change whether it is bills enacted, federal tax law changes, or revised economic assumptions (“base”).

Table 7 - Chronology of General Fund Revenue Forecasts

	Sales/Use	Individual	Corporate	Misc	Total Forecast	Change in Forecast			
						Base	Fed Chnge	Bills	Total
FY2010-11									
Board Est-Oct 2008	1,400,000	1,895,000	217,000	200,000	3,712,000				
Board Est-Feb 2009	1,395,000	1,805,000	201,000	180,000	3,581,000	(131,000)	0	0	(131,000)
Board Est-April 2009	1,410,000	1,760,000	170,000	175,000	3,515,000	(3,805)	(62,195)	0	(66,000)
Sine Die-2009 Session	1,407,292	1,760,000	169,451	209,210	3,545,953	0	0	30,953	30,953
Board Est-Oct 2009	1,365,000	1,630,000	177,000	202,000	3,374,000	(171,953)	0	0	(171,953)
Sine Die-2009 Special Session	1,365,000	1,630,000	177,000	224,406	3,396,406	0	0	22,406	22,406
Board Est-Feb 2010	1,365,000	1,630,000	185,000	225,000	3,405,000	8,594	0	0	8,594
Sine Die-2010 Session	1,365,000	1,630,000	185,000	242,247	3,422,247	0	0	17,247	17,247
Board Est-October 2010	1,350,000	1,600,000	176,000	238,000	3,364,000	(58,247)	0	0	(58,247)
Board Est-Feb 2011	1,350,000	1,610,000	156,000	238,500	3,354,500	(9,500)	0	0	(9,500)
Board Est-April 2011	1,343,000	1,705,000	158,000	231,000	3,437,000	82,500	0	0	82,500
Sine Die-2011 Session	1,343,000	1,705,000	158,000	231,000	3,437,000	0	0	0	0
Actual Receipts FY2010-11	1,372,784	1,735,209	154,945	236,717	3,499,655	62,655	0	0	62,655
Change: First NEFAB to Current	(27,216)	(159,791)	(62,055)	36,717	(212,345)	(220,756)	(62,195)	70,606	(212,345)
FY2011-12									
Board Est-Oct 2010	1,400,000	1,660,000	200,000	175,000	3,435,000	(233,173)	0	0	(233,173)
Board Est-Feb 2011	1,420,000	1,675,000	190,000	174,000	3,459,000	49,361	(25,361)	0	24,000
Board Est-April 2011	1,425,000	1,760,000	200,000	165,000	3,550,000	91,000	0	0	91,000
Sine Die-2011 Session	1,424,967	1,758,137	200,000	207,994	3,591,098	(0)	0	41,098	41,098
Board Est-October 2011	1,428,000	1,780,000	217,000	218,000	3,643,000	51,902	0	0	51,902
Board Est-February 2012	1,428,000	1,780,000	217,000	218,000	3,643,000	0	0	0	0
Change: First NEFAB to Current	28,000	120,000	17,000	43,000	208,000	192,263	(25,361)	41,098	208,000
FY2012-13									
Board Est-Oct 2010	1,460,000	1,750,000	210,000	170,000	3,590,000	(371,965)	0	0	(371,965)
Board Est-Feb 2011	1,485,000	1,770,000	200,000	165,000	3,620,000	68,132	(38,132)	0	30,000
Board Est-April 2011	1,480,000	1,840,000	205,000	155,000	3,680,000	60,000	0	0	60,000
Sine Die-2011 Session	1,479,967	1,840,200	205,000	193,454	3,718,621	0	0	38,621	38,621
Board Est-October 2011	1,485,000	1,870,000	230,000	195,000	3,780,000	61,379	0	0	61,379
Board Est-February 2012	1,485,000	1,870,000	230,000	195,000	3,780,000	0	0	0	0
Change: First NEFAB to Current	25,000	120,000	20,000	25,000	190,000	189,511	(38,132)	38,621	190,000

Historical General Fund Revenues

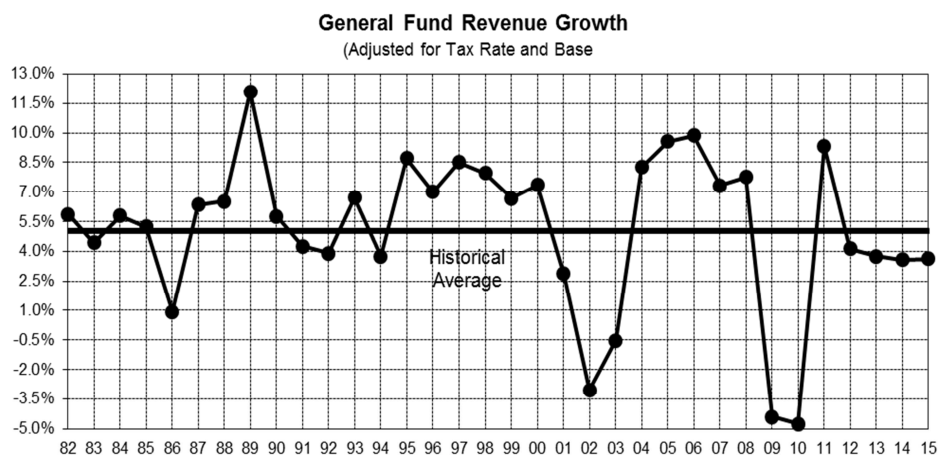
The table below shows the historical General Fund receipts since FY1982-83 and the adjusted revenue growth. For purposes here, revenue growth means the growth in revenues caused by economic activity and inflation as arrived at by adjusting for items such as tax base and rate changes, legislation enacted, and one-time extraordinary items. The objective is to measure underlying patterns of revenue growth ignoring such changes.

The average growth for the past five years of actual receipts (FY2005-06 to FY2010-11) is 2.7% per year, well below the 30-year historical average of 5.0%. This five year period was hugely

variable with two years averaging a minus -4.6% and the other three years average a positive 8.1%.

Table 8 - Chronology of General Fund Revenue Forecasts

Fiscal Year	Sales and Use Tax	Individual Income Tax	Corporate Income Tax	Miscellaneous Taxes and Fees	Total Net Receipts	Adjusted Growth
FY 1982-83	282,583,222	329,011,963	51,635,208	95,366,383	758,596,776	4.4%
FY 1983-84	271,499,058	340,307,418	66,908,824	103,538,474	782,253,774	5.8%
FY 1984-85	300,534,120	324,585,970	48,959,234	109,271,881	783,351,205	5.2%
FY 1985-86	310,390,975	357,181,477	54,558,727	112,104,988	834,236,167	0.9%
FY 1986-87	345,158,484	365,762,015	67,423,552	108,010,490	886,354,541	6.3%
FY 1987-88	393,148,700	437,741,927	73,781,732	111,426,183	1,016,098,542	6.5%
FY 1988-89	430,078,299	479,731,816	80,624,142	143,012,760	1,133,447,017	12.1%
FY 1989-90	444,231,183	501,134,237	71,948,124	135,396,459	1,152,710,003	5.8%
FY 1990-91	547,372,735	609,430,580	81,947,961	128,325,622	1,367,076,898	4.3%
FY 1991-92	592,441,836	658,634,300	103,617,106	135,716,137	1,490,409,379	3.9%
FY 1992-93	586,355,271	690,350,753	102,754,927	145,200,908	1,524,661,859	6.7%
FY 1993-94	648,846,708	722,360,866	113,142,771	169,401,912	1,653,752,257	3.7%
FY 1994-95	683,852,397	746,717,579	123,923,674	150,995,891	1,705,489,541	8.7%
FY 1995-96	711,008,684	846,550,249	126,801,468	152,380,385	1,836,740,786	7.0%
FY 1996-97	755,907,807	944,117,130	137,337,967	172,241,113	2,009,604,017	8.5%
FY 1997-98	803,805,374	981,643,795	142,150,133	177,852,119	2,105,451,422	8.0%
FY 1998-99	744,650,752	1,078,522,994	135,033,658	165,661,901	2,123,869,305	6.7%
FY 1999-00	900,427,469	1,180,363,301	140,021,942	183,111,959	2,403,924,670	7.4%
FY 2000-01	905,023,176	1,233,363,553	138,040,082	180,435,044	2,456,861,855	2.9%
FY 2001-02	918,889,782	1,159,810,647	107,628,074	179,180,246	2,365,508,749	-3.0%
FY 2002-03	1,028,931,065	1,129,421,651	111,597,405	186,449,714	2,456,399,835	-0.5%
FY 2003-04	1,114,374,321	1,249,890,025	167,429,431	187,033,230	2,718,727,007	8.3%
FY 2004-05	1,231,011,089	1,400,076,680	198,380,442	207,726,086	3,037,194,297	9.5%
FY 2005-06	1,263,678,691	1,545,338,061	262,295,456	280,875,316	3,352,187,524	9.9%
FY 2006-07	1,303,826,416	1,650,895,394	213,027,010	240,582,953	3,408,331,773	7.3%
FY 2007-08	1,321,867,139	1,726,145,405	232,851,654	225,298,373	3,506,162,571	7.7%
FY 2008-09	1,326,161,017	1,600,418,236	198,483,786	232,405,148	3,357,468,187	-4.4%
FY 2009-10	1,289,796,877	1,514,830,114	154,332,137	245,720,545	3,204,679,673	-4.8%
FY 2010-11	1,372,784,033	1,735,208,600	154,944,966	236,717,493	3,499,655,092	9.3%
FY 2011-12 NEFAB	1,428,000,000	1,780,000,000	217,000,000	218,000,000	3,643,000,000	4.1%
FY 2012-13 NEFAB	1,485,000,000	1,870,000,000	230,000,000	195,000,000	3,780,000,000	3.8%
FY 2013-14 LFO	1,465,000,000	1,998,000,000	225,000,000	182,000,000	3,870,000,000	3.6%
FY 2014-15 LFO	1,512,000,000	2,112,000,000	220,000,000	176,000,000	4,020,000,000	3.6%



General Fund Transfers-Out

General Fund Transfers-Out accounts for funds that are transferred from the General Fund to another fund within the state treasury. These items have the same effect as an appropriation but are not expended from the General Fund as such and therefore are shown under the revenue category as transfers-out from the General Fund and subsequently expended from the receiving fund.

The FY2011-12 and FY2012-13 transfers shown in the top part of Table 9 were those enacted in the 2011 legislative session. This included a \$6.3 million transfer to the Ethanol Production Incentive Fund (EPIC) in FY2011-12.

In the 2012 legislative session, it was determined that required transfers for the EPIC fund would not exceed \$3.5 million and the transfer was reduced by \$2.8 million through LB969 enacted in the 2012 legislative session. Also LB 950 provided for an additional \$1.4 million transfer from the General Fund to the Water Resources Cash Fund bringing the FY2012-13 transfer to a total of \$4.7 million.

Table 9 General Fund Transfers-Out

Excludes CRF Transfers	Actual	Current Biennium		Following Biennium	
	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
Ethanol Credits (EPIC Fund)	(5,500,000)	(6,300,000)	0	0	0
Property Tax Credit Fund	(112,000,000)	(110,000,000)	(110,000,000)	(115,000,000)	(115,000,000)
Water Resources Cash Fund	(2,700,000)	(3,300,000)	(3,300,000)	(3,300,000)	(3,300,000)
Cultural Preservation Endowment Fund	(500,000)	0	0	(500,000)	(500,000)
Indian Affairs, state assistance	(25,000)	0	0	0	0
Nebr Innovation Campus (through NCCF)	0	(25,000,000)	0	0	0
General Fund Transfers-Out (prior law)	(120,725,000)	(144,600,000)	(113,300,000)	(118,800,000)	(118,800,000)
LB 969 Reduce EPIC fund transfer	0	2,800,000	0	0	0
LB 950 Transfer to Water Resources Cash		0	(1,400,000)	0	0
Total-General Fund Transfers-Out	(120,725,000)	(141,800,000)	(114,700,000)	(118,800,000)	(118,800,000)

General Fund Transfers-In

Cash funds are funds which contain earmarked revenue sources and monies in those funds can only be used for the purposes authorized by statute. In many instances (since the 2009 special session) an authorized use of monies in a cash fund is transfers to the General Fund at the discretion of the Legislature. For accounting purposes, these are shown as "Transfers in" and are included as revenues. The transfers shown in Table 10 were enacted in the 2011 regular and special sessions and are already incorporated into the "Net Receipts" figures of the NEFAB forecasts. *There were no additions or changes to the previously enacted transfers during the 2012 legislative session*

Table 10 General Fund Transfers-In

	Actual	Current Biennium		Following Biennium	
	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
Securities Act Cash Fund	37,250,000	19,000,000	19,000,000	0	0
Tobacco Products Admin Cash Fund	7,500,000	7,000,000	7,000,000	0	0
Dept. of Insurance Cash Fund	11,500,000	6,000,000	6,000,000	0	0
Health and Human Services Cash Fund	2,559,140	3,400,000	0	0	0
Dept. of Motor Vehicles Cash Fund	328,407	1,000,000	1,000,000	0	0
Life Insurance Demutualization Trust Fund	0	1,000,000	0	0	0
Mutual Finance Assistance Fund	0	300,000	300,000	0	0
Local Civic, Cultural and Convention Center Fund	0	75,000	75,000	0	0
Motorcycle Safety Education (MV Cash Fund)	0	197,500	0	0	0
<i>Transfers-In Already in forecast</i>	72,158,100	37,972,500	33,375,000	0	0
<i>2012 Transfers In</i>	0	0	0	0	0
Total General Fund Transfers-In	72,158,100	37,972,500	33,375,000	0	0

Revenue Bills - 2012 Session

There was a significant amount of revenue legislation enacted in the 2012 legislative session including multiple tax exemption bills. The following table lists the bills enacted followed by a narrative description of the major bills in numerical order.

Table 11 Revenue Bills - 2012 Session

	FY2012-120	FY2012-13	FY2011-12	FY2012-13
LB 40 Change a sales tax exemption for health clinics	0	(2,290,000)	(2,558,182)	(2,710,909)
LB 209 Cash flow, tax incentive refund of local sales taxes	0	0	(1,600,000)	(3,000,000)
LB 426 Change grants, Sports Arena Facility Financing	0	(100,000)	(102,000)	(103,000)
LB 576 Create the Nebraska Statutes Cash Fund	0	(138,644)	(138,644)	(138,644)
LB 727 Change various tax provisions, youth sports events	0	(53,000)	(76,364)	(76,364)
LB 780 Change production maximum, brewpub / microbrewery	0	0	96,000	192,000
LB 830 Sales and use tax exemption for biochips	0	(362,000)	(525,000)	(554,591)
LB 872 Change apportionment method, corporate income tax	0	0	(2,573,000)	(5,806,000)
LB 902 Property / sales tax exemption, govt unit purchases	0	(300,000)	(297,819)	(310,228)
LB 970 Change individual income tax brackets and rates	0	(7,863,000)	(33,706,000)	(55,608,000)
LB 985 Nebraska Juvenile Service Delivery Project (NJS DP)	0	226,750	0	0
LB 1080 Property / sales tax exemption, data centers	0	(1,663,000)	(3,516,000)	(3,867,000)
LB 1091 Prepaid Wireless Surcharge Act	0	9,500	22,800	23,300
LB 1097 Sales tax exempt, nonprofit mental health centers	0	(426,000)	(711,137)	(725,455)
LB 1118 Tax incentives, large data center projects(1)		Net gain depends on targeted project locating in NE		
LB 1128 New Markets Job Growth Investment Act tax credits	0	25,000	25,000	(7,475,000)
<i>2012 Revenue Bills (to be incorporated into Forecast)</i>	0	(14,334,394)	(45,660,346)	(80,159,891)
LB 950 Gen Fund transfer to Water Resources Cash Fund	0	(1,400,000)	0	0
<i>2010 Revenue Bills</i>	0	(14,334,394)	(45,660,346)	(80,159,891)

LB 40 extends a sales tax exemption for nonprofit health clinics to a clinic owned by only one hospital. Under prior law the exemption was only available for clinics owned by two or more hospitals.

LB 209 provides for a one year delay on the deduction of local option sales tax refunds made pursuant to the Employment and Investment Growth Act or the Nebraska Advantage Act from sales taxes remitted to first and second class cities and villages. The Department of Revenue is required to notify the municipality of the pending deduction, the amount of the deduction, and the month in which the deduction will be made. The bill also provides that when the total amount of refunds exceeds 25% of the municipality's sale and use tax receipts for the prior fiscal year the refunds shall be deducted from the municipality's receipts over the period of a year in twelve equal monthly payments. The bill becomes operative January 1, 2014.

LB 830 provides a sales and use tax exemption for biochips used for purposes of conducting genotyping or the analysis of gene expression, protein expression, genomic sequencing, or protein profiling of plants, animals, or nonhuman laboratory research model organisms.

LB 872 changes the apportionment method for corporate income tax. Under LB872 a corporate taxpayer will apportion income from the sales of intangibles and services based on the location of the customer (market-based apportionment) rather than the location where the income-producing activity is performed (cost of performance apportionment). The sale of intangibles or services by communications companies will continue to be sourced to the location where the income-producing activity is performed.

LB 902 provides a sales and use tax exemption for purchases made by a non-profit corporation under a lease - purchase agreement, financing lease, or other similar instrument which provides for transfer of title to the property to the state or a governmental unit upon payment of all amounts due under the agreement, lease, or instrument. The bill provides that property is eligible for the exemption granted under LB 902 only if the question of acquisition or construction has been approved by the voters of the appropriate governmental subdivision at a primary, general, or special election. Such election is triggered when the total acquisition or construction costs of the property or building exceeds the greater of \$50,000 or six-tenths of one percent of the total actual value of real and personal property of the governmental subdivision.

LB 970 provides for a reduction in individual income taxes. Starting in tax year 2013 (January 1, 2013) the bill reduces the individual income tax rates for the first three tax brackets with no change in the top bracket. Then starting in tax year 2014 the maximum level of each bracket is increased. The bill also eliminates the use of a base rate and factors from which the tax rate by bracket was derived and replaces it with a statutory tax rate by bracket. The impact on any individual taxpayer varies significantly based on their taxable income and filing status. As an example, a single individual with \$20,000 taxable income would see a 3.8% reduction; a married couple filing jointly with a \$200,000 taxable income would see about a 1% reduction.

