

**STATE OF NEBRASKA**  
**FY2017-18 / FY2018-19**  
**BIENNIAL BUDGET**

**As Enacted in the**  
**105th Legislature-First Session**

**August 2017**

Prepared by the Nebraska Legislative Fiscal Office



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# Introduction

This report contains a summary of the initial appropriations and budget actions for the FY2017-18 and FY2018-19 biennium as enacted during the 2017 Legislative Session. These are not the final appropriations as both fiscal years numbers can be changed during the 2018 Legislative Session, and FY2018-19 can further be changed during the 2019 Legislative Session. The following is a brief description of what can be found in the various sections of this report.

**General Fund Financial Status** The state's General Fund financial status is displayed here, both the projected status at the end of 2017 Session in May (referred to as Sine Die) as well as the current status incorporating changes that have occurred since that time. Also included is a detailed chronology of the Financial Status for both the FY18/FY19 Biennium and projected for the FY20/FY21 Biennium.

**General Fund Revenues** This section details General Fund revenue projections, an overview of the growth in revenue both projected and historical, and lists legislation enacted during the 2017 Legislative Session that impact revenues. This section also provides details on transfers from other funds to the General Fund (General Fund Transfers-In) and from the General Fund to other funds (General Fund Transfers-Out).

**General Fund Appropriations** This section provides detailed information on General Fund appropriations as enacted during the 2017 Legislative Session including state totals, agency totals, historical appropriations, various breakdowns by state agency operations and state aid to individuals and local governments, and state aid listed by individual aid programs. This section also includes an extensive listing of the major changes in the budget as well as narrative descriptions of some of the major spending areas, both agency operations and state aid programs. A listing of General Fund "A" bills and vetoes and overrides is also included.

**Appropriations-All Fund Sources** While previous sections relate to the General Fund, this section provides a summary of appropriations from all fund sources (General, Cash, Federal, and Revolving) including state totals, by agency, and by bill enacted.

**Capital Construction** A complete listing of all new and reaffirmed construction projects, from all fund sources, is included in this section.

**FY2016-17 Deficit Appropriations** This section provides a detailed listing of all FY2016-17 deficiency appropriations including reductions enacted in LB22 as part of the budget balancing process in lieu of a special session. Also included is a chronology of FY2016-17 appropriations from when first enacted in the 2015 Session, changed during 2016 Session, and the final appropriations after the 2017 Session.

**Definition of Terms** This section of the report provides descriptions of the various terms used in this report as well as a complete chronology and description of the states' budget process.

**Legislative Fiscal Office Staff** The last section includes a numerical listing of all state agencies and the Legislative –Fiscal Office staff assigned to that agency. Also included are phone numbers and email addresses of the LFO staff.

# Highlights

This report contains a summary of the FY2017-18 and FY2018-19 biennial budget as enacted in the 2017 legislative session. Details as to specific funding items, revenues, and balances are contained in the following sections. However, there are several highlights to address at the start.

## Balancing the Budget

The large projected budget shortfall that faced the Legislature during the 2017 legislative session was largely attributed to the revenue growth of 0.3% in FY15-16 and 1.0% in the FY16-17 (April 2017 forecast), a two year average of .7%. This is the third lowest back to back revenue growth years over the past 36 years. Not only was this a very low revenue growth but it occurred very quickly. At the end of last session, the two year average revenue growth was 5.1%. This low growth coupled with a 3.7% average growth in appropriations in the FY16/FY17 biennium created a negative \$329 million imbalance of on-going revenues versus appropriations at the end of FY2016-17 excluding deficits.

This structural imbalance was returned to a positive structural balance under the enacted budget. Low spending growth of 1.2% in total spending (0.6% per year average) coupled with April 2017 revenue forecasts which translate to a 5.1% average growth. The following table compares the growth in revenues (rate and base adjusted), appropriations, and the positive or negative gap between on-going revenues and appropriations, commonly referred to as a structural balance or imbalance. Note that with respect to the "out years", a structural balance is still achievable at a 4.4% average growth rather than the 6.1% average using the LFO methodology (see page 26 for discussion of methodology)

<u>Fiscal Yr</u>	<u>Revenue Growth</u>	<u>Appropriation Growth</u>	<u>Difference</u>	<u>On-going Revenue vs Appropriation</u>
FY2015-16	0.3%	4.0%	-3.7%	(192,175,522)
FY2016-17	1.0%	3.3%	-3.0%	(328,840,837)
FY2017-18	5.6%	-0.3%	5.9%	(27,555,616)
FY2018-19	5.2%	1.5%	3.7%	101,270,223
FY2019-20	6.1%	6.0%	0.2%	66,208,603
FY2020-21	6.1%	4.1%	2.0%	174,628,325

With a structural balance re-established, the remaining issue was to meet the minimum reserve requirement. In the enacted budget, this was accomplished by (1) above normal transfer of cash funds to the General Fund (roughly \$100 million) and (2) a \$173 million transfer from the Cash Reserve Fund, and (3) lowering the statutory minimum reserve to 2.5% only for the FY18/FY19 biennium. The use of the additional cash fund transfers maintains the Cash Reserve Fund at a higher level than what would otherwise be possible and available to respond to possible future declines in revenue forecasts.

*WHILE THESE ARE ALL ONE TIME SOURCES OF REVENUES, THEY ARE USED TO "REPLENISH" THE RESERVE TO THE MINIMUM STATUTORY LEVEL AND NOT TO FUND NON-SUSTAINABLE SPENDING LEVELS INTO FUTURE YEARS AS CAN BE SEEN IN THE TABLE ABOVE.*



## General Fund Financial Status

The enacted budget resulted in an unobligated ending balance at the end of the FY18/FY19 Biennial Budget which was \$45.4 million above the minimum 2.5% reserve (applicable for the FY18/FY19 biennial budget only). In terms of the following biennium, the budget resulted in a projected ending balance that was \$203 million above the minimum 3% reserve. This status is based on the April 2017 forecasts from the Nebraska Economic Forecast Advisory Board (NEFAB) and the revenue bills enacted during the 2017 session.

Since that point, fiscal year 2016-17 closed and actual receipts and expenditure data is now available. FY2016-17 actual receipts were \$34.2 million below the April 2017 forecast. Coupled with accounting adjustments, change in reserve calculations, and an estimated \$20 million lapse of unexpended appropriations, the current projected ending balance is \$22.8 million above the minimum 2.5% reserve.

## Budget Growth

Budget growth in the enacted budget is -0.3% in FY18 (compared to FY17 excluding deficit adjustments) and 1.5% in FY19 for a two year average of 0.6%. and would be tied for second lowest growth in the last 17 biennial budgets. The lowest percent change was an actual reduction of 1.1% per year in the FY10/FY11 biennium but that reflected an average \$262 million per year of federal assistance during the "Great Recession" and available to offset General Fund appropriations.

## Revenue Forecasts

At the end of the 2017 session, revenue estimates for FY2016-17, FY2017-18 and FY2018-19 were the April 2017 forecasts from the Nebraska Economic Forecast Advisory Board (NEFAB) adjusted for revenue bills enacted in the 2017 legislative session..

The Board forecast for FY2016-17 equated to a 1.0% adjusted rate of growth. With the FY2015-16 actual receipts growth of only 0.3% growth, the two year average growth is 0.7% as compared to the 36 year average of 4.7%

Rate and base adjusted revenue growth implied by the April 2017 forecasts for the FY18/FY19 biennium average 5.1% (4.9% in FY17-18 and 5.2% in FY18-19). Although these are slightly above the historical average growth, they do not necessarily reflect robust economic growth coming on the heels of the very low growth in the two prior years. When including the 1.0% growth in the FY16-17 forecast, there is an average growth of 3.7% over the three years that affect the financial status for the upcoming biennium.

For the "following biennium", adjusted revenue growth was calculated at 6.1% per year using the historical average methodology. The target growth for the five year financial status is the historical average of 4.7%. Because the revenue growth in the NEFAB forecasts is below average, the revenue growth needed to yield a 4.7% five year average is 6.1% in both FY19-20 and FY20-21

Subsequent to Sine Die, fiscal year 2016-17 closed with actual receipts being \$34.2 million below the April 2017 forecast. With no change in the FY18 forecast at this point, revenue growth to achieve that forecast increased from 4.9% to 5.6%.

The Nebraska Economic Forecast Advisory Board (NEFAB) is scheduled to meet in October 2017 to review their existing forecasts. Changes in those forecasts could have a significant impact on the projected status as shown in this report.

## Cash Reserve Fund

The projected unobligated ending balance at the end of the FY20/FY21 biennium based on current forecasts and 2017 session actions is \$369.1 million. This would be approximately 7% of General Fund revenues. While this is lower than in recent years, the average over the life of the Cash Reserve Fund is 7%. The ending balance at the end of the next biennium is considered the unobligated balance as there are some current statutory obligations that extend into the next biennium

The enacted budget utilizes \$248.2 million of Cash Reserve Fund (CRF) monies for two different items: (1) \$173 million transfer to the General Fund to help replenish the reserve to the statutory level, and, (2) \$75 million transfer to the Nebraska Capital Construction Fund to pay for the Department of Correctional Services Reception and Treatment Center (RTC) project

Things to consider in evaluating the proper level for the Cash Reserve Fund can be found on page 23. That discussion indicates an appropriate level of the Cash Reserve Fund would about 16% of annual net receipts or approximately \$746 million applied to the average forecast from FY16 to FY19. Note that this discussion of the appropriate level of the Cash Reserve Fund is applicable to where the CRF should be **at its peak** after that part of the cycle with positive revenue growth and positive variances from the forecast. As we turn into the negative part of this cycle, the question is how much of the CRF can or should be utilized to address the projected budget shortfall.

A key to answering this question is whether the use the Cash Reserve Fund is only a bridge until a structural balance is achieved or a short term solution which covers up an on-going structural imbalance. In terms of the enacted budget there is a structural balance between on-going revenues and on-going appropriations at the end of the biennial budget. This is evidence that the use of the Cash Reserve Fund relates to restoration of the minimum statutory reserve and not financing an unsustainable level of spending.

## Property Tax Credit

Under this program transfers are made to the Property Tax Credit Cash Fund at the discretion of the Legislature. Enacted in 2007, the amount available for credits was \$105 million in FY07-08, and \$115 million in FY08-09 through FY13-14. During the 2014 session, the FY14-15 amount was increased to \$140 million. In the 2015 session, the credit was increased by \$64 million increase to a total of \$204 million.

In the 2016 session, LB 958 made several changes dealing with the Property Tax Credit Act. Previously the property tax credit was distributed based on 100% of the taxable value of real property. Under LB 958, the credit is distributed using "credit allocation valuation" which is 120% of agricultural and horticultural land taxable value and 100% for all other real property except agricultural and horticultural land. This change would shift \$20 million of the property tax credit amounts from residential, commercial and industrial, and public service sectors to agriculture so to hold these other sectors harmless, LB958 provided language that the credit amount should be increased by \$20 million to a total of \$224 million.

This additional \$20 million per year transfer is included in the FY18/FY19 biennial budget. Although accounted for as a transfer not an expenditure, in terms of using available General Funds, this two year increase of \$40 million would be the second largest increase in the budget only exceeded by TEEOSA school aid at \$62 million.

## **TEEOSA School Aid**

The budget includes funding for state aid to schools (TEEOSA) based on changes contained in LB409 enacted in the 2017 session. This bill included increasing the local effort rate from \$1.00 to \$1.023 and reducing the allowable growth rate from 2.5% to 1.5% for FY18 and FY19 only (affecting the cost growth factor used to inflate prior year data). The overall net change in total TEEOSA aid is an increase of \$19.4 million (2.0%) in FY2017-18 followed by a \$27.0 million (2.7%) increase in FY18-19. The General Fund amounts (excluding the amount financed by allocated Insurance Premium Tax monies and lottery funds for reorganization incentives) reflect a \$17.9 million (1.9%) increase in FY17-18 followed by a \$26.7 million (2.8%) increase in FY18-19.

## **Justice Reinvestment Act Funding**

In the 2015 session, the Legislature enacted LB 605 to begin addressing overcrowding in the correctional system. This bill was the result of a study conducted by the Nebraska Justice Reinvestment Working Group, an inter-branch working group established under LB 907-2014, in cooperation with the Council of State Governments Justice Center. LB 605 expands the use of probation in lieu of incarceration, ensures that more people receive supervision upon release from prison, and bolsters parole supervision practices to reduce recidivism.

At the time of passage, General Fund costs to implement the bill totaled \$1,763,046 in FY2015-16 and \$4,939,695 in FY2016-17. Costs were projected to increase over the following three years as more offenders are applicable to the bill provisions. The enacted budget funds the third and fourth years of the plan, providing additional funds of \$4,240,517 in FY2017-18 and \$7,126,150 in FY2018-19.

## **Correctional Services**

Funding for the Department of Correctional Services increases by \$3,749,449 in FY2017-18 (1.8%) and an additional \$4,514,312 (2.1%) in FY2018-19. This is a net change after reallocating \$4.6 million for the expiration of the program where inmates were housed in county jails.

The budget adds a net of 55 positions in FY2017-18 and 80 in FY2018-19. Positions added include Custody or Protective Services staff (Corrections Officers, Corporals, Sergeants, Caseworkers), teachers, programming staff, clinical staff (LPN, RN, medical technologists), and staff such as Food Service Specialists, Facility Maintenance Specialists, a Training Specialist, an Intelligence Administrator, and a Grievance Coordinator. The agency would also establish a Transportation Unit (7 FTE) to coordinate all transfers between NDCS facilities.

Beginning in December 2016, an agreement reached by the state and the employee bargaining unit produced special pay adjustments for key inmate-contact employee classifications. For the remainder of that fiscal year, these increases were funded with vacancy savings. The committee proposed budget adds \$3.2 million each year to the on-going base budget to continue funding these increases.

The budget increase for additional Custody or Protective Services staff is below the agency request and Governors recommendation in FY18 and FY19. However, the enacted budget phased-in the additional staff over three years recognizing the current issue of vacancies and high turnover and providing more time to address those issues in existing staffing levels prior to adding larger numbers of additional staff. The additional amount to fully fund at the request and Governors level is included in the projected budget for FY19-20.

## **DHHS Provider Rates**

A significant issue every biennial budget is the level of rate increases provided for the various providers in the Dept. of Health and Human Services (DHHS) programs. This includes behavioral health, developmental disability, and Medicaid.

Originally the budget as passed only included a 3% rate reduction in Medicaid for hospitals, physicians, and reimbursements for items such as durable medical equipment, hearing and prosthetics are cut resulting in an overall \$12.4 million reduction in FY2017-18. All other DHHS providers were held flat including nursing homes. The Governor then vetoed \$16.8 million in FY17-18 to extend the 3% provider rate reduction to other Medicaid providers as well as child welfare providers and providers of developmental disabilities services and the behavioral health regions. This veto was sustained after attempts to override. Although the veto message referenced a provider rate cut, subsequently DHHS indicated that the reductions may be made in other areas and not by reducing provider rates.

## **Agency Operations Budget / Base Reductions**

Faced with a large projected shortfall, a certain level of budget reductions were necessary. Although no general across the board reduction was applied, in many executive branch agencies, the agency request included a variety of budget reductions to fully or partially offset the added costs of salary and health insurance cost increases. The enacted budget includes many of those reductions as well as reductions using either a general "base" reduction or some combination of issues offered in the modification process.

About two-thirds of the FY18 operations cuts are in the Dept. of Health and Human Services and University of Nebraska. Total reductions over the two year period amount to \$63.7 million of which \$53 million was in the budget sent to the Governor and \$10.7 million attributed to Governor vetoes.

# **GENERAL FUND FINANCIAL STATUS**



# General Fund Financial Status

## End of 2017 Session (Sine Die May 23, 2017)

	Current Year FY2016-17	Biennial Budget FY2017-18	FY2018-19	Following Biennium FY2019-20	FY2020-21
<b>1 BEGINNING BALANCE</b>					
2 Beginning Cash Balance	531,652,199	31,620,037	124,064,524	268,334,747	329,543,350
3 Cash Reserve transfers-automatic	0	0	0	0	0
4 Carryover obligations from FY16	(310,603,783)	0	0	0	0
5 Lapse FY16 reappropriations (LB 22 & LB149)	72,470,032	0	0	0	0
6 Allocation for potential deficits	0	0	(5,000,000)	(5,000,000)	(5,000,000)
7 Unobligated Beginning Balance	293,518,448	31,620,037	119,064,524	263,334,747	324,543,350
<b>8 REVENUES &amp; TRANSFERS</b>					
9 Net Receipts (April 2017 NEFAB+bills+hist avg)	4,300,000,000	4,495,000,000	4,715,000,000	5,029,000,000	5,333,000,000
10 General Fund transfers-out (2017 Session)	(217,100,000)	(234,970,000)	(233,770,000)	(232,500,000)	(232,500,000)
11 General Fund transfers-in (2017 Session)	(50,000)	110,427,103	83,456,000	0	0
12 Cash Reserve transfers (current law)	0	125,000,000	48,000,000	0	0
13 2018 Cash Reserve transfers (new)	0	0	0	0	0
14 2018 General Fund transfers-out	0	0	0	0	0
15 2018 General Fund transfers-in	0	0	0	0	0
16 2018 Revenue Bills	0	0	0	0	0
17 General Fund Net Revenues	4,082,850,000	4,495,457,103	4,612,686,000	4,796,500,000	5,100,500,000
<b>18 APPROPRIATIONS</b>					
19 Appropriations (2017 Session)	4,344,748,411	4,398,012,616	4,463,415,777	4,463,415,777	4,463,415,777
20 Projected budget increase, following biennium	--	0	0	266,875,620	462,455,898
21 2018 Mainline Budget Actions	0	5,000,000	0	0	0
22 2018 State Claims	0	0	0	0	0
23 2018 "A" Bills	0	0	0	0	0
24 General Fund Appropriations	4,344,748,411	4,403,012,616	4,463,415,777	4,730,291,397	4,925,871,675
<b>25 ENDING BALANCE</b>					
26 \$ Ending balance (per Financial Status)	31,620,037	124,064,524	268,334,747	329,543,350	499,171,675
27 \$ Ending balance (at Min. Reserve 2.5% FY19 only)	256,606,367		222,921,052		296,077,711
28 Excess (shortfall) from Minimum Reserve			<b>45,413,695</b>		<b>203,093,964</b>
29 Biennial Reserve (%)			3.0%		5.2%
<u>General Fund Appropriations</u>					
30 Annual % Change - Appropriations (w/o deficits)	3.3%	-0.3%	1.5%	6.0%	4.1%
31 Two Year Average	3.7%	--	0.6%	--	5.1%
<u>General Fund Revenues</u>					
32 Est. Revenue Growth (rate/base adjusted)	1.0%	4.9%	5.2%	6.1%	6.1%
33 Two Year Average	0.7%	--	5.1%	--	6.1%
34 Five Year Average	3.8%	--	3.5%	--	4.7%
35 On-Going Revenues vs Appropriations	(261,898,411)	(32,555,513)	101,270,223	66,208,603	174,628,325
<b>CASH RESERVE FUND</b>					
	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
Projected Unobligated Ending Balance	637,639,649	437,574,336	379,569,207	379,569,207	369,137,622

# General Fund Financial Status

## Tax Rate Review Committee (July 17, 2017)

	Actual FY2016-17	Biennial Budget FY2017-18      FY2018-19		Following Biennium FY2019-20      FY2020-21	
<b>1 BEGINNING BALANCE</b>					
2 Beginning Cash Balance	531,652,199	247,728,174	106,721,159	250,991,382	312,199,985
3 Cash Reserve transfers-automatic	0	0	0	0	0
4 Carryover obligations from FY17	0	(253,451,399)	0	0	0
5 Lapse FY17 reappropriations	0	20,000,000	0	0	0
6 Allocation for potential deficits	0	0	(5,000,000)	(5,000,000)	(5,000,000)
7 Unobligated Beginning Balance	531,652,199	14,276,775	101,721,159	245,991,382	307,199,985
<b>8 REVENUES &amp; TRANSFERS</b>					
9 Net Receipts (April 2017 NEFAB+bills+hist avg)	4,262,606,737	4,605,427,000	4,798,456,000	5,029,000,000	5,333,000,000
10 General Fund transfers-out (current law)	(217,100,000)	(234,970,000)	(233,770,000)	(232,500,000)	(232,500,000)
11 General Fund transfers-in (current law)	in actual	in forecast	in forecast	0	0
12 Cash Reserve transfers (current law)	0	125,000,000	48,000,000	0	0
13 2018 Cash Reserve transfers (new)	--	0	0	0	0
14 2018 General Fund transfers-out	--	0	0	0	0
15 2018 General Fund transfers-in	--	0	0	0	0
16 2018 Revenue Bills	--	0	0	0	0
17 General Fund Net Revenues	4,045,506,737	4,495,457,000	4,612,686,000	4,796,500,000	5,100,500,000
<b>18 APPROPRIATIONS</b>					
19 Expenditures / Appropriations (2017 Session)	4,329,430,762	4,398,012,616	4,463,415,777	4,463,415,777	4,463,415,777
20 Projected budget increase, following biennium	--	0	0	266,875,620	462,455,898
21 2018 Mainline Budget Actions	0	5,000,000	0	0	0
22 2018 State Claims	0	0	0	0	0
23 2018 "A" Bills	0	0	0	0	0
24 General Fund Appropriations	4,329,430,762	4,403,012,616	4,463,415,777	4,730,291,397	4,925,871,675
<b>25 ENDING BALANCE</b>					
26 \$ Ending balance (per Financial Status)	247,728,174	106,721,159	250,991,382	312,199,985	481,828,310
27 \$ Ending balance (at Min. Reserve 2.5% FY19 only)			228,191,980		295,572,565
28 Excess (shortfall) from Minimum Reserve			<b>22,799,402</b>		<b>186,255,745</b>
29 Biennial Reserve (%)			2.8%		5.0%
<u>General Fund Appropriations</u>					
30 Annual % Change - Appropriations (w/o deficits)	3.3%	-0.3%	1.5%	6.0%	4.1%
31 Two Year Average	3.7%	--	0.6%	--	5.1%
<u>General Fund Revenues</u>					
32 Est. Revenue Growth (rate/base adjusted)	0.3%	5.6%	5.2%	6.1%	6.1%
33 Two Year Average	0.3%	--	5.4%	--	6.1%
34 Five Year Average	3.7%	--	3.5%	--	4.7%
35 <u>On-Going Revenues vs Appropriations</u>	(366,184,100)	(27,555,616)	101,270,223	66,208,603	174,628,325
<b>CASH RESERVE FUND</b>					
	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
Projected Unobligated Ending Balance	680,655,108	437,574,336	379,569,207	379,569,207	369,137,622



# Chronology of the General Fund Financial Status

## End of 2016 Session (Sine Die)

At Sine Die 2016, the projected financial status for the FY18/FY19 biennium reflected a \$234.5 million projected shortfall from the minimum reserve. At that point, FY18/FY19 was the “out year” in the five year financial status and there was no projection for FY20/FY21 biennium. Items which significantly contributed to this shortfall was the use of \$99 million of one-time lapsed appropriations to balance the FY16/FY17 biennium and annualization of the bills enacted in the 2016 session which cost \$5.4 million in FY16-17 but \$54.2 million in FY17-18 and \$64.4 million in FY18-19.

At the July 2016 meeting of the Tax Rate Review Committee (TRR), the financial status declined to \$352.7 million below the minimum reserve. FY2015-16 revenues were \$120 million below forecast. This previous forecast was \$17 million above the certified forecast so with forecasts well below the certified, the automatic transfer that had been assumed was negated.

Impact on Variance from Min Reserve (Millions of Dollars)	July 2016 TRR Committee			
	FY17	FY18	FY19	Total
FY16 Actual vs Est General Fund Net Receipts	0.0	0.0	0.0	(120.0)
FY16 Actual vs Est CRF transfers-automatic	17.0	0.0	0.0	17.0
FY16 Actual vs Est Accounting adjustment	0.0	0.0	0.0	(6.0)
NDR change in withholding, impact of (indexing)	(12.9)	0.0	0.0	(12.9)
Assumed lapse, FY16 unexpended appropriations	0.0	0.0	0.0	0.0
Change in Minimum Reserve	3.5	0.0	(0.0)	3.5
Total Change – July 2016 TRR Committee	(118.3)	0	0	(118.3)

## 2016 Interim

The financial status deteriorated significantly in November 2016 when the TRR committee again met. The shortfall from the minimum reserve increased from \$352.7 million to \$895.3 million due mostly to revenue forecasts. Original NEFAB forecasts for FY18 and FY19 were a combined \$402.8 million below the previously used preliminary LFO revenue estimates. The NEFAB also reduced their FY16-17 forecast by \$172.2 million largely reflecting the \$120 million below forecast revenue the prior year. There was some offset with lower spending projections which used the latest estimates for TEEOSA school aid and information from the agency budget request.

Impact on Variance from Min Reserve (Millions of Dollars)	November 2016 TRR Committee			
	FY17	FY18	FY19	Total
Revenue Forecasts (revised / original Oct 201)	(172.2)	(200.3)	(202.5)	(575.1)
Change in Minimum Reserve	0.0	0.0	17.1	17.1
Subtotal - Revenue	(172.2)	(200.3)	(185.4)	(557.9)
Deficit requests higher than \$5M allocation	(13.4)	0.0	0.0	(13.4)
Retirement - defined benefit plans, actuarial contributions	0.0	(16.8)	(18.1)	(34.8)
DHHS – Higher federal FMAP	0.0	14.7	18.5	33.2
DHHS – aid programs, eligibility/utilization/specific items/rates	0.0	(7.9)	15.4	7.5
Revised estimate of budget increases, all other	0.0	8.7	14.2	22.9
Subtotal - Appropriations	(13.4)	(1.3)	30.1	15.4
Total Change – November TRR Committee	(185.6)	(201.6)	(155.3)	(542.5)

## Appropriations Committee Preliminary Budget

The Appropriations Committee Preliminary Budget as set forth here, reduces that \$895 million "shortfall" to a \$134.7 million level. Although not achieving a balanced budget at this point, the remaining shortfall is at a level that Cash Reserve Fund transfers which have not been incorporated at this point could be utilized to achieve a balanced budget. Going forward, the combination of these actions results in a \$54 million structural balance in FY18-19 when comparing on-going revenues and spending.

This \$771 million swing was accomplished through a combination of \$160 million of reductions in FY16-17 new and carryover appropriations (LB 22), \$70.8 million from sales tax due to voluntary collection compliance by Amazon.com, and \$124 million of transfers from several cash funds. On the appropriations side, the committee preliminary budget level was substantially below that estimated at the November Tax Rate Review Committee meeting including TEEOSA school aid (\$98.1 million), University of Nebraska and State Colleges (\$98.7), and DHHS provider rates (\$106.5 million)

Impact on Variance from Min Reserve (Millions of Dollars)	Committee Preliminary Budget			
	FY17	FY18	FY19	Total
GF Transfers-in	(0.1)	73.1	51.2	124.3
GF Transfers-Out (change vs Nov TRR)	0.0	1.8	1.8	3.7
Assumed Amazon.com sales tax	11.2	28.2	31.3	70.8
"Above certified" forecast to CRF (Amazon sales tax)	0.0	(11.2)	0.0	(11.2)
Change in Minimum Reserve	0.0	0.0	(10.1)	(10.1)
Subtotal - Revenue	11.2	92.0	74.3	177.4
LB 22 - Specific & ATB cuts	88.4	0.0	0.0	88.4
LB 22 - Lapse FY16 / FY17 reappropriations	72.2	0.0	0.0	72.2
Deficits and Claims vs Nov TRR	(5.6)	0.0	0.0	(5.6)
DHHS provider rates (compared to Nov TRR 2% per yr)	0.0	41.7	64.8	106.5
University & State Colleges (lump sum vs Nov TRR)	0.0	35.7	63.0	98.7
TEEOSA School Aid (2.1% per yr vs Nov 2016 current law estimate)	0.0	30.0	68.1	98.1
DHHS aid programs – eligibility, utilization, specific items	0.0	18.6	19.8	38.4
Retirement - Defined Benefit plans (current est vs Nov TRR)	0.0	15.5	13.2	28.7
All Agencies – Modification cuts (operations)	0.0	12.7	12.6	25.3
All Agencies – Salary & Health Insurance (vs Nov 2016 TRR)	0.0	6.7	16.5	23.2
Special Education (1% per yr vs Nov TRR estimate)	0.0	3.3	6.8	10.1
Corrections - Staffing & Security, annualize special salary increase	0.0	(4.7)	(9.5)	(14.2)
All Other appropriation changes (net)	(3.8)	9.9	(0.4)	13.4
Subtotal - Appropriations	158.9	169.5	254.8	583.2
Total Change – Appropriations Committee Prelim Budget	170.1	261.5	329.1	760.6

## Revised Revenue Forecast - February 2017

In February the Nebraska Economic Forecasting Advisory Board (NEFAB) made significant revisions to their previous forecasts, a \$91.2 million reduction in FY17-18, a \$51.2 million reduction in FY18-19, and \$26.3 million reduction in FY18-19 for a cumulative reduction of \$168.8 million over the three fiscal years. Year to date revenue performance triggered the large reduction in FY17-18.

Revenues in excess of "certified" forecasts are required by statute to be transferred to the Cash Reserve Fund. As noted above the Amazon.com adjustment of \$11.2 million was above the

certified forecast and was thus shown as a subsequent transfer to the Cash Reserve Fund. With the February reduction in the forecast this potential transfer is negated.

Impact on Variance from Min Reserve (Millions of Dollars)	Revised Revenue Forecast			
	FY17	FY18	FY19	Total
Revenue Forecasts (Feb 2015) - Base Forecast Changes	(91.2)	(51.2)	(26.3)	(168.8)
Previous "Above certified" FY17 forecast to CRF negated	0.0	11.2	0.0	11.2
Change in Minimum Reserve	0.0	0.0	4.6	4.6
Total Change – February 2017 Forecast revisions	(91.2)	(40.0)	(21.8)	(153.0)

## Appropriations Committee Post Hearing Adjustments

After weeks of budget hearings, the Appropriations Committee finalized their recommendation with a variety of funding and transfer adjustments. The total impact of these actions amounted to \$291.2 million over the three year period, offsetting the \$134.7 million shortfall still remaining at the Preliminary Budget and the impact of the revised February forecasts.

The largest adjustment was a \$173 million transfer from the Cash Reserve Fund. Although the largest item it was the last item approved after review of all other measures. Additional budget savings were generated within DHHS with a revision of funding due to a preliminary FFY19 FMAP, elimination of the 1% provider rate increase that had been included in the Preliminary Budget, and a reduction in the Federal Clawback increase due to new estimates available from the Federal Fund Information System (FFIS). This most significant increase in the budget post hearing was \$11.5 million per year for Child Welfare for annualizing the deficit and contract revisions with Nebraska Families Collaborative (NFC).

Impact on Variance from Min Reserve (Millions of Dollars)	Committee Proposed Budget			
	FY17	FY18	FY19	Total
General Fund transfers-in (additions to Prelim)	0.0	43.7	39.8	83.4
Cash Reserve Fund - transfer to General Fund	0.0	0.0	173.0	173.0
Change in Minimum Reserve	0.0	0.0	(7.5)	(7.5)
Subtotal - Revenue	0.0	43.7	205.3	250.7
DHHS - Higher preliminary FFY19 FMAP	0.0	0.0	15.6	15.6
DHHS - Provider Rates, eliminate 1% per yr increase	0.0	4.2	8.4	12.6
DHHS - Federal Clawback, adjust based on April FFIS estimate	0.0	6.0	4.0	10.0
DHHS - Child welfare, reduce contracts for kinship foster care	0.0	4.5	4.5	9.0
Corrections - Staffing & Security, phase in staffing over 3 years	0.0	1.6	5.0	6.6
Education - Remove added funding, IT Systems of Support	0.0	2.4	2.0	4.3
DHHS - Child welfare, end GF support, Right Turn post-adoption.	0.0	2.1	2.1	4.1
DEQ - Eliminate GF funding, stormwater grant program.	0.0	1.7	1.7	3.3
DHHS - BSDC base reduction, reflect rightsizing of the facility	0.0	1.6	1.6	3.2
Corrections - delays in adding new staff	0.0	0.7	0.7	1.4
Education - Eliminate funding, IT academy	0.0	0.5	0.5	1.0
Education - Eliminate funds, Master Teacher program	0.0	0.5	0.5	1.0
Education - Aid to ESU's, Governors level 3% reduction	0.0	0.4	0.4	0.8
Education - Early Childhood grant, continue LB22 reduction (4%)	0.0	0.2	0.2	0.3
DHHS - Child welfare, base adjustment and/or NFC contract	0.0	(11.5)	(11.5)	(23.0)
DHHS - Medicaid, increase base of PPS hospitals by 3%	0.0	(2.6)	(2.6)	(5.2)
Education - Adjust TEEOSA to LB409 (am474) level	0.0	2.1	(4.2)	(2.0)
University - Global Center for Advanced Interprofessional Learning	0.0	0.0	(3.0)	(3.0)
University - adjust base reductions	0.0	2.9	(4.1)	(1.1)
All Other appropriation items	0.0	0.5	1.1	1.6
Deficit adjustments	1.7	0.0	0.0	1.7
Subtotal - Appropriations	1.7	17.8	22.8	40.6
Total Change – Appropriations Committee Proposed Budget	1.7	61.3	228.1	291.2

## Revised Revenue Forecast – April 2017

After the Appropriations Committee submitted their budget recommendations to the Legislature, the Nebraska Economic Forecasting Advisory Board (NEFAB) held their statutorily required April meeting to evaluate their revenue forecasts. At that meeting the NEFAB reduced the revenue forecasts by a total of \$55 million; \$15 million in FY16-17 and \$20 million for both FY17-18 and FY18-19

<u>Impact on Variance from Min Reserve (Millions of Dollars)</u>	Revised Revenue Forecasts			
	FY17	FY18	FY19	Total
Revenue Forecasts (April 2017)	(15.0)	(20.0)	(20.0)	(55.0)
Change in Minimum Reserve	0.0	0.0	(1.6)	(1.6)
Total Change - April 2015 NEFAB forecasts	(15.0)	(20.0)	(18.4)	(53.4)

## Floor Actions – 2017 Session

Budget actions from the time the Appropriations Committee submitted their recommendations to final enactment of the budget consist of (1) floor amendments, (2) Governor vetoes and overrides, and (3) enactment of revenue and spending legislation.

The first actions taken were floor amendments to the mainline budget bills. The Appropriations Committee had several amendments amounting to a total savings of \$11.3 million consisting of a \$1.4 million increase in General Fund transfers-in, a \$1.2 million reduction in transfers-out, and an \$8.8 million reduction in appropriations. The committee also offered an amendment to reduce the statutory minimum reserve from 3% to 2.5% but only for the FY18/FY19 biennium. This reduction in the required minimum reserve provided for additional available funds totaling \$43.4 million.

The Governor subsequently returned vetoes of appropriations totaling \$56.5 million but also reducing available funds by vetoing half of the transfer of Roads funds to the General Fund (\$15 million). The Appropriations Committee offered overrides amounting to \$32.7 million but all override attempts failed and the vetoes were sustained.

A total of \$47.3 million was utilized over the two year period for new revenue and spending bills that were enacted including LB 259 which exempted the first \$10,000 of personal property from taxation (\$19.6 million) and LB 605 the Justice Reinvestment Act (\$6.7 million)

<u>Impact on Variance from Min Reserve (Millions of Dollars)</u>	2017 Floor Actions			
	FY17	FY18	FY19	Total
Gen File, delete Brand Committee fund transfer	0.0	(0.1)	0.0	(0.1)
Committee: Water Sustainability Fund, reduce GF transfer out	0.0	0.0	1.2	1.2
Committee: escheat, unclaimed property, GF transfer-in	0.0	1.4	0.0	1.4
Committee: Gov Emergency Prog additional lapse	1.0	0.0	0.0	1.0
Committee: Vets Affairs - GF savings, shift to cash and fed funds	0.0	1.7	1.7	3.3
Committee: State Disability, adjust to est FY17 spending levels	0.0	1.7	1.7	3.4
Committee: Game and Parks, added base reduction	0.0	0.2	0.2	0.5
Committee: Incorporate impact of LB 259	0.0	0.3	0.3	0.6
Change minimum reserve to 2.5%, FY19 only	0.0	0.0	43.4	43.4
Governor mainline vetoes - GF transfer in	0.0	(7.5)	(7.5)	(15.0)
Governor mainline vetoes – GF appropriations	0.0	22.7	33.8	56.5
Legislative overrides	0.0	0.0	0.0	0.0
Revenue bills enacted	0.0	0.0	0.0	0.0
A Bills enacted	0.0	(0.6)	(0.5)	(1.2)
Change in Minimum Reserve	0.0	0.0	0.3	0.3
Total Change - 2017 Floor Actions	1.0	20.4	75.0	96.5

## FY2016-17 Actual Data (June 30, 2017)

Receipts for FY2016-17 were \$34.2 million below the forecast used at the end of the 2017 Legislative Session.

The amount of the minimum reserve increases by \$5.3 million due to a technical change in the calculation of the reserve attributed to assuming 100% expenditure of funds in FY17 at Sine Die versus less than 100% expenditure with FY17 data but offsetting carryover of unexpended appropriations at the start of the next year. In this instance, in the reserve calculation both the numerator (available funds) and denominator (amount of appropriations) both increase by \$233 million resulting in the \$5.3 million difference.

With respect to the unexpended FY17 appropriations, a significant amount of operations and selected state aid programs were reappropriated as well as all certified encumbrances. While the carryover amounts from reappropriated programs is known, the certification of encumbrances is not completed until the end of August. At this point an estimated \$20 million of lapsed unexpended appropriations is used. This is a relatively conservative number after a review of unexpended balances by individual budget program.

<u>Impact on Variance from Min Reserve (Millions of Dollars)</u>	FY2016-17 Actual Data			
	FY17	FY18	FY19	Total
FY17 Actual vs Est General Fund Net Receipts	(34.2)	0.0	0.0	(34.2)
FY17 Actual vs Est Transfers-in	0.1	0.0	0.0	0.1
FY17 Actual vs Est Accounting adjustment	(3.2)	0.0	0.0	(3.2)
Assumed lapse, FY17 unexpended appropriations	0.0	20.0	0.0	20.0
Change in Minimum Reserve	0.0	0.0	(5.3)	(5.3)
Total Change – FY2016-17 Actual Data	(37.3)	20.0	(5.3)	(22.6)

Table 1 Chronology of the Financial Status

(millions of dollars)	FY18 / FY19 Biennium	FY20 / FY21 Biennium
<b>Variance from Min. Reserve: Sine Die 2016 Session (April 20, 2016)</b>	<b>(234.5)</b>	<b>NA</b>
FY16 Actual vs Est General Fund Net Receipts	(120.0)	--
FY16 Actual vs Est CRF transfers-automatic	17.0	--
FY16 Actual vs Est Accounting adjustment	(6.0)	--
NDR change in withholding, impact of (indexing)	(12.9)	--
Change in Minimum Reserve	3.5	--
<b>Variance from Min. Reserve: July 2016 Tax Rate Review Committee</b>	<b>(352.7)</b>	<b>NA</b>
Revenue Forecasts (revised / original Oct 2016)	(575.1)	--
Change in Minimum Reserve	17.1	--
Deficit requests vs \$5M allocation	(13.4)	--
Retirement - defined benefit plans	(34.8)	--
DHHS - FMAP	33.2	--
DHHS aid programs, (eligibility, utilization, specific items, rates)	7.5	--
Revised estimate of budget increases, all other	22.9	--
<b>Variance from Min. Reserve: Nov 2016 Tax Rate Review Committee</b>	<b>(895.3)</b>	<b>(1,180.4)</b>
General Fund transfers-in (not in pre-session)	124.3	124.3
General Fund transfers-out (change from Nov TRR)	3.7	12.3
Assumed Amazon.com sales tax	70.8	143.2
"Above certified" forecast to CRF (Amazon sales tax)	(11.2)	(11.2)
Change in Minimum Reserve	(10.1)	(24.9)
Reduce carryover obligations from FY17	3.8	3.8
LB 22 - Lapse FY16 / FY17 reappropriations	72.2	72.2
LB 22 - Specific & ATB cuts	88.4	88.4
Deficits and Claims vs Nov TRR	(5.6)	(5.6)
DHHS - Provider Rates, cut vs 2% per yr	106.5	245.0
University+State Colleges (lump sum vs Nov TRR)	98.7	224.7
Education - TEEOSA at 2.1%/yr vs Fall 2016 estimate	98.1	81.8
DHHS aid programs – eligibility, utilization, specific items	38.4	81.3
Retirement - Defined Benefit plans (current est vs Nov TRR)	28.7	55.1
All Agencies - Modifications	25.3	50.5
All Agencies – Salary & Health Insurance (vs Nov 2016 TRR)	23.2	56.1
Education - Special Education vs Nov TRR estimate	10.1	24.2
Corrections - Staffing & Security	(14.2)	(33.2)
All Other Appropriations items	9.5	12.4
<b>Variance from Min. Reserve: Committee Preliminary Budget</b>	<b>(134.7)</b>	<b>20.0</b>
Revenue Forecasts (Feb 2017) - Base Forecast Changes	(168.8)	(229.2)
"Above certified" FY17 forecast to CRF	11.2	11.2
Change in Minimum Reserve	4.6	6.3
<b>Variance from Min. Reserve: Post Feb 2017 NEFAB forecasts</b>	<b>(287.7)</b>	<b>(191.6)</b>
Correct Fund transfer, error in prelim amount, other minor errors	(0.2)	(0.2)
Errors and corrections to preliminary budget	0.0	0.0
General Fund transfers-in (additions to Prelim)	83.4	83.4
Cash Reserve Fund - transfer to General Fund	173.0	173.0
Deficit adjustments	1.7	1.7
Change in Minimum Reserve	(7.5)	(8.7)
DHHS - Higher preliminary FFY19 FMAP	15.6	48.9
DHHS - Provider Rates, eliminate 1% per yr increase	12.6	30.5