Tax Rates	Bracket 1	Bracket 2	Bracket 3	Bracket 4
Prior Law	2.56%	3.57%	5.12%	6.84%
LB 970 (starting in TY 2013)	2.46%	3.51%	5.01%	6.84%

Income Brackets	Bracket 1	Bracket 2	Bracket 3	Bracket 4
<u>Prior Law</u>				
Single	\$0-2,400	\$2,400 - 17,500	\$17,500 - 27,000	Over \$27,000
Head of Household	\$0 - 4,500	\$4,500 - 28,000	\$28,000 - 40,000	Over \$40,000
Married-Jointly	\$0-4,800	\$4,800 - 35,000	\$35,000 - 54,000	Over \$54,000
<u>LB970 (starting in tax year 2014)</u>				
Single	\$0 - 3,000	\$3,000 - 18,000	\$18,000 - 29,000	Over \$29,000
Head of Household	\$0 - 5,600	\$5,600 - 28,800	\$28,800 - 43,000	Over \$43,000
Married-Jointly	\$0 - 6,000	\$6,000 - 36,000	\$36,000 - 58,000	Over \$58,000

LB 1080 provides a sales and use tax exemption and personal property tax exemption for any tangible personal property acquired by a person operating a data center located in Nebraska, which is then incorporated into other tangible personal property for subsequent use outside the state by the same person operating a data center in this state.

LB 1097 provides a sales and use tax exemption for a nonprofit mental health center if the mental health center is licensed under the Health Care Facility Licensure Act.

LB 1118 changes the Nebraska Advantage Act to provide qualification requirements and tax incentives for a new type of tier 2 project under the Act. The new project type is a “tier 2 large data center project.” Investment and employment requirements for a tier 2 large data center project are set at \$200 million of new investment and at least 30 new employees. A project would receive regular tier 2 benefits, which include a refund of all sales and use taxes paid from the date of acquisition through the meeting of the required levels of investment and employment; refund of all sales and use taxes paid during each year of the entitlement period; a tax credit based on the average wage of new employees; and an investment credit of 10% of the investment made in the project. In addition, a tier 2 large data center project would receive a personal property tax exemption for all personal property at the project beginning January 1 following acquisition and for the following nine years.

LB 1128 creates the New Markets Job Growth Investment Act. Under this act, individuals, pass-through entities, corporations, financial institutions, and insurance companies are eligible for a nonrefundable, nontransferable credit for investments in businesses located in a qualified active low-income community business. Credits are not allowed for the first two years of investment and are then allowed for the next five. In the third year the credit is 7% and then 8% for the next four years for a total of 39%. The actual dollar amount of the credit is equal to the applicable percentage for that particular credit allowance date multiplied by the purchase price paid to the issuer of the equity investment. The total amount of credits is limited to \$15 million in any fiscal year and once the limit is reached the Tax Commissioner may not certify any more qualified equity investments for that fiscal year. The credit may be used against income tax, sales tax, use tax, insurance premium tax, or franchise tax.

General Fund Appropriations

Overview of the FY12 & FY13 General Fund Biennial Budget

This section provides a summary of current General Fund appropriations which reflect the cumulative impact of the original budget as enacted in the 2011 Session and changes made during the 2012 Session. Table 13 contains a listing of the FY12 and FY13 significant increases and reductions which account for about 98% of the total net change in General Fund appropriations over the two year period. Table 14 provides a more detailed breakdown of operations and state aid and provides a narrative description of major changes for each area.

This report provides a description of the major changes enacted during the 2012 Session. The reader should refer to the 2011 Biennial Budget Report for a more detailed description of the budget actions taken in the initial enactment of the FY12 / FY13 biennial budget.

Table 12 General Fund Appropriations FY2011-12 and FY2012-13

FY2010-11	Operations	State Aid	Construction	Total
Total Per 2010 Session	1,253,663,584	2,137,635,475	13,802,233	3,405,101,292
2011 Session Deficits	(2,580,549)	(24,621,817)	0	(27,202,366)
2011 Session State Claims	1,702,254	0	0	1,702,254
Final Appropriation with deficits	1,252,785,289	2,113,013,658	13,802,233	3,379,601,180
FY2011-12	Operations	State Aid	Construction	Total
Total Per 2011 Session	1,223,133,966	2,231,228,035	14,027,233	3,468,389,234
2011 Special Session Actions	2,142,695	0	0	2,142,695
Total Per 2011 Special Session	1,225,276,661	2,231,228,035	14,027,233	3,470,531,929
2012 Session-Committee Proposed	4,372,751	9,400,000	0	13,772,751
2012 Session-State Claims	542,738	0	0	542,738
2012 Session-Floor Actions	2,499,343	(1,000,000)	0	1,499,343
2012 Session-Governor Vetoes	(2,499,343)	0	0	(2,499,343)
2012 Session-Veto Overrides	0	0	0	0
2012 Session "A" bills	3,000	0	0	3,000
2012 Session - Deficits	4,918,489	8,400,000	0	13,318,489
Final Appropriation with deficits	1,230,195,150	2,239,628,035	14,027,233	3,483,850,418
Change over prior year (excluding deficits)				
Dollar	(28,386,923)	93,592,560	225,000	65,430,637
Percent	-2.3%	4.4%	1.6%	1.9%
FY2012-13	Operations	State Aid	Construction	Total
Total Per 2011 Session	1,238,989,707	2,337,239,239	14,602,233	3,590,831,179
2012 Session-Committee Proposed	13,896,187	7,178,412	6,170,000	27,244,599
2012 Session-Floor Actions	(2,271,775)	9,058,817	0	6,787,042
2012 Session-Mainline Governor Vetoes	0	0	0	0
2012 Session-Mainline Veto Overrides	0	0	0	0
2012 Session "A" bills	8,996,843	(1,435,908)	0	7,560,935
Post 2012 Session	0	0	0	0
2012 Session - Midbiennium Adjustments	20,621,255	14,801,321	6,170,000	41,592,576
Total Per 2012 Session	1,259,610,962	2,352,040,560	20,772,233	3,632,423,755
Change over prior year (excluding deficits)				
Dollar	34,334,301	120,812,525	6,745,000	161,891,826
Percent	2.8%	5.4%	48.1%	4.7%

Excluding deficits, FY11-12 reflects a \$65.4 million (1.9%) increase over FY10-11, while FY11-12 includes an additional \$161.9 million (4.7%) increase over FY10-11. Cumulatively, there was a \$292 million increase in General Fund appropriation over the two year period compared to the FY10-11 level. The average annual increase for the biennium is 3.3%.

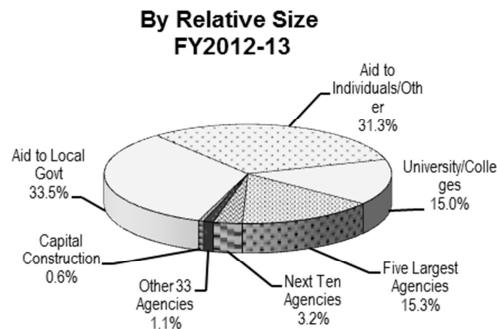
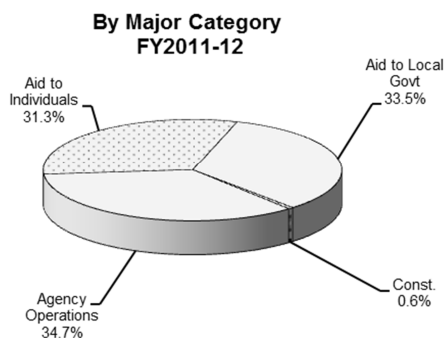
The following table highlights the major changes in the FY2011-12 and FY2012-13 General Fund budget as compared to the FY10-11 base year appropriation. The items listed account for about 98% of the total net change in appropriations over the two year period. All items shown reflect the cumulative impact of actions taken in the 2011 Session and subsequently modified in the 2012 Session.

Table 13 Major Changes, FY2011-12 and FY2012-13 (as revised)

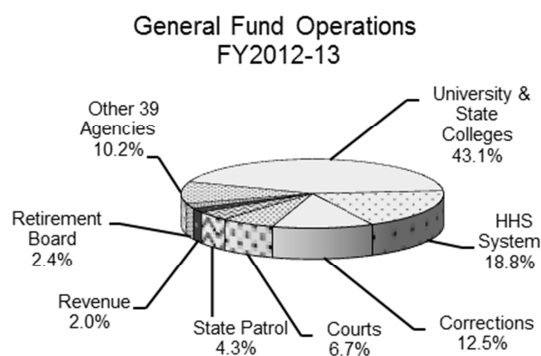
Excludes FY10 deficits	<u>\$ Change over FY11 Base Year</u>		Sum Total for the Biennium
	FY2011-12	FY2012-13	
ARRA Federal Funds, offset Gen Funds	109,482,483	109,482,483	218,964,966
Reduced federal Medicaid match rate FMAP	26,288,574	47,873,762	74,162,336
Medicaid (exclude ARRA FMAP, Regular FMAP, provider rate cut)	16,151,098	34,422,625	50,573,723
TEEOSA Aid to Schools (General Funds only)	7,954,527	40,132,525	48,087,052
Salaries & Health Insurance (net)	1,830,102	16,674,822	18,504,924
Homestead Exemption (net)	7,300,000	7,500,000	14,800,000
Child welfare staffing / caseloads	0	10,816,782	10,816,782
Special Education	0	9,000,000	9,000,000
Capital Construction	225,000	6,970,000	7,195,000
Developmental Disability aid (other than FMAP)	1,200,000	5,800,000	7,000,000
Retirement, K-12 School/Judges/Patrol/Cash Balance	924,688	2,209,907	3,134,595
Health Care reform implementation	1,200,000	1,800,000	3,000,000
IS&T Medicaid Project Portfolio (HHS)	1,500,000	1,500,000	3,000,000
Public Assistance (exclude replace ARRA, FMAP, LB985)	(13,179,014)	14,815,341	1,636,327
Agency operations reductions	(32,631,862)	(34,941,677)	(67,573,539)
BSDC contingency, resumption of federal funding	(24,477,558)	(24,477,558)	(48,955,116)
Eliminate aid to cities, counties, NRD's	(22,060,567)	(22,060,567)	(44,121,134)
HHS Provider rate reduction (2.5% / 1%)	(14,656,736)	(4,996,593)	(19,653,329)
Continued phase-out of county assessor takeover	(616,540)	(1,233,080)	(1,849,620)
All Other	(1,003,558)	6,033,691	5,030,133
Total (combined 2011 and 2012 Session actions)	65,430,637	227,322,463	292,753,100
<u>By Session:</u>			
2011 Session	65,430,637	185,729,887	251,160,524
2012 Session	deficits	41,592,576	41,592,576
Total	65,430,637	227,322,463	292,753,100

Table 14 Summary of FY2012-13 General Fund Budget

	w/o Deficits FY2011-12	2012 Session FY2012-13	Change over Prior Yr		Change over Prior Yr		2 Yr Avg % Change
			FY11-12 (w/o deficits) \$	%	FY12-13 (w/o deficits) \$	%	
Agency Operations							
University/Colleges	536,124,386	543,449,583	(3,965,690)	-0.7%	7,325,197	1.4%	0.3%
Health & Human Services System	219,347,008	236,425,259	(33,568,819)	-13.3%	17,078,251	7.8%	-3.3%
Correctional Services	156,102,931	156,840,269	13,527,799	9.5%	737,338	0.5%	4.9%
Courts	74,874,064	84,265,483	4,610,023	6.6%	9,391,419	12.5%	9.5%
State Patrol	53,690,860	54,253,448	(2,200,631)	-3.9%	562,588	1.0%	-1.5%
Revenue	25,792,617	25,642,530	(1,278,785)	-4.7%	(150,087)	-0.6%	-2.7%
Retirement Board	28,344,698	29,991,325	924,688	3.4%	1,646,627	5.8%	4.6%
Other 39 Agencies	131,000,097	128,743,065	(6,435,508)	-4.7%	(2,257,032)	-1.7%	-3.2%
Total-GF Operations	1,225,276,661	1,259,610,962	(28,386,923)	-2.3%	34,334,301	2.8%	0.2%
State Aid to Individuals/Others							
Medicaid	599,909,134	644,573,194	110,482,371	22.6%	44,664,060	7.4%	14.8%
Public Assistance & Child Welfare	239,522,936	262,299,369	(8,602,050)	-3.5%	22,776,433	9.5%	2.8%
Developmental disabilities aid	94,652,981	101,878,371	4,079,550	4.5%	7,225,390	7.6%	6.1%
Behavioral Health aid	74,810,767	75,133,219	89,286	0.1%	322,452	0.4%	0.3%
Childrens Health Insurance (CHIP)	9,932,192	13,107,750	(1,702,246)	-14.6%	3,175,558	32.0%	6.1%
Aging Programs	7,999,438	7,999,438	0	0.0%	0	0.0%	0.0%
Higher Ed Student Aid programs	6,918,156	6,993,156	54,750	0.8%	75,000	1.1%	0.9%
Public Health Aid	4,790,612	4,790,612	(16,760)	-0.3%	0	0.0%	-0.2%
Community health centers	3,767,394	3,758,060	(100,000)	-2.6%	(9,334)	-0.2%	-1.4%
Business Innovation Act (LB387)	7,000,000	7,156,396	7,000,000	100.0%	156,396	2.2%	na
All Other Aid to Individuals/Other	7,980,123	7,980,123	(600,134)	-7.0%	0	0.0%	-3.6%
Total-GF Aid to Individuals/Other	1,057,283,733	1,135,669,688	110,684,767	11.7%	78,385,955	7.4%	9.5%
State Aid to Local Govts							
State Aid to Schools (TEEOSA)	804,689,087	836,867,085	7,954,527	1.0%	32,177,998	4.0%	2.5%
Special Education	184,893,842	193,893,842	0	0.0%	9,000,000	4.9%	2.4%
Aid to Community Colleges	86,758,025	87,870,147	0	0.0%	1,112,122	1.3%	0.6%
Homestead Exemption	72,300,000	72,500,000	7,300,000	11.2%	200,000	0.3%	5.6%
Aid to ESU's	14,051,761	14,051,761	(739,566)	-5.0%	0	0.0%	-2.5%
Aid to Cities	0	0	(10,964,566)	-100.0%	0	0.0%	#NUM!
Aid to Counties programs	0	0	(9,659,932)	-100.0%	0	0.0%	#NUM!
High ability learner programs	0	0	(2,175,673)	-100.0%	0	0.0%	-100.0%
Early Childhood programs	0	0	(3,365,962)	-100.0%	0	0.0%	-100.0%
Other Aid to Local Govt	11,251,587	11,188,037	(5,441,035)	-32.6%	(63,550)	-0.6%	-18.1%
Total-GF Aid to Local Govt	1,173,944,302	1,216,370,872	(17,092,207)	-1.4%	42,426,570	3.6%	1.1%
Capital Construction	14,027,233	20,772,233	225,000	1.6%	6,745,000	48.1%	22.7%
Total General Funds	3,470,531,929	3,632,423,755	65,430,637	1.9%	161,891,826	4.7%	3.3%



Agency Operations accounts for the costs of actually operating state agencies including costs such as employee salaries and benefits, data processing, utilities, vehicle and equipment purchases, fuel and oil, etc... In the FY12-13, 35% of all General Fund appropriations are for agency operations. Although there are 47 state agencies that receive General Fund appropriations, higher education (University of Nebraska and State Colleges) and the five largest agencies (Health and Human Services System, Corrections, Courts, State Patrol, and Revenue) account for 87% of state operations.



General Funds for agency operations shows a \$28 million *reduction* (-2.3%) in FY11-12 and a \$34.3 million increase (2.8%) in FY12-13.

Major reductions in FY11-12 include agency budget cuts ranging from 0% to 10% (-\$32.6 million), deletion of the one-time contingency funding due to decertification of the Beatrice Developmental Center (-\$24.5 million) and a \$6.4 million shift of Health and Human Services operations costs

from General to Cash funds. The one significant increase is \$17 million in the Dept. of Correctional Services to replace the use of American Recovery and Reinvestment Act of 2009 (ARRA) general stabilization funds utilized in the current year budget.

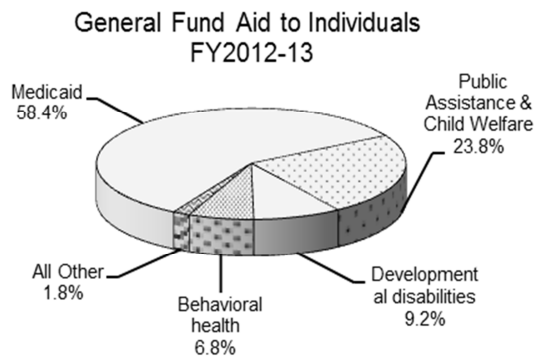
In FY2012-13 virtually all of the increase is attributed to a 2% salary increase for state employees including the University of Nebraska and State Colleges (\$16.6 million), increased funding for child welfare staffing to reduce caseloads (\$10.8 million) and a \$5.9 million shift from Public Assistance aid to agency operations for the Juvenile Service Delivery Project as enacted in LB985.

The budget also reflects passage of legislation in 2011 that saved General Fund dollars by negating two significant increases that would have occurred in the absence of action. LB380 eliminated the depreciation assessment requirement that would have been restored in the upcoming biennium and would have cost \$10.4 million in FY11-12 and \$11.2 million in FY12-13. LB382 changed retirement contributions of school and State Patrol employees and negated additional state funding that would have been required amounting to \$21.7 million in FY11-12 and \$51.4 million in FY12-13.

Agency Operations (change over FY11 base year)	FY2011-12	FY2012-13	Two Yr Total
Replace ARRA Stabilization used to offset Gen Funds (DCS)	17,000,000	17,000,000	34,000,000
Salaries & Health Insurance	1,830,102	16,674,822	18,504,924
Child welfare deficit, staffing / caseloads - Admin	0	10,816,782	10,816,782
Juvenile detention costs (HHS)	5,000,000	5,000,000	10,000,000
Juvenile Service Delivery Project (LB985) (net Courts & HHS)	0	5,881,080	5,881,080
Inmate per diem costs (Corrections)	1,507,959	2,568,600	4,076,559
Retirement, K-12 School/Judges/Patrol	924,688	2,209,907	3,134,595
IS&T Medicaid Project Portfolio (HHS)	1,500,000	1,500,000	3,000,000
Child Support Incentive Federal Match Change	0	2,630,843	2,630,843
Reallocate aid funds, technical water studies (Nat Resources)	1,153,267	1,153,267	2,306,534
Interstate Water Litigation (Attorney General)	2,000,000	0	2,000,000

(agency operations continued)	FY2011-12	FY2012-13	Two Yr Total
Environmental impact statement, oil pipeline (DEQ)	2,000,000	0	2,000,000
DHHS local offices, access to benefit programs (LB825)	0	1,650,000	1,650,000
General Operating inflation (State Agencies)	403,997	774,958	1,178,955
Agency operations reductions	(32,631,862)	(34,941,677)	(67,573,539)
BSDC contingency, resumption of federal funding	(24,477,558)	(24,477,558)	(48,955,116)
Funds shifts (HHS)	(6,400,000)	(6,400,000)	(12,800,000)
Reallocate to aid, contract case management (HHS)	(2,271,775)	(2,271,775)	(4,543,550)
Health Care reform implementation	1,200,000	1,800,000	3,000,000
All Other	2,874,259	4,378,129	7,252,388
Total - Operations	(11,029,990)	31,993,886	20,963,896

Aid to Individuals includes programs such as Medicaid, TANF Temporary Assistance to Needy Families, student scholarships, child welfare, etc... This area also includes aid to quasi-government units that are those local agencies that do not have the authority to levy property taxes such as area agencies on aging, mental health regions and developmental disability regions. About 31% of all General Fund appropriations are classified as state aid to individuals.