(millions of dollars)	FY18 / FY19 Biennium	FY20 / FY21 Biennium
DHHS - Federal Clawback Increase, adjust based on April FFIS estimate	10.0	17.9
DHHS - Child welfare, reduce contracts, kinship foster care and shift to HHS.	9.0	18.7
Corrections - Staffing & Security, phase in staffing over three years	6.6	6.6
Education - Remove added funding, IT Education Systems of Support	4.3	8.3
DHHS - Child welfare, end GF support for the Right Turn post-adoption contract.	4.1	8.6
DEQ - Eliminate GF funding, stormwater grant program.	3.3	6.6
DHHS - BSDC base reduction, reflect rightsizing of the facility	3.2	6.4
Corrections - delays in adding new staff	1.4	2.8
Education - Eliminate funding, IT academy	1.0	2.0
Education - Eliminate aid for the Master Teacher Education Program	1.0	2.0
Education - Aid to ESU's, at Governors recommendation, 3% reduction	0.8	1.7
Education - Early Childhood grant program, continue LB22 4% reduction	0.3	0.6
DHHS - Child welfare, base adjustment and/or NFC contract	(23.0)	(47.6)
DHHS - Medicaid, Increase base of PPS hospitals by 3%	(5.2)	(10.8)
Education - Adjust TEEOSA to LB409 (am474) level	(2.0)	15.6
University - Global Center for Advanced Interprofessional Learning	(3.0)	(9.0)
University - adjust base reductions	(1.1)	(9.3)
Adjust out year projected budget	0.0	22.0
All Other appropriation items	1.6	1.6
<b>Variance from Min. Reserve: Committee Budget to the Floor</b>	<b>3.5</b>	<b>181.9</b>
Revenue Forecasts (revised April 2017)	(55.0)	(65.0)
Change in Minimum Reserve	1.6	1.9
<b>Variance from Min. Reserve: Post April 2017 NEFAB forecasts</b>	<b>(49.9)</b>	<b>118.8</b>
Correct errors	0.1	0.1
General File, delete Brand Committee fund transfer	(0.1)	(0.1)
Committee: Water Sustainability Fund, reduce transfer out	1.2	1.2
Committee: escheat, unclaimed property, transfer-in	1.4	1.4
Committee: Governors Emergency Program additional lapse	1.0	1.0
Committee: Vets Affairs - GF savings due to shift to cash and fed funds	3.3	3.3
Committee: State Disability, adjust appropriation to est spending levels	3.4	6.8
Committee: Game and Parks, added base reduction	0.5	1.0
Committee: Incorporate impact of LB 259	0.6	1.2
Change minimum reserve to 2.5%, FY19 only	43.4	0.0
Mainline vetoes - GF transfer in	(15.0)	(15.0)
Mainline vetoes	56.5	90.9
Mainline overrides	0.0	0.0
Change in Minimum Reserve	0.3	(1.5)
<b>Variance from Min. Reserve: Mainline Bills as Enacted</b>	<b>46.5</b>	<b>209.0</b>
Revenue bills enacted	0.0	0.0
A Bills enacted	(1.2)	(14.4)
Update out year estimates	0.0	8.3
<b>Variance from Min. Reserve: Sine Die 2017 Session (May 23, 2017)</b>	<b>45.4</b>	<b>203.1</b>
FY17 Actual vs Est General Fund Net Receipts	(34.2)	(34.2)
FY17 Actual vs Est Transfers-in	0.1	0.1
FY17 Actual vs Est Accounting adjustment	(3.2)	(3.2)
Assumed lapse, FY17 unexpended appropriations	20.0	20.0
Change in Minimum Reserve	(5.3)	0.5
<b>Variance from Min. Reserve: Tax Rate Review Committee (July 17, 2017)</b>	<b>22.8</b>	<b>186.3</b>

# Estimated Financial Status - Following Biennium

For planning purposes, an estimated financial status is constructed for the biennium following the two-year biennial budget currently being considered. This allows the Legislature to see the future implications of budget actions being considered.

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## Revenues

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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 (FY19-20 and FY20-21) in the current financial status are derived using a "capped" historical average methodology. This "smoothing" technique derives "out year" revenue estimates by calculating the level of revenues that would yield a five year average growth (FY16 to FY21) roughly equal to the 36 year historical average (5.0%) less .25% which is the projected impact of indexing the tax brackets. 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 on page 29.

The "capped" provision of this methodology means that if the derived growth needed in the out-years to achieve the historical average is above the "above average" years, growth is then capped at the average of the "above average years". Likewise if the historical average method calls for below average growth in the out years, the growth is capped at the average of the "below average years". Over the past 35 years, there were 12 years in which revenue growth was "below average" (1.0% average) and 23 years in which revenue growth was above average (7.3% average).

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## Appropriations

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For the "following biennium" (FY19-20 and FY20-21), 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. Obviously the actual funding needs in these areas will not be known until the biennial budget process starts again in two years. However for planning purposes, some level of funding for these items must be acknowledged and shown as likely funding commitments

## Aid to Local Governments

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**State Aid to Schools (TEEOSA)** The estimates for FY20 and FY21 are based on the same methodology utilized for the November 15 estimates required under current law for the proposed biennial budget but with Fiscal Office assumptions and should be considered Fiscal Office estimates. The estimates reflect a growth in overall school aid of 9.4% in FY20 and 7.1% in FY21. About half of the large increase in both years is the result of expiration of temporary changes included in LB 409 and the TEEOSA formula returning to its original form.



**Special Education:** Increases for FY20 and FY21 reflect a 2.5% per year increase. Although statute allows for a growth up to 10% the 2.5% is equal to the basic allowable growth rate under the K-12 school spending limitation and TEEOSA calculations.

**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 \$3.5 million per year increase.

**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, the average growth is 4.5% per year. This reflects projected growth of 2.0% per year for population client eligibility and utilization and 2.5% per year for provider rates. This estimate also assumes no change in the federal match rate.

**Public Assistance** A basic growth rate of 3.5% per year is utilized for the various Public Assistance programs for the following biennium. This reflects no growth for population client eligibility and utilization and 2.5% per year for provider rates and 5% for child care rates.

**Child Welfare** A basic growth rate of 4.5% per year is utilized for the various Child Welfare programs for the following biennium. This reflects a 2% per year growth for population client eligibility and utilization and 2.5% per year for provider rates.

Table 2 Projected Budget Increases-Following Biennium

Numbers are annual increases	Two Yr Average	Est for Following Biennium	
		FY2019-20	FY2020-21
Aid to K-12 Schools (TEEOSA GF only)	8.2%	93,270,362	77,756,234
Special Education	2.5%	5,663,165	5,804,744
Community Colleges	3.5%	3,476,521	3,598,199
Homestead Exemption	3.0%	2,430,000	2,502,900
Personal Property Tax Relief Act	3.0%	486,000	500,580
Aid to ESU's	2.5%	340,755	349,274
Medicaid	4.5%	37,657,801	39,352,403
Public Assistance	3.5%	3,667,792	3,796,165
Child Welfare Aid	4.5%	7,473,029	7,809,315
Developmental Disability aid	4.0%	7,975,799	6,763,391
Behavioral Health aid	2.5%	1,806,081	1,851,233
Children's Health Insurance (SCHIP)	186.4%	21,404,399	7,737,597
Employee Salaries	2.9%	15,363,479	12,202,148
Employee Health Insurance	6.0%	5,568,003	5,902,083
University/Colleges increased funding	3.7%	23,804,096	24,575,810
Operations increase	2.0%	2,970,803	3,030,219
Justice Reinvestment Act (LB605-2015)	specific \$	1,571,931	0
Juvenile Services - Courts	2.5%	1,350,000	1,383,750
One time use of other funds, DHHS	specific \$	1,650,000	0
Inmate per diem costs (Corrections)	3.0%	1,384,455	1,425,989
Protective Services staffing (Corrections)	specific \$	5,006,066	0
Retirement (defined benefit plans)	specific \$	932,000	1,664,000
Capital Construction	Reaff Only	20,996,488	(12,699,650)
Net Annual \$ Increase		266,875,620	195,580,277
Annual % Increase		6.0%	4.1%

**Children's Health Insurance (CHIP)** For the following biennium, a 4.5% per year increase is used which is the same as Medicaid. However, the large increase is attributed to the federal match rate. The Affordable Care Act (ACA) included a provision that increased the regular SCHIP match rate by 23 percentage points for FFY2015 to FFY2019. This provision expires during the following biennium requiring an increase of \$20 million in FY19-20 and an additional \$6 million (annualize at a full \$26 million level) in FY20-21.

**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. Increases in the number of clients is from the fiscal note on LB333 which temporarily suspended the service entitlement for graduates in FY18 and FY19. In the LB333 fiscal note, DHHS indicated an estimated 224 individuals will be eligible for the entitlement in FY20. About 150 people will be new graduates turning age 21 in that fiscal year. DHHS recently had a legal interpretation that the state entitlement to services should also apply for high school graduates who move to Nebraska from other states. This has not been the case in the past. DHHS indicates there are 74 individuals who meet this criteria. Assuming 224 individuals are eligible for the entitlement for graduates in FY2019-20, the estimated general fund fiscal impact will be \$4,273,565. Assuming an additional 150 new graduates in FY21, the general fund fiscal impact will be about \$7,135,327.

**Behavioral Health Aid.** This area includes substance abuse and mental health aid. The increases in the following biennium reflect a 2.5% increase to reflect some annual increase in provider rates.

## **Agency Operations / Construction**

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**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. Also in FY19-20 funds are included to annualize the January 1, 2019 1.5% salary increase. This equates to a .75% increase.

**Employee Health Insurance** For planning purposes, a 6% per year increase in health insurance is included for the following biennium, similar to the prior biennium.

**Operations Inflation** Included in the projected status is a general 2% increase in agency non-personnel operating costs. Although not provided as an across the board increase, this amount historically covers increases in utility costs at state and higher education facilities as well as food and other inflationary cost increases at 24/7 state facilities such as veterans homes, BSDC, etc...

**Juvenile Justice services** As part of the juvenile justice reform, funding for juvenile services was shifted from DHHS to the courts. Much of these funds are to purchase services from outside vendors. The projected budget includes a 2.5% for provider rate increases similar to DHHS providers.

**Justice Reinvestment Act.** The \$1,571,931 increase shown in FY19-20 fully funds the last year of the justice reinvestment act as laid out in the fiscal note for LB605-2015.

***One time use of cash/federal funds – DHHS*** A select file amendment reduced General Fund appropriations by \$2.8 million in the DHHS administrative program. This consisted of \$1.1 million which was transferred to the Dept of Veterans Affairs related to the shift of the veterans homes while the other \$1.65 million reduction shifted costs from General funds to cash and federal. This was considered a one-time shift so the \$1.65 million General Funds is restored starting in FY20.

***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

***DCS Protective Services Staffing*** In FY18 and FY19 the enacted funding was below the agency request and Governors recommendation. The budget as enacted phased-in the additional staff over three years recognizing the current issue of vacancies and high turnover and providing more time to address those issues in existing staffing levels prior to adding larger numbers of additional staff. This \$5,066,000 funds the additional 80 staff in FY2019-20.

***Defined Benefit Retirement Plans*** The increase in funding for the defined benefit retirement plans for FY20 and FY21 are based on the Cavanaugh Macdonald actuary presentation to the Retirement Committee in November 2016. This includes a slight increase in additional state contribution amounts for the Judges and Patrol plans plus an increase in the 2% of pay contribution in the school plan.

***Capital Construction*** General Fund dollars included in the projected budget for the following biennium for capital construction reflect reaffirmations only based on the proposed FY18/FY19 biennial budget. The FY19-20 reaffirmation includes the \$11 million that the Governor had vetoed out of the FY18-19 appropriation for the State Capitol HVAC project. The veto related to cash flow of the project not the overall amount so this was added to the FY19-20 reaffirmation although technically the Governor could not increase the FY20 level the bill.

# Cash Reserve Fund

The Cash Reserve Fund (CRF) is not included as part of the "General Fund Reserve" (which is the 3% to 7% statutorily defined ending General Fund balance for a biennium) and was created as a separate and distinct fund to cover cash flow needs within a month or several month period. The Cash Reserve Fund also serves as a "rainy day fund" in that revenues in excess of a "certified forecast" are transferred from the General Fund to Cash Reserve fund at the end of a fiscal year. As the certified forecast is basically the revenue estimate at Sine Die when the budget is finalized, these transfers sequester revenues in excess of that which is needed to balance the budget.

As there are some obligations in the Cash Reserve Fund that extend into the next biennium, the projected unobligated ending balance is that shown at the end of the FY20/FY21 biennium based on current forecasts and proposed 2017 session actions and is \$369.1 million. The projected unobligated ending balance taking into consideration all enacted transfers and based on current forecasts is \$708.2 million. Table 4 (page 22) gives an historical summary of the fund balance.

Table 3 Cash Reserve Fund Status

	Actual FY2016-17	Estimated FY2017-18	Estimated FY2018-19	Estimated FY2019-20	Estimated FY2020-21
Beginning Balance	730,655,108	680,655,108	437,574,336	379,569,207	379,569,207
Excess of certified forecasts	0	0	0	0	0
To General Fund per current law	0	0	0	0	0
To Nebr Capital Construction Fund (NCCF)	0	(43,015,459)	(10,005,129)	0	(10,431,585)
To Transportation Infrastructure Fund	(50,000,000)	0	0	0	0
2017 - Excess from Oral Health Fund	0	150,000	0	0	0
2017 - To NCCF-Corrections RTC project	0	(75,215,313)	0	0	0
2017 - To General Fund	0	(125,000,000)	(48,000,000)	0	0
Ending Balance	637,639,649	437,574,336	379,569,207	379,569,207	369,137,622

## 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. FY2015-16 and FY2016-17 actual receipts were well below the certified forecasts thus no transfers in FY2016-17 or FY2017-18.

## Transfers To / From General Fund

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. At the start of the 2017 session, no transfers to the General Fund were authorized for the five year status.

## Transfers To/From Other Funds

In the 2013 session, LB 200 provided for a \$43,015,459 transfer from the Cash Reserve Fund to the Nebraska Capital Construction Fund (NCCF) sometime between July 1, 2013 and June 30, 2017 at the discretion of the Budget Administrator for construction of a new Central Nebraska

Veterans Home to replace the existing facilities. Originally this transfer was shown in FY13-14, however it has been shifted to FY17-18 since the actual transfer has not yet been made. Note that time period for the transfer was extended to June 30,2018 in the 2017 Session.

In the 2015 session, the enacted budget called for a \$28.2 million of transfers to the NCCF for the State Capitol HVAC project. This included \$7,804,292 in FY2015-16, and future transfers of \$7,160,412 in FY2018-19, \$9,492,568 in FY2020-21, and \$3,783,734 in FY2022-23. During the 2017 session the total transfer amount didn't change but the cash flow of the transfers was changed to \$10,005,129 in FY2018-19 and \$10,431,585 in FY2020-21.

In the 2016 session, LB 960 provided for a \$50 million transfer to a newly created Transportation Infrastructure Bank Fund in FY2016-17.

## 2017 Session Transfers

The enacted budget utilizes \$248.2 million of Cash Reserve Fund monies. This includes: (1) a \$173 million transfer to the General Fund to help replenish the reserve to the statutory minimum level, and (2) \$75 million transfer to the Nebraska Capital Construction Fund to pay for the Department of Correctional Services Reception and Treatment Center (RTC) project

Table 4 Cash Reserve Fund – Historical Balances

Fiscal Yr	Beginning Balance	Direct Deposit and Interest	Automatic Transfers	Legislative Transfers	Cash Flow	Ending Balance	Balance as % of revenue
FY1983-84	0	37,046,760	na	0	0	37,046,760	4.7%
FY1984-85	37,046,760	(1,472,551)	na	0	0	35,574,209	4.5%
FY1985-86	35,574,209	227,855	na	(13,500,000)	0	22,302,064	2.7%
FY1986-87	22,302,064	1,428,021	na	0	0	23,730,085	2.7%
FY1987-88	23,730,085	1,654,844	na	(7,700,000)	0	17,684,929	1.7%
FY1988-89	17,684,929	139,000	na	32,600,000	0	50,423,929	4.4%
FY1989-90	50,423,929	113,114	na	(10,500,000)	0	40,037,043	3.5%
FY1990-91	40,037,043	0	na	(8,100,000)	0	31,937,043	2.3%
FY1991-92	31,937,043	0	na	(5,000,000)	0	26,937,043	1.8%
FY1992-93	26,937,043	0	na	(9,500,000)	0	17,437,043	1.1%
FY1993-94	17,437,043	0	3,063,462	7,250,000	0	27,750,505	1.7%
FY1994-95	27,750,505	0	(8,518,701)	1,250,000	0	20,481,804	1.2%
FY1995-96	20,481,804	0	(20,481,804)	18,189,565	0	18,189,565	1.0%
FY1996-97	18,189,565	0	19,740,786	3,032,333	0	40,962,684	2.0%
FY1997-98	40,962,684	0	91,621,018	0	0	132,583,702	6.3%
FY1998-99	132,583,702	0	111,616,422	(98,500,000)	0	145,700,124	6.9%
FY1999-00	145,700,124	0	20,959,305	(24,500,000)	0	142,159,429	5.9%
FY2000-01	142,159,429	0	77,576,670	(49,500,000)	0	170,236,099	6.9%
FY2001-02	170,236,099	0	0	(60,170,000)	0	110,066,099	4.7%
FY2002-03	110,066,099	66,476,446	0	(87,400,000)	(30,000,000)	59,142,545	2.4%
FY2003-04	59,142,545	59,463,461	0	(61,577,669)	30,000,000	87,028,337	3.2%
FY2004-05	87,028,337	8,170,556	108,727,007	(26,758,180)	0	177,167,720	5.8%
FY2005-06	177,167,720	0	261,715,297	(165,266,227)	0	273,616,790	8.2%
FY2006-07	273,616,790	0	259,929,524	(17,458,523)	0	516,087,791	15.1%
FY2007-08	516,087,791	0	191,436,773	(161,978,767)	0	545,545,797	15.6%
FY2008-09	545,545,797	0	116,976,571	(84,330,505)	0	578,191,863	17.2%
FY2009-10	578,191,863	0	0	(110,990,237)	0	467,201,626	14.6%
FY2010-11	467,201,626	0	0	(154,000,000)	0	313,201,626	8.9%
FY2011-12	313,201,626	8,422,528	145,155,092	(33,439,198)	(4,461,676)	428,878,372	11.6%
FY2012-13	428,878,372	0	104,789,781	(154,008,427)	4,461,676	384,121,402	9.5%
FY2013-14	384,121,402	0	285,292,610	49,651,294	0	719,065,306	17.5%

Fiscal Yr	Beginning Balance	Direct Deposit and Interest	Automatic Transfers	Legislative Transfers	Cash Flow	Ending Balance	Balance as % of revenue
FY2014-15	719,065,306	0	96,721,232	(87,951,112)	0	727,835,426	16.9%
FY2015-16	727,835,426	0	84,599,532	(81,779,850)	0	730,655,108	17.0%
FY2016-17t	730,655,108	0	0	(50,000,000)	0	680,655,108	14.8%
FY2017-18 Est	680,655,108	150,000	0	(243,230,772)	0	437,574,336	12.5%
FY2018-19 Est	437,574,336	0	0	(58,005,129)	0	379,569,207	8.0%
FY2019-20 Est	379,569,207	0	0	0	0	379,569,207	7.5%
FY2020-21 Est	379,569,207	0	0	(10,431,585)	0	369,137,622	6.9%

## Considerations for Amount to Retain in the Cash Reserve Fund

When created, the initial purpose of Cash Reserve Fund (CRF) was to set aside money as a “safety net” for the General Fund, sustaining the ability of the General Fund to pay bills when balances would otherwise be insufficient for day to day cash flow. In addition to cash flow another major purpose of the CRF was added later; protection against forecast errors and periods of low year over year revenue growth. Monies are accumulated in the CRF when receipts exceed certified forecast levels and are then available to offset instances when receipts are below forecasts.

The level of “protection” or in other words the level of funds to retain in the Cash Reserve fund, can be derived by looking at historical variances derived by comparing forecasts at Sine Die of the legislative session when the budget was enacted and actual receipts which are known anywhere from 13 to 15 months later (See Table 5). Over the 30 year period the average negative variance is -4.3% clustered in groups of 3 to 4 years. For simplicity, using a 4% negative variance clustered for four consecutive years would require a balance equal to about 16% of annual net receipts. Applied to the average forecast from FY16 to FY19 the target balance would be \$746 million.

Another factor to keep in mind is the need for supplemental funds during a budget down period. One recent illustration is the latest budget shortfall which occurred during the 2008 through -2011 legislative sessions. During that time a total of \$986 million of one-time funds were utilized to balance the budget in addition to the various budget cuts that were made. The largest amount of these one-time funds, \$653.8 million, came from the federal government through several ARRA programs (FMAP, General and Education stabilization) followed by Cash Reserve Fund transfers (\$259 million) and extraordinary cash fund lapses (\$73.2 million). While this was a time of unprecedented revenue declines, it illustrates the cumulative impact of multiple year shortfalls.

*Note that this discussion of the appropriate level of the Cash Reserve Fund is applicable to where the CRF should be **at its peak** after that part of the cycle with positive revenue growth and positive variances from the forecast. As we turn into the negative part of this cycle, the question is how much of the CRF can or should be utilized to address the projected budget shortfall.*

A key to answering this question is whether the use the Cash Reserve Fund is only a bridge until a structural balance is achieved or a short term solution which covers up an on-going structural imbalance. In terms of the enacted budget there is a structural balance between on-going revenues and on-going appropriations at the end of the biennial budget. This shows that

the use of the cash reserve fund relates to restoration of the 3% reserve and not financing an unsustainable level of spending.