This area actually shows a \$110.7 million (11.7%) increase in FY2011-12 and a \$78.4 million (+7.4%) increase in FY2012-13.

About 85% of the increase in aid funding in FY11-12 is attributed to replacing the one-time use of American Recovery and Reinvestment Act of 2009 (ARRA) funding in the current year. This includes \$89.3 million

of additional Medicaid matching funds through an enhanced FMAP (federal match rate) and higher FMAP based on unemployment, and \$3.2 million of additional child care funds. Excluding these items the growth in aid to individuals would have been slightly under 2%.

The second largest increase in this area relates to a decline in the 2012 and 2013 Medicaid FMAP resulting in a General Fund increase of \$25.5 million (\$46.4 million in FY12-13 of which \$34.3 million relates to the 2012 FMAP and \$12 million to the 2013 FMAP).

Other significant increases enacted in the 2012 session were \$12 million shortfall in child care, \$6.2 million in child welfare aid, and \$3.6 million to address the waiting list for developmental disability.

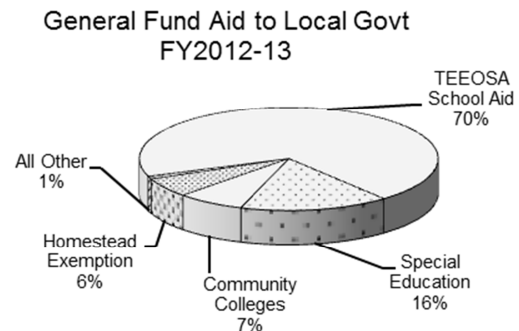
Significant reduction include a \$17 million reduction in Public Assistance by using earned Emergency TANF funds and a \$5 million base reduction in Medicaid due to year to date spending patterns. A 2.5% cut in certain Medicaid provider rates was enacted in 2011 amount to a \$14.7 million reduction. During the 2012 session this cut was reduced to 1% for FY12-13 by restoration of \$9.7 million. Except for a small increase for certain child care providers, other health and human services provider rates remained unchanged.

Aid to Individuals (change over FY11 base year)	FY2011-12	FY2012-13	Two Yr Total
Replace ARRA enhanced FMAP and child care	92,482,483	92,482,483	184,964,966
Lower Federal Medicaid match rate (2012 & 2013 FMAP, aid only)	25,464,292	46,348,980	71,813,272
Medicaid (other than replace ARRA FMAP, regular FMAP)	1,810,888	29,742,558	31,553,446
Business Innovation Act (net)	5,454,078	5,610,474	11,064,552
Developmental Disability aid (other than FMAP)	1,200,000	5,800,000	7,000,000
Higher Ed Student aid programs	54,750	129,750	184,500
Public Assistance (other than replace ARRA, FMAP)	(13,179,014)	8,934,261	(4,244,753)
Children's Health Insurance (SCHIP) (other than FMAP)	(3,166,738)	(532,478)	(3,699,216)
Behavioral health aid (other than FMAP)	(265,000)	(265,000)	(530,000)
Public/Community Health Aid	(116,760)	(126,094)	(242,854)
All Other	945,788	945,788	1,891,576
Total - Aid to Individuals	110,684,767	189,070,722	299,755,489

Aid to Local Governments accounts for about 34% of all General Fund appropriations. This category includes aid payments to those local entities that have the authority to levy a property tax such as cities, counties, and schools and includes programs such as state aid to schools (TEEOSA), special education, community colleges, and homestead exemption reimbursements. State payments for K-12 school retirement contributions are not included under this category as those amounts are credited directly to the school retirement fund and are not checks written to school districts nor do those amounts show up as a school revenue or subsequent expenditure.

Aid to local governments shows a \$17.1 million (-.1.4%) reduction in FY2011-12 and then a \$42.4 million (3.6%) increase in FY2012-13.

The net reduction in FY11-12 is largely the combination of two increases, shifting of funding for two programs from General Fund to Cash Funds, and outright elimination of three aid programs.



The two FY11-12 increases are \$7.3 million for Homestead Exemption reimbursements and \$7.9 million in TEEOSA school aid. It should be noted that although TEEOSA shows as a General Fund increase, there is actually a \$128 million reduction in total TEEOSA aid when taking into consideration the expiration of \$140 million of ARRA funds in the current year budget. Increases in FY2012-13 include \$32 million for TEEOSA aid and \$9 million for Special Education as provided in the 2012 Session.

LB 333 enacted early in the 2011 Session allowed for the shifting of funding for the High Ability Learner Program (\$2,175,673) and Early Childhood Program (\$3,365,962) from General Funds to the Education Innovation Fund (lottery). Under the bill the Early Childhood Program would revert back to General Funds starting in FY2013-14. LB 383 also enacted early in the session eliminated the aid to cities (\$10,964,566) and aid to NRD's programs (\$1,436,069) under the State Treasurer and the new aid to counties program under the Dept. of Revenue that was to go into effect in FY2011-12 pursuant to LB 218 (2009). This new program would

have replaced three previous county aid programs, aid to counties (State Treasurer), county property tax relief program (Dept. of Revenue) and county jail reimbursement (Dept. of Correctional Services). Reduction in county aid amounted to \$9,659,932.

<u>Aid to Local Governments (change over FY11 base year)</u>	<u>FY2011-12</u>	<u>FY2012-13</u>	<u>Two Yr Total</u>
TEEOSA Aid to Schools (Gen Fund only net)	7,954,527	40,132,525	48,087,052
Homestead Exemption (net)	7,300,000	7,500,000	14,800,000
Special Education	0	9,000,000	9,000,000
Community Colleges	0	1,112,122	1,112,122
Aid to Cities, Counties, NRD's	(22,060,567)	(22,060,567)	(44,121,134)
Early Childhood program (shift to Ed Innovation Fund)	(3,365,962)	(3,365,962)	(6,731,924)
High Ability Learners Aid (shift to Ed Innovation Fund)	(2,175,673)	(2,175,673)	(4,351,346)
NRD Water Management grants	(1,653,267)	(1,653,267)	(3,306,534)
Superfund cleanup	(1,166,600)	(1,358,150)	(2,524,750)
Aid to ESU's	(739,566)	(739,566)	(1,479,132)
All Other	(1,185,099)	(1,057,099)	(2,242,198)
Total - Aid to Local Governments	(17,092,207)	25,334,363	8,242,156

Capital construction which accounts for about .6% of General Fund appropriations includes costs for new construction and major repairs and renovation of state-owned facilities. The term "major" is used with respect to repair and renovations as relatively small or on-going projects are routinely done within agencies operating budgets. Road construction and maintenance is not included in this category. This is included under cash fund agency operations.

In terms of General Funds, 81% of appropriations over the two year period relates to reaffirmations which are funding of projects approved in prior sessions. The only significant new General Fund project is design and construction of a Veterinary Diagnostic Center at the University of Nebraska Institute of Agriculture and Natural Resources. Appropriations for this project are \$6.1 million annually for ten years starting in FY2012-13 as debt service.

Although not actually shown as a General Fund appropriation, the most significant construction items are technically an appropriation from the Nebraska Capital Construction Fund (NCCF) but financed with a transfers from transfer from the General Fund. Over the two years of the biennium, a total of \$105 million is transferred to the NCCF for six different projects as shown below:

<u>NCCF Projects funded with GF transfers</u>	<u>FY2011-12</u>	<u>FY2012-13</u>	<u>Two Yr Total</u>
#50-Colleges Chadron Armstrong Gym renovations	0	6,700,000	6,700,000
#50-Colleges Peru Oak Bowl improvements	0	7,500,000	7,500,000
#51-University Nebraska Innovation Campus projects	16,862,500	8,137,500	25,000,000
#51-University UNMC Cancer Research tower	0	50,000,000	50,000,000
#51-University UNK Allied Health	0	15,000,000	0
Total NCCF projects financed with GF Transfers	16,862,500	88,137,500	105,000,000

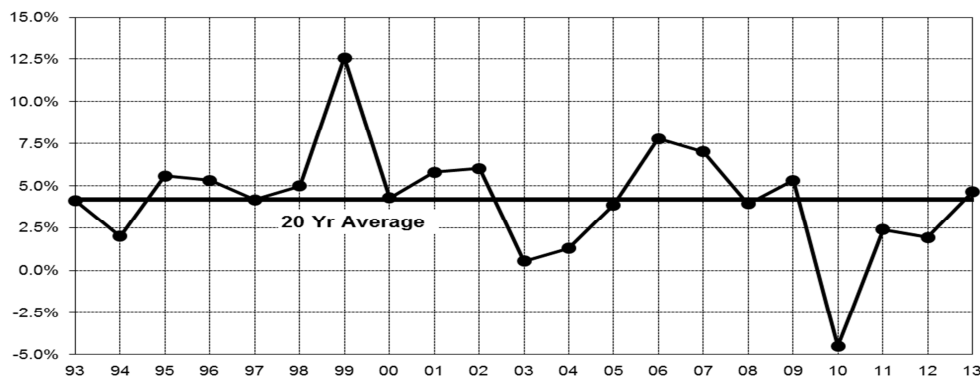
Historical General Fund Appropriations

Excludes Deficits	Agency Operations	Aid to Ind/Other	Aid to Local Govt	Construction	Total	% Change
FY1991-92 Approp	636,491,819	250,284,030	628,828,141	17,318,861	1,532,922,851	8.3%
FY1992-93 Approp	662,252,737	320,457,672	608,472,921	4,976,777	1,596,160,107	4.1%
FY1993-94 Approp	676,413,141	346,829,183	597,466,962	7,264,678	1,627,973,964	2.0%
FY1994-95 Approp	695,515,177	384,690,537	632,796,916	5,954,449	1,718,957,079	5.6%
FY1995-96 Approp	725,857,466	410,620,962	652,868,725	20,831,107	1,810,178,260	5.3%
FY1996-97 Approp	750,780,005	440,564,731	674,622,322	19,843,088	1,885,810,146	4.2%
FY1997-98 Approp	781,597,662	461,238,934	695,680,295	41,250,742	1,979,767,633	5.0%
FY1998-99 Approp	818,104,542	489,445,789	860,034,724	60,994,066	2,228,579,121	12.6%
FY1999-00 Approp	877,214,679	523,395,392	868,657,713	54,676,163	2,323,943,947	4.3%
FY2000-01 Approp	928,262,744	598,336,773	885,742,858	46,446,858	2,458,789,233	5.8%
FY2001-02 Approp	989,205,923	646,333,088	944,027,473	27,384,852	2,606,951,336	6.0%
FY2002-03 Approp	1,003,728,744	647,793,727	951,729,511	18,044,257	2,621,296,239	0.6%
FY2003-04 Approp	999,655,261	705,616,238	929,503,078	20,515,031	2,655,289,608	1.3%
FY2004-05 Approp	1,018,017,210	785,572,536	935,446,662	19,046,316	2,758,082,724	3.9%
FY2005-06 Approp	1,079,894,592	850,904,771	1,018,289,225	23,350,481	2,972,439,069	7.8%
FY2006-07 Approp	1,151,463,639	938,524,594	1,058,983,563	31,878,981	3,180,850,777	7.0%
FY2007-08 Approp	1,172,764,317	978,026,675	1,146,759,149	8,150,822	3,305,700,963	3.9%
FY2008-09 Approp	1,221,557,978	1,015,815,632	1,236,048,810	8,238,322	3,481,660,742	5.3%
FY2009-10 Approp	1,210,527,988	880,256,943	1,220,339,540	14,172,233	3,325,296,704	-4.5%
FY2010-11 Approp	1,253,663,584	946,598,966	1,191,036,509	13,802,233	3,405,101,292	2.4%
FY2011-12 Enacted	1,225,276,661	1,057,283,733	1,173,944,302	14,027,233	3,470,531,929	1.9%
FY2012-13 Enacted	1,259,610,962	1,135,669,688	1,216,370,872	20,772,233	3,632,423,755	4.7%

Average Annual Growth

FY92 / FY93 Biennium	2.6%	15.5%	8.1%	-55.8%	6.2%
FY94 / FY95 Biennium	2.5%	9.6%	2.0%	9.4%	3.8%
FY96 / FY97 Biennium	3.9%	7.0%	3.3%	82.6%	4.7%
FY98 / FY98 Biennium	4.4%	5.4%	12.9%	75.3%	8.7%
FY00 / FY01 Biennium	6.5%	10.6%	1.5%	-12.7%	5.0%
FY02 / FY03 Biennium	4.0%	4.1%	3.7%	-37.7%	3.3%
FY04 / FY05 Biennium	0.7%	10.1%	-0.9%	2.7%	2.6%
FY06 / FY07 Biennium	6.4%	9.3%	6.4%	29.4%	7.4%
FY08 / FY09 Biennium	3.0%	4.0%	8.0%	-49.2%	4.6%
FY10 / FY11 Biennium	1.3%	-3.5%	-1.8%	29.4%	-1.1%
FY12 / FY13 Biennium	0.2%	9.5%	1.1%	22.7%	3.3%
Avg FY93 to FY03 (10 yr)	4.2%	7.3%	4.6%	13.7%	5.1%
Avg FY03 to FY13 (10 yr)	2.3%	5.8%	2.5%	1.4%	3.3%
Avg FY93 to FY13 (20 yr)	3.3%	6.5%	3.5%	7.4%	4.2%

General Fund Budget Growth - Past 20 Years



2012 Session Budget Actions

A summary listing of 2012 General Fund budget adjustments is contained Table 15 as shown below. These mid-biennium budget adjustments increase FY11-12 and FY12-13 General Fund new appropriations by a net total of \$57.4 million over the two year period. This equals .8% of the original two-year appropriation. This summary listing accounts for 96% of the total budget adjustments.

Most of the FY2011-12 deficits can be attributed to two items; an increase of \$12 million child care payments and \$8.9 million shortfall in the Governors Emergency program.

The largest increases in FY2012-13 are aid and staffing funding for the child welfare system, special education reimbursement, and increased General Funds due to a lower 2013 federal Medicaid match rate.

Table 15 General Fund Budget Adjustments - 2012 Session

	FY2011-12	FY2012-13	Two Yr total
1 SIGNIFICANT INCREASES:			
2 Child Care Subsidy Deficit	12,000,000	12,000,000	24,000,000
3 Child welfare shortfall	1,500,000	17,017,346	18,517,346
4 Lower 2013 FMAP	0	12,429,338	12,429,338
5 Special Education Aid	1,000,000	9,000,000	10,000,000
6 Partial restoration of provider rate cut - Medicaid	0	9,660,143	9,660,143
7 Governors Emergency program	8,900,000	0	8,900,000
8 University - IANR Veterinary Diagnostic Center (bond payment)	0	6,093,000	6,093,000
9 Developmental disability, waiting list aid	0	4,000,000	4,000,000
10 LB 820 Foster care demonstration project	0	3,043,791	3,043,791
11 State Claims (included in Claims Bill)	3,042,081	0	3,042,081
12 Child Support Incentive Federal Match Change	0	2,630,843	2,630,843
13 LB 825 DHHS local offices, access to public benefit programs	0	1,650,000	1,650,000
14 Increased OJS Staffing	225,000	905,000	1,130,000
15 LB 599 CHIP coverage unborn children, Medicaid ineligible	0	773,381	773,381
16 LB 993 Child abuse & neglect teams, child advocacy centers	0	500,000	500,000
17 Economic Assistance Caseload Increases	322,014	161,007	483,021
18 School and Patrol retirement plans, statutory contributions	0	361,408	361,408
19 Nurse visitation services	0	250,000	250,000
20 Subtotal-Increases listed	26,989,095	80,475,257	107,464,352
15 SIGNIFICANT REDUCTIONS:			
21 TEEOSA state aid, adjust to NDE current law estimate	0	(27,574,876)	(27,574,876)
22 Revised program cost estimates, Medicaid	(5,000,000)	(5,000,000)	(10,000,000)
23 Homestead Exemption	(4,200,000)	(5,200,000)	(9,400,000)
24 Revised program cost estimates (SCHIP)	(1,000,000)	(1,000,000)	(2,000,000)
25 Revised program cost est Norfolk Sex Offender Treatment	(750,000)	(750,000)	(1,500,000)
26 Revised program cost est fund shift), Veterans Homes	(500,000)	(500,000)	(1,000,000)
27 Revised program cost estimates, BSDC	0	(700,000)	(700,000)
28 Subtotal-Reductions listed	(11,450,000)	(40,937,834)	(52,387,834)
29 ALL OTHER (Net)	278,737	2,055,153	2,333,890
36 GENERAL FUND NEW APPROPRIATIONS	15,817,832	41,592,576	57,410,408

TEEOSA School Aid (Dept. of Education)

The budget includes TEEOSA aid funding at a total of \$852.1 million for FY2012-13. This was based on the current TEEOSA law and reflected the state aid calculated and presented by the Department of Education (NDE) in February 2012. This \$852.1 million aid level is \$27.3 million less than the \$879.4 million estimated at the end of the 2011 legislative session and funded in the originally enacted FY2012-13 budget. The following table shows the actual TEEOSA aid for the past three years, the amount to be funded in FY2012-13 under current law and estimated for the next two years also projected under current law.

	Actual FY2009-10	Actual FY2010-11	Actual FY2011-12	Current Law FY2012-13	Estimated FY2013-14	Estimated FY2014-15
General Funds	824,934,868	796,734,560	804,689,087	836,867,085	1,011,342,907	1,091,727,510
Insurance Premium Tax	15,247,109	13,200,000	17,151,812	15,000,000	15,375,000	15,759,375
Lottery funds, reorg incentives	0	0	212,958	212,958	0	0
ARRA	93,668,750	140,287,176	0	0	0	0
EDJOBS	0	58,610,740	0	0	0	0
Total TEEOSA state aid	933,850,727	1,008,832,476	822,053,857	852,080,043	1,026,717,907	1,107,486,885
General Funds - Change over Prior Year						
Dollar	(121,989)	(28,200,308)	7,954,527	32,177,998	174,475,822	80,384,603
Percent	0.0%	-3.4%	1.0%	4.0%	20.8%	7.9%
All Funds - Change over Prior Year						
Dollar	94,460,146	74,981,749	(186,778,619)	30,026,186	174,637,864	80,768,978
Percent	11.3%	8.0%	-18.5%	3.7%	20.5%	7.9%

The large growth in TEEOSA aid in FY2013-14 and FY2014-15 directly relates to the expiration of some of the provisions of LB235 enacted last session to lower the FY12 and FY13 aid amounts. This include having the local effort rate return to \$1.00 from the \$1.0395 level in FY12 and FY13, and the allowable growth rate returning to 2.5% versus the 0% and .5% in FY12 and FY13 and how that increases the cost growth factor. The cost growth factor is what takes the two year old actual data and inflates it to the aid year. The following table breaks down the projected increases in the two following years. Of the 20.5% increase projected in FY2013-14, the equivalent of 14% relates to the expiration of the LB235 components.