Table 5 Historical Variance, Projected vs Actual General Fund Receipts

FY	Session	Projected at Sine Die **	Actual Receipts	\$ Variance	% Variance	
					Negative	Positive
FY 1986-87	Sine Die 1986	878.0	886.4	8.4		1.0%
FY 1987-88	Sine Die 1987	924.3	1,016.3	92.0		10.0%
FY 1988-89	Sine Die 1988	988.4	1,133.5	145.1		14.7%
FY 1989-90	Sine Die 1989	1,110.9	1,152.7	41.8		3.8%
FY 1990-91	Sine Die 1990	1,334.6	1,367.1	32.5		2.4%
FY 1991-92	Sine Die 1991	1,493.2	1,490.4	(2.8)	-0.2%	
FY 1992-93	Sine Die 1992	1,537.3	1,524.7	(12.6)	-0.8%	
FY 1993-94	Sine Die 1993	1,662.5	1,653.7	(8.8)	-0.5%	
FY 1994-95	Sine Die 1994	1,729.9	1,706.0	(23.9)	-1.4%	
FY 1995-96	Sine Die 1995	1,834.3	1,836.7	2.4		0.1%
FY 1996-97	Sine Die 1996	1,918.0	2,009.6	91.6		4.8%
FY 1997-98	Sine Die 1997	1,993.8	2,105.4	111.6		5.6%
FY 1998-99	Sine Die 1998	2,102.9	2,123.9	21.0		1.0%
FY 1999-00	Sine Die 1999	2,326.3	2,403.9	77.6		3.3%
FY 2000-01	Sine Die 2000	2,484.3	2,456.8	(27.5)	-1.1%	
FY 2001-02	Sine Die 2001	2,646.0	2,365.5	(280.5)	-10.6%	
FY 2002-03	Sine Die 2002	2,725.7	2,456.4	(269.3)	-9.9%	
FY 2003-04	Sine Die 2003	2,732.0	2,718.7	(13.3)	-0.5%	
FY 2004-05	Sine Die 2004	2,775.5	3,037.2	261.7		9.4%
FY 2005-06	Sine Die 2005	3,092.3	3,352.2	259.9		8.4%
FY 2006-07	Sine Die 2006	3,217.0	3,408.3	191.4		5.9%
FY 2007-08	Sine Die 2007	3,389.2	3,506.1	116.9		3.5%
FY 2008-09	Sine Die 2008	3,531.7	3,357.5	(174.3)	-4.9%	
FY 2009-10	Sine Die 2009	3,446.7	3,204.7	(242.0)	-7.0%	
FY 2010-11	Sine Die 2010	3,422.2	3,499.7	77.4		2.3%
FY 2011-12	Sine Die 2011	3,591.1	3,695.9	104.8		2.9%
FY 2012-13	Sine Die 2012	3,767.1	4,052.4	285.3		7.6%
FY 2013-14	Sine Die 2013	4,020.7	4,117.4	96.7		2.4%
FY 2014-15	Sine Die 2014	4,220.5	4,305.1	84.6		2.0%
FY 2015-16	Sine Die 2015	4,481.9	4,308.0	(173.9)	-3.9%	
FY 2016-17	Sine Die 2016	4,578.4	4,265.8	(312.6)	-6.9%	
FY 2017-18 est	Sine Die 2017	4,605.4	??	??	??	??
FY 2018-19 est	Sine Die 2017	4,798.5	??	??	??	??
Average Variance (37 years)				\$8.4		
Average: Below Estimate (16 years)				(\$113.6)	-5.0%	
Average: Above Estimate (21 years)				\$101.4		4.4%





# ***GENERAL FUND REVENUES***



# General Fund Revenue Forecasts

Table 6 - General Fund Revenue Forecasts

	Actual FY2016-17	NEFAB FY2017-18	NEFAB FY2018-19	LFO Prelim FY2019-20	LFO Prelim FY2020-21
<b>Actual/Forecast</b>					
Sales and Use Tax	1,548,388,849	1,625,000,000	1,710,000,000	1,809,000,000	1,913,000,000
Individual Income Tax	2,224,840,053	2,425,000,000	2,550,000,000	2,718,000,000	2,895,000,000
Corporate Income Tax	264,439,713	265,000,000	280,000,000	310,000,000	340,000,000
Miscellaneous receipts	228,103,332	290,427,000	258,456,000	192,000,000	185,000,000
Total Receipts	4,265,771,947	4,605,427,000	4,798,456,000	5,029,000,000	5,333,000,000
<b>Adjusted Growth</b>					
Sales and Use Tax	1.7%	3.2%	4.8%	5.3%	5.3%
Individual Income Tax	1.1%	8.8%	5.5%	6.6%	6.5%
Corporate Income Tax	-11.9%	0.7%	5.3%	9.8%	8.9%
Miscellaneous receipts	0.2%	-3.7%	4.5%	2.3%	3.2%
Total Receipts	0.3%	5.6%	5.2%	6.1%	6.1%
Five Yr Average	0.3%	--	5.4%	--	6.1%

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## Forecasts for the FY18 / FY19 Biennial Budget

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Revenue estimates for FY2017-18 and FY2018-19 are the April 2017 forecasts from the Nebraska Economic Forecast Advisory Board (NEFAB) plus revenue legislation enacted in the 2017 legislative session.

The actual receipts for FY2016-17 equates to a 0.3% growth. With the FY2015-16 growth of also 0.3% growth, the two year average growth is 0.3% as compared to the 35 year average of 4.7%

Rate and base adjusted revenue growth implied by the existing forecasts for the FY18/FY19 biennium average 5.4% (5.6% in FY17-18 and 5.2% in FY18-19). Although these are higher than the historical average growth, they do not necessarily reflect robust economic growth coming on the heels of the very low growth in the two prior years. When including the 0.3% growth in FY16-17 forecast, there is an average growth of 3.7% over the three years that affect the financial status for the upcoming biennium.

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## Forecasts for the Following Biennium (FY20 / FY21)

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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 (FY19-20 and FY20-21) are derived by the Legislative

Fiscal Office (LFO) using a "capped" historical average methodology. This "smoothing" technique derives "out year" revenue estimates by calculating the level of revenues that would yield a five year average growth (FY16 to FY21) roughly equal to the 36 year historical average. 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.

The "capped" provision of this methodology means that the derived growth needed in the out-years to achieve the historical average cannot be higher than the "above average" growth years nor lower than the "below average" growth years. Over the past 36 years, there were 13 years in which revenue growth was "below average" (1.0% average) and 23 years in which revenue growth was above average (7.3% average).

There has been one change in the implementation of this methodology. In the past, the target growth was the historical average which was approximately 5.0%. Part of this revenue growth can be attributed to "bracket creep" in the income tax where the income tax brackets remained constant while inflation moved up incomes. Some of this bracket creep was subsequently offset by periodic legislatively enacted increases in the income tax brackets. However, because this was accomplished through legislation, the impact was adjusted out as part the base and rate adjustments and the 5% historical growth still includes the impacts of "bracket creep". LB 987 enacted in the 2014 session provided that the income brackets will be indexed for inflation starting with taxable years beginning on or after January 1, 2015 effectively eliminating the growth historically achieved through bracket creep. Therefore the target historical average growth used in this methodology is 4.70%, the historical growth less .25% attributed to bracket creep.

Because the 3.8% revenue growth in the three NEFAB forecasts is below average, the revenue growth needed to yield a 4.7% five year average is 6.1% in both FY19-20 and FY20-21.

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## Alternative Forecasts for the Following Biennium

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Alternative methods are also available for purposes of deriving revenue estimates for the following biennium. In addition to the historical average methodology used in the financial status, in February 2017 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

Table 7 Alternate "Out Year" Revenue Forecasts

Based on April 2017 Revenue Forecasts	Current Status	Average (IHS Econ)	Average (All Forecasts)	High Est LFO-Moody's	Low Est NDR-IHS
<b><u>Dollar Forecast (thousands of \$)</u></b>					
FY2019-20 Prelim	5,029,000	4,967,226	4,979,986	5,057,445	4,889,618
FY2020-21 Prelim	5,333,000	5,173,191	5,182,693	5,250,548	5,107,928
<b><u>Calculated Growth (rate and base adjusted)</u></b>					
FY2019-20 Prelim	6.1%	4.9%	5.1%	6.7%	3.3%
FY2020-21 Prelim	6.1%	4.2%	4.2%	3.9%	4.6%
Two Year Average	6.1%	4.6%	4.7%	5.3%	3.9%
<b>Five Year Average</b>	<b>4.7%</b>	<b>4.0%</b>	<b>4.1%</b>	<b>4.3%</b>	<b>3.8%</b>
<b><u>\$ Difference from Status</u></b>					
FY2019-20 Prelim	0	(61,775)	(49,014)	28,445	(139,382)
FY2020-21 Prelim	0	(159,810)	(150,308)	(82,452)	(225,072)
Cumulative Total	0	(221,584)	(199,321)	(54,007)	(364,454)

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 4<sup>th</sup> and 5<sup>th</sup> year. In other words, they have difficulty picking up changes in the trend. The historical average methodology has been used since 1991 and the “smoothing” technique used for the most part relies on the trend changes. As shown in Table 7, the preliminary estimates for the two “out years” arrived at using the historical average concept (as used in the Financial Status) are higher than the model forecasts although much closer to the Moody’s forecasts..

## Chronology of Revenue Forecasts

Table 8 contains a chronology of the revenue forecasts for FY2015-16 through FY2018-19. The first column shows the total revenue forecast. The last four columns breaks down the total dollar change in the forecast whether caused by bills enacted by the Legislature, other items such as federal tax changes, or simply a change in the revenue expectations (base).

Table 8 Chronology of Revenue Forecasts

	Total	Change in Forecast due to:			
		Base	Bills	Other	Total
<b>FY2015-16</b>					
<i>Board Est-October 2014</i>	4,418,000	--	--	--	--
Board Est-February 2015	4,413,000	(5,000)	0	0	(5,000)
Board Est-April 2015	4,430,000	17,000	0	0	17,000
Sine Die-2015 Session	4,473,856	0	43,856	0	43,856
Board Est-October 2015	4,403,000	(70,856)	0	0	(70,856)
Board Est-February 2016	4,420,000	17,000	0	0	17,000
Sine Die-2016 Session	4,428,000	0	8,000	0	8,000
Actual Receipts FY2015-16	4,307,981	(120,019)	0	0	(120,019)
<b>FY2016-17</b>					
<i>Board Est-October 2014</i>	4,538,000	--	--	--	--
Board Est-February 2015	4,617,000	79,000	0	0	79,000
Board Est-April 2015	4,610,000	(7,000)	0	0	(7,000)
Sine Die-2015 Session	4,645,441	0	35,441	0	35,441
Board Est-October 2015	4,562,000	(83,441)	0	0	(83,441)
Board Est-February 2016	4,575,000	13,000	0	0	13,000
Sine Die-2016 Session	4,580,110	0	5,110	0	5,110
Sine Die-2016 Session with WH	4,567,238	0	0	(12,872)	(12,872)
Board Est-October 2016	4,395,000	(172,238)	0	0	(172,238)
Board Est-Oct 2016 (adjusted)*	4,406,201	0	0	11,201	11,201
Board Est-February 2017	4,315,000	(91,201)	0	0	(91,201)
Board Est-April 2017	4,300,000	(15,000)	0	0	(15,000)
Sine Die-2017 Session	4,300,000	0	0	0	0
Actual Receipts FY2016-17	4,265,772	(34,228)	0	0	(34,228)
<b>FY2017-18</b>					
LFO Prelim-October 2014	4,797,000	--	--	--	--
LFO Prelim-February 2015	4,797,000	0	0	0	0
LFO Prelim-April 2015	4,797,000	0	0	0	0
Sine Die-2015 Session	4,790,502	0	(6,498)	0	(6,498)

	Total	Change in Forecast due to:			
		Base	Bills	Other	Total
LFO Prelim-October 2015	4,742,502	(48,000)	0	0	(48,000)
LFO Prelim-February 2016	4,747,502	5,000	0	0	5,000
Sine Die-2016 Session	4,738,297	0	(9,205)	0	(9,205)
<b>Board Est-October 2016</b>	4,538,000	(200,297)	0	0	(200,297)
Board Est-Oct 2016 (adjusted)*	4,566,218	0	0	28,218	28,218
Board Est-February 2017	4,515,000	(51,218)	0	0	(51,218)
Board Est-April 2017	4,495,000	(20,000)	0	0	(20,000)
Sine Die-2017 Session	4,605,427	0	110,427	0	110,427
<b>FY2018-19</b>					
LFO Prelim-October 2014	4,955,000	--	--	--	--
LFO Prelim-February 2015	4,955,000	0	0	0	0
LFO Prelim-April 2015	4,955,000	0	0	0	0
Sine Die-2015 Session	4,948,411	0	(6,589)	0	(6,589)
LFO Prelim-October 2015	4,948,411	0	0	0	0
LFO Prelim-February 2016	4,948,411	0	0	0	0
Sine Die-2016 Session	4,932,539	0	(15,872)	0	(15,872)
<b>Board Est-October 2016</b>	4,730,000	(202,539)	0	0	(202,539)
Board Est-Oct 2016 (adjusted)*	4,761,344	0	0	31,344	31,344
Board Est-February 2017	4,735,000	(26,344)	0	0	(26,344)
Board Est-April 2017	4,715,000	(20,000)	0	0	(20,000)
Sine Die-2017 Session	4,798,456	0	83,456	0	83,456

\* Adjusted to include amounts related to Amazon.com voluntary collection of sales tax

## Historical General Fund Revenues

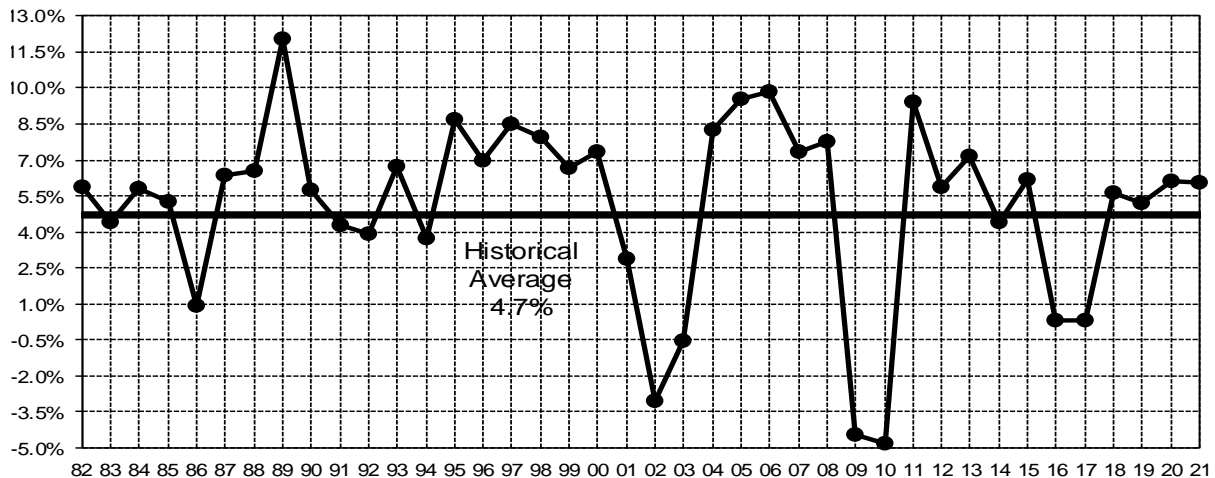
From the numbers shown above, a simple percent change over the prior year can be calculated. While these simple percent changes are appropriate when looking at the actual changes over time, they do not represent what is commonly referred to as revenue growth. *For purposes here, revenue growth means 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 over the past 36 years is 4.7%. Besides inflation, this revenue growth over time reflects the ebb and flow of economic activity and economic cycles. It reflects new businesses created and existing businesses that close. It reflects new products and services added to the tax base and existing products and services that are eliminated or expire. The key is the *net* impact. The new or expanded businesses, products or services more than offsets those that decline or disappear

Table 9 Actual and Projected General Fund Revenues

Fiscal Year	Sales and Use Tax	Individual Income Tax	Corporate Income Tax	Miscellaneous Taxes and	Total Net Receipts	Adjusted Growth
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	9.4%
FY 2011-12	1,436,909,373	1,822,884,254	234,266,237	201,828,916	3,695,888,780	5.9%
FY 2012-13	1,474,942,641	2,101,912,041	275,562,990	199,940,938	4,052,358,610	7.2%
FY 2013-14	1,524,793,763	2,060,758,896	306,591,027	225,264,546	4,117,408,232	4.4%
FY 2014-15	1,535,419,516	2,205,463,903	346,477,378	217,738,529	4,305,099,326	6.2%
FY 2015-16	1,528,023,310	2,221,088,817	307,669,694	251,199,454	4,307,981,275	0.3%
FY 2016-17	1,548,388,848	2,224,840,053	264,439,713	228,103,331	4,265,771,945	0.3%
FY 2017-18 NEFAB+Bills	1,625,000,000	2,425,000,000	265,000,000	290,427,000	4,605,427,000	5.6%
FY 2018-19 NEFAB+Bills	1,710,000,000	2,550,000,000	280,000,000	258,456,000	4,798,456,000	5.2%
FY 2019-20 LFO	1,809,000,000	2,718,000,000	310,000,000	192,000,000	5,029,000,000	6.1%
FY 2020-21 LFO	1,913,000,000	2,895,000,000	340,000,000	185,000,000	5,333,000,000	6.1%
<b>Avg Growth (adjusted)</b>						
5 Yr Financial Status	4.5%	5.5%	2.2%	1.2%	4.7%	
Above Avg Years (23)	5.6%	9.1%	11.8%	3.5%	7.3%	
Below Avg Years (13)	1.5%	1.9%	-6.3%	0.5%	1.0%	
Hist Average (36 yrs)	4.1%	6.3%	4.5%	0.9%	4.7%	

General Fund Revenue Growth  
(Adjusted for Tax Rate and Base Changes)



# General Fund Transfers-Out

This area tabulates 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 as such and thus are shown under the revenue category (see line 10 on the Financial Status).

Table 10 General Fund Transfers-Out

Excludes CRF Transfers	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
Property Tax Credit Fund	(202,000,000)	(221,000,000)	(221,000,000)	(221,000,000)	(221,000,000)
Water Resources Cash Fund	(3,300,000)	(3,300,000)	(3,300,000)	0	0
Cultural Preservation Endowment Fund	(750,000)	0	0	(500,000)	(500,000)
Water Sustainability Fund	(11,000,000)	(10,670,000)	(10,670,000)	(11,000,000)	(11,000,000)
Victim's Compensation Fund	(50,000)	0	0	0	0
<b>Total-General Fund Transfers-Out</b>	<b>(217,100,000)</b>	<b>(234,970,000)</b>	<b>(234,970,000)</b>	<b>(232,500,000)</b>	<b>(232,500,000)</b>

## Property Tax Credit Cash Fund

Under this program transfers are made to the Property Tax Credit Cash Fund at the discretion of the Legislature. Based on the amount of funds available, monies are then allocated to counties by the ratio of the real property valuation in the county to the real property valuation in the state. Counties then allocate funds as credit to each tax payer again based on their proportionate value. Enacted in 2007, the amount available for credits was \$105 million in FY07-08, and \$115 million in FY08-09 through FY13-14. During the 2014 session, the FY14-15 amount was increased to \$140 million. In the 2015 session, the credit was increased by \$64 million increase to a total of \$204 million.

In the 2016 session, LB 958 made several changes dealing with the Property Tax Credit Act. Previously the property tax credit was distributed based on 100% of the taxable value of real property. Under LB 958, the credit is distributed using "credit allocation valuation" which is 120% of agricultural and horticultural land taxable value and 100% for all other real property except agricultural and horticultural land. This change would shift \$20 million of the property tax credit amounts from residential, commercial and industrial, and public service sectors to agriculture so to hold these other sectors harmless, LB958 provided language that the credit amount should be increased by \$20 million to a total of \$224 million.

The General Fund transfer amounts shown here are \$3 million less than the credit amount. This is because the credit amount is funded through these General Fund transfers plus an estimated \$3 million from any interest that will be earned on the fund balance from the time of transfer to the time of reimbursement payments to the counties, and credits calculated but unpaid relating to properties receiving homestead exemptions.

## Water Resources Cash Fund

These transfers were originally enacted by LB 701 (2007) for the purpose of (1) aiding compliance efforts regarding the reduction of consumptive uses of water dealing with those natural resources districts which are deemed over or fully appropriated or are bound by an interstate compact or decree; and (2) for a statewide assessment of short- and long-term water management activities and funding needs that are statutorily required. The bill included



transfers of \$2.7 million in both FY07-08 and FY08-09 and intent language for a \$2,700,000 General Fund transfer to occur annually from FY2009-10 through FY2018-19. LB229 enacted during the 2011 Session increased this transfer amount from \$2.7 million to \$3.3 million per year with no change in the FY2018-19 sunset. Under this current language the transfers are deleted starting in FY2019-20.

## **Nebraska Cultural Preservation Endowment Fund**

The Cultural Preservation Endowment Fund was originally created in 1998 with a transfer of \$5 million from the General Fund. LB 1165 (2008) provided for an additional \$5 million for the endowment fund through a \$1 million transfer from the Cash Reserve Fund and another \$4 million from the General Fund provided over a series of years. After multiple alterations of the fiscal year transfers, the final transfers, which averaged \$500,000 were scheduled to expire at the end of FY2016-17. LB957 (2016) extends the transfers at \$500,000 per year starting in FY2017-18 through FY2026-27.

In the 2017 session, LB331 eliminated the transfers for FY18 and FY19 and then extended the transfers another two years through FY2028-29.

## **Water Sustainability Fund**

This fund was created through LB906 passed in the 2014 session. Monies for the fund came from General Fund transfers; \$21,000,000 in FY2014-15. Of this transfer, \$10,000,000 is considered one-time as it was financed by a like transfer from the Cash Reserve Fund to the General Fund. Intent language was include that \$11,000,000 General Funds be transferred to the Water Sustainability Fund in each fiscal year beginning in FY2015-16. In the 2017 session, the transfer was reduced to \$10,670,000 for FY18 a 3% reduction as included in the Governors recommendation, and \$9,470,000 in FY19. For planning purposes, the transfer is returned to the \$11 million level starting in FY20.

## **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 General Fund revenues. Such transfers for the biennial budget are shown in Table 11 along with amounts that were transferred in FY16-17 which were enacted in the 2015 and 2016 legislative sessions and are already included in FY16-17 actual receipts.

Historically there have been transfers from three main sources; Securities Act Cash Fund, Tobacco Products Admin Cash Fund, and the Dept. of Insurance Cash Fund. In the 2017 session transfers from these traditional sources amounted to \$49.2 million in FY17-18 and \$51.2 million in FY18-19.

Because of the significant projected shortfall, cash funds from non-traditional sources were also transferred to the General Fund. Overall, the non-traditional transfers from 47 different funds amounted to \$61.2 million in FY17-18 and \$32.2 million in FY18-19. This included \$15 million from the Roads Operations Fund, \$20 million from the Medicaid Intergovernmental Transfer Trust Fund (related to the Health Care Cash Fund), and \$9 million from the Game & Parks

Capital Maintenance Fund. The transfer from the Roads fund was originally \$30 million (\$15 million each year) but was vetoed down to \$7.5 million each year.

Table 11 General Fund Transfers-In

	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
Securities Act Cash Fund	30,000,000	30,000,000	32,000,000	0	0
Tobacco Products Admin Cash Fund	10,000,000	11,000,000	10,000,000	0	0
Dept of Insurance Cash Fund	8,250,000	8,250,000	9,250,000	0	0
Severance Tax Admin Cash Fund (2)	100,000	0	0	0	0
Job Training Cash Fund	250,000	0	0	0	0
Records Management Cash Fund	0	530,000	356,000	0	0
Uniform Commercial Code Cash Fund	0	1,000,000	0	0	0
Medicaid Fraud Control Unit Cash Fund	0	500,000	0	0	0
State Settlement Cash Fund (3)	0	750,000	750,000	0	0
Enhanced Wireless 911 Fund (3) (4)	0	300,000	300,000	0	0
Universal Services Fund (3) (4)	0	700,000	700,000	0	0
Escheat Trust Fund	0	1,400,000	0	0	0
Treasury Management Cash Fund	0	150,000	0	0	0
Life Insurance Demutualization Trust Fund	0	400,000	0	0	0
Charitable Gaming Operations Fund	0	2,800,000	800,000	0	0
State Athletic Commissioner's Cash Fund	0	200,000	0	0	0
Energy Conservation Improvement Fund	0	12,730	0	0	0
Marijuana & Controlled Substances Admin. Fund	0	25,000	0	0	0
Revenue Enforcement Fund	0	200,000	0	0	0
Property Assessment Cash Fund	0	50,000	0	0	0
Motor Fuel Tax Enforcement & Collection Fund	0	1,200,000	0	0	0
Mechanical Safety Inspection Fund (3)	0	150,000	0	0	0
Boiler Inspection Cash Fund (3)	0	150,000	0	0	0
Contractor & Professional Employer Org. Reg. (3)	0	1,700,000	0	0	0
Dept. of Motor Vehicles Cash Fund	0	1,000,000	0	0	0
Dept. of Motor Vehicles Ignition Interlock Fund	200,000	400,000	150,000	0	0
DHHS Cash Fund (Wholesale Drug Distributors)	0	3,700,000	0	0	0
DHHS Cash Fund (Cancer Research Fund)	0	7,000,000	0	0	0
DHHS Cash (False Medicaid Claims Act)	0	1,200,000	0	0	0
Medicaid Intergovernmental Transfer Trust Fund (3)	0	10,000,000	10,000,000	0	0
Roads Operations Cash Fund (3)	0	7,500,000	7,500,000	0	0
Veteran Cemetery Construction Fund (3)	0	97,000	0	0	0
Nebraska Snowmobile Trail Cash Fund (3)	0	79,121	0	0	0
Game & Parks Capital Maintenance Fund (3)	0	4,500,000	4,500,000	0	0
Racing Commission's Cash Fund	0	150,000	0	0	0
Workers Compensation Court Cash Fund (3)	0	1,500,000	0	0	0
Brand Committee Cash Fund (3)	0	0	0	0	0
Nebr Motor Vehicle Industry Licensing Fund (3)	0	500,000	0	0	0
State Real Estate Commission's Fund (3)	0	200,000	200,000	0	0
Engineers and Architects Registration Cash Fund (3)	0	300,000	0	0	0
Metropolitan Class Development Fund	0	22,427	0	0	0
Primary Class Development Fund	0	14,825	0	0	0
Building Renewal Allocation Fund (3)	0	783,667	200,000	0	0
State Building Renewal Assessment Fund	0	4,067,333	2,900,000	0	0
Resource Recovery Cash Fund	0	100,000	0	0	0
Clean-burning Motor Fuel Development Fund	0	200,000	0	0	0

	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
Affordable Housing Trust Fund	0	2,250,000	2,250,000	0	0
Civic and Community Center Fund	0	500,000	500,000	0	0
Waste Reduction and Recycling Incentive Fund	0	900,000	400,000	0	0
Nebr Litter Reduction & Recycling Cash Fund (3)	0	700,000	200,000	0	0
Petroleum Release Remedial Action Cash Fund	0	1,200,000	500,000	0	0
Legal Education for Public Service Loans Fund	0	95,000	0	0	0
<b>Total General Fund Transfers-In</b>	<b>48,000,000</b>	<b>110,427,103</b>	<b>83,456,000</b>	<b>0</b>	<b>0</b>

- (1) FY2016-17 amounts enacted in the 2015 and 2016 Session and are already included in the revenue forecast
- (2) Reduce from \$150,000 to \$100,000, 2017 Session
- (3) Require statutory authorization language
- (4) Transfer is the amount of investment income earned from the funds, dollars shown are estimates

## Revenue Legislation – 2017 Session

Table 12 Revenue Bills Enacted - 2017 Session

	FY2017-18	FY2018-19	FY2019-20	FY2020-21
None	0	0	0	0
<b>Subtotal – Revenue Bills</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
LB 327 – General Fund Transfers-in	67,635,063	59,106,000	0	0
LB 331 – General Fund Transfers-in	42,792,040	24,350,000	0	0
<b>Total-Revenue Legislation</b>	<b>110,427,103</b>	<b>83,456,000</b>	<b>0</b>	<b>0</b>

The only bills enacted affecting General Fund revenues was the transfers from Cash Funds to the General Funds as described in the General Fund Transfers In section.

This is very unusual in that for at least the last 35 years, in addition to transfers there has been some level of revenue legislation enacted either revenue increases or reduction.



# ***GENERAL FUND APPROPRIATIONS***



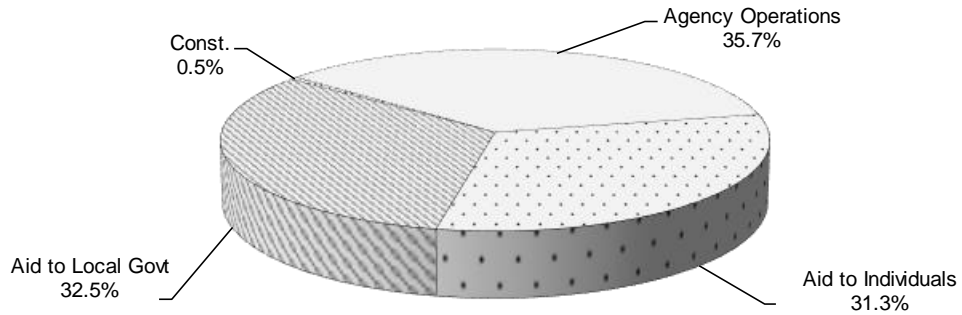
# General Fund Overview

Table 13 contains a summary of the General Fund for the FY2017-18 and FY2018-19 biennium as enacted in the 2017 legislative session. Subsequent sections of this report contain a more detailed explanation of the various increases and reductions which are included in the totals shown below. The numbers in the enacted budget are the net result of over 330 individual issues which reflect both increases to and reductions from the current year appropriation. The average spending growth for the two years of the biennium is 0.6%.

Table 13 General Fund Budget as Enacted in the 2017 Session

	w/o Deficits FY2016-17	Total Per 2017 Session		Change over Prior Yr FY17-18 (w/o deficits)		Change over Prior Yr FY18-19 (w/o deficits)		2 Yr Avg % Change
		FY2017-18	FY2018-19	\$	%	\$	%	
<b>Agency Operations</b>								
University & State /Colleges	635,472,980	622,743,615	632,693,615	(12,729,365)	-2.0%	9,950,000	1.6%	-0.2%
Health & Human Services *	236,540,656	235,300,405	239,657,753	(1,240,251)	-0.5%	4,357,348	1.9%	0.7%
Correctional Services	204,158,501	207,907,950	212,422,262	3,749,449	1.8%	4,514,312	2.2%	2.0%
Courts	179,806,832	185,065,620	190,586,004	5,258,788	2.9%	5,520,384	3.0%	3.0%
State Patrol	60,113,441	61,047,081	61,540,095	933,640	1.6%	493,014	0.8%	1.2%
Retirement Board	47,303,239	48,588,600	52,179,000	1,285,361	2.7%	3,590,400	7.4%	5.0%
Revenue	27,551,068	27,074,024	27,311,378	(477,044)	-1.7%	237,354	0.9%	-0.4%
Other 40 Agencies	189,712,986	182,471,971	184,720,791	(7,241,015)	-3.8%	2,248,820	1.2%	-1.3%
Total-GF Operations	1,580,659,703	1,570,199,266	1,601,110,898	(10,460,437)	-0.7%	30,911,632	2.0%	0.6%
<b>State Aid to Individuals/Others</b>								
Medicaid	850,259,344	833,065,260	836,840,033	(17,194,084)	-2.0%	3,774,773	0.5%	-0.8%
Child Welfare Aid	160,193,618	166,067,300	166,067,300	5,873,682	3.7%	0	0.0%	1.8%
Public Assistance	108,094,067	104,794,067	104,794,067	(3,300,000)	-3.1%	0	0.0%	-1.5%
Developmental disabilities aid	150,667,981	149,225,944	148,089,366	(1,442,037)	-1.0%	(1,136,578)	-0.8%	-0.9%
Behavioral Health aid	73,844,769	72,243,240	72,243,240	(1,601,529)	-2.2%	0	0.0%	-1.1%
Childrens Health Insurance (SCHIP)	6,440,394	6,163,940	6,208,871	(276,454)	-4.3%	44,931	0.7%	-1.8%
Aging Programs	10,449,701	10,449,701	10,449,701	0	0.0%	0	0.0%	0.0%
Higher Ed Student Aid programs	7,853,156	7,853,156	7,853,156	0	0.0%	0	0.0%	0.0%
Public Health Aid	6,917,612	6,192,491	6,192,491	(725,121)	-10.5%	0	0.0%	-5.4%
Business Innovation Act	6,760,000	6,271,200	6,271,200	(488,800)	-7.2%	0	0.0%	-3.7%
Community health centers	5,783,060	5,783,060	5,783,060	0	0.0%	0	0.0%	0.0%
All Other Aid to Individuals/Other	11,256,968	10,491,398	10,531,588	(765,570)	-6.8%	40,190	0.4%	-3.3%
Total-GF Aid to Individuals/Other	1,398,520,670	1,378,600,757	1,381,324,073	(19,919,913)	-1.4%	2,723,316	0.2%	-0.6%
<b>State Aid to Local Govts</b>								
State Aid to Schools (TEEOSA)	952,153,581	970,011,577	996,731,953	17,857,996	1.9%	26,720,376	2.8%	2.3%
Special Education	222,063,117	224,283,748	226,526,585	2,220,631	1.0%	2,242,837	1.0%	1.0%
Property Tax Credit	Transfer	Transfer	Transfer	--	--	--	--	--
Aid to Community Colleges	100,828,308	100,324,166	99,329,166	(504,142)	-0.5%	(995,000)	-1.0%	-0.7%
Homestead Exemption	72,515,000	78,200,000	81,000,000	5,685,000	7.8%	2,800,000	3.6%	5.7%
Personal Property Tax Relief Act	19,600,000	15,200,000	16,200,000	(4,400,000)	--	1,000,000	100.0%	-9.1%
Aid to ESU's	14,051,761	13,630,208	13,630,208	(421,553)	-3.0%	0	0.0%	-1.5%
High ability learner programs	2,342,962	2,342,962	2,342,962	0	0.0%	0	0.0%	0.0%
Early Childhood programs	8,770,164	8,619,357	8,619,357	(150,807)	-1.7%	0	0.0%	-0.9%
Community Based Juvenile Services	6,300,000	6,300,000	6,300,000	0	0.0%	0	0.0%	0.0%
Resources Development Fund	3,140,325	3,140,325	3,140,325	0	0.0%	0	0.0%	0.0%
Other Aid to Local Govt	8,506,246	5,421,250	5,421,250	(3,084,996)	-36.3%	0	0.0%	-20.2%
Total-GF Aid to Local Govt	1,410,271,464	1,427,473,593	1,459,241,806	17,202,129	1.2%	31,768,213	2.2%	1.7%
<b>Capital Construction</b>	22,239,000	21,739,000	21,739,000	(500,000)	-2.2%	0	0.0%	-1.1%
<b>Total Appropriations</b>	4,411,690,837	4,398,012,616	4,463,415,777	(13,678,221)	-0.3%	65,403,161	1.5%	0.6%

**By Major Category  
FY2017-18**

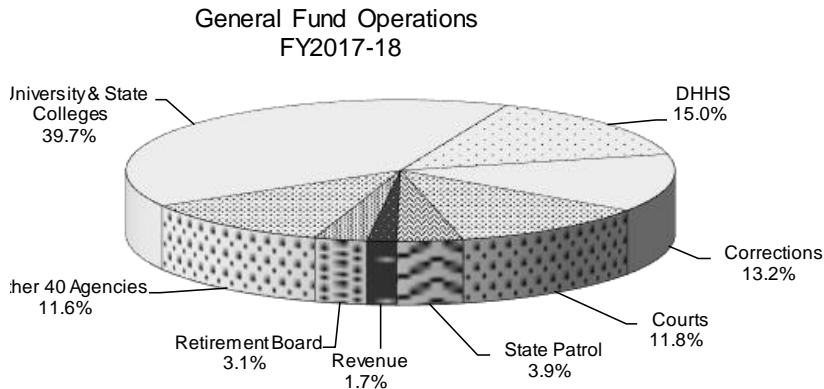



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## Agency Operations

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This area 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 FY2017-18 budget, 35.7% 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 six largest agencies (Health and Human Services, Corrections, Courts, State Patrol, Revenue, and Retirement Board) account for 88% of state operations. Note that all of the General Funds for the Retirement Board are actually state contributions for the K-12 School employee retirement plan. They are not shown under aid to local governments as the monies are placed directly into the retirement fund and are not actually paid to a school district.



General Funds for agency operations shows a net \$10.5 million reduction (-0.7%) in FY17-18 and a \$30.9 million increase (2.0%) in FY18-19. The most significant increases in operations in FY17-18 are \$3.8 million for additional staffing and programming in the Dept. of Correctional Services, \$4.2 million for

additional probation funding as called for in LB605-Justice Reinvestment Act, \$3.2 million to provide on-going base funding for the special pay adjustments certain Correctional Services staff in December 2016, and \$5.8 million for two DHHS computer system projects. The budget also includes, \$6.4 million for a 1.0% salary increase for state employees, and \$4.9 million for a 5.75% increase in health insurance for state employees

These increases were offset by several reductions including \$13.8 million of individual item or percentage reductions in 31 different agencies, a \$12.8 million reduction in support for the University of Nebraska, and a \$9.7 million reduction in base funding needs for the Beatrice State Development (BSDC) of which \$2.4 million was reallocated to other DHHS programs.



Other major operations items include a \$4.6 million reduction in the Dept. of Correctional Services to remove the funding for housing inmates in county jails considered one-time pending longer term solutions to the overcrowding issue.

The larger increase in FY18-19 reflects the fact that most budget reductions in the FY18 base remain at the same level while the base reduction in the University was reduced to -\$5.9 million. Additional funds are provided for second year salary and health insurance costs (\$4.0 million and \$5.1 million respectively, Correctional Services staffing and programming (additional \$1.4 million), and continued phase-in of LB605-Justice Reinvestment Act (additional \$2.9 million).

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## State Aid to Individuals / Others

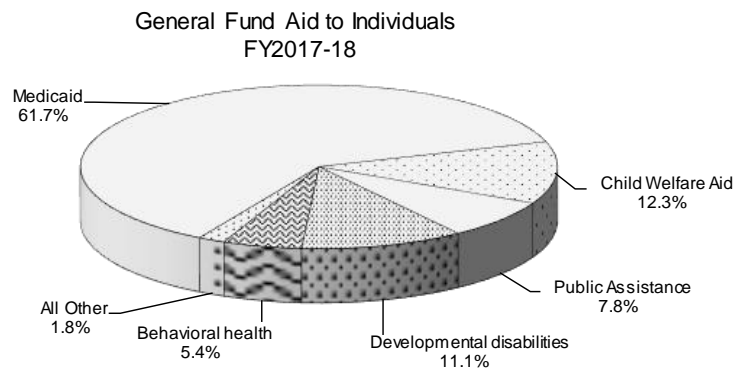
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This area also shows a net reduction of \$19.9 million (-1.4%) in FY2017-18. Increases in eligibility and utilization in Dept. of Health and Human Services (DHHS) aid programs (\$18.9 million) are mostly offset by \$15.4 million savings due to an increase in the Federal Medical Assistance Percentage (FMAP) and \$29.3 million through a general 3% reduction in DHHS provider rates. A large increase of \$11.5 million is included in each year for Child Welfare as a base adjustment and to cover increases in the Nebraska Families Collaborative (NFC)

With respect to provider rates, originally the budget as passed only included a 3% rate reduction in Medicaid for hospitals, physicians, and reimbursements for items such as durable medical equipment, hearing and prosthetics are cut resulting in an overall \$12.4 million reduction in FY2017-18. All other DHHS

providers were held flat including nursing homes. The Governor then vetoed \$16.8 million in FY17-18 to extend the 3% provider rate reduction to other Medicaid providers as well as child welfare providers and providers of developmental disabilities services and the behavioral health regions. This veto was sustained after attempts to override. Although the veto reference a provider rate cut, subsequently DHHS indicated that the reductions may be made in other areas and not by reducing provider rates.

Other significant increases include annualizing two Medicaid deficits for Medicare Part B premiums (\$5.7 million) and federal clawback provisions (\$4.4 million). These are partially offset by two reductions in Medicaid related to managed care savings on avoidable episodes of care (-\$6.1 million) and increased drug rebates (-\$2.3 million). The budget also included two reductions in the child welfare program; reduce contracts for 50% of relative and kinship foster care (-\$4,516,875) and shift funding for post-adoption services (Right Turn) contract from General Funds to TANF Federal Funds

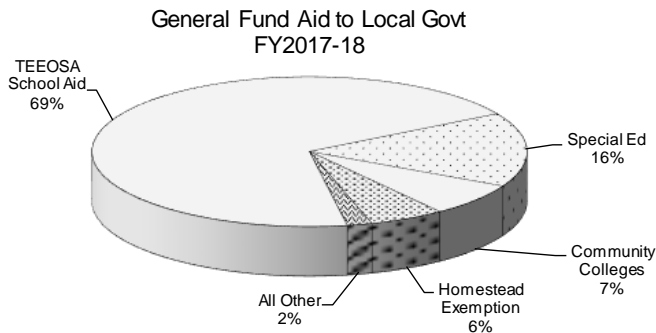


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## State Aid to Local Governments

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Aid to local governments is the only category with a net increase in FY2017-18, \$17.2 million (1.2%) and another \$31.8 million (2.2%) increase in FY2018-19. This does not include the almost 10% increase in funding for the Property Tax Credit program which is accounted for as General Fund transfers-out and then subsequently a cash fund appropriation.



Because TEEOSA school aid accounts for 69% of all aid to local governments, TEEOSA also significantly influences the growth rate in this category. The budget includes funding for state aid to schools (TEEOSA) based on changes contained in LB409 enacted in the 2017 session. The overall net change in total TEEOSA aid is an increase of \$20.6 million (2.1%) in FY2017-18 followed by a \$26.8

million (2.7%) increase in FY18-19. The General Fund amounts (excluding the amount financed by allocated Insurance Premium Tax monies and lottery funds for reorganization incentives) reflect a \$17.9 million (1.9%) increase in FY17-18 followed by a \$26.7 million (2.8%) increase in FY18-19.

The budget also provides for a 1% per year increase in Special Education (\$2.2 million each year). Funding for Community College aid reflected a .05% reduction in FY2017-18 and increasing to a 1.5% reduction in FY2018-19.

Homestead Exemption reimbursement and the Personal Property Tax Relief act are both based on estimated funding required under current law taking into consideration actual FY16-17 funding needs inflated into the next two years. This results in a \$5.7 million increase in Homestead exemption reimbursements and a \$4.4 million reduction in funding for the Personal Property Tax Relief act.