	Annual % Change		Change over FY13 base	
	FY2013-14	FY2014-15	FY2013-14	FY2014-15
Local Effort Rate (\$1.0395 back to \$1.00)	5.7%	0.1%	48,442,069	49,653,121
Cost growth factor from 0.5 to 3.0 in FY13-14	8.5%	0.2%	72,155,375	73,959,260
Cost growth factor from 3.0 to 5.0 in FY14-15	0.0%	5.8%	0	59,167,408
All Other	6.3%	1.8%	54,040,420	72,627,054
Total Increase	20.5%	7.9%	174,637,864	255,406,843

The following table shows the chronology of the TEEOSA estimates since Sine Die 2011. The amounts shown are total TEEOSA aid including amounts financed with General Funds and Insurance Premium Tax.

There are two pieces of information that are most important in determining TEEOSA aid, property valuations and two year prior actual revenue and spending data. At Sine Die 2011 neither was available and all data was estimated. Property valuations are not known until August and are then available at the statutory required October meeting to develop TEEOSA

estimates. In October the FY12-13 estimate was \$829 million which was \$50 million lower than the aid number included in the budget as enacted in the 2011 session. This is the number the Governor included in his recommendation.

The other item, the two year prior actual data, is not available until December when the annual financial reports (AFR) are submitted by the schools and compiled by NDE. In December, the Legislative Fiscal Office updated the TEEOSA estimate using the annual financial report data that was not available at the time the previous estimate was made. This update indicated a total amount of TEEOSA aid at \$844 million which was \$15 million higher than the October revision and only \$35 million less than the Sine Die 2011 level. The \$852 million number using all the actual data was subsequently calculated by NDE and now included in the enacted budget.

	All Funds FY2011-12	All Funds FY2012-13	All Funds FY2013-14	All Funds FY2014-15
Sine Die 2011	821,840,899	879,356,145	947,109,070	983,664,102
Valuation, 2011 from 2.5% to 4.26%	0	(24,144,253)	(24,388,397)	(25,607,816)
Valuation; 2012 (5.0% to 3%), 2013 (5.0% to 2.5%)	0	0	29,865,084	69,809,635
Change factor, yield from LER used in formula	0	5,906,435	12,765,980	13,085,129
Spending growth, FY11 3.0% to 1.3% (GFOE to 1.75%)	0	(46,718,203)	(48,362,430)	(50,536,667)
Spending growth, FY12 1.0% to 3.5%, FY13 stays at 2.5%	0	0	71,115,891	74,292,546
Revise system averaging adjustment	0	5,649,305	5,847,031	5,993,208
Revise formula NEEDS stabilization	0	(4,740,263)	(4,740,264)	(4,858,771)
Revise student growth adjustment	0	(4,947,523)	(5,120,686)	(5,248,703)
Revise new school adjustment	0	3,514,999	3,638,024	3,728,974
Change in NEEDS lost in basic funding calculation	0	5,532,122	5,725,747	5,868,890
Change in Learning Community, impact of non-equalization	0	(620,000)	(620,000)	(620,000)
Impact of Elementary Class Size Allowance expiring	0	0	(21,610,000)	(23,175,250)
Change in other receipts	0	4,099,999	4,230,499	4,365,178
Pre Oct Meeting (change in NEEDS)	0	5,605,485	5,512,057	5,767,897
Pre Oct Meeting (change "other receipts" mostly SPED)	0	412,360	15,003,883	24,783,492
Total Changes	0	(50,449,537)	48,862,419	97,647,742
October 2011 Joint Meeting	821,840,899	828,906,608	995,971,489	1,081,311,844
Actual FY11 AFR, higher disbursement growth (1.3% vs 2.5%)	0	37,659,568	38,977,653	39,952,094
Actual FY11 AFR, lower fed categorical	0	13,029,404	13,485,433	13,822,569
Actual FY11 AFR, lower adjustments to achieve GFOE	0	6,095,335	6,308,672	6,466,389
Change in NEEDS lost in basic funding calculation	0	2,000,000	2,070,000	2,121,750
Lower System Averaging adjustment	0	(32,000,000)	(1,000,000)	0
Lower NEEDS stabilization	0	(10,000,000)	(25,000,000)	(25,625,000)
Higher Local Choice adjustment	0	1,712,846	1,772,795	1,817,115
Higher cost growth factor inflation on GFOE	0	283,921	1,763,153	3,012,052
Higher poverty/LEP corrections	0	17,348	17,955	18,404
Actual FY11 AFR, lower "Other Receipts"	0	2,436,248	(1,199,780)	(1,201,219)
Change factor, yield from LER used in formula	0	(5,688,917)	(5,636,926)	(5,777,849)
Total Change	0	15,545,753	31,558,955	34,606,305
December 2011 Update with AFR data	821,840,899	844,452,361	1,027,530,444	1,115,918,149
Error, Voluntary Termination not previously excluded	0	(14,418,890)	0	0
Adjust total disbursements number	0	(950,636)	(983,908)	(1,008,506)
Change in NEEDS lost in basic funding calculation	0	7,608,280	7,874,570	8,071,434
Higher System Averaging adjustment	0	11,542,668	0	0
Higher NEEDS stabilization	0	3,627,292	3,627,292	3,717,974
All other items (to calculated aid)	0	253,156	(215,799)	(19,607)
Adjust out year yield factor for \$1 LER	0	0	(11,114,692)	(11,392,559)
Prior yr deficiencies/negative balances/other	0	(34,188)	0	0
Total Change	0	7,627,682	(812,537)	(631,263)
February 2012 Update per NDE	821,840,899	852,080,043	1,026,717,907	1,115,286,886
Recognize reorg incentives, lottery funds	212,958	0	0	0
Out year impact of increased FY13 SPED funding	0	0	0	(7,800,000)
Sine Die 2012 (certified FY13)	822,053,857	852,080,043	1,026,717,907	1,107,486,886

Homestead Exemption (Dept. of Revenue)

Based on the total certified amounts received from the counties the amount needed to cover the homestead exemption reimbursements is \$68,100,000 which is \$4,200,000 less than the \$72,300,000 current FY11-12 appropriation. Based on this actual experience, the FY12-13 amount was reduced by \$5,200,000 from \$77,700,000 to \$72,500,000.

The Department indicates that there were 1,481 few qualified applicants for the Homestead Exemption for the current year. Given the state of the national economy this reduction seems counter-intuitive, especially when coupled with the increase in Nebraska's population of individuals over the age of 65. However, for 2010, the total federal adjusted gross income (AGI) for Nebraska residents age 65 and older increased 10.3% over 2009, compared to a 3.7% increase for all Nebraska resident taxpayers over the same period. The increase income for the 65 and older age group would account for most of the reduction in the Homestead Exemption.

Reduced Medicaid Match Rate (DHHS)

The federal medical assistance percentage (FMAP) was reduced to 56.64% for FFY 2012, down from 58.44% in FFY 2011. The FMAP was expected to stay at this lower level through the FY12/FY13 biennium, but instead was reduced further to 55.76% for FFY2013. The base FMAP is also used in the calculation of the enhanced Children's Health Insurance Program (CHIP) match rate. The enhanced FMAP for CHIP was reduced to 69.65% for Federal Fiscal Year 2012, down from 70.91% in FFY2011. The enhanced FMAP was expected to stay the same at this lower level through the FY2012-FY2013 biennium, but instead was reduced further to 69.03% for FFY2013. The FMAP affects multiple programs as shown below.

Program	Type	FY2011-12	FY2012-13
33 Developmental disability service coordination	Oper	0	103,746
38 Behavioral health aid	Aid	0	181,196
344 Childrens Health Insurance (SCHIP)	Aid	0	297,950
347 Public Assistance	Aid	0	395,987
348 Medicaid	Aid	0	9,671,447
365 Mental Health operations	Oper	0	28,632
421 Beatrice State Develop Center (BSDC)	Oper	0	276,441
424 Developmental disability aid	Aid	0	1,473,939
Total GF impact of FMAP change		0	12,429,338

Child Care Subsidy Deficit (DHHS)

The Department requested increased appropriations in FY2011-12 and FY2012-13 for the Child Care Subsidy Program. DHHS has seen a steady growth in expenditures in the Child Care Program from FY09 to the current fiscal year. In FY 09, expenditures were \$75.5 million for 17,282 recipients. In FY 10, expenditures increased to \$85.3 million, up 13% for 18,576 recipients, an increase of 7.5%. FY 11 expenditures were up by 8.5% to \$92.6 million. Recipients increased to 19,580 in FY 11 or by 5.4%. For the first half of FY12, expenditures were \$51 million. The total budgeted amount for FY 12 is \$87.2 million. The projected

shortfall of \$12 million was greater than the amount requested by the agency; part of this shortfall was anticipated to be made up by anticipated savings in other programs within the public assistance program. The Governor recommended and the legislature concurred in funding the entire \$12 million deficit.

Child Welfare Deficit (DHHS)

In FY2010-11 there was a substantial increase in child welfare costs as part of the privatization. Eight different contract amendments were financed by a reallocation of unutilized funds from other aid programs within budget program 347, additional federal funds available to offset General funds, and reappropriations from the prior biennium. The contract amounts for FY2011-12 were substantially lower than the FY2010-11 actual spending level. Based on discussion with the two lead contractors last fall the lower funding levels would have been adequate if there was 15% reduction in children served which subsequently did not happen and led to the shortfall of funding.

In late February, the Dept of Health and Human Services (DHHS) sent a letter to the chairpersons of the Appropriations Committee and Health and Human Services Committee informing them that DHHS and KVC Nebraska had agreed that KVC would no longer provide case management and related services effective March 1. This letter further requested a significant increase in funding for the child welfare system for the remainder of FY2011-12 and FY2012-13. These requested increases included the following:

Staffing and caseload ratios. These funds would be for staffing of the Southeast Service Area and increased staffing in the Western, Central, and Northern Service Areas and for resource development. Staffing levels would be at the Child Welfare League of America (CWLA) standards of 1:16 children for out of home services and 1:17 families for in-home/family preservation as called for in LB961 described later in this report. (\$4,832,075 FY2011-12, \$13,516,782 FY2012-13).

Nebraska Families Collaborative (NFC) Eastern Service Area. These funds include \$4.6 million for NFC to assume case management for the KVC families in the Eastern Service Area and an additional \$2.1 million for service costs. (\$6,790,592 FY2011-12)

State Costs, assume KVC contract in Southeast Service Area. This would be funds in addition to the remainder of the KVC contract amounts to contract for services in the Southeast Service Area. (\$2,472,974 FY2011-12)

Transition Costs to KVC These funds are divided into two areas. First is \$4.2 million identified by KVC as necessary to ensure payment to subcontractors. Second, \$1.8 million is included for transition costs and access to computer systems and equipment and satisfaction of any potential claim arising from immediate termination of services under the contract. (\$6,000,000 FY2011-12).

DHHS and NFC Case Management and Related Services, FY2012-13. DHHS indicated that calculations were prepared as to case management and contract funding needs for child

welfare for FY2012-13. These calculations include an assumed 5% reduction in total number of children, a shift of children from out-of-home to in-home placement, and a variety of other actions. To meet this projected need requires an additional \$6,200,564 in FY2012-13 above the amount currently budgeted.

With respect to financing, funding for the FY2011-12 deficit comes from reallocation of unused funds in several other DHHS budget programs. Financing the additional funds for FY2012-13 is \$2,700,000 federal funds and a new General Fund appropriation of \$17,017,346.

<u>Use of Funds</u>	<u>FY2011-12</u>	<u>FY2012-13</u>	<u>2 Yr Total</u>
Caseloads to Child Welfare League standard	4,832,075	13,516,782	18,348,857
NFC, assume KVC in ESA	6,790,592	0	6,790,592
Services, SESA	2,472,974	0	2,472,974
KVC transition - subcontractors	4,200,000	0	4,200,000
KVC transition - support	1,800,000	0	1,800,000
DHHS & NFC, case mgmt and service costs	0	6,200,564	6,200,564
Subtotal - Services	15,263,566	6,200,564	21,464,130
Total Use of Funds	20,095,641	19,717,346	39,812,987
<u>Source of Funds</u>	<u>FY2011-12</u>	<u>FY2012-13</u>	<u>2 Yr Total</u>
New General Funds	0	17,017,346	17,017,346
Federal Funds	0	2,700,000	2,700,000
Reallocate - Other programs	18,595,643	0	18,595,643
Lapse FY2010-11 reappropriation	1,500,000	0	1,500,000
Total Source of Funds	20,095,643	19,717,346	39,812,989

Child Welfare Legislation (DHHS)

There was a substantial amount of legislation enacted during the 2012 session to address the problems in the child welfare system. There were five bills that addressed different areas.

LB 821 creates a 24-member Nebraska Children’s Commission charged with developing a statewide strategic plan for reform of the system of child welfare programs and services. The commission is to examine the operations of the Department of Health and Human Services (HHS) and make a recommendation on either a new children’s agency or new children’s division within DHHS. This bill also establishes the Office of Inspector General of Nebraska Child Welfare Act within the Office of Public Counsel. The Inspector General would be charged with conducting investigations, audits, inspections and other reviews of the child welfare system.

LB 820 requires DHHS to adjust payment to foster parents to \$3.10 a day beginning July 1, 2012. Agencies contracting with the state to handle foster care would receive an additional 25 cents a day. The cost would be \$3,290,585 (\$3,165,937 GF and \$124,648 FF) in FY 13. The bill also creates the Foster Care Reimbursement Rate Committee to study foster care payment rates. The committee is under the jurisdiction of the Children’s Commission. The

bill also requires the DHHS to apply for a Title VI-E waiver on or before September, 2013. The demonstration project under the waiver shall include but not be limited to the following: 1) increasing permanency for children in foster care , 2) increasing positive outcomes for children and improving their safety and well- being, 3) preventing child abuse and neglect, (4) preventing reentry of children into the child welfare system, 5) developing a program to permit foster care payments to be made to long-term therapeutic family treatment centers and 6) addressing domestic violence that endangers children. Within three years of the date of submission or within two years after the date of the Title IV-E waiver approval whichever is later, at least two of the child welfare improvement policies in the 42 U.S 1320a-9(a)(7) shall be implemented. At least one improvement policy shall be one that has not been previously implemented. The bill also reduces the number of children a foster family may care for without being licensed from two children from different families to one child not related to the foster parent(s) by blood, marriage or adoption.

LB 949 requires the Division of Children and Family Services within DHHS to report quarterly to the Health and Human Services Committee and the Appropriations Committee of any movement of funding in excess of \$250,000 relating to child welfare beginning October 1, 2012. The Division of Children and Family Services is also required to include a strategic plan with their budget submissions in FY 14 and FY 15. The budget division with the Department of Administrative Services is to assist Health and Human Services with the development of goals and benchmarks. The bill states legislative intent to have the funding for child welfare placed in a separate budget program beginning July 1, 2012 and LB949A actually carries out that shift of funds from Budget Program 347 to a new budget Program 354 - Child Welfare Aid. The following subprograms are shifted from program 347 to the new Child Welfare Aid budget program:

16 Predisposition Detention	17 Post Adopt/Guardianship	18 Protection and Safety
30 IV-E Foster Care	31 IV-E Adoption Assistance	34 Subsidized Adoption
35 Domestic Violence	36 State Ward Education	48 Child Welfare
52 Adoption & Safe Families		

LB 961 requires that child welfare caseloads must be within the standards established by the Child Welfare League of America (CWLA) by September 1, 2012. Caseloads shall range between 12 and 17 cases. The mix of children and families that constitute a case is defined in the bill. Case plans are required to be developed for non-court involved cases. The service areas in the western, northern and central areas shall align with the judicial districts so that no district court judicial district is included in more than one service area. The bill prohibits the department from contracting with a lead agency in the western, northern and central service areas. Lead agency contracts in the eastern and southeastern service areas cannot be extended past July 1, 2014. The funding to meet CWLA standards was included in the mainline appropriations bill as is described in the issue relating to the child welfare deficit.

LB 1160 requires the following: 1) the Department of Health and Human Services to develop an Advanced Planning Document for a web-based, statewide automated child welfare information system; 2) conduct and independent evaluation of the child welfare system; 3) various reporting requirements to the Legislature and 4) an annual survey of children, parents, foster parents, judges, guardians ad litem, attorneys representing parents and

service providers. The department is to report to the Legislature on independent evaluation and the plan for the data system, including the cost of the system by December 1, 2012.

Child Support Incentive Federal Match Change (DHHS)

Beginning October 1, 2010, the Federal Government no longer allows Child Support Incentive dollars to be used as state matching funds to generate federal dollars in Child Support. During FY11 and FY12, DHHS has spent down the incentive balance and will need additional general funds to maintain current expenditure levels. A \$1.8 million General Fund reduction was adopted during the November, 2009 Special Session for FY10 and FY11 and built into the base budget for the current biennium. A deficit request was made a year ago, but was not addressed as there was a possibility that federal action would allow continued use of incentive funds as state match. That federal action did not occur.

Revised Program Costs, DHHS Programs (DHHS)

The Governors recommendation included reductions in five areas where an evaluation of year to date expenditures or other factors indicate excess appropriations in those programs. Actual year-to-date expenditure experience relates to the reductions in SCHIP and Medicaid. The reduction for the Beatrice State Developmental Center (BSDC) is based on the expectation that the census at the facility will continue to decline. The reduction for the Norfolk Sex Offender Treatment program relates to rebasing the program budget based on a census that has stabilized at a number closer to 70 significantly lower than planned. And for the Veterans Homes, the availability of additional federal funds allows for the reduction of General Fund support without reducing the overall operating budgets of the four veterans' homes.

	FY2011-12	FY2012-13
344 Children's Health Insurance SCHIP	(1,000,000)	(1,000,000)
348 Medicaid	(5,000,000)	(5,000,000)
421 Beatrice State Developmental Center BSDC0	0	(700,000)
421 Veterans Homes	(500,000)	(500,000)
870 Norfolk Sex Offender Treatment program	(750,000)	(750,000)
Total	(7,250,000)	(7,950,000)

Partial Restoration of Medicaid Provider Rate Cut (DHHS)

In the 2011 legislative session, the Governor recommended a 5% cut in Medicaid health care provider rates in FY2011-12. Primary care codes were excluded from the reduction. A 4% reduction was included in the Appropriations Committee preliminary budget but ultimately lowered to a 2.5% in their final proposal and was enacted at the 2.5% level.

In light of an improved financial status and lower than projected Medicaid expenditures, the legislature included \$9.7 million in FY2012-13 to restore the equivalent of 1.5% of this 2.5% cut.