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## Capital Construction

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Virtually all of the General Funds included in the budget for capital construction are to cover the dollar amounts needed to complete funding of projects approved in previous sessions, commonly referred to as reaffirmations. There is virtually no change in FY2017-18 relative to the FY2016-17 base budget.

With respect to new construction, the Governor and Legislature included funding for Phase 1 of the Reception and Treatment Center (RTC) project under the Dept. of Correctional Services. This \$75 million project, financed with a Cash Reserve Fund transfer to the Nebraska Capital Construction Fund, will combine the Diagnostic and Evaluation Center (DEC) and the Lincoln Correctional Center (LCC) into one facility currently known as the Reception and Treatment Center (RTC).

Phase One will expand and/or renovate core support function portions of DEC and LCC to better meet the operational requirements of an inmate population of 1371. It will add 124,236 gross square feet for the following areas: Public Lobby, Administration, Staff Support, Custody Operations, Visitation, Intake and Release, Outpatient Medical/Mental Health (Health Clinic), Medical and Mental Health Housing, and Food Service. The RTC also prepares the secure perimeter and infrastructure to be scaled up for future growth needs.

In Phase One, 64 additional medical and behavior health housing beds will be built. The most critical health care bed needs are for skilled nursing and acuity-related medical beds, including isolation, hospice and skilled nursing for chronically, seriously ill inmates who cannot be treated at a lower level of care, and secure behavior health.

# Historical General Fund Appropriations

While the previous sections provide an overview of the FY2017-18 and FY2018-19 General Fund biennial budget, Table 14 provides an historical perspective showing appropriations for the twenty year period FY1997-98 through the proposed budget for FY2017-18 by major area. Average spending growth over the 20 year period is 4.1%. Aid for developmental disabilities, child welfare, and behavioral health have two of the largest average growth over the 20 year period. Table 15 provides a breakdown by year of General Fund appropriations for the past by major category and percent changes by year and biennial budget.

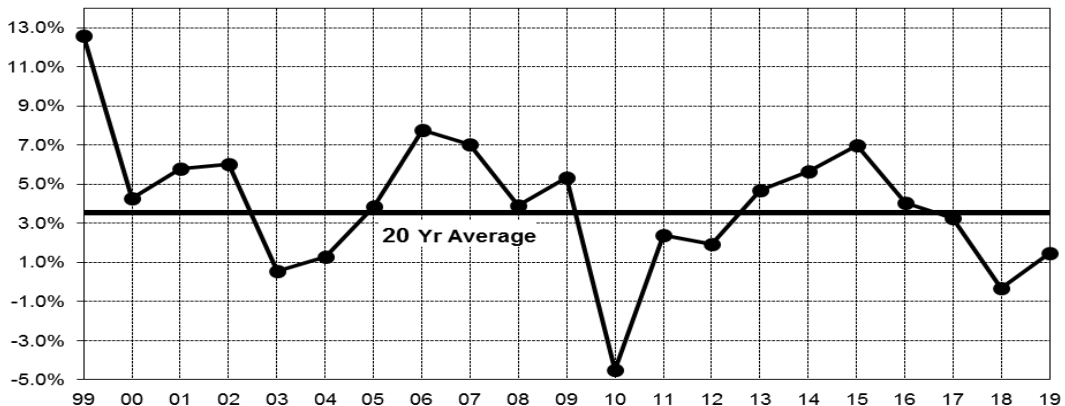
Table 14 Breakdown of General Fund Appropriations – Last 20 Years

	New Approp FY1997-98	New Approp FY2007-08	2017 Session FY2017-18	Avg % 20 Yr 98 to 18
<b><u>AGENCY OPERATIONS</u></b>				
University + Colleges	371,935,365	515,872,239	622,743,615	2.6%
Health & Human Services System	136,405,504	212,029,026	235,300,405	2.8%
Correctional Services	72,647,583	142,067,755	207,907,950	5.4%
Court System (includes probation)	41,964,631	65,212,791	185,065,620	7.7%
State Patrol	28,264,733	49,848,038	61,047,081	3.9%
Retirement Board	13,936,501	19,140,688	48,588,600	6.4%
Revenue	19,447,203	23,659,757	27,074,024	1.7%
Other 40 Agencies	96,996,142	144,934,023	182,471,971	3.2%
Total-GF Operations	781,597,662	1,172,764,317	1,570,199,266	3.5%
<b><u>AID TO INDIVIDUALS</u></b>				
Medicaid	277,655,356	576,715,481	833,065,260	5.6%
Child Welfare aid	43,661,180	140,646,255	166,067,300	6.9%
Public Assistance	62,386,693	93,406,432	104,794,067	2.6%
Developmental disabilities	35,708,981	66,634,494	149,225,944	7.4%
Behavioral Health aid	20,855,090	60,328,781	72,243,240	6.4%
Childrens Health Insurance (CHIP)	0	10,826,659	6,163,940	na
Public Health Aid and health centers	1,841,372	7,469,700	11,975,551	9.8%
Aging programs	3,566,761	6,497,868	10,449,701	5.5%
Higher Ed Student Aid	3,727,933	6,766,815	7,853,156	3.8%
Business Innovation Act	0	0	6,271,200	na
Other Aid to Individuals/Other	11,835,568	9,234,190	10,491,398	-0.6%
Total-State Aid to Ind/Other	461,238,934	978,526,675	1,378,600,757	5.6%
<b><u>AID TO LOCAL GOVT</u></b>				
State Aid to Education (TEEOSA)	454,273,986	753,555,548	970,011,577	3.9%
Special Education	124,965,414	179,508,584	224,283,748	3.0%
Property Tax Credit	0	Transfer	Transfer	--
Aid to Community Colleges	39,164,305	84,066,476	100,324,166	4.8%
Homestead Exemption	36,588,232	70,056,960	78,200,000	3.9%
Personal Property Tax Relief Act	0	0	15,200,000	na
Aid to ESU's	0	11,362,638	13,630,208	na
Aid to Cities	17,631,500	11,257,193	0	-100.0%
Aid to Counties (all programs)	13,297,500	10,375,866	0	-100.0%
Early Childhood+High Ability Learner	560,000	5,963,188	10,962,319	16.0%
Community Based Juvenile Services	0	1,492,500	6,300,000	na
Other Aid to Local Govt	9,199,358	18,620,196	8,561,575	-0.4%
Total-GF State Aid to Local Govt	695,680,295	1,146,259,149	1,427,473,593	3.7%
<b><u>CAPITAL CONSTRUCTION</u></b>	41,250,742	8,150,822	21,739,000	-3.2%
<b><u>GENERAL FUND TOTAL</u></b>	1,979,767,633	3,305,700,963	4,398,012,616	4.1%

Table 15 Historical General Fund Appropriations

<i>(Excludes deficits)</i>	Agency Operations	Aid to Individuals	Aid to Local Govt	Construction	Total	% Change
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 Approp	1,225,276,661	1,057,283,733	1,173,944,302	14,027,233	3,470,531,929	1.9%
FY2012-13 Approp	1,259,610,962	1,135,669,688	1,216,370,872	20,772,233	3,632,423,755	4.7%
FY2013-14 Approp	1,315,231,996	1,212,891,823	1,284,215,064	25,830,024	3,838,168,907	5.7%
FY2014-15 Approp	1,429,479,091	1,304,901,886	1,345,007,109	26,437,444	4,105,825,530	7.0%
FY2015-16 Approp	1,521,595,794	1,348,844,879	1,374,980,396	26,382,800	4,271,803,869	4.0%
FY2016-17 Approp	1,580,659,703	1,398,520,670	1,410,271,464	22,239,000	4,411,690,837	3.3%
FY2017-18 Enacted	1,570,199,266	1,378,600,757	1,427,473,593	21,739,000	4,398,012,616	-0.3%
FY2018-19 Enacted	1,601,110,898	1,381,324,073	1,459,241,806	21,739,000	4,463,415,777	1.5%
<b>Average Annual Growth</b>						
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%	
FY14 / FY15 Biennium	6.5%	7.2%	5.2%	12.8%	6.3%	
FY16 / FY17 Biennium	5.2%	3.5%	2.4%	-8.3%	3.7%	
FY08 / FY09 Biennium	3.0%	4.0%	8.0%	-49.2%	4.6%	
<b>FY18/FY19 Biennium</b>	<b>0.6%</b>	<b>-0.6%</b>	<b>1.7%</b>	<b>-1.1%</b>	<b>0.6%</b>	
Avg FY99 to FY09 (10 yr)	4.1%	7.6%	3.7%	-18.1%	4.6%	
Avg FY09 to FY19 (10 yr)	2.8%	3.4%	1.7%	14.8%	2.7%	
Avg FY99 to FY19 (20 yr)	3.4%	5.3%	2.7%	-5.0%	3.5%	

General Fund Budget Growth - Past 20 Years



# Significant General Fund Increases and Reductions

The FY2017-18 / FY2018-19 budget represents the result of over 400 individual items where the budget was increased, offset by areas that were reduced.

In terms of using available General Funds, one of the single largest items is not on the list. The enacted budget included an additional \$20 million each year, \$40 million two year total, for the Property Tax Credit program per LB958 passed in the 2016 legislative session. For accounting purposes this is shown as a transfer-out not a General Fund expenditure.

Table 16 Significant General Fund Increases / Reductions In Rank Order

Numbers are \$ change compared to FY17 base	Enacted – 2017 Session		
	FY2017-18	FY2018-19	Two Yr total
<b>1</b>	<b><u>SIGNIFICANT INCREASES:</u></b>		
2	17,857,996	44,578,372	62,436,368
3	19,737,308	40,672,643	60,409,951
4	11,433,705	20,708,152	32,141,857
5	6,965,917	8,401,575	15,367,492
6	5,685,000	8,485,000	14,170,000
7	5,816,448	7,816,448	13,632,896
8	4,240,517	7,126,150	11,366,667
9	6,514,596	6,514,596	13,029,192
10	809,987	2,587,505	3,397,492
11	2,220,631	4,463,468	6,684,099
12	1,285,361	4,875,761	6,161,122
13	400,000	3,400,000	3,800,000
14	1,412,624	1,446,528	2,859,152
15	683,638	1,022,261	1,705,899
16	<u>85,063,728</u>	<u>162,098,459</u>	<u>247,162,187</u>
<b>17</b>	<b><u>SIGNIFICANT REDUCTIONS:</u></b>		
18	(29,268,983)	(29,268,984)	(58,537,967)
19	(15,413,204)	(35,229,686)	(50,642,890)
20	(13,792,185)	(13,822,427)	(27,614,612)
21	(7,307,398)	(7,307,398)	(14,614,796)
22	(13,129,365)	(6,179,365)	(19,308,730)
23	(4,607,147)	(4,607,147)	(9,214,294)
24	(4,400,000)	(3,400,000)	(7,800,000)
25	(3,300,000)	(3,300,000)	(6,600,000)
26	(3,251,139)	(3,251,139)	(6,502,278)
27	(1,824,996)	(1,824,996)	(3,649,992)
28	(921,500)	(921,500)	(1,843,000)
29	(725,121)	(725,121)	(1,450,242)
30	(538,800)	(538,800)	(1,077,600)
31	(500,000)	(500,000)	(1,000,000)
32	(500,000)	(500,000)	(1,000,000)
33	(504,142)	(1,499,142)	(2,003,284)
34	(691,701)	(704,180)	(1,395,881)
35	(405,000)	(500,000)	(905,000)
33	<u>(101,080,681)</u>	<u>(114,079,885)</u>	<u>(215,160,566)</u>
34	2,433,732	3,706,366	6,140,098
35	<b><u>TOTAL GENERAL FUND CHANGE</u></b>	<b>51,724,940</b>	<b>38,141,719</b>

Table 17 Significant General Fund Increases / Reductions by Budget Category

	Numbers are \$ change compared to FY17 base	Enacted – 2017 Session		
		FY2017-18	FY2018-19	Two Yr total
1	TEEOSA Aid to Schools	17,857,996	44,578,372	62,436,368
2	Special Education	2,220,631	4,463,468	6,684,099
3	Early Childhood grant program	(150,807)	(150,807)	(301,614)
4	Aid to ESU's	(421,553)	(421,553)	(843,106)
5	Master Teacher Program Aid	(470,000)	(470,000)	(940,000)
6	Homestead Exemption	5,685,000	8,485,000	14,170,000
7	Personal Property Tax Relief Act	(4,400,000)	(3,400,000)	(7,800,000)
8	Riparian Vegetation grants (Agriculture)	(500,000)	(500,000)	(1,000,000)
9	Governors Emergency Fund	(250,000)	(250,000)	(500,000)
10	Community Colleges	(504,142)	(1,499,142)	(2,003,284)
11	Storm Water Management grants	(1,824,996)	(1,824,996)	(3,649,992)
12	Other Not Listed (net)	(40,000)	(40,000)	(80,000)
13	<b>AID TO LOCAL GOVERNMENTS</b>	<b>17,202,129</b>	<b>48,970,342</b>	<b>66,172,471</b>
14	Medicaid (w/o SCHIP)	(17,194,084)	(13,035,311)	(30,229,395)
15	Public Assistance	(3,300,000)	(3,300,000)	(6,600,000)
16	Child Welfare aid	5,873,682	5,873,682	11,747,364
17	Developmental Disability aid	(1,442,037)	(2,578,615)	(4,020,652)
18	Behavioral health aid	(1,601,529)	(1,601,529)	(3,203,058)
19	Childrens Health Insurance (SCHIP)	(276,454)	(231,523)	(507,977)
20	Public/Community Health Aid	(725,121)	(725,121)	(1,450,242)
21	Nebr Water Conservation Fund	(436,669)	(436,669)	(873,338)
22	Business Innovation Act	(538,800)	(538,800)	(1,077,600)
23	Tourism Marketing Assistance	(250,000)	(250,000)	(500,000)
24	Other Not Listed (net)	(28,901)	(372,711)	(401,612)
25	<b>AID TO INDIVIDUALS / OTHER</b>	<b>(19,919,913)</b>	<b>(17,196,597)</b>	<b>(37,116,510)</b>
26	Salaries (State Agencies)	6,449,354	10,453,008	16,902,362
27	Health Insurance (State Agencies)	4,984,351	10,255,144	15,239,495
28	DAS related rates (State Agencies)	466,400	477,563	943,963
29	Budget Reductions not specifically listed (State Agencies)	(13,792,185)	(13,822,427)	(27,614,612)
30	Base Reductions (Courts, Operations)	(334,011)	(345,188)	(679,199)
31	Base Reductions (Courts, Juvenile Justice)	(357,690)	(358,992)	(716,682)
32	Annualize Justice Reinvestment Act (Courts)	4,240,517	7,126,150	11,366,667
33	Interstate Water Litigation (Attorney General)	(921,500)	(921,500)	(1,843,000)
34	IT Academy, eliminate funding (Education)	(500,000)	(500,000)	(1,000,000)
35	Funds shifts (DHHS)	(3,251,139)	(3,251,139)	(6,502,278)
36	Open 5th Unit, Norfolk Sex Offender Treatment (DHHS)	683,638	1,022,261	1,705,899
37	FMAP-operations related (DHHS)	(420,729)	(530,184)	(950,913)
37	Base reduction, rightsizing, reallocations (DHHS-BSDC)	(9,723,154)	(9,723,154)	(19,446,308)
38	BSDC funds shifted to Prog 33, Bridges & DD issues	2,415,756	2,415,756	4,831,512
38	Information technology projects (DHHS)	5,816,448	7,816,448	13,632,896
39	YRTC staffing (DHHS)	1,412,624	1,446,528	2,859,152
40	Annualize FY17 special staff salaries (Corrections)	3,189,305	3,189,305	6,378,610
41	Staffing, security and health services (Corrections)	3,776,612	5,212,270	8,988,882
42	Use of county jail housing (Corrections)	(4,607,147)	(4,607,147)	(9,214,294)
43	Net Change, base GF approp (Colleges)	(262,021)	(262,021)	(524,042)
44	Net Change, base GF approp (University)	(12,867,344)	(5,917,344)	(18,784,688)
45	Other Not Listed (net)	1,456,117	3,000,097	4,456,214
46	<b>AGENCY OPERATIONS</b>	<b>(10,460,437)</b>	<b>20,451,195</b>	<b>9,990,758</b>
47	<b>CAPITAL CONSTRUCTION</b>	<b>(405,000)</b>	<b>(500,000)</b>	<b>(905,000)</b>
48	<b>TOTAL GENERAL FUND CHANGE (without deficits)</b>	<b>(13,583,221)</b>	<b>51,724,940</b>	<b>38,141,719</b>

# General Fund Aid to Individuals

## Behavioral Health Aid

The budget for behavioral health aid shows a small overall reduction. This a reduction in provider rates and several reduction issues.

Table 18 Behavioral Health Aid

Program 38-Behavioral Health aid (General Funds only)	Previous Biennium		Biennial Budget	
	FY2015-16	FY2016-17	FY2017-18	FY2018-19
Base Year appropriation	67,444,214	67,444,214	73,844,769	73,844,769
Mental Health provider rates	2,081,958	4,205,555	(1,186,633)	(1,186,633)
ACA savings, insurance coverage	Reapprop	2,500,000	0	0
Reduce, drugs for indigent persons	(105,000)	(105,000)	0	0
LB 911 systems of care plan, shift funds	0	(200,000)		
Reduce Family Navigator contracts	0	0	(93,582)	(93,582)
Reduce training contracts	0	0	(77,200)	(77,200)
Reduce vouchers through the rural hotline	0	0	(52,408)	(52,408)
Reduce Office of Consumer Affairs	0	0	(30,905)	(30,905)
Reduce Mental Health First ed activities	0	0	(10,000)	(10,000)
Reduce Tribal Outpatient Contracts	0	0	(150,801)	(150,801)
<b>Total</b>	<b>69,421,172</b>	<b>73,844,769</b>	<b>72,243,240</b>	<b>72,243,240</b>
\$ Change over Prior Year	1,976,958	4,423,597	(1,601,529)	0
% Change over Prior Year	2.9%	6.4%	-2.2%	0.0%

**Provider Rates** The budget sent to the Governor included no additional funds or reductions for provider rates. The Governor vetoed \$1,186,633 each year approximately 2% reduction in payments to providers.

**Reduce Family Navigator contracts** The enacted budget reduces contracts with providers of family navigation services by about 10%. The Family Navigator Program was created in 2010 to respond to children’s behavioral health needs. The program provides peer support connections to existing behavioral health services to families, including the identification of community-based services. A reduction in funding means families may be unable to access navigation services or have an increased wait before assistance may be given. Approximately 33 families may be affected by this reduction

**Reduce training contracts for behavioral health services** The reduction represents a 25% decrease in training funds used by the Division of Behavioral Health to achieve strategic initiatives of increasing accessibility, improving quality, increasing effectiveness, and increasing cost efficiency of consumer services in the state.

**Reduce vouchers for behavioral health services through the rural hotline** Vouchers provided to individuals seeking behavioral health services through the rural hotline coordinated by Interchurch Ministries of Nebraska will be reduced. Individuals experiencing crises in rural settings use the hotline to access, resources, information and referrals. If the



initial screening indicates the caller may benefit from services and is unable to afford services, then a voucher is provided to access evaluative services. The person is connected with alternative services to assist with on-going treatment, if necessary. Funding is decreased by about 25%. It is estimated that about 175–200 persons may be impacted by the reduction.

**Reduce Office of Consumer Affairs** Contracts for recovery based activities by the Office of Consumer Affairs are reduced. This decreases access to peer-led wellness and recovery supports. The impact may include things such as increases in illnesses or hospitalizations for individuals who do not get access to these tools, trainings, and events. The activities are created or run by peer oriented groups such as the National Alliance on Mental Illness or League of Human Dignity

**Reduce funding for Mental Health First educational activities** Funding for Mental Health First educational activities is reduced by 10%. The Legislature established the program in 2014 to provide courses to help the public identify, understand and respond to signs of mental health or substance abuse disorders before appropriate professional assistance or other supports as secured. The availability of the courses is required by current law. Courses are provided for agencies and organizations, including schools, universities, law enforcement, local health departments and other entities. The contracts to the six behavioral health regions to provide the services will be reduced which will impact the availability of courses statewide.

**Reduce contracts with tribal providers of behavioral health services** Funding for contracts for outpatient services with providers who serve the four federally recognized tribal nations in the state are reduced by about 12%. Approximately 80 to 100 individuals will not have access to outpatient treatment. This will impact the availability of mental health and substance abuse evaluations as well as on-going treatment to mitigate health risks to the individual and others.

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## Community Based Developmental Disabilities Aid

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The enacted budget includes a relatively small reduction in developmental disability aid, 1.0% in FY2017-18 and -0.8% in FY2018-19. This includes additional funds for the waiting list and transfers from BSDC due to the closing of the Bridges program, and reductions in General funds attributed to a higher Medicaid FMAP rate and provider rate veto.

Table 19 Developmental Disability Aid

Program 424-Developmental Disability aid (General Funds only)	Previous Biennium		Biennial Budget	
	FY2015-16	FY2016-17	FY2017-18	FY2018-19
Base Year Appropriation	137,040,195	137,040,195	150,667,981	150,667,981
Provider Rates/Rate Equity	2,977,678	6,090,001	(3,226,428)	(3,226,428)
Transition	1,338,335	2,528,063	0	0
Waiting List	0	0	1,697,234	3,474,752
Fed match rate, Medicaid	4,188,878	4,496,184	(2,252,024)	(5,166,120)
State Ward Permanency Pilot	0	500,000	0	0
Custody Act	0	0	302,042	302,042
Shift BSDC funds, Bridges & waiting list	0	0	2,037,139	2,037,139
<b>Total - New Appropriation</b>	<b>145,556,246</b>	<b>150,660,905</b>	<b>149,225,944</b>	<b>148,089,366</b>
\$ Change over Prior Year	8,516,051	5,111,735	(1,442,037)	(1,136,578)
% Change over Prior Year	6.2%	3.5%	-1.0%	-0.8%

**Waiting List / Transition** The budget includes \$1,697,234 in FY17-18 and \$3,474,752 in FY18-19 for clients transitioning from K-12 school programs to community based programs. LB 830 (1991) established an entitlement to services for persons with developmental disabilities who graduate from high school or reach age 21. This provided funding for an estimated net additional 146 graduates in FY18 and 152 in FY 19. The general fund appropriation will be matched with \$1,697,234 of federal Medicaid waiver funds in FY18 and \$3,825,147 in FY19.

However, the state can no longer receive federal Medicaid funds for this clientele if they are prioritized over other individuals. LB 495 enacted in the 2017 session suspends the entitlement to services for transitioning students for two years. The increased funding is then repurposed to serve individuals on the waiting list for developmental disability services.

**Transfer BSDC funds to serve six Bridges residents and clients on the waiting list** Bridges, located in Hastings, is licensed as a community-based service which is operated by the state to serve about twelve persons with developmental disabilities in three four-bedroom homes located adjacent to the Hasting Regional Center. It has been determined that the program still functions similarly to an institution, so it will no longer be in compliance with the Home and Community-based Services Final Rule. DHHS is closing the program at the end of the current fiscal year and transferring six residents to other developmental disability community-based providers. Approximately \$1,637,139 of general funds will be expended to serve six current Bridges clients transferred from the state-operated program to community-based services. An additional \$400,000 is estimated to be available for 12 to 52 clients on the waiting list. Federal Medicaid matching funds will also be available for services.

**Provider Rates** The budget sent to the Governor included no additional funds or reductions for provider rates. The Governor vetoed \$3,226,428 each year, a 2.2% reduction in funds available for provider rates according to the veto message.

**Federal Medicaid Match Rate (FMAP)** Starting October 1, 2017 (FFY18) the Federal Medical Assistance Program (FMAP) is increasing from 51.85% to 52.55%. The higher FMAP allows for a reduction in General Fund appropriations of \$2,252,024 in FY17-18 with a fully annualized savings of \$2,899,480 in FY18-19. Also FFY19 FMAP calculations done by Federal Funds Information for States (FFIS) based on preliminary state personal income data shows the FMAP to increase to 53.50% allowing for additional General Fund savings of \$2,266,640 in FY18-19.

**Custody Act** The budget includes \$302,042 General Funds and \$332,500 of federal Medicaid waiver funds in both FY18 and FY19 for increased costs related to the custody act. The Developmental Disabilities Court Order Custody Act was passed in 2005 and first used in 2009. The act provides procedures for district court-ordered custody and treatment for a person with developmental disabilities when the individual poses a threat of harm to others. DHHS is required to evaluate an individual when a petition is filed by the Attorney General or county attorney and make recommendations for programming. If an individual is found to need court-ordered treatment, then DHHS pays for the treatment costs. The initial treatment plan cannot be for greater than one year. The number of persons treated pursuant to the act is increasing each year. Ten persons were served in FY13; 11 in FY14; 13 in FY15; and, 16 in FY16. In December, 2016, there were 7 people waiting for evaluations. The number of individuals served through the act is growing to the extent that normal attrition from DD programs is not sufficient to handle the new population. The estimated total cost of services for persons served via the act in the current year is \$3,249,848 (\$1,570,327 GF).

## Children’s Health Insurance Program (SCHIP)

This program provides medical coverage for children up to age 19 who do not have credible health insurance and whose family income is below 200% of poverty. Funding for this program began in 1998 and had originally been funded through a one-time \$25 million transfer from the Health Care Cash Fund. Those funds were exhausted in FY2003-04. A combination of General Funds and a \$5 million allocation from the Health Care Cash fund offset the expiration of the original amounts.

The amount of General Funds appropriated for SCHIP declined by an average of 1.8% per year. The reduction can be attributed to an increase in the federal match rate and small increases in rates and eligibility and utilization.

Table 20 Childrens Health Insurance (SCHIP)

Program 344-SCHIP (General Funds only)	Previous Biennium		Biennial Budget	
	FY2015-16	FY2016-17	FY2017-18	FY2018-19
Base Year appropriation	27,560,027	27,560,027	6,440,394	6,440,394
Fed Medicaid match rate	1,596,943	1,609,188	(444,796)	(570,621)
Utilization	333,708	1,680,221	168,342	339,098
Cost Increases	301,480	408,916	0	0
Affordable Care Act (ACA) enhanced FMAP	(17,383,901)	(23,712,590)	0	0
Physical Health Managed Care Expansion	0	(12,989)	0	0
LB 500 Medicaid plan, multi systemic therapy	0	129,516	0	0
<b>Total - New Appropriation</b>	<b>12,408,257</b>	<b>6,440,394</b>	<b>6,163,940</b>	<b>6,208,871</b>
\$ Change over Prior Year	(15,151,770)	(5,967,863)	(276,454)	44,931
% Change over Prior Year	-55.0%	-48.1%	-4.3%	0.7%

**Federal Medicaid Match Rate (FMAP)** The Federal Medical Assistance Program (FMAP) is increasing to 89.79% in FFY 18, up from 89.30% in FFY 17 in the Children’s Health Insurance Program (CHIP). This allows for General Fund savings of \$444,796 in FY18 and \$570,621 in FY19 when fully annualized. Due to the relatively low amount of General Funds, no adjustment was made for the preliminary FFY19 FMAP change.

**Provider Rates** No funding changes were made relative to provider rates.

The Affordable Care Act (ACA) included a provision that increased the regular SCHIP match rate by 23 percentage points for FFY2015 to FFY2019. For example, the FFY17 match rate of 89.30% consists of the basic match rate of 66.30% plus the enhanced match of 23%. This provision will expire during the following biennium requiring an increase of \$20 million in FY19-20 and an additional \$6 million (annualize at a full \$26 million level) in FY20-21.

**Eligibility and Utilization Increases** The budget includes \$168,342 in FY18 and \$339,098 in FY19 for projected increases in eligibility and utilization. Rates of growth used in calculating these amounts were 1.5% each year for utilization based on historical utilization patterns. This also includes a price increase of 4% per year for drug costs.

# Public Assistance

This budget area includes several different aid programs related to economic assistance, food, or special services such as AFDC/TANF, child care, and SSI state supplement. Overall the proposed budget leaves all programs at the FY16-17 base level with no adjustments for eligibility and utilization or provider rates.

**Provider Rates** The budget included no change for provider rates.

**Child Care** Under current law, the rates must be adjusted every odd number year to a level between the 60th and 75th percentile based on a market rate survey. The market rates are established based on factors of child care facility type, geographic area and types of service based on the age groups. Some rates may exceed the 60th percentile and would not be adjusted. Only those below the 60th percentile would be increased. For this biennium, LB335 was enacted which defers implementation until 2019.

**State Disability-Medical Base Reduction** The budget included a \$1.7 million base reduction in the state disability-medical due to year to date expenditure levels being under the base budget appropriation level.

Table 21 Public Assistance by Program (General Funds Only)

(General Funds only)	Approp. Biennial Budget			\$ Change vs FY17 base	
	FY2016-17	FY2017-18	FY2018-19	FY17-18	FY18-19
Birth Certificates	150,000	150,000	150,000	0	0
Tribal/TANF/MOE	460,908	460,908	460,908	0	0
Food stamp employment	20,000	20,000	20,000	0	0
Medically handicapped children	1,515,491	1,515,491	1,515,491	0	0
Disabled persons/family support	910,000	910,000	910,000	0	0
State Disability-Medical	3,666,035	1,966,035	1,966,035	(1,700,000)	(1,700,000)
State Disability-Maintenance	466,684	466,684	466,684	0	0
Title XX Social Services	6,821,370	6,821,370	6,821,370	0	0
State supplement (AABD)	8,570,485	8,570,485	8,570,485	0	0
AFDC / TANF	10,162,761	8,562,761	8,562,761	(1,600,000)	(1,600,000)
Title IV-D Child Care	71,212,431	71,212,431	71,212,431	0	0
Emergency Assistance	1,588,126	1,588,126	1,588,126	0	0
Employment First	2,549,776	2,549,776	2,549,776	0	0
<b>Total Public Assistance (General Funds)</b>	<b>108,094,067</b>	<b>104,794,067</b>	<b>104,794,067</b>	<b>(3,300,000)</b>	<b>(3,300,000)</b>
Base Reduction				(3,300,000)	(3,300,000)
Child care provider rates (net) (to 60th percentile)				0	0
Other provider rates				0	0
Utilization/Eligibility/Cost Increases				0	0
<b>Total Public Assistance (General Funds)</b>				<b>(3,300,000)</b>	<b>(3,300,000)</b>

# Child Welfare

This budget area includes many different social service programs relating to child welfare such as child welfare services, educational assistance for state wards, foster care, and adoption assistance. Overall the budget reflects an increase of 3.7% in FY2017-18 (\$5.9 million) and 0.0% increase in FY18-19.

Table 22 Child Welfare by Program (General Funds Only)

(General Funds only)	Biennial Budget			\$ Change vs FY17 base	
	Approp FY2016-17	FY2017-18	FY2018-19	FY17-18	FY18-19
Juvenile predisposition detention	0	0	0	0	0
Post-adoption & post-guardianship services	2,109,900	2,109,900	2,109,900	0	0
Protection and Safety of Children	1,886,507	1,886,507	1,886,507	0	0
Title IV-E Foster Care	7,104,958	7,104,958	7,104,958	0	0
Title IV-E Adoption	11,937,883	11,937,883	11,937,883	0	0
Title IV-E Guardianship	147,234	147,234	147,234	0	0
State subsidized adoption	6,499,040	6,499,040	6,499,040	0	0
Domestic Violence	1,533,736	1,533,736	1,533,736	0	0
Education Assistance, State Wards	17,540,376	17,540,376	17,540,376	0	0
Child Welfare Services	111,433,984	117,307,666	117,307,666	0	0
<b>Total Child Welfare aid (General Funds)</b>	<b>160,193,618</b>	<b>166,067,300</b>	<b>166,067,300</b>	<b>5,873,682</b>	<b>5,873,682</b>
Provider rates				(640,914)	(640,914)
Utilization/Eligibility/Cost Increases				0	0
Federal match rate change (FMAP)				0	0
Base Adjustment, NFC contract				11,500,000	11,500,000
Reduce contracts, relative/kinship foster care, shift to HHS.				(4,516,875)	(4,516,875)
Right Turn post-adoption contract, shift to fed funds.				(468,529)	(468,529)
<b>Total Child Welfare aid (General Funds)</b>				<b>5,873,682</b>	<b>5,873,682</b>

**Child care** As noted in the Public Assistance, area funds are included to increase child care provider rates up to the 60<sup>th</sup> percentile. For this biennium, the budget incorporates LB335 which defers implementation until 2019.

**Other Provider Rates** The budget sent to the Governor included no additional funds or reductions for provider rates. The Governor vetoed \$640,914 each year, a 2.2% reduction in funds available for congregate care , family support and drug testing services rates according to the veto message.

**Base Adjustment and NFC Contract** The Eastern Service Area contract bid was awarded to Nebraska Families Collaborative (NFC). The bid is \$11.5 million higher than the amount in the base for the contract.

**Reduce contracts for relative and kinship foster care and shift to DHHS.** This will decrease by 50% referrals to child placing agencies to provide support to new relative and kinship foster homes. State staff will assume the responsibilities for supporting the children placed in these homes. Developing and maintaining a close relationship with relative and kinship foster homes through ongoing support improves placement stability for foster children.

Contract reduction amounts to \$4,516,875. Sixteen resource specialists will be added at a cost of \$740,560 GF each year. The net savings is \$3,776,315 each year.

**Right Turn** The Governor proposed eliminating funding for the Right Turn contract which provides post-adoption and post-guardianship support. Federal fund allocations for Temporary Assistance for Needy Families (TANF) funding was increased by \$1.8 million each year to free up General Funds to cover the cost of continuing the Right Turn contract. The original contract was for \$2.2 million however suggested changes reduced the costs to \$1.8 million.

## Medicaid

For the FY17-18/FY18-19 biennium, the enacted budget results in a 2% reduction in FY2017-18 and then a 0.5% increase in FY2018-19 which reflects an average increase in General Fund appropriations for Medicaid of 1.0% per year. Basic increases in eligibility and utilization and annualizing deficits for Medicare Part B premiums and Clawback provisions were offset by savings from a higher federal Medicaid match rate and a reduction in provider rates.

Table 23 Medicaid (General Funds)

	Previous Biennium		Biennial Budget	
	FY2015-16	FY2016-17	FY2017-18	FY2018-19
Base Year appropriation	777,723,897	777,723,897	850,259,344	850,259,344
Revised program cost estimates, base adjustment	(22,000,000)	(32,000,000)	0	0
Federal match rate (FMAP)	27,468,499	28,275,587	(12,716,384)	(29,492,945)
Utilization	21,434,884	44,203,043	17,029,722	34,427,687
Cost Increases / Provider Rates	14,617,514	29,851,568	(24,215,008)	(24,215,009)
Balancing Incentive Program (shifted to Prog 33)	(2,629,187)	(2,629,187)	0	0
Hepatitis C and Other Medication Impacts	1,800,000	1,800,000	0	0
Physical Health Managed Care Expansion	0	(89,576)	0	0
LB 72-2015 Reimburse liens, inheritance tax petitions	(21,258)	(21,258)	0	0
LB 243-2015 Create a pilot project, family finding services	9,871	16,216	0	0
LB 366-2015 Change personal needs allowance, Medicaid	347,687	421,802	0	0
LB 500-2015 Medicaid plan, multisystemic therapy	0	425,405	0	0
Shift GF from Spec Ed to Early Intervention LB276	0	2,526,847	0	0
MIPS operations, shift funds Prog 348 to 033	0	(245,000)	0	0
Increase base by 3%, PPS hospitals (half of rate restoration)	--	--	2,600,000	2,600,000
Medicare Part B Premiums Increase (annualize deficit)	--	--	5,761,146	5,539,296
Federal Clawback (annualize deficit, adjusted April FFIS est)	--	--	4,399,059	8,228,279
Fiscal agent for home care	--	--	(819,185)	(819,185)
Terminate the Telligen Contract	--	--	(119,648)	(119,648)
Reduce aid to cover cost of financial auditor contract	--	--	(220,000)	(290,000)
Managed Care Savings on Avoidable Episodes of Care	--	--	(6,114,252)	(6,114,252)
Increased Medicaid Drug Rebates	--	--	(2,300,000)	(2,300,000)
Rural Health Clinics	--	--	(76,160)	(76,160)
Cap the maximum payment for adult dental services at \$750.	--	--	(403,374)	(403,374)
<b>Medicaid Total General Funds</b>	<b>818,751,907</b>	<b>850,259,344</b>	<b>833,065,260</b>	<b>836,840,033</b>
Annual \$ Change	41,028,010	31,507,437	(17,194,084)	3,774,773
Annual % Change	5.3%	3.8%	-2.0%	0.5%

**Federal match rate change (FMAP)** The Federal Medical Assistance Percentage (FMAP) is the share of Medicaid costs paid by the federal government. The FMAP is calculated based on a three-year average of state per capita personal income compared to the national average. No state can receive less than 50% or more than 83%.

The regular federal Medicaid match rate is changing from 51.85% to 52.55% beginning October 1, 2017. This budget assumes that the FMAP will remain at this level throughout the biennium. General Fund savings due to the higher FMAP amount to \$12,716,384 in FY18 and \$16,276,590 in FY19. Also FFY19 FMAP calculations done by Federal Funds Information for States (FFIS) based on preliminary state personal income data shows the FMAP to increase to 53.50%. This allows for an additional General Fund savings of \$13,216,355 in FY18-19.

**Provider Rates** As sent to the Governor, provider rates for inpatient and outpatient hospital services, physicians and other providers such as case management were reduced by 3%. All other provider rates were held flat. General Fund savings amount to \$12,404,494 in FY18 and FY19. No additional change in FY19.

The Governor subsequently vetoed \$11,810,514 in both years in funds available for provider rates stating in the veto message; "My veto of \$11,810,514 General Funds for FY 2017-18 and FY 2018-19 in Medicaid expands the three percent reduction contained in LB 327 for hospitals and physicians to the other provider groups in Medicaid. No additional reductions are recommended for hospital services and physician services beyond the reductions already included in LB 327."

However after the Governor's veto and during the override debate, the administration said that these "other providers" (those held flat prior to the veto) would not be reduced by 3%. Instead they would reduce the rates paid for dual eligible (those covered by both Medicare and Medicaid) to the lower rate of the two.

Rate reductions require Centers for Medicare and Medicaid Services (CMS) approval. CMS does not require states to pay specific rates, but rates must ensure that its Medicaid payments are consistent with efficiency, economy and quality of care and sufficient to ensure access.

**Eligibility and Utilization** Increases relating to eligibility and utilization result in additional General Fund dollars of \$17.0 million in FY17-18 and \$34.4 million in FY18-19. Overall utilization is anticipated to grow 1.67% each year overall. This is a weighted average based the following projected increases in utilization based on historical utilization patterns: Aged 1.5% Disabled 3.0% Adults 1% Children 1.5%. Cost for drugs is projected to increase 4%.

**Federal Clawback Increase** The amount the state is required to reimburse the federal government for Medicaid/Medicare Dual eligible prescription drug costs paid through Medicare Part D increased by 10.1 percent effective January 1, 2017. The increase was initially annualized. A notice from the Federal Funds Information Service (FFIS) showed a .4% decrease in Calendar Year 2018. The amount was adjusted based on the lower projected cost of these payments to the federal government commonly referred to as clawback payments. Increased General Fund costs of \$4,399,059 in FY18 and \$8,228,279 in FY19.

**Medicare Part B Premium Increase** The state Medicaid program is required by federal law to contribute to Medicare Part B premiums for certain enrollees. Medicare Part B premiums increased significantly in 2017. The increases are the annualize costs of the 2017 Medicare Part B premium increase. Increased General Fund costs of \$5,761,146 in FY18 and \$5,539,296 in FY19.

**Increased Medicaid Drug Rebates** System enhancements allow for General Fund and federal fund reductions by capturing additional drug rebates for prescription drugs administered directly by physicians. This savings represents anticipated recurring annual increases in rebate collections, allowing for offset to General Fund appropriation requirements. General fund savings of \$2.3 million each year.

**Restore half of Prospective Payment System (PPS) hospital base reduction**

The Department of Health and Human Services implemented a new payment mechanism called the All-Patient Refined Diagnosis-Related Group in 2014. The change was intended to be cost neutral. After implementation it was discovered that overall rates were approximately 6% less. Twenty-seven hospitals paid under a Prospective Payment System (PPS) were impacted. Funding is provided to rebase the payments to the affected hospitals by 3%; half of the unintended reduction. Increased General fund cost of \$2.6 million each year.

**Managed Care Savings on Avoidable Episodes of Care** The Medicaid Program is planning an array of strategies intended to reduce unnecessary costs through efficiencies in the managed care program, Heritage Health. General Fund savings amounts of \$6,114,252 are estimated savings from targeted efforts to reduce potentially preventable episodes of care, hospitalizations, and re-hospitalizations.

**Fiscal agent for home care** A fiscal intermediary will be paid on a per-member, per-month basis for home and community based services. The fiscal agent will use enhanced technology for submission of claims and timesheets and provide training on the provision of services. For clients who self-direct their services, the fiscal agent will pay the providers, manage withholding and handle the filing and payment of taxes. For those not self-directing their care, the intermediary will manage the providers including hiring and firing personnel, scheduling and supervision of the providers' activities. Savings are based on studies. General fund savings are \$819,185 million each year.

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## Health Aid

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The FY17 base budget included \$6.9 million General Funds for a variety of health aid programs. This includes programs such as Chronic Renal Disease, HIV/AIDS Prevention and Ryan White program, Breast and Cervical Cancer Screening, Every Woman Matters program, Stay in the Game Program, Immunization, Newborn Screening and Genetics, Reproductive Health, Emergency Medical Services Training, Native American health services, and Nebraska Advocacy Services and the home visitation program.

The Governor recommended reductions of \$717,441 General Funds which was attributed to rebasing a number of programs within the Health Aid program to more accurately align individual program budgets with expenditures. No additional details were provided as to which specific program would be adjusted.

Subsequently, the legislature enacted a \$705,121 leaving \$12,320 in the base budget to maintain the Citizen Advocacy Program at the FY17 level.



## Aid to Aging Services

The enacted budget includes no change in aid from the current FY17 level. No reductions but also no increase in provider rates.

Program	FY2016-17	FY2017-18	FY2018-19
Prog 559 Care management	2,315,560	2,315,560	2,315,560
Prog 571 Area agencies on aging	7,530,229	7,530,229	7,530,229
Total General Funds	9,845,789	9,845,789	9,845,789
Dollar Change		0	0
% Change		0.0%	0.0%

## Higher Education Student Aid

The budget includes no change in General Funds in FY17-18 and FY18-19 compared to the FY17 base year funding level. There is a \$500,000 per year increase in cash funds for the Nebraska Opportunity Grant Program from the earmarked education lottery monies. This increase in cash funds allows for an overall average increase in student aid of about 2.7%.