Medicaid Program Changes (DHHS)

In December 2011 the Dept. of Health and Human Services System sent a letter to senators informing them that the Department proposed submitting necessary State Plan Amendments and/or waivers and amending Medicaid regulations in order to implement a variety of cost saving measures. These included changes to several copay requirements, limiting home health care services to 240 hours, eliminating private duty nursing services, implementing a nursing level of care requirement for personal assistant services and limiting the number of hours, eliminating coverage of certain nutritional supplements, and limiting behavioral health therapy visits to 60 per year. The Governor's recommendation included \$3,382,913 General Fund savings with a January 1, 2013 implementation date of these changes.

The enacted budget did not include any savings related to these proposed changes.

Increased Staffing, Office of Juvenile Services (DHHS)

Per the Department of Health and Human Services request, the budget includes funding for additional 18 FTE at the two Youth Rehabilitation and Treatment Centers at Kearney and Geneva (YRTC-Geneva). This includes ten Youth Security Specialists and six Licensed Mental Health Providers at the YRTC-Kearney and one Therapeutic Recreational Specialist and one Registered Nurse at the YRTC-Geneva:

Many youth committed to OJS custody have behavioral health/sex offender treatment needs and additional staff who specialize in these areas are needed. Length of stay has remained stable at the YRTC-Kearney over the last six months however, the YRTC-Kearney has seen an increase in the census over the last several months. From June to October 2011 234 youth were committed to Kearney compared to 191 from January to May 2011. The average monthly census increased from 147 in FY2010-11 to 167 through November 2011. Geneva is stable with an average monthly census of 81 in FY 11 and 78 through November.

Direct care staff levels at YRTC-Kearney need to meet the 1:8 ratio to reflect a staffing pattern that is appropriate for intensive therapeutic programming. The average direct care staff to youth ratio is currently 1:17. Increased staffing levels should provide a safer environment for youth and staff by bringing the ratio of youth to staff lower to meet the acceptable national average for safety/security.

Developmental Disability Waiting List (DHHS)

The budget adjustments include an additional \$3,600,000 General Funds and \$4,059,574 Federal Funds in FY2012-13 for aid to persons with developmental disabilities. The funds are to be used to serve approximately 212 persons from the waiting list. There are currently about 1,769 persons waiting for services. Also included is \$400,000 General Funds and \$400,000 Federal Funds for service coordination staff to provide assistance to persons being offered services.

Governors Emergency Program (Military Dept.)

The Nebraska Emergency Management Agency (NEMA) requested an \$8.9 million supplemental appropriation to the Governor's Emergency Program. Since 2006, Nebraska has experienced the most active and costly disaster period on record. From 1991 through 2005, there were 13 federal emergency/disaster declarations for an average of less than 1 disaster declaration per year. In the last six years the state has experienced a total of 23 federal emergency/disaster declarations, or an average of 3.8 declarations per year. In dollar terms, the average yearly cost of disasters from 1991 through 2005 was \$543,272 in contrast to a \$5,002,695 average from 2006 through 2011.

Even though there is a current balance of \$14.27 million dollars in Program 192 (as of Nov. 30, 2011), the obligations remaining for current open disasters total \$18.12 million. Based upon these estimates, there exists a \$3.85 million dollar shortfall in the Governor's Emergency Program. To take care of this shortfall and reestablish the \$5 million dollar base, an \$8.9 million dollar supplemental appropriation is included.

Veterinary Diagnostic Center (University of Nebraska - IANR)

The FY2012-13 budget adjustments include funding for the design and construction of a Veterinary Diagnostic Center at the University of Nebraska Institute of Agriculture and Natural Resources. Funding for the project is subject to the approval of the Coordinating Commission for Postsecondary Education. The current Veterinary Diagnostic facility, built in 1975, has deficiencies due to problems involving ventilation, building design, risk of cross-contamination, lack of space and accessibility to people with disabilities. The total project cost is estimated at \$55,000,000 of which \$50,000,000 is from state funds and \$5,000,000 is from private or other. The project is to be debt financed through the University of Nebraska Facilities Corporation over a 10-year period. It is the intent of the Legislature that the annual debt service of \$6,093,000 be appropriated from the General Fund. The FY2012-13 recommendation includes the first annual debt service payment of \$6,093,000 General Funds. State funds may not be allotted until the private or other funds have been received by the Board of Regents.

Total Appropriations All Funds

Summary - All Funds

Table 16 shows the total appropriation from all fund sources as originally enacted in the 2011 legislative session and revised in the 2012 session.

While this report provides a narrative description of the major changes enacted during the 2012 Session, the reader should refer to the 2011 Biennial Budget Report for a more detailed description of the budget actions taken in that session for the initial enactment of the FY12 / FY13 biennial budget.

Table 16 Total Appropriations - All Funds

FY2010-11	General	Cash	Federal	Rev/Other	Total
Adjusted Per 2010 Session	3,405,101,292	1,786,208,029	2,783,940,522	733,611,968	8,708,861,811
2011 Session Deficits	(27,202,366)	2,470,159	38,500,000	0	13,767,793
2011 Session State Claims	1,702,254	99,966	0	1,316,287	3,118,507
Final Appropriation per 2011 Session	3,379,601,180	1,788,778,154	2,822,440,522	734,928,255	8,725,748,111
FY2011-12	General	Cash	Federal	Rev/Other	Total
Total Per 2011 Session	3,468,389,234	1,848,428,337	2,636,058,658	740,656,170	8,693,532,399
Special Session adjustments	2,142,695	0	0	0	2,142,695
Total Per 2011 Special Session	3,470,531,929	1,848,428,337	2,636,058,658	740,656,170	8,695,675,094
2012 Session-Committee Proposed	13,772,751	4,356,560	(5,557,915)	600,000	13,171,396
2012 Session State Claims	3,042,081	0	0	227,500	3,269,581
2012 Session Floor Actions	(1,000,000)	60,000	0	0	(940,000)
2012 Session Vetoes	(2,499,343)	0	0	0	(2,499,343)
2012 Session Overrides	2,499,343	0	0	0	2,499,343
2012 Session "A" bills	3,000	13,905	0	0	16,905
<i>2012 Deficits</i>	15,817,832	4,430,465	(5,557,915)	827,500	15,517,882
Final Total - 2012 Session	3,486,349,761	1,852,858,802	2,630,500,743	741,483,670	8,711,192,976
Change over prior year (w ithout deficits)					
Dollar	65,430,637	62,220,308	(147,881,864)	7,044,202	(13,186,717)
Percent	1.9%	3.5%	-5.3%	1.0%	-0.2%
FY2012-13	General	Cash	Federal	Rev/Other	Total
Total Per 2011 Session	3,590,831,179	1,797,324,048	2,635,350,476	732,518,824	8,756,024,527
2012 Session-Committee Proposed	27,244,599	2,708,322	1,041,190	79,500,000	110,494,111
2012 Session Floor Actions	6,787,042	0	0	0	6,787,042
2012 Session Vetoes	0	0	0	0	0
2012 Session Overrides	0	0	0	0	0
2012 Session "A" bills	7,560,935	5,048,004	4,088,290	0	16,697,229
<i>2012 Session Midbiennium Actions</i>	41,592,576	7,756,326	5,129,480	79,500,000	133,978,382
Total Per 2012 Session	3,632,423,755	1,805,080,374	2,640,479,956	812,018,824	8,890,002,909
Change over prior year (w ithout deficits)					
Dollar	161,891,826	(43,347,963)	4,421,298	71,362,654	194,327,815
Percent	4.7%	-2.3%	0.2%	9.6%	2.2%

Table 17 Listing of 2012 Session “A” Bills

Description	Fund	FY11-12	FY12-13	FY13-14	FY14-15
LB 66 Change provisions, DNA collection	General	0	202,600	107,600	107,600
LB 209 Cash flow, tax incentive refund of local sales taxes	General	0	0	35,365	35,365
LB 216 Special interest motor vehicle license plates.	Cash	0	26,250	0	0
LB 541 Medicaid recovery audit contractors	General	0	52,500	100,641	100,641
LB 541 Medicaid recovery audit contractors	Federal	0	157,500	100,641	100,641
LB 599 CHIP coverage unborn children, Medicaid ineligible mothers	General	0	654,626	650,017	650,017
LB 599 CHIP coverage unborn children, Medicaid ineligible mothers	Federal	0	1,948,899	1,929,177	1,929,177
LB 751 Various motor vehicle law changes	Cash	0	(93,008)	(93,008)	(93,008)
LB 793 Limit frivolous civil actions filed by prisoners	General	0	(4,075)	(4,075)	(4,075)
LB 806 License & regulate wagering, historic horseraces	Cash	0	VETO	VETO	VETO
LB 817 Changes, Crime Commission community corrections	General	0	0	3,750	3,750
LB 817 Changes, Crime Commission community corrections	Cash	0	0	95,909	95,909
LB 820 Foster care demonstration project	General	0	3,161,591	3,169,591	3,169,591
LB 820 Foster care demonstration project	Federal	0	250,794	252,794	252,794
LB 821 Nebr Children's Comm, Dept of Children's Services	General	3,000	292,000	193,000	193,000
LB 821 Nebr Children's Comm, Dept of Children's Services	Federal	0	100,000	0	0
LB 825 DHHS local offices, access to public benefit programs	General	0	1,650,000	1,650,000	1,650,000
LB 825 DHHS local offices, access to public benefit programs	Federal	0	1,350,000	1,350,000	1,350,000
LB 862 Increase Judges salaries	General	0	VETO	367,505	367,505
LB 862 Increase Judges salaries	Cash	0	18,755	18,755	18,755
LB 872 Change apportionment method, corporate income tax	General	0	0	91,110	185,700
LB 905 Change assessment method, wheat excise tax	Cash	0	160,000	400,000	400,000
LB 928 Deer donation program	Cash	13,905	295,454	290,454	290,454
LB 949 Reports, strategic plan, Children & Family Services	General	0	Shift	Shift	Shift
LB 949 Reports, strategic plan, Children & Family Services	Federal	0	Shift	Shift	Shift
LB 950 Gen Fund transfer to Water Resources Cash Fund	Cash	0	1,400,000	0	0
LB 985 Nebraska Juvenile Service Delivery Project (NJSDP)	General	0	226,750	0	0
LB 993 Child abuse & neglect teams, child advocacy centers	General	0	500,000	500,000	500,000
LB 998 Change Foster Care Review Board to Office	General	0	Shift	Shift	Shift
"LB 1020 Nebraska Coordinated School Health Act "	General	0	VETO	VETO	VETO
"LB 1020 Nebraska Coordinated School Health Act "	Cash	0	VETO	VETO	VETO
LB 1053 Create Nebraska Tourism Commission	General	0	Shift	Shift	Shift
LB 1053 Create Nebraska Tourism Commission	Cash	0	Shift	Shift	Shift
LB 1053 Create Nebraska Tourism Commission	Federal	0	Shift	Shift	Shift
LB 1054 Changes, Motor Vehicle Service Contract Reimburse.	Cash	0	26,972	26,972	26,972
LB 1057 Change assessment rate, corn excise tax	Cash	0	1,000,000	2,250,000	2,250,000
LB 1079 Educational bridge grants for low-income adults	Cash	0	200,000	200,000	200,000
LB 1087 Natural Gas Fuel Board	Cash	0	13,581	13,581	13,581
LB 1090 Summer Food Service Program grants	General	0	140,000	140,000	140,000
LB 1091 Prepaid Wireless Surcharge Act	General	0	49,930	0	0
LB 1128 New Markets Job Growth Investment Act, tax credits	General	0	145,226	46,851	46,851
LB 1145 Change provisions, human trafficking and pandering	General	0	58,690	12,460	12,460
LB 1160 DHHS information system and reports	General	0	431,097	0	0
LB 1160 DHHS information system and reports	Federal	0	281,097	0	0
LB 1161 Change provisions, oil pipelines evaluation of routes	Cash	0	2,000,000	0	0
General		3,000	7,560,935	7,063,815	7,158,405
Cash		13,905	5,048,004	3,202,663	3,202,663
Federal		0	4,088,290	3,632,612	3,632,612
Total		16,905	16,697,229	13,899,090	13,993,680

While a complete listing of all items is contained in Appendix A, the major cash, federal, and revolving/NCCF items are shown in Table 18 below. WITH RESPECT TO CASH AND FEDERAL FUNDS, MOST OF THE ITEMS LISTED ARE RELATED TO A GENERAL FUND ISSUE DESCRIBED IN THE GENERAL FUND SECTION. For the largest cash fund and NCCF items a narrative description follows the table.

**Table 18 Significant Cash, Federal and NCCF Fund
Budget Adjustments - 2012 Session**

Significant Items - Cash Funds	FY2011-12	FY2012-13	2 Yr Total
Convention Center Support Fund	2,417,420	0	2,417,420
LB 1161 Change provisions, oil pipelines evaluation of routes	0	2,000,000	2,000,000
LB 950 Gen Fund transfer to Water Resources Cash Fund	0	1,400,000	1,400,000
LB 969 Reduce transfers to Health Care Cash Fund	0	0	Future Yrs
Major Oil Pipeline Siting Act	541,687	542,643	1,084,330
Affordable housing funds from cash reserve transfer	0	1,000,000	1,000,000
LB 1057 Change assessment rate, corn excise tax	0	1,000,000	1,000,000
Early Childhood Training Center Cash Fund	400,000	400,000	800,000
Reorganization Incentive Cash Appropriation	212,958	212,958	425,916
Olympic Team Trial assistance, Visitors Promotion Cash fund	250,000	0	250,000
All Other	608,400	1,200,725	1,809,125
TOTAL CASH FUNDS	4,430,465	7,756,326	12,186,791

Significant Items - Federal Funds	FY2011-12	FY2012-13	2 Yr Total
Partial restoration of provider rate cut - Medicaid	0	12,472,424	12,472,424
Developmental disability, waiting list aid	0	4,059,574	4,059,574
Child welfare deficit, staffing / caseloads - Admin	0	2,700,000	2,700,000
LB 825 DHHS local offices, access to public benefit programs	0	1,350,000	1,350,000
LB 599 CHIP coverage, unborn children, mothers ineligible for Medicaid	0	1,723,814	1,723,814
Lower 2013 FMAP	0	(12,429,338)	(12,429,338)
Revised program cost estimates (SCHIP)	(2,330,003)	(2,245,699)	(4,575,702)
Revised program cost estimates, Medicaid	(3,991,378)	(3,815,084)	(7,806,462)
All Other	763,466	1,313,789	2,077,255
TOTAL FEDERAL FUNDS	(5,557,915)	5,129,480	(428,435)

Significant Items - NCCF / Revolving	FY2011-12	FY2012-13	2 Yr Total
University - UNMC Cancer Research tower (NCCF)	0	50,000,000	50,000,000
University - UNK Allied Health (NCCF)	0	15,000,000	15,000,000
State Colleges - Chadron Armstrong Gym (NCCF)	0	6,700,000	6,700,000
State Colleges - Peru Oak Bowl improvements (NCCF)	0	7,500,000	7,500,000
DAS - Centennial Mall project (NCCF)	0	800,000	800,000
DHHS - Bridges Program cash flow (NCCF) (HHS)	550,000	(550,000)	0
State Claims	227,500	0	227,500
All Other (Revolving)	50,000	50,000	100,000
TOTAL NCCF / REVOLVING FUNDS	600,000	79,500,000	80,100,000

Convention Center Support Fund

The Convention Center Facility Financing Assistance Act (as amended by LB551-2007) provides that sales tax revenue collected by retailers and operators doing business at an approved convention and meeting center facility, sports arena facility, or associated hotel be allocated to the Convention Center Support Fund. Of this amount, 70% goes back to the relevant political subdivision and 30% goes to the Local Civic, Cultural, and Convention Center Financing Fund. A total of \$3,453,457 was certified to be credited to the Convention Center Support Fund of which \$2,417,420 is remitted back to Omaha and \$1,036,037 transferred to the Local Civic, Cultural, and Convention Center Financing Fund.

LB 1161 Oil pipelines evaluation of routes

LB 1161 requires that a pipeline carrier that has submitted a route for evaluation or review to reimburse the Department of Environmental Quality (DEQ) for its expenses to carry out the evaluation or review. The reimbursement would be deposited in the Department of Environmental Quality Cash Fund. It is estimated that up to \$2,000,000 in cash fund expenditure authority may be required by DEQ in FY12-13 to conduct an evaluation of a proposed route.

LB 950 Transfer to Water Resources Cash Fund

As originally introduced, LB950 would have redirected the \$8.5 million of remaining repayments from Republican River Natural Resources Districts that were given assistance in 2008, pursuant to LB1094, from the Cash Reserve Fund to the Water Resources Cash Fund. The bill as finally enacted however, reduced the transfer to a one-time \$1.4 million directly from the General Fund.

LB 969 Health Care Cash Fund Transfers

The Health Care Cash Fund receives funding from the Medicaid Intergovernmental Trust Fund and the Tobacco Settlement Trust Fund. The revenue source for the Medicaid Intergovernmental Trust Fund was a previously allowable intergovernmental transfer of extra Medicaid reimbursements to the state from publicly-owned nursing facilities while the source of the Tobacco Settlement Trust Fund is payments from tobacco companies pursuant to a nationwide settlement entered into several years ago.

Current statute calls for \$59.1 million to be transferred annually from these trust funds to the Health Care Cash fund. A March 2011 consultant presentation to the State Investment Council indicated that the current use of the trust fund at this level will likely exceed the expected contributions causing a decline in the fund balances and jeopardizing the long term sustainability of the fund.

LB969 amends section 71-7611 by reducing the current \$59,100,000 million transfer to \$56,145,000 for FY2013-14 (July 1, 2013), \$53,190,000 for FY2014-15, and \$50,235,000 for FY2015-16 and annually thereafter. While the bill reduces the overall transfer, it does not

address which specific programs which utilize these monies are affected. This will be determined through the appropriations process in the next biennium. The following table shows the current use of the Health Care Cash Fund monies.

<u>Use of Health Care Cash Funds</u>	<u>FY2010-11</u>	<u>FY2011-12</u>	<u>FY2012-13</u>
Behavioral Health Provider Increases	10,100,000	10,100,000	10,100,000
Service Capacity, mental health/juvenile srvc's	7,500,000	7,500,000	7,500,000
Emergency Protective Custody	1,500,000	1,500,000	1,500,000
Respite Care	1,214,643	1,214,643	1,214,643
Developmental Disability Waiting List	5,000,000	5,000,000	5,000,000
Total Public Health	5,700,000	5,504,190	5,504,190
Total Minority Health	3,200,000	3,095,810	3,095,810
Children's Health Insurance (SCHIP)	5,000,000	5,300,000	5,300,000
Biomedical Research	14,000,000	14,000,000	14,000,000
Human Service Studies	100,000	75,000	75,000
Attorney General	395,807	395,807	395,807
EMS Technicians	13,688	13,688	13,688
Revenue Auditor Specialist	56,686	58,845	58,845
Compulsive Gamblers	250,000	250,000	250,000
Autism Treatment Program Act	1,000,000	0	0
Nebraska Regional Poison Control Center	00,000	200,000	200,000
Parkinson's disease registry	6,000	26,000	26,000
Tobacco Prevention / smoking cessation	3,456,000	3,425,000	3,425,000
Stem Cell Research	500,000	450,000	450,000
FROM ALLOCATION	59,206,824	58,183,983	58,183,983
Unused prior year Autism funds to CHIP		3,000,000	1,000,000
TOTAL USE OF HEALTH CARE CASH FUND	59,206,824	61,183,983	59,183,983

Chadron State College - Armstrong Gymnasium

For 2012-13, an appropriation of \$6,700,000 is recommended in order to undertake construction of an addition to and renovation of Armstrong Gymnasium at Chadron State College. The project has been approved by the Coordinating Commission for Postsecondary Education. The recommended appropriation would effectively be contingent upon an additional \$2,000,000 of private and other funds to be secured by the college to supplement state funds for the project. The existing structure was built in 1964 prior to substantial growth in women's athletics. No major renovation of the facility has been undertaken since its original construction. Heating and ventilation systems date to original construction and the building lacks air conditioning. Various space deficiencies of the current facility cited by the college include: an arena undersized to accommodate crowds at athletic events, commencement and other large gatherings; undersized weight and training rooms that result in unsafe and overcrowded conditions; inadequate office space for coaches and administrative support; and, locker rooms that are not compliant with current codes or ADA guidelines.

Peru State College - Oak Bowl

An appropriation of \$7,500,000 for 2012-13 is included to undertake renovation of and improvements to the Oak Bowl at Peru State College. Of this amount, \$5,000,000 is funded without specific limitation. The \$2,500,000 balance of the appropriation would effectively be contingent upon an additional \$1,500,000 of private and other funds to be secured by the college to supplement state funds for the project. State funding for the project is subject to the approval of the Coordinating Commission for Postsecondary Education. The Oak Bowl (site of the college's football field) and its facilities were constructed in several phases beginning in 1900. Concrete stadium bleachers were constructed during the 1950s. Elements of proposed improvements to and renovation of the existing facility include: eliminating safety issues associated with steep inclines and hazardous drop-offs and eliminating accessibility barriers; improvements to the playing field; eliminating drainage problems throughout the facility including eliminating an open drainage ditch around the perimeter of playing field; resolving inadequacies of existing stadium seating, restroom facilities, locker room facilities, press box and concession area.

UNMC College of Nursing and School of Allied Health Professions - Kearney Division

The FY2012-13 budget includes funding for the design and construction of an addition to the Bruner Hall of Science at the University of Nebraska at Kearney. The funding for the project is subject to the approval of the Coordinating Commission for Postsecondary Education. The addition would allow expansion of the UNK-based UNMC nursing program as well as the establishment of a UNK-based UNMC allied health professions program. Allied health programs include physical therapy, physician assistant, clinical laboratory science, diagnostic medical sonography and radiography. The current nursing facility is outdated and has space deficiencies. The total cost for the project is estimated at \$18,000,000 of which \$15,000,000 is from state funds and \$3,000,000 is from private or other funds. The \$15,000,000 in state funds may not be allotted until the \$3,000,000 in private or other funds have been received by the Board of Regents.

UNMC Cancer Research Tower

The FY2012-13 budget includes funding for the design and construction of a cancer research tower at the University of Nebraska Medical Center that includes 250,000 square feet and 98 new laboratories dedicated to cancer research. The funding for the project is subject to the approval of the Coordinating Commission for Postsecondary Education. The research tower is one part of a \$370,000,000 cancer center project that would also include an outpatient facility and an inpatient cancer treatment center. The total project cost for the cancer research tower is estimated at \$110,000,000 of which \$50,000,000 is from state funds and \$60,000,000 is from private or other funds. State funds may not be allotted in two phases until private or other funds have been received by the Board of Regents.

Centennial Mall Improvements

An appropriation of \$800,000 for 2012-13 is included to aid and assist the City of Lincoln with planned Centennial Mall renovations and improvements. The Centennial Mall revitalization budget is estimated at just over \$8,046,000. This excludes \$1,500,000 planned to establish

an endowment to support future repairs and maintenance of the mall. The \$800,000 state funding would supplement local public funding to include \$3,500,000 committed by the City of Lincoln and \$500,000 committed by Lancaster County. The balance of funding for the project is planned to be supported by contributions from individuals, corporations, foundations and other sources.

LB 969 State Colleges Sport Facilities Cash Fund

Among other various fund changes, LB969 created the State Colleges Sport Facilities Cash Fund to be administered by the Board of Trustees of the State Colleges. The fund can consist of transfers from the Civic and Community Center Financing Fund, revenue received from gifts, grants, bequests, donations, or other contributions from public or private sources. The fund can be used to support renovation and construction of or improvements to facilities for intercollegiate athletics and student fitness, recreation, and sport activities at the State Colleges. The bill also provides for transfers from the Civic and Community Center Financing Fund to the State Colleges Sports Facilities Cash Fund amounting to \$250,000 on October 1 of 2012, 2013, and 2014 and then \$400,000 beginning October 1, 2015 and every year thereafter.

Appendix A

Detailed Listing of All Budget Adjustments

		Fund	<u>Enacted 2012 Session</u>		<u>Est for Following Biennium</u>	
			FY2011-12	FY2012-13	FY2013-14	FY2014-15
#03-Legislative Council						
123	Cash fund authority, Lobby Registration Fund	Cash	20,000	0	0	0
504	LB 821 Nebr Children's Commission, Dept of Children's Services	Gen	0	93,000	93,000	93,000
#05-Supreme Court						
3	LB 862 Increase Judges salaries	Gen	0	0	20,276	20,276
4	LB 862 Increase Judges salaries	Gen	0	0	16,511	16,511
6	LB 862 Increase Judges salaries	Gen	0	0	179,516	179,516
7	LB 862 Increase Judges salaries	Gen	0	0	151,202	151,202
67	LB 66 Change provisions, DNA collection	Gen	0	202,600	107,600	107,600
435	Increase in PSL, Probation (\$40,640 FY12, \$77,000 FY13)	PSL	YES	YES	--	--
570	Increase in PSL, Court Automation (\$35,100 FY12, \$61,575 FY13)	PSL	YES	YES	--	--
435	LB 985 Nebraska Juvenile Service Delivery Project (NJSDP)	Gen	0	8,408,817	8,408,817	8,408,817
#10-State Auditor						
525	Additional Contracts	Cash	30,000	30,000	30,000	30,000
#11-Attorney General						
507	Funding to address SLEBEC retirement lawsuit	Gen	30,000	20,000	0	0
#12-State Treasurer						
665	Convention Center Support Fund	Cash	2,417,420	0	0	0
#13-Dept of Education						
25	Transfer of .15 FTE to Education Innovation	Gen	0	0	0	0
25	Early Childhood Training Center Cash Fund	Cash	400,000	400,000	400,000	400,000
25	Poverty/Limited English plan reviews	Gen	75,000	75,000	75,000	75,000
25	Revolving Fund Appropriation	Rev	50,000	50,000	50,000	50,000

	Fund	<u>Enacted 2012 Session</u>		<u>Est for Following Biennium</u>	
		FY2011-12	FY2012-13	FY2013-14	FY2014-15
25 LB 1090 Summer Food Service Program grants	Gen	0	12,000	10,000	10,000
158 TEEOSA state aid, to NDE calculated per current law	Gen	0	(27,787,834)	79,302,594	123,508,884
158 Reorganization Incentive Cash Appropriation	Cash	212,958	212,958	212,958	212,958
158 Special Education Aid	Gen	1,000,000	9,000,000	9,000,000	9,000,000
158 LB 1090 Summer Food Service Program grants	Gen	0	128,000	130,000	130,000
161 LB 1079 Educational bridge grants for low-income adults	Cash	0	200,000	200,000	200,000
351 Vocational Rehabilitation Services Cash Appropriation	Cash	200,000	0	0	0
614 PSL Increase - Professional Practices (\$990 FY12)	PSL	YES	0	--	--
#14-Public Service Commission					
686 Additional admin assistant, Nebr Telephone Assistance NTAP	Cash	0	51,792	51,792	51,792
792 Major Oil Pipeline Siting Act	Gen	10,225	0	0	0
792 Major Oil Pipeline Siting Act	Cash	541,687	542,643	542,643	542,643
#16-Dept of Revenue					
102 LB 209 Cash flow, tax incentive refund of local sales taxes	Gen	0	0	35,365	35,365
102 LB 872 Change apportionment method, corporate income tax	Gen	0	0	91,110	185,700
102 LB 1091 Prepaid Wireless Surcharge Act	Gen	0	49,930	0	0
102 LB 1128 New Markets Job Growth Investment Act and provide tax credits	Gen	0	145,226	46,851	46,851
108 Homestead Exemption	Gen	(4,200,000)	(5,200,000)	(5,200,000)	(5,200,000)
#22-Dept of Insurance					
69 LB 1054 Changes, Motor Vehicle Service Contract Reimburse.	Cash	0	26,972	26,972	26,972
#24-Dept of Motor Vehicles					
70 Commercial Drivers License (CDL) program manager position	Cash	0	64,574	64,574	64,574
70 LB 216 Special interest motor vehicle license plates.	Cash	0	26,250	0	0
70 LB 751 Various motor vehicle law changes	Cash	0	(93,008)	(93,008)	(93,008)
#25-HHS System					
33 Child Support Incentive Federal Match Change	Gen	0	2,630,843	2,630,843	2,630,843
33 Economic Assistance Caseload Increases	Gen	322,014	161,007	161,007	161,007
33 Economic Assistance Caseload Increases	Fed	263,466	171,733	171,733	171,733

	Fund	<u>Enacted 2012 Session</u>		<u>Est for Following Biennium</u>	
		FY2011-12	FY2012-13	FY2013-14	FY2014-15
33 Continue transfer of funds for privatization of case management	Gen	0	(2,271,775)	(2,271,775)	(2,271,775)
33 Continue transfer of funds for privatization of case management	Fed	0	(2,271,775)	(2,271,775)	(2,271,775)
33 Targeted developmental disability service coordination	Gen	0	127,580	127,580	127,580
33 Targeted developmental disability service coordination	Fed	0	127,580	127,580	127,580
33 Developmental disability, waiting list service coordination	Gen	0	400,000	400,000	400,000
33 Developmental disability, waiting list service coordination (LB 901)	Fed	0	400,000	400,000	400,000
33 LB 541 Medicaid recovery audit contractors	Gen	0	52,500	100,641	100,641
33 LB 541 Medicaid recovery audit contractors	Fed	0	157,500	100,641	100,641
33 LB 599 CHIP coverage, unborn children, mothers ineligible for Medicaid	Gen	0	96,745	84,149	84,149
33 LB 599 CHIP coverage, unborn children, mothers ineligible for Medicaid	Fed	0	225,085	187,561	187,561
33 LB 820 Foster care demonstration project	Gen	0	115,400	123,400	123,400
33 LB 820 Foster care demonstration project	Fed	0	4,000	6,000	6,000
33 LB 825 DHHS local offices, access to public benefit programs	Gen	0	1,650,000	1,650,000	1,650,000
33 LB 825 DHHS local offices, access to public benefit programs	Fed	0	1,350,000	1,350,000	1,350,000
33 LB 1160 DHHS information system and reports	Gen	0	431,097	0	0
33 LB 1160 DHHS information system and reports	Fed	0	281,097	0	0
178 Transfer Cash approp from Public Health to Prof. Licensure	Cash	96,512	96,512	96,512	96,512
179 Transfer Cash approp from Public Health to Prof. Licensure	Cash	(96,512)	(96,512)	(96,512)	(96,512)
250 Increased OJS Staffing	Gen	225,000	905,000	905,000	905,000
250 LB 985 Nebraska Juvenile Service Delivery Project (NJS DP)	Gen	0	(2,527,737)	(2,527,737)	(2,527,737)
344 Revised program cost estimates (SCHIP)	Gen	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
344 Revised program cost estimates (SCHIP)	Fed	(2,330,003)	(2,245,699)	(2,245,699)	(2,245,699)
344 SCHIP, program changes, copays and services	Gen	0	0	0	0
344 SCHIP, program changes, copays and services	Fed	0	0	0	0
344 Cash flow, health care cash fund monies to poison control	Cash	0	200,000	200,000	200,000
344 LB 599 CHIP coverage unborn children, Medicaid ineligible	Gen	0	773,381	781,368	781,368
344 LB 599 CHIP coverage, unborn children, mothers ineligible for Medicaid	Fed	0	1,723,814	1,741,616	1,741,616
347 Child Care Deficit	Gen	12,000,000	12,000,000	12,000,000	12,000,000
347 Continue transfer of funds for privatization of case management	Gen	0	2,271,775	2,271,775	2,271,775
347 Continue transfer of funds for privatization of case management	Fed	0	2,271,775	2,271,775	2,271,775

	Fund	<u>Enacted 2012 Session</u>		<u>Est for Following Biennium</u>	
		FY2011-12	FY2012-13	FY2013-14	FY2014-15
347 Nurse visitation services	Gen	0	250,000	250,000	250,000
347 LB 820 Foster care demonstration project	Gen	0	3,043,791	3,043,791	3,043,791
347 LB 820 Foster care demonstration project	Fed	0	246,794	246,794	246,794
347 LB 985 Nebraska Juvenile Service Delivery Project (NJSDP)	Gen	0	(5,881,080)	(5,881,080)	(5,881,080)
347 LB 993 Child abuse & neglect teams, child advocacy centers	Gen	0	500,000	500,000	500,000
348 Revised program cost estimates, Medicaid	Gen	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)
348 Revised program cost estimates, Medicaid	Fed	(3,991,378)	(3,815,084)	(3,815,084)	(3,815,084)
348 Medicaid program changes, copays and services (Medicaid)	Gen	0	0	0	0
348 Medicaid program changes, copays and services (Medicaid)	Fed	0	0	0	0
348 Partial restoration of provider rate cut - Medicaid	Gen	0	9,660,143	9,660,143	9,660,143
348 Partial restoration of provider rate cut - Medicaid	Fed	0	12,472,424	12,472,424	12,472,424
353 LB 820 Foster care demonstration project	Gen	0	2,400	2,400	2,400
353 LB 821 Nebr Children's Comm, Dept of Children's Services	Gen	3,000	199,000	100,000	100,000
353 LB 821 Nebr Children's Comm, Dept of Children's Services	Fed	0	100,000	0	0
347 LB 949 Children & Family Services aid to separate budget program	Gen	0	(156,111,873)	(156,111,873)	(156,111,873)
347 LB 949 Children & Family Services aid separate budget program	Cash	0	(2,734,444)	(2,734,444)	(2,734,444)
347 LB 949 Children & Family Services aid separate budget program	Fed	0	(30,676,983)	(30,676,983)	(30,676,983)
354 LB 949 Children & Family Services aid to separate budget program	Gen	0	156,111,873	156,111,873	156,111,873
354 LB 949 Children & Family Services aid separate budget program	Fed	0	30,676,983	30,676,983	30,676,983
421 Revised program cost estimates, BSDC	Gen	0	(700,000)	(700,000)	(700,000)
421 Revised program cost estimates, BSDC	Fed	0	(900,000)	(900,000)	(900,000)
421 Increase PSL, contracted staff to permanent employees, BSDC	PSL	0	0	0	0
424 Transfer funds, targeted developmental disability service coordination	Gen	0	0	0	0
424 Developmental disability, waiting list aid	Gen	0	3,600,000	3,600,000	3,600,000
348 Developmental disability, waiting list aid (LB 901)	Fed	0	4,059,574	4,059,574	4,059,574
502 Change distribution, aid to federally qualified health centers	Gen	0	(9,334)	(9,334)	(9,334)
519 Revised program cost estimates (fund shift), Veterans Homes	Gen	(500,000)	(500,000)	(500,000)	(500,000)
519 Revised program cost estimates (fund shift), Veterans Homes	Fed	500,000	500,000	500,000	500,000
621 Cash fund reference, Health Care Cash Fund	Cash	0	0	0	0
870 Revised program cost estimates, Norfolk Sex Offender Treatment	Gen	(750,000)	(750,000)	(750,000)	(750,000)

	Fund	<u>Enacted 2012 Session</u>		<u>Est for Following Biennium</u>	
		FY2011-12	FY2012-13	FY2013-14	FY2014-15
33 Lower 2013 FMAP - Developmental disability service coordination	Gen	0	103,746	103,746	103,746
33 Lower 2013 FMAP - Developmental disability service coordination	Fed	0	(103,746)	(103,746)	(103,746)
38 Lower 2013 FMAP - Behavioral health aid	Gen	0	181,196	181,196	181,196
344 Lower 2013 FMAP - Children's Health Insurance (SCHIP)	Gen	0	297,950	297,950	297,950
344 Lower 2013 FMAP - Children's Health Insurance (SCHIP)	Fed	0	(297,950)	(297,950)	(297,950)
347 Lower 2013 FMAP - Public Assistance	Gen	0	395,987	395,987	395,987
347 Lower 2013 FMAP - Public Assistance	Fed	0	(395,987)	(395,987)	(395,987)
348 Lower 2013 FMAP - Medicaid	Gen	0	9,671,447	9,671,447	9,671,447
348 Lower 2013 FMAP - Medicaid	Fed	0	(11,326,582)	(11,326,582)	(11,326,582)
365 Lower 2013 FMAP - Mental Health operations	Gen	0	28,632	28,632	28,632
365 Lower 2013 FMAP - Mental Health operations	Fed	0	(28,632)	(28,632)	(28,632)
421 Lower 2013 FMAP - Beatrice State Develop Center (BSDC)	Gen	0	276,441	276,441	276,441
421 Lower 2013 FMAP - Beatrice State Develop Center (BSDC)	Fed	0	(276,441)	(276,441)	(276,441)
424 Lower 2013 FMAP - Developmental disability aid	Gen	0	1,473,939	1,473,939	1,473,939
33 Child welfare deficit, staffing / caseloads - Admin	Gen	4,800,000	10,816,782	10,816,782	10,816,782
33 Child welfare deficit, staffing / caseloads - Admin	Fed	0	2,700,000	2,700,000	2,700,000
38 Child welfare shortfall - reallocate from behavioral health aid	Gen	(3,700,000)	0	0	0
344 Child welfare shortfall - reallocated from SCHIP	Gen	(300,000)	0	0	0
347 Child welfare shortfall - Public Assistance	Gen	15,295,642	6,200,564	6,200,564	6,200,564
348 Child welfare shortfall - reallocate from Medicaid	Gen	(14,595,642)	0	0	0
#28-Dept of Veterans Affairs					
36 Increase FY 2012 Personal Service Limitation (\$36,800 FY12)	PSL	0	0	0	0
#29-Natural Resources					
334 LB 950 Gen Fund transfer to Water Resources Cash Fund	Cash	0	1,400,000	0	0
#31-Military Dept					
192 Governors Emergency program	Gen	8,900,000	0	0	0

	Fund	<u>Enacted 2012 Session</u>		<u>Est for Following Biennium</u>	
		FY2011-12	FY2012-13	FY2013-14	FY2014-15
#33-Game and Parks Commission					
336 LB 817 Changes, Crime Commission community corrections	Gen	0	0	3,750	3,750
336 LB 817 Changes, Crime Commission community corrections	Cash	0	0	21,250	21,250
336 LB 928 Deer donation program	Cash	13,905	295,454	290,454	290,454
549 One-time operation funds,Lake Wanahoo recreation area.	Gen	51,000	0	0	0
#34-Library Commission					
252 Digital Talking Book Supplies	Gen	0	12,500	12,500	12,500
#37-Workers Compensation Court					
526 Judges FICA	Cash	3,515	5,468	5,468	5,468
526 Family health insurance, new judge	Cash	9,600	14,400	14,400	14,400
526 LB 862 Increase Judges salaries	Cash	0	18,755	18,755	18,755
#39-Brand Committee					
75 Personal Vehicle Mileage	Cash	88,000	0	0	0
#46-Dept of Correctional Services					
200 LB 599 CHIP coverage, unborn children, mothers ineligible for Medicaid	Gen	0	(215,500)	(215,500)	(215,500)
200 LB 793 Limit frivolous civil actions filed by prisoners	Gen	0	(4,075)	(4,075)	(4,075)
#48-Postsecondary Coordinating Commission					
640 Increase in cash fund spending authority	Cash	5,465	5,465	5,465	5,465
640 Request for Automation of ACE/ACE Plus	Gen	31,900	3,324	3,324	3,324
691 Access College Early Scholarship program, participation	Gen	0	75,000	75,000	75,000
#51-University of Nebraska					
515 Intent language regarding Conservation and Survey Division	Gen	0	0	0	0
515 LB 985 Nebraska Juvenile Service Delivery Project (NJSDP)	Gen	0	226,750	0	0

	Fund	Enacted 2012 Session		Est for Following Biennium	
		FY2011-12	FY2012-13	FY2013-14	FY2014-15
#54-Historical Society					
43 DAS Copy Machine Replacement Base Rates	Gen	10,233	10,233	10,233	10,233
43 Historical Marker Repair	Gen	5,000	5,000	5,000	5,000
43 Historical Marker Repair	Cash	45,000	45,000	45,000	45,000
43 Utilities	Gen	30,239	30,239	30,239	30,239
258 Rent Increase, K Street facility	Gen	13,540	16,248	16,248	16,248
#56-Wheat Board					
381 LB 905 Change assessment method, wheat excise tax	Cash	0	160,000	400,000	400,000
#60-Ethanol Board					
534 Harmonize timing of General Fund transfers to EPIC	Gen	YES	YES	--	--
#64-State Patrol					
100 Sex offender recidivism study	Cash	60,000	0	0	0
#65-Administrative Services					
567 Authorize additional use of Health & Life Admin Fund	Cash	new fund	new fund	new fund	new fund
536 State Claims (included in Claims Bill)	Gen	3,042,081	0	0	0
536 State Claims (included in Claims Bill)	Rev	227,500	0	0	0
#71-Nebraska Energy Office					
106 LB 1087 Natural Gas Fuel Board	Cash	0	13,581	13,581	13,581
#72-Dept of Economic Development					
134 Reallocate, Rural Develop funds to Business Innovation grants	Gen	0	(156,396)	(156,396)	(156,396)
603 Reallocate, Rural Develop funds to Business Innovation grants	Gen	0	156,396	156,396	156,396
601 Affordable housing funds from cash reserve transfer (LB1017)	Cash	0	1,000,000	0	0
618 Olympic Team Trial assistance, Visitors Promotion Cash fund (LB955)	Cash	250,000	0	0	0
618 LB 1053 Create Nebraska Tourism Commission	Gen	0	(250,000)	(250,000)	(250,000)
618 LB 1053 Create Nebraska Tourism Commission	Cash	0	(3,877,177)	(3,877,177)	(3,877,177)
618 LB 1053 Create Nebraska Tourism Commission	Cash	0	(102,600)	(102,600)	(102,600)
618 LB 1053 Create Nebraska Tourism Commission	Fed	0	(959,815)	(959,815)	(959,815)

	Fund	<u>Enacted 2012 Session</u>		<u>Est for Following Biennium</u>	
		FY2011-12	FY2012-13	FY2013-14	FY2014-15
#75-Investment Council					
610 Eliminate obsolete language relate to Commission recapture	Cash	YES	YES		
#77-Commission of Industrial Relations					
490 Commissioner Per Diems	Gen	18,600	18,600	18,600	18,600
#78-Crime Commission					
198 LB 1145 Change provisions, human trafficking and pandering	Gen	0	58,690	12,460	12,460
199 LB 817 Changes, Crime Commission community corrections	Cash	0	0	74,659	74,659
202 Shift federal funds within Crime Victims Reparations Prog	Fed	6,420	6,420	6,420	6,420
202 Shift federal funds within Crime Victims Reparations Prog	Fed	(6,420)	(6,420)	(6,420)	(6,420)
#84-Dept of Environmental Quality					
513 Staffing for Uranium Mining Oversight	Cash	0	106,582	106,582	106,582
513 LB 1161 Change provisions, oil pipelines evaluation of routes	Cash	0	2,000,000	0	0
#85-Public Employees Retirement Board					
41 OCIO Support Maintenance Cost Increase	Cash	19,550	19,550	19,550	19,550
41 Transfer NPERS Infrastructure to OCIO	Cash	27,140	9,890	9,890	9,890
41 WebSphere 7.0 Upgrade	Cash	86,225	0	0	0
515 School and Patrol retirement plans, statutory contributions	Gen	0	361,408	361,408	361,408
#88-Corn Board					
384 LB 1057 Change assessment rate, corn excise tax	Cash	0	1,000,000	2,250,000	2,250,000
#91-Nebraska Tourism Commission					
618 LB 1053 Create Nebraska Tourism Commission	Gen	0	250,000	250,000	250,000
618 LB 1053 Create Nebraska Tourism Commission	Cash	0	3,877,177	3,877,177	3,877,177
618 LB 1053 Create Nebraska Tourism Commission	Cash	0	102,600	102,600	102,600
618 LB 1053 Create Nebraska Tourism Commission	Fed	0	959,815	959,815	959,815

	Fund	<u>Enacted 2012 Session</u>		<u>Est for Following Biennium</u>	
		FY2011-12	FY2012-13	FY2013-14	FY2014-15
Capital Construction Projects					
900 DHHS - Bridges Program cash flow (NCCF) (HHS)	Rev	550,000	(550,000)	0	0
900 DAS - Renovation of legislative space (DAS)	Gen	0	77,000	0	0
900 University - IANR Veterinary Diagnostic Center (bond payment)	Gen	0	6,093,000	6,093,000	6,093,000
900 University - UNMC Cancer Research tower (NCCF)	Rev	0	50,000,000	0	0
900 University - UNK Allied Health (NCCF)	Rev	0	15,000,000	0	0
900 State Colleges - Chadron Armstrong Gym (NCCF)	Rev	0	6,700,000	0	0
900 State Colleges - Peru Oak Bowl improvements (NCCF)	Rev	0	7,500,000	0	0
900 DAS - Centennial Mall project (NCCF)	Rev	0	800,000	0	0
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General Funds		15,817,832	41,592,576	148,088,884	192,389,764
Cash Funds		4,430,465	7,756,326	4,910,985	4,910,985
Federal Funds		(5,557,915)	5,129,480	4,673,802	4,673,802
Revolving Funds		827,500	79,500,000	50,000	50,000
Total		15,517,882	133,978,382	157,723,671	202,024,551

Appendix B

General Fund Appropriations by Agency

		FY2010-11 without deficits	FY2011-12			FY2012-13			Change over Prior Year (excludes deficits)			
			Per 2011 Session	2012 Deficits	Revised Per 2012 Session	Per 2011 Session	2012 Changes	Revised Per 2012 Session	FY11-12 \$ Change	FY11-12 % Change	FY12-13 \$ Change	FY12-13 % Change
#03 Legislative Council	Oper	17,550,553	17,871,857	0	17,871,857	17,977,091	93,000	18,070,091	321,304	1.8%	198,234	1.1%
#03 Legislative Council	Total	17,550,553	17,871,857	0	17,871,857	17,977,091	93,000	18,070,091	321,304	1.8%	198,234	1.1%
#05 Supreme Court	Oper	70,264,041	74,874,064	0	74,874,064	75,654,066	8,611,417	84,265,483	4,610,023	6.6%	9,391,419	12.5%
#05 Supreme Court	Total	70,264,041	74,874,064	0	74,874,064	75,654,066	8,611,417	84,265,483	4,610,023	6.6%	9,391,419	12.5%
#07 Governor	Oper	1,636,049	1,631,635	0	1,631,635	1,652,727	0	1,652,727	(4,414)	-0.3%	21,092	1.3%
#07 Governor	Total	1,636,049	1,631,635	0	1,631,635	1,652,727	0	1,652,727	(4,414)	-0.3%	21,092	1.3%
#08 Lt. Governor	Oper	143,285	143,423	0	143,423	143,610	0	143,610	138	0.1%	187	0.1%
#08 Lt. Governor	Total	143,285	143,423	0	143,423	143,610	0	143,610	138	0.1%	187	0.1%
#09 Secretary of State	Oper	448,368	442,212	0	442,212	444,708	0	444,708	(6,156)	-1.4%	2,496	0.6%
#09 Secretary of State	Total	448,368	442,212	0	442,212	444,708	0	444,708	(6,156)	-1.4%	2,496	0.6%
#10 State Auditor	Oper	2,343,098	2,147,685	0	2,147,685	2,184,391	0	2,184,391	(195,413)	-8.3%	36,706	1.7%
#10 State Auditor	Total	2,343,098	2,147,685	0	2,147,685	2,184,391	0	2,184,391	(195,413)	-8.3%	36,706	1.7%
#11 Attorney General	Oper	5,943,070	7,713,160	30,000	7,743,160	5,795,369	20,000	5,815,369	1,770,090	29.8%	(1,897,791)	-24.6%
#11 Attorney General	Total	5,943,070	7,713,160	30,000	7,743,160	5,795,369	20,000	5,815,369	1,770,090	29.8%	(1,897,791)	-24.6%
#12 State Treasurer	Aid	17,023,857	0	0	0	0	0	0	(17,023,857)	-100.0%	0	na
#12 State Treasurer	Oper	1,513,782	1,387,516	75,000	1,462,516	1,389,129	0	1,389,129	(126,266)	-8.3%	1,613	0.1%
#12 State Treasurer	Total	18,537,639	1,387,516	75,000	1,462,516	1,389,129	0	1,389,129	(17,150,123)	-92.5%	1,613	0.1%
#13 Education	Aid	1,006,343,095	1,008,042,169	1,000,000	1,009,042,169	1,068,008,001	(18,659,834)	1,049,348,167	1,699,074	0.2%	41,305,998	4.1%
#13 Education	Oper	17,662,993	15,972,467	0	15,972,467	16,097,774	87,000	16,184,774	(1,690,526)	-9.6%	212,307	1.3%
#13 Education	Total	1,024,006,088	1,024,014,636	1,000,000	1,025,014,636	1,084,105,775	(18,572,834)	1,065,532,941	8,548	0.0%	41,518,305	4.1%
#14 Public Service Comm	Oper	2,509,079	2,334,926	10,225	2,345,151	2,359,563	0	2,359,563	(174,153)	-6.9%	24,637	1.1%
#14 Public Service Comm	Total	2,509,079	2,334,926	10,225	2,345,151	2,359,563	0	2,359,563	(174,153)	-6.9%	24,637	1.1%
#15 Parole Board	Oper	799,188	806,321	0	806,321	819,249	0	819,249	7,133	0.9%	12,928	1.6%
#15 Parole Board	Total	799,188	806,321	0	806,321	819,249	0	819,249	7,133	0.9%	12,928	1.6%
#16 Revenue	Aid	66,396,500	72,300,000	(4,200,000)	68,100,000	77,700,000	(5,200,000)	72,500,000	5,903,500	8.9%	200,000	0.3%
#16 Revenue	Oper	27,071,402	25,792,617	0	25,792,617	25,447,374	195,156	25,642,530	(1,278,785)	-4.7%	(150,087)	-0.6%
#16 Revenue	Total	93,467,902	98,092,617	(4,200,000)	93,892,617	103,147,374	(5,004,844)	98,142,530	4,624,715	4.9%	49,913	0.1%
#18 Agriculture	Oper	6,128,426	5,554,886	0	5,554,886	5,618,857	0	5,618,857	(573,540)	-9.4%	63,971	1.2%
#18 Agriculture	Total	6,128,426	5,554,886	0	5,554,886	5,618,857	0	5,618,857	(573,540)	-9.4%	63,971	1.2%

		FY2010-11	FY2011-12			FY2012-13			Change over Prior Year (excludes deficits)			
		without deficits	Per 2011 Session	2012 Deficits	Revised Per 2012 Session	Per 2011 Session	2012 Changes	Revised Per 2012 Session	FY11-12 \$ Change	FY11-12 % Change	FY12-13 \$ Change	FY12-13 % Change
#21 Fire Marshal	Oper	4,293,454	3,934,637	0	3,934,637	3,991,920	0	3,991,920	(358,817)	-8.4%	57,283	1.5%
#21 Fire Marshal	Total	4,293,454	3,934,637	0	3,934,637	3,991,920	0	3,991,920	(358,817)	-8.4%	57,283	1.5%
#23 Labor	Oper	542,072	489,927	0	489,927	497,939	0	497,939	(52,145)	-9.6%	8,012	1.6%
#23 Labor	Total	542,072	489,927	0	489,927	497,939	0	497,939	(52,145)	-9.6%	8,012	1.6%
#25 HHS System	Aid	931,792,389	1,036,022,540	2,700,000	1,038,722,540	1,075,747,340	38,429,759	1,114,177,099	104,230,151	11.2%	78,154,559	7.5%
#25 HHS System	Oper	252,915,827	219,347,008	4,100,014	223,447,022	225,177,598	11,247,661	236,425,259	(33,568,819)	-13.3%	17,078,251	7.8%
#25 HHS System	Total	1,184,708,216	1,255,369,548	6,800,014	1,262,169,562	1,300,924,938	49,677,420	1,350,602,358	70,661,332	6.0%	95,232,810	7.6%
#27 Roads	Oper	2,429	0	0	0	0	0	0	(2,429)	-100.0%	0	na
#27 Roads	Total	2,429	0	0	0	0	0	0	(2,429)	-100.0%	0	na
#28 Veterans Affairs	Oper	1,115,761	1,108,586	0	1,108,586	1,127,666	0	1,127,666	(7,175)	-0.6%	19,080	1.7%
#28 Veterans Affairs	Total	1,115,761	1,108,586	0	1,108,586	1,127,666	0	1,127,666	(7,175)	-0.6%	19,080	1.7%
#29 Natural Resources	Aid	7,611,628	5,958,361	0	5,958,361	5,958,361	0	5,958,361	(1,653,267)	-21.7%	0	0.0%
#29 Natural Resources	Oper	9,304,414	10,286,686	0	10,286,686	10,397,171	0	10,397,171	982,272	10.6%	110,485	1.1%
#29 Natural Resources	Total	16,916,042	16,245,047	0	16,245,047	16,355,532	0	16,355,532	(670,995)	-4.0%	110,485	0.7%
#31 Military Dept	Aid	988,775	988,775	8,900,000	9,888,775	988,775	0	988,775	0	0.0%	0	0.0%
#31 Military Dept	Oper	3,695,668	3,653,446	0	3,653,446	3,687,973	0	3,687,973	(42,222)	-1.1%	34,527	0.9%
#31 Military Dept	Total	4,684,443	4,642,221	8,900,000	13,542,221	4,676,748	0	4,676,748	(42,222)	-0.9%	34,527	0.7%
#32 Ed Lands & Funds	Oper	335,310	305,465	0	305,465	310,575	0	310,575	(29,845)	-8.9%	5,110	1.7%
#32 Ed Lands & Funds	Total	335,310	305,465	0	305,465	310,575	0	310,575	(29,845)	-8.9%	5,110	1.7%
#33 Game & Parks	Aid	44,222	42,011	0	42,011	42,011	0	42,011	(2,211)	-5.0%	0	0.0%
#33 Game & Parks	Oper	11,507,092	10,709,153	51,000	10,760,153	10,833,605	0	10,833,605	(797,939)	-6.9%	124,452	1.2%
#33 Game & Parks	Total	11,551,314	10,751,164	51,000	10,802,164	10,875,616	0	10,875,616	(800,150)	-6.9%	124,452	1.2%
#34 Library Commission	Aid	1,131,378	1,043,240	0	1,043,240	1,043,240	0	1,043,240	(88,138)	-7.8%	0	0.0%
#34 Library Commission	Oper	2,489,223	2,324,875	0	2,324,875	2,390,260	12,500	2,402,760	(164,348)	-6.6%	77,885	3.4%
#34 Library Commission	Total	3,620,601	3,368,115	0	3,368,115	3,433,500	12,500	3,446,000	(252,486)	-7.0%	77,885	2.3%
#35 Liquor Control	Oper	957,770	962,331	0	962,331	973,825	0	973,825	4,561	0.5%	11,494	1.2%
#35 Liquor Control	Total	957,770	962,331	0	962,331	973,825	0	973,825	4,561	0.5%	11,494	1.2%
#46 Correctional Services	Aid	3,640,210	0	0	0	0	0	0	(3,640,210)	-100.0%	0	na
#46 Correctional Services	Oper	142,575,132	156,102,931	0	156,102,931	157,059,844	(219,575)	156,840,269	13,527,799	9.5%	737,338	0.5%
#46 Correctional Services	Total	146,215,342	156,102,931	0	156,102,931	157,059,844	(219,575)	156,840,269	9,887,589	6.8%	737,338	0.5%
#47 NETC	Oper	9,498,750	9,499,670	0	9,499,670	9,558,708	0	9,558,708	920	0.0%	59,038	0.6%
#47 NETC	Total	9,498,750	9,499,670	0	9,499,670	9,558,708	0	9,558,708	920	0.0%	59,038	0.6%

		FY2010-11	FY2011-12			FY2012-13			Change over Prior Year (excludes deficits)			
		without	Per 2011	2012	Revised Per	Per 2011	2012	Revised Per	FY11-12	FY11-12	FY12-13	FY12-13
		deficits	Session	Deficits	2012 Session	Session	Changes	2012 Session	\$ Change	% Change	\$ Change	% Change
#48 Coordinating Comm	Aid	6,863,406	6,918,156	0	6,918,156	6,918,156	75,000	6,993,156	54,750	0.8%	75,000	1.1%
#48 Coordinating Comm	Oper	1,213,855	1,166,756	31,900	1,198,656	1,185,157	3,324	1,188,481	(47,099)	-3.9%	21,725	1.9%
#48 Coordinating Comm	Total	8,077,261	8,084,912	31,900	8,116,812	8,103,313	78,324	8,181,637	7,651	0.1%	96,725	1.2%
#50 State Colleges	Oper	45,369,972	44,846,037	0	44,846,037	45,450,893	0	45,450,893	(523,935)	-1.2%	604,856	1.3%
#50 State Colleges	Total	45,369,972	44,846,037	0	44,846,037	45,450,893	0	45,450,893	(523,935)	-1.2%	604,856	1.3%
#51 University of Nebraska	Oper	494,720,104	491,278,349	0	491,278,349	497,771,940	226,750	497,998,690	(3,441,755)	-0.7%	6,720,341	1.4%
#51 University of Nebraska	Total	494,720,104	491,278,349	0	491,278,349	497,771,940	226,750	497,998,690	(3,441,755)	-0.7%	6,720,341	1.4%
#54 Historical Society	Oper	4,194,912	3,797,693	59,012	3,856,705	3,853,605	61,720	3,915,325	(397,219)	-9.5%	117,632	3.1%
#54 Historical Society	Total	4,194,912	3,797,693	59,012	3,856,705	3,853,605	61,720	3,915,325	(397,219)	-9.5%	117,632	3.1%
#64 State Patrol	Oper	55,891,491	53,690,860	0	53,690,860	54,253,448	0	54,253,448	(2,200,631)	-3.9%	562,588	1.0%
#64 State Patrol	Total	55,891,491	53,690,860	0	53,690,860	54,253,448	0	54,253,448	(2,200,631)	-3.9%	562,588	1.0%
#65 Admin Services (DAS)	Oper	8,020,421	7,327,181	3,042,081	10,369,262	7,638,096	0	7,638,096	(693,240)	-8.6%	310,915	4.2%
#65 Admin Services (DAS)	Total	8,020,421	7,327,181	3,042,081	10,369,262	7,638,096	0	7,638,096	(693,240)	-8.6%	310,915	4.2%
#67 Equal Opportunity	Oper	1,276,113	1,152,618	0	1,152,618	1,178,277	0	1,178,277	(123,495)	-9.7%	25,659	2.2%
#67 Equal Opportunity	Total	1,276,113	1,152,618	0	1,152,618	1,178,277	0	1,178,277	(123,495)	-9.7%	25,659	2.2%
#68 Latino American Comm.	Oper	195,837	175,950	0	175,950	178,681	0	178,681	(19,887)	-10.2%	2,731	1.6%
#68 Latino American Comm.	Total	195,837	175,950	0	175,950	178,681	0	178,681	(19,887)	-10.2%	2,731	1.6%
#69 Arts Council	Aid	847,854	838,069	0	838,069	838,069	0	838,069	(9,785)	-1.2%	0	0.0%
#69 Arts Council	Oper	585,033	529,648	0	529,648	538,267	0	538,267	(55,385)	-9.5%	8,619	1.6%
#69 Arts Council	Total	1,432,887	1,367,717	0	1,367,717	1,376,336	0	1,376,336	(65,170)	-4.5%	8,619	0.6%
#70 Foster Care Review	Oper	1,357,694	1,355,920	0	1,355,920	1,379,348	0	1,379,348	(1,774)	-0.1%	23,428	1.7%
#70 Foster Care Review	Total	1,357,694	1,355,920	0	1,355,920	1,379,348	0	1,379,348	(1,774)	-0.1%	23,428	1.7%
#72 Economic Development	Aid	1,545,922	7,200,000	0	7,200,000	7,200,000	156,396	7,356,396	5,654,078	365.7%	156,396	2.2%
#72 Economic Development	Oper	4,754,074	4,457,423	0	4,457,423	4,507,955	(406,396)	4,101,559	(296,651)	-6.2%	(355,864)	-8.0%
#72 Economic Development	Total	6,299,996	11,657,423	0	11,657,423	11,707,955	(250,000)	11,457,955	5,357,427	85.0%	(199,468)	-1.7%
#76 Indian Commission	Oper	223,535	179,486	0	179,486	167,410	0	167,410	(44,049)	-19.7%	(12,076)	-6.7%
#76 Indian Commission	Total	223,535	179,486	0	179,486	167,410	0	167,410	(44,049)	-19.7%	(12,076)	-6.7%
#77 Industrial Relations	Oper	309,981	281,161	18,600	299,761	284,108	18,600	302,708	(28,820)	-9.3%	21,547	7.7%
#77 Industrial Relations	Total	309,981	281,161	18,600	299,761	284,108	18,600	302,708	(28,820)	-9.3%	21,547	7.7%
#78 Crime Commission	Aid	2,166,328	2,301,403	0	2,301,403	2,301,403	0	2,301,403	135,075	6.2%	0	0.0%
#78 Crime Commission	Oper	8,722,109	3,243,305	0	3,243,305	3,272,518	58,690	3,331,208	(5,478,804)	-62.8%	87,903	2.7%
#78 Crime Commission	Total	10,888,437	5,544,708	0	5,544,708	5,573,921	58,690	5,632,611	(5,343,729)	-49.1%	87,903	1.6%

		FY2010-11	FY2011-12			FY2012-13			Change over Prior Year (excludes deficits)			
		without deficits	Per 2011 Session	2012 Deficits	Revised Per 2012 Session	Per 2011 Session	2012 Changes	Revised Per 2012 Session	FY11-12 \$ Change	FY11-12 % Change	FY12-13 \$ Change	FY12-13 % Change
#81 Blind & Visually Impaired	Aid	176,890	176,890	0	176,890	176,890	0	176,890	0	0.0%	0	0.0%
#81 Blind & Visually Impaired	Oper	835,295	837,324	0	837,324	846,113	0	846,113	2,029	0.2%	8,789	1.0%
#81 Blind & Visually Impaired	Total	1,012,185	1,014,214	0	1,014,214	1,023,003	0	1,023,003	2,029	0.2%	8,789	0.9%
#82 Deaf & Hard of Hearing	Oper	836,115	838,373	0	838,373	848,782	0	848,782	2,258	0.3%	10,409	1.2%
#82 Deaf & Hard of Hearing	Total	836,115	838,373	0	838,373	848,782	0	848,782	2,258	0.3%	10,409	1.2%
#83 Community Colleges	Aid	86,758,025	86,758,025	0	86,758,025	87,870,147	0	87,870,147	0	0.0%	1,112,122	1.3%
#83 Community Colleges	Total	86,758,025	86,758,025	0	86,758,025	87,870,147	0	87,870,147	0	0.0%	1,112,122	1.3%
#84 Environmental Quality	Aid	4,304,996	2,638,396	0	2,638,396	2,446,846	0	2,446,846	(1,666,600)	-38.7%	(191,550)	-7.3%
#84 Environmental Quality	Oper	3,264,821	5,279,921	0	5,279,921	3,323,012	0	3,323,012	2,015,100	61.7%	(1,956,909)	-37.1%
#84 Environmental Quality	Total	7,569,817	7,918,317	0	7,918,317	5,769,858	0	5,769,858	348,500	4.6%	(2,148,459)	-27.1%
#85 Retirement Board	Oper	27,420,010	28,344,698	0	28,344,698	29,629,917	361,408	29,991,325	924,688	3.4%	1,646,627	5.8%
#85 Retirement Board	Total	27,420,010	28,344,698	0	28,344,698	29,629,917	361,408	29,991,325	924,688	3.4%	1,646,627	5.8%
#87 Account/Disclosure	Oper	410,932	401,814	0	401,814	407,548	0	407,548	(9,118)	-2.2%	5,734	1.4%
#87 Account/Disclosure	Total	410,932	401,814	0	401,814	407,548	0	407,548	(9,118)	-2.2%	5,734	1.4%
#91 Tourism Commission	Oper	0	0	0	0	0	250,000	250,000	0	na	250,000	na
#91 Tourism Commission	Total	0	0	0	0	0	250,000	250,000	0	na	250,000	na
#93 Tax Equal/Review Comm	Oper	815,044	694,660	0	694,660	683,640	0	683,640	(120,384)	-14.8%	(11,020)	-1.6%
#93 Tax Equal/Review Comm	Total	815,044	694,660	0	694,660	683,640	0	683,640	(120,384)	-14.8%	(11,020)	-1.6%
Capital Construction	Const	13,802,233	14,027,233	0	14,027,233	14,602,233	6,170,000	20,772,233	225,000	1.6%	6,745,000	48.1%
OPERATIONS		1,253,663,584	1,225,276,661	7,417,832	1,232,694,493	1,238,989,707	20,621,255	1,259,610,962	(28,386,923)	-2.3%	34,334,301	2.8%
STATE AID		2,137,635,475	2,231,228,035	8,400,000	2,239,628,035	2,337,239,239	14,801,321	2,352,040,560	93,592,560	4.4%	120,812,525	5.4%
CONSTRUCTION		13,802,233	14,027,233	0	14,027,233	14,602,233	6,170,000	20,772,233	225,000	1.6%	6,745,000	48.1%
TOTAL GENERAL FUNDS		3,405,101,292	3,470,531,929	15,817,832	3,486,349,761	3,590,831,179	41,592,576	3,632,423,755	65,430,637	1.9%	161,891,826	4.7%

Appendix C

General Fund Appropriations by State Aid Program

	FY2010-11 w/o Deficits	FY2011-12			FY2012-13			Change over Prior Year (exclude deficits)			
		Per 2011 Session	2012 Deficits	Revised 2012 Session	Per 2011 Session	2012 Change	Revised 2012 Session	FY12 \$ Change	FY12 % Change	FY13 \$ Change	FY13 % Change
State Treasurer											
Aid to NRD's	1,436,069	0	0	0	0	0	0	(1,436,069)	-100.0%	0	na
Aid to Cities	10,964,566	0	0	0	0	0	0	(10,964,566)	-100.0%	0	na
Aid to Counties	4,623,222	0	0	0	0	0	0	(4,623,222)	-100.0%	0	na
Education											
State Aid to Education (TEEOSA)	796,734,560	804,689,087	0	804,689,087	864,654,919	(27,787,834)	836,867,085	7,954,527	1.0%	32,177,998	4.0%
Special Education	184,893,842	184,893,842	1,000,000	185,893,842	184,893,842	9,000,000	193,893,842	0	0.0%	9,000,000	4.9%
Aid to ESU's	14,791,327	14,051,761	0	14,051,761	14,051,761	0	14,051,761	(739,566)	-5.0%	0	0.0%
High ability learner programs	2,175,673	0	0	Lottery	0	0	Lottery	(2,175,673)	-100.0%	0	na
Early Childhood program	3,365,962	0	0	Lottery	0	0	Lottery	(3,365,962)	-100.0%	0	na
School Lunch	392,032	392,032	0	392,032	392,032	0	392,032	0	0.0%	0	0.0%
Textbook loan program	465,500	465,500	0	465,500	465,500	0	465,500	0	0.0%	0	0.0%
School Breakfast reimbursement	427,260	453,008	0	453,008	453,008	0	453,008	25,748	6.0%	0	0.0%
Adult Education	214,664	214,664	0	214,664	214,664	0	214,664	0	0.0%	0	0.0%
Learning Communities Aid	882,275	882,275	0	882,275	882,275	0	882,275	0	0.0%	0	0.0%
Summer Food Service grants	0	0	0	0	0	128,000	128,000	0	na	128,000	na
Vocational Rehabilitation	2,000,000	2,000,000	0	2,000,000	2,000,000	0	2,000,000	0	0.0%	0	0.0%
Revenue											
County Property Tax Relief	1,396,500	0	0	0	0	0	0	(1,396,500)	-100.0%	0	na
Homestead Exemption	65,000,000	72,300,000	(4,200,000)	68,100,000	77,700,000	(5,200,000)	72,500,000	7,300,000	11.2%	200,000	0.3%
Health & Human Services											
Behavioral Health Aid	74,721,481	74,810,767	(3,700,000)	71,110,767	74,952,023	181,196	75,133,219	89,286	0.1%	322,452	0.4%
Medical student assistance/RHOP	637,086	637,086	0	637,086	637,086	0	637,086	0	0.0%	0	0.0%
Childrens Health Insurance	11,634,438	9,932,192	(1,300,000)	8,632,192	13,036,419	71,331	13,107,750	(1,702,246)	-14.6%	3,175,558	32.0%
Public Assistance	248,124,986	239,522,936	27,295,642	266,818,578	243,518,332	(134,993,547)	108,524,785	(8,602,050)	-3.5%	(130,998,151)	-54.7%
Medicaid	489,426,763	599,909,134	(19,595,642)	580,313,492	630,241,604	14,331,590	644,573,194	110,482,371	22.6%	44,664,060	7.4%
Child Welfare Aid	0	0	0	0	0	153,774,584	153,774,584	0	na	153,774,584	na
Developmental disabilities aid	90,573,431	94,652,981	0	94,652,981	96,804,432	5,073,939	101,878,371	4,079,550	4.5%	7,225,390	7.6%
Community health centers	3,867,394	3,767,394	0	3,767,394	3,767,394	(9,334)	3,758,060	(100,000)	-2.6%	(9,334)	-0.2%
Health Aid	4,807,372	4,790,612	0	4,790,612	4,790,612	0	4,790,612	(16,760)	-0.3%	0	0.0%
Care Management	2,033,123	2,033,123	0	2,033,123	2,033,123	0	2,033,123	0	0.0%	0	0.0%
Area agencies on aging	5,966,315	5,966,315	0	5,966,315	5,966,315	0	5,966,315	0	0.0%	0	0.0%

	FY2010-11	FY2011-12			FY2012-13			Change over Prior Year (exclude deficits)			
	w/o Deficits	Per 2011 Session	2012 Deficits	Revised 2012 Session	Per 2011 Session	2012 Change	Revised 2012 Session	FY12 \$ Change	FY12 % Change	FY13 \$ Change	FY13 % Change
Natural Resources											
Nebr Water Conservation Fund	2,318,036	2,318,036	0	2,318,036	2,318,036	0	2,318,036	0	0.0%	0	0.0%
Resources Development Fund	3,140,325	3,140,325	0	3,140,325	3,140,325	0	3,140,325	0	0.0%	0	0.0%
NRD Water Management grants	2,153,267	500,000	0	500,000	500,000	0	500,000	(1,653,267)	-76.8%	0	0.0%
Military Dept.											
Governors Emergency Program	500,000	500,000	8,900,000	9,400,000	500,000	0	500,000	0	0.0%	0	0.0%
Guard tuition assistance	488,775	488,775	0	488,775	488,775	0	488,775	0	0.0%	0	0.0%
Game and Parks											
Niobrara Council	44,222	42,011	0	42,011	42,011	0	42,011	(2,211)	-5.0%	0	0.0%
Library Commission											
Local libraries	1,131,378	1,043,240	0	1,043,240	1,043,240	0	1,043,240	(88,138)	-7.8%	0	0.0%
Correctional Services											
County jail cost reimbursement	3,640,210	0	0	0	0	0	0	(3,640,210)	-100.0%	0	na
Postsecondary Ed Coord.											
Nebr Scholarship Program	6,418,156	6,418,156	0	6,418,156	6,418,156	0	6,418,156	0	0.0%	0	0.0%
Access College Early Scholarship	445,250	500,000	0	500,000	500,000	75,000	575,000	54,750	12.3%	75,000	15.0%
Arts Council											
Aid to arts programs	661,654	595,489	0	595,489	595,489	0	595,489	(66,165)	-10.0%	0	0.0%
Council on Humanities	186,200	167,580	0	167,580	167,580	0	167,580	(18,620)	-10.0%	0	0.0%
Managing Mainstreet	0	75,000	0	75,000	75,000	0	75,000	75,000	na	0	0.0%
Economic Development											
Managing Mainstreet	93,100	0	0	0	0	0	0	(93,100)	-100.0%	0	na
Microenterprise Development Act	463,172	0	0	0	0	0	0	(463,172)	-100.0%	0	na
Ag Opportunities/Value-Added	850,000	0	0	0	0	0	0	(850,000)	-100.0%	0	na
Building Entrepreneurial Communities	139,650	0	0	0	0	0	0	(139,650)	-100.0%	0	na
Business Innovation Act	0	7,000,000	0	7,000,000	7,000,000	156,396	7,156,396	7,000,000	na	156,396	2.2%
Small Business Innovation Act	0	200,000	0	200,000	200,000	0	200,000	200,000	na	0	0.0%
Crime Commission											
Juvenile services grants	587,812	587,812	0	587,812	587,812	0	587,812	0	0.0%	0	0.0%
County Juvenile Services aid	1,492,500	1,477,575	0	1,477,575	1,477,575	0	1,477,575	(14,925)	-1.0%	0	0.0%
Crimestoppers program	13,457	13,457	0	13,457	13,457	0	13,457	0	0.0%	0	0.0%
Victim Witness assistance	52,559	52,559	0	52,559	52,559	0	52,559	0	0.0%	0	0.0%
Crime Victims reparations	20,000	20,000	0	20,000	20,000	0	20,000	0	0.0%	0	0.0%
Violence Prevention Grants	0	150,000	0	150,000	150,000	0	150,000	150,000	na	0	0.0%

	FY2010-11	FY2011-12			FY2012-13			Change over Prior Year (exclude deficits)			
	w/o Deficits	Per 2011 Session	2012 Deficits	Revised 2012 Session	Per 2011 Session	2012 Change	Revised 2012 Session	FY12 \$ Change	FY12 % Change	FY13 \$ Change	FY13 % Change
Blind and Visually Impaired											
Blind rehabilitation	176,890	176,890	0	176,890	176,890	0	176,890	0	0.0%	0	0.0%
Community Colleges											
Aid to Community Colleges	86,758,025	86,758,025	0	86,758,025	87,870,147	0	87,870,147	0	0.0%	1,112,122	1.3%
Environmental Quality											
Superfund cleanup	1,980,000	813,400	0	813,400	621,850	0	621,850	(1,166,600)	-58.9%	(191,550)	-23.5%
Storm Water Management grants	2,324,996	1,824,996	0	1,824,996	1,824,996	0	1,824,996	(500,000)	-21.5%	0	0.0%
Aid to Individuals/Other	946,598,966	1,057,283,733	4,700,000	1,061,983,733	1,097,008,533	39,953,288	1,136,961,821	110,684,767	11.7%	79,678,088	7.5%
Aid to Local Government	1,191,036,509	1,173,944,302	4,700,000	1,178,644,302	1,240,230,706	(32,774,876)	1,207,455,830	(17,092,207)	-1.4%	33,511,528	2.9%
Total General Fund State Aid	<u>2,137,635,475</u>	<u>2,231,228,035</u>	<u>9,400,000</u>	<u>2,240,628,035</u>	<u>2,337,239,239</u>	<u>7,178,412</u>	<u>2,344,417,651</u>	<u>93,592,560</u>	<u>4.4%</u>	<u>113,189,616</u>	<u>5.1%</u>