Table 24 Coordinating Commission Student Aid Programs

General and Cash Funds	Previous Biennium		Biennial Budget	
	FY2015-16	FY2016-17	FY2017-18	FY2018-19
Nebraska Opportunity Grant Program	6,868,156	6,868,156	6,868,156	6,868,156
Access College Early Scholarship	735,000	985,000	985,000	985,000
Subtotal-General Funds	7,603,156	7,853,156	7,853,156	7,853,156
Lottery funds (Nebr Opportunity Grant)	10,000,000	10,080,146	10,580,146	11,080,146
Combined General and Cash Funds	17,603,156	17,933,302	18,433,302	18,933,302
\$ Change over Prior Year	50,000	330,146	500,000	500,000
% Change over Prior Year	0.3%	1.9%	2.8%	2.7%

# General Fund Aid to Local Governments

## State Aid to K-12 Schools

Table 25 shows the total amount of General Fund state aid to K-12 schools from the various aid programs. In terms of General Funds, the average percent change over the two year period is a positive 1.9%.

TEEOSA aid is based on changes enacted in LB409 passed in the 2017 session and Special Education reimbursement is increased by 1% per year. Funding for the Master Teacher program was eliminated, and all other K-12 General Fund aid programs were continued at the FY17 level. A description of the various programs follows the table

Table 25 Total General Fund State Aid to K-12 Schools

	Approp FY2013-14	Approp FY2014-15	Approp FY2015-16	Approp FY2016-17	Biennial Budget FY2017-18	Biennial Budget FY2018-19
State Aid to Education (TEEOSA)	884,888,317	913,571,842	950,651,625	952,153,581	970,011,577	996,731,953
Special Education	203,588,534	213,767,961	219,112,160	222,063,117	224,283,748	226,526,585
High ability learner programs	0	0	0	2,342,962	2,342,962	2,342,962
Early Childhood program	1,915,962	5,235,164	1,820,164	3,770,164	3,619,357	3,619,357
Early Childhood Endowment	4,000,000	4,000,000	4,000,000	5,000,000	5,000,000	5,000,000
Nurturing Healthy Behaviors	0	400,000	400,000	400,000	400,000	400,000
School Lunch	392,032	392,032	392,032	392,032	392,032	392,032
Textbook loan program	465,500	465,500	465,500	465,500	465,500	465,500
School Breakfast reimbursement	453,008	453,008	542,595	561,042	561,042	561,042
Adult Education	214,664	214,664	214,664	214,664	214,664	214,664
Learning Communities Aid	725,000	725,000	500,000	500,000	500,000	500,000
Summer Food Service grants	130,000	130,000	130,000	130,000	130,000	130,000
High School Equivalency Assistance	750,000	750,000	750,000	750,000	750,000	750,000
Quality Child Care – Scholarships	0	100,000	100,000	100,000	100,000	100,000
Quality Child Care – Bonuses	0	26,700	69,000	69,000	69,000	69,000
Master Teacher Program	0	0	470,000	470,000	0	0
<b>Total Gen Fund Aid -K-12 Districts</b>	<b>1,097,523,017</b>	<b>1,140,231,871</b>	<b>1,179,617,740</b>	<b>1,189,382,062</b>	<b>1,208,839,882</b>	<b>1,237,803,095</b>
General Funds:						
\$ Change over Prior Yr	64,226,611	42,708,854	39,385,869	9,764,322	19,457,820	28,963,213
% Change over Prior Yr	6.2%	3.9%	3.5%	0.8%	1.6%	2.4%

### ***Tax Equity and Educational Opportunities Support Act (TEEOSA)***

The enacted budget includes funding for state aid to schools (TEEOSA) based on changes enacted in LB409 during the 2017 session. This includes increasing the local effort rate from \$1.00 to \$1.023 and reducing the allowable growth rate from 2.5% to 1.5% for FY18 and FY19 only. The overall net change in total TEEOSA aid is an increase of \$19.4 million (2.0%) in FY2017-18 followed by a \$27.0 million (2.7%) increase in FY18-19. The General Fund amounts (excluding the amount financed by allocated Insurance Premium Tax monies and lottery funds for reorganization incentives) reflect a \$17.9 million (1.9%) increase in FY17-18 followed by a \$26.7 million (2.8%) increase in FY18-19.

Table 26 provides a summary of TEEOSA aid including the allocation of the overall aid amount by funding source and the dollar and percent change in both total aid and General Fund amounts for the past two years, the current biennial budget and estimates for the following two years.. Also shown are the major assumptions used in making the estimates. The higher growth rates in FY20 and FY21 reflect the expiration of the impacts of LB409.

Table 26 TEEOSA Aid

	Certified FY2015-16	Certified FY2016-17	Certified FY2017-18	Estimated FY2018-19	Estimated FY2019-20	Estimated FY2020-21
<b>Key Assumptions</b>						
Legislation	--	--	LB 409	LB 409	LB 409	--
School Disbursements	3.5% <sup>▲</sup>	3.8% <sup>▲</sup>	3.3% <sup>▲</sup>	4.2% <sup>▲</sup>	4.0% <sup>▲</sup>	4.0% <sup>▲</sup>
Property Valuations (assessed)	11.8% <sup>▲</sup>	10.4% <sup>▲</sup>	4.6% <sup>▲</sup>	3.5% <sup>▲</sup>	3.5% <sup>▲</sup>	3.5% <sup>▲</sup>
Adjusted to Assessed Valuation Ratio	100.17%	100.11%	100.64%	100.64%	100.64%	100.64%
Cost Growth Factor	5.00%	5.00%	4.00%	3.00%	4.00%	5.00%
Local Effort Rate	\$1.0000 <sup>▲</sup>	\$1.0000 <sup>▲</sup>	\$1.0203	\$1.0203	\$1.0000	\$1.0000
<b>Certified / Estimated</b>						
State General Funds	946,539,661	952,153,581	970,011,577	996,731,953	1,090,002,315	1,167,758,549
Insurance Premium Tax	26,496,964 <sup>▲</sup>	27,159,388 <sup>▲</sup>	28,256,832 <sup>▲</sup>	28,800,856 <sup>▲</sup>	29,514,574 <sup>▲</sup>	30,247,661 <sup>▲</sup>
Lottery funds, reorg incentives	0	0	473,345	236,673	0	0
Total TEEOSA Aid	973,036,625	979,312,969	998,741,754	1,025,769,482	1,119,516,889	1,198,006,210
<b>General Funds - Change over Prior Yr</b>						
Dollar Change	34,149,574	5,613,920	17,857,996	26,720,376	93,270,362	77,756,234
Percent Change	3.7%	0.6%	1.9%	2.8%	9.4%	7.1%
<b>All Funds - Change over Prior Yr</b>						
Dollar Change	40,064,784	6,276,344	19,428,784	27,027,728	93,747,407	78,489,322
Percent Change	4.3%	0.6%	2.0%	2.7%	9.1%	7.0%

The overall change in TEEOSA aid in FY18 and FY19 are the cumulative impact of changes in the data elements of TEEOSA such as school spending and property valuations, as well as annualized impacts of legislation enacted. Table 27 shows the impact in total dollars of those components and those amounts as the equivalent of an annual percent change.

Table 27 Components of Change in TEEOSA Aid

	Change over FY17 Base		Annual % Change Equivalent	
	FY2017-18	FY2018-19	FY2017-18	FY2018-19
Formula data elements	44,464,170	95,416,422	4.5%	4.9%
LB 959 (2016) Change TEEOSA, minimum levy, QCPUF levy	8,578,525	8,578,525	0.9%	0.0%
LB 1067 (2016) Change provisions relating to learning communities	13,458,373	15,752,888	1.4%	0.2%
LB 977 (2016) Divert MV tax to title system, impact on "other receipts"	0	1,572,308	0.0%	0.2%
<b>Total Change under prior law</b>	<b>66,501,068</b>	<b>121,320,143</b>	<b>6.8%</b>	<b>5.2%</b>
LB 409 (2017) LER from \$1.000 to \$1.0203	(23,042,793)	(24,335,855)	-2.4%	-0.1%
LB 409 (2017) FY18 allowable growth to 1.5% (cost growth 4%)	(21,000,272)	(24,343,520)	-2.1%	-0.3%
LB 409 (2017) FY19 allowable growth to 1.5% (cost growth 3%)	0	(23,779,032)	0.0%	-2.3%
LB 409 (2017) Net Option at 95.5%	(2,385,809)	(2,405,224)	-0.2%	0.0%
Adjust to NDE printout number	(643,409)	0	-0.1%	0.1%
<b>Impact of LB 409</b>	<b>(47,072,283)</b>	<b>(74,863,629)</b>	<b>-4.8%</b>	<b>-2.7%</b>
<b>Total Change - 2017 Session</b>	<b>19,428,785</b>	<b>46,456,514</b>	<b>2.0%</b>	<b>2.7%</b>

Table 28 provides a history of TEEOA state aid since its' initial implementation in FY90-91 and full implementation in FY91-92.

Table 28 Historical TEEOSA Aid

Fiscal Yr	General Funds	Insurance Premium	ARRA & EDJOBS	TEEOSA (Total Aid)	Dollar Change	Pct Change
FY1989-90	133,720,830	0	0	133,720,830	4,730	0.0%
FY1990-91	311,462,100	0	0	311,462,100	177,741,270	132.9%
FY1991-92	357,283,727	0	0	357,283,727	45,821,627	14.7%
FY1992-93	370,668,616	0	0	370,668,616	13,384,889	3.7%
FY1993-94	383,069,609	0	0	383,069,609	12,400,993	3.3%
FY1994-95	400,230,135	0	0	400,230,135	17,160,526	4.5%
FY1995-96	414,933,814	0	0	414,933,814	14,703,679	3.7%
FY1996-97	434,834,334	12,409,260	0	447,243,594	32,309,780	7.8%
FY1997-98	454,273,986	11,670,497	0	465,944,483	18,700,889	4.2%
FY1998-99	579,978,752	11,261,483	0	591,240,235	125,295,752	26.9%
FY1999-00	581,552,195	12,490,055	0	594,042,250	2,802,015	0.5%
FY2000-01	549,272,990	12,053,426	0	561,326,416	(32,715,834)	-5.5%
FY2001-02	630,212,142	14,868,591	0	645,080,733	83,754,317	14.9%
FY2002-03	647,477,820	14,450,387	0	661,928,207	16,847,474	2.6%
FY2003-04	625,337,469	15,364,409	0	640,701,878	(21,226,329)	-3.2%
FY2004-05	618,298,707	16,018,569	0	634,317,276	(6,384,602)	-1.0%
FY2005-06	683,473,181	17,121,101	0	700,594,282	66,277,006	10.4%
FY2006-07	704,377,213	14,090,116	0	718,467,329	17,873,047	2.6%
FY2007-08	753,555,548	15,058,425	0	768,613,973	50,146,644	7.0%
FY2008-09	825,056,857	14,333,724	0	839,390,581	70,776,608	9.2%
FY2009-10	824,960,159	15,247,109	93,668,750	933,876,018	94,485,437	11.3%
FY2010-11	795,941,721	13,992,839	198,897,916	1,008,832,476	74,956,458	8.0%
FY2011-12	804,689,087	17,151,812	212,958	822,053,857	(186,778,619)	-18.5%
FY2012-13	838,452,050	13,415,035	212,958	852,080,043	30,026,186	3.7%
FY2013-14	884,888,317	21,693,014	0	906,581,331	54,501,288	6.4%
FY2014-15	912,390,088	20,581,754	0	932,971,842	26,390,511	2.9%
FY2015-16	946,539,661	26,496,964	0	973,036,625	40,064,784	4.3%
FY2016-17	952,153,581	27,159,388	0	979,312,969	6,276,344	0.6%
FY2017-18	970,011,578	28,256,841	0	999,871,309	20,558,340	2.1%
FY2018-19 est	952,153,581	27,159,388	0	979,312,969	6,276,344	0.6%
FY2017-18 est	970,011,577	28,256,832	0	998,741,754	19,428,785	2.0%
FY2018-19 est	996,731,953	28,800,856	0	1,025,769,482	27,027,728	2.7%
<u>Avg % Change</u>						
First 12 Yrs of TEEOSA						4.8%
Last 13 Yrs of TEEOSA						3.3%
All 25 Years						4.0%

**Special Education** The budget includes a 1.0% per year increase in funding for special education reimbursement amounting to \$2,220,631 in FY17-18 and \$4,463,468 in FY18-19. The maximum allowed growth is 10% per year per Section 79-1145. This growth limitation was originally enacted at 3% in 1997 increased to 5% in 2000 and then increased to 10% in 2014.

Special Education (General Funds only)	Biennial Budget (w/o deficits)		Biennial Budget (w/o deficits)		Biennial Budget	
	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
Base Year Appropriation	193,893,842	193,893,842	213,767,961	213,767,961	222,063,117	222,063,117
Cost/Client increases	9,694,692	19,874,119	5,344,199	10,822,003	2,220,631	4,463,468
Shift GF from Spec Ed to Medicaid, LB276	0	0	0	(2,526,847)	0	0
<b>Total - New Appropriation</b>	<b>203,588,534</b>	<b>213,767,961</b>	<b>219,112,160</b>	<b>222,063,117</b>	<b>224,283,748</b>	<b>226,526,585</b>
\$ Change over Prior Yr	9,694,692	10,179,427	5,344,199	2,950,957	2,220,631	2,242,837
% Change over Prior Yr	5.0%	5.0%	2.5%	1.3%	1.0%	1.0%

**High Ability Learner Program** In the 2011 legislative session, funding for the High Ability Learner program was shifted from General Funds to the Education Innovation Fund (lottery) for FY2011-12 and FY2012-13 as provided for in LB 333 enacted during that session. LB495 (2013) provided for a continuation of lottery funds to fund this program in FY13-14, FY14-15, and FY15-16. The FY16-17 budget shifted back to General Funds to replace the use of education lottery funds for this program at the FY16 level of \$2,342,962. The enacted budget for FY2017-18 and FY2018-19 continues funding at the FY17 level.

High Ability Learners	Biennial Budget (w/o deficits)		Biennial Budget (w/o deficits)		Biennial Budget	
	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
Base Year Appropriation	0	0	0	0	2,342,962	2,342,962
ATB Cuts	0	0	0	0	0	0
Other cuts	0	0	0	0	0	0
Shift to lottery funds 2 yrs (LB333-2011)	0	0	0	0	0	0
Increase in aid	0	0	0	0	0	0
Restore GF, lottery earmark expires	0	0	0	2,342,962	0	0
<b>Total - New Appropriation GF</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,342,962</b>	<b>2,342,962</b>	<b>2,342,962</b>
Education Innovation Fund (lottery)	2,230,065	2,285,816	2,342,962	0	0	0
<b>Total Funding</b>	<b>2,230,065</b>	<b>2,285,816</b>	<b>2,342,962</b>	<b>2,342,962</b>	<b>2,342,962</b>	<b>2,342,962</b>

**Early Childhood Endowment** In the 2006 legislative session, LB1256 was enacted creating the Nebraska Early Childhood Education Endowment fund and board of trustees. Income from the endowment is then used to provide grants to school districts, cooperatives of school districts, and educational service units for early childhood education programs for at-risk children from birth to age three as determined by the board of trustees. The bill provided that the Department of Education select an endowment provider for the Nebraska Early Childhood Education Endowment where such provider had (1) experience in managing public and private funds for the benefit of children and families in multiple locations in Nebraska and (2) irrevocably commit no less than twenty million dollars in a private endowment to be used solely as part of the Nebraska Early Childhood Education Endowment.

The program known as Sixpence, is currently administrated by Nebraska Children and Families Foundation and governed by the Nebraska Early Childhood Education Endowment Fund Board of Trustees. The endowment fund consists \$40 million transferred from the State Permanent School Fund (after a successful constitutional amendment authorizing such allocation) and \$20 million from private donations.

In the 2013 session, the legislature provided the first General Funds to supplement the endowment income, \$4 million in both FY13-14 and FY14-15. An additional \$1 million was also provided from the Education Innovation Fund (lottery) for FY14, FY15, and FY16. The FY17

budget includes an additional \$1,000,000 General Funds in FY2016-17 to replace the expiration of the Education Innovation Fund earmark. The biennial budget for FY2017-18 and FY2018-19 continues funding at the FY17 level for General Funds.

Early Childhood Endowment	Biennial Budget (w/o deficits)		Biennial Budget (w/o deficits)		Biennial Budget	
	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
Base Year Appropriation	0	0	4,000,000	4,000,000	5,000,000	5,000,000
Provide state GF support	4,000,000	4,000,000	0	0	0	0
Replace use of lottery monies	0	0	0	1,000,000	0	0
<b>Total - New Appropriation GF</b>	<b>4,000,000</b>	<b>4,000,000</b>	<b>4,000,000</b>	<b>5,000,000</b>	<b>5,000,000</b>	<b>5,000,000</b>
Education Innovation Fund (lottery)	1,000,000	1,000,000	1,000,000	0	0	0
Endowment Fund income	1,580,440	1,580,440	1,580,440	1,580,440	2,080,440	2,080,440
Federal Funds	0	0	1,306,152	1,741,536	1,741,536	1,741,536
<b>Total Funding</b>	<b>6,580,440</b>	<b>6,580,440</b>	<b>7,886,592</b>	<b>8,321,976</b>	<b>8,821,976</b>	<b>8,821,976</b>

**Early Childhood Grant Program** In the 2011 legislative session, funding for the Early Childhood grant program was shifted from General Funds to the Education Innovation Fund (lottery) for FY2011-12 and FY2012-13 as provided for in LB 333 enacted during that session. Under LB 333 funding would revert back to General Funds starting in FY2013-14. LB495 (2013) provided for a continuation of lottery funds at level of \$1.75 million in FY13-14, \$1.85 million in FY14-15 and \$1.95 million in FY15-16. The budget for FY16-17 included \$1,950,000 increase in General Funds to replace the use of education lottery funds for this program.

The budget for FY2017-18 and FY2018-19 reduces the FY17 base level by 4% in essence extending the one-time reduction in LB22..

Early Childhood Grant Program	Biennial Budget		Biennial Budget		Biennial Budget	
	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
Base Year Appropriation	0	0	5,235,164	5,235,164	3,770,164	3,770,164
Shift to lottery funds 2 yrs (LB333-2011)	3,365,962	3,365,962	0	0	0	0
Continue use of lottery (LB495-2013)	(1,700,000)	(1,700,000)	0	0	0	0
Increase in aid	250,000	250,000	0	0	0	0
One-time funds to be used over 3 yrs	0	3,415,000	(3,415,000)	(3,415,000)	0	0
Shift aid to tech assistance	0	(95,798)	0	0	0	0
Restore GF, lottery earmark expires	0	0	0	1,950,000	0	0
Extend LB22 4% cut	0	0	0	0	(150,807)	(150,807)
<b>Total - New Appropriation GF</b>	<b>1,915,962</b>	<b>5,235,164</b>	<b>1,820,164</b>	<b>3,770,164</b>	<b>3,619,357</b>	<b>3,619,357</b>
Education Innovation Fund (lottery)	1,750,000	1,850,000	1,950,000	0	0	0
<b>Total Funding</b>	<b>3,665,962</b>	<b>7,085,164</b>	<b>3,770,164</b>	<b>3,770,164</b>	<b>3,619,357</b>	<b>3,619,357</b>

**Learning Community Aid** The enacted budget includes \$500,000 in both FY18 and FY19 for aid to the Learning Community. This is no change from the current FY17 level.

**Master Teacher Program** The enacted budget for FY2017-18 and FY2018-19 eliminates funding for this program. The Master Teacher Program Act was enacted in 2000 but funding was never provided for the act at that time. In the 2015 legislative session, the budget included \$500,000 each year to fund the program. This includes \$470,000 for the master teacher bonus and \$30,000 for administrative costs. The aid is allocated to teachers to pay for application and registration fees associated with obtaining master teacher credentials. Half of the fees are awarded when a teacher begins the program and half are awarded when a teacher

completes the program and receives the credentials. The number of teachers receiving the first half of a registration award is capped at 40 per year. The aid funds are also awarded as a salary bonus of \$5,000 per year to each teacher with master teacher status. The total for the salary bonus is capped at \$1 million per year and the funds are prorated if funding is not sufficient.

**Other K-12 Aid Programs** The committee budget includes no change in funding for all other programs; School Lunch (\$392,032), School Breakfast (\$561,042), Adult Education (\$214,664), textbook loan (\$465,500), Summer Food Service grants (\$130,000), High School Equivalency Assistance (\$750,000), Step Up to Quality Child Care Scholarships (\$100,000) and Step Up to Quality Child Care Bonuses (\$69,000).

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## Aid to ESU's

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The enacted budget includes a 3% reduction in funding for aid to ESU's

Aid to ESU's	Biennial Budget (w/o deficits)		Biennial Budget (w/o deficits)		Biennial Budget	
	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
Base Year Appropriation	14,051,761	14,051,761	14,051,761	14,051,761	14,051,761	14,051,761
3% base reduction in aid	0	0	0	0	(421,553)	(421,553)
Total - New Appropriation	14,051,761	14,051,761	14,051,761	14,051,761	13,630,208	13,630,208
\$ Change over Prior Yr	0	0	0	0	(421,553)	0
% Change over Prior Yr	0.0%	0.0%	0.0%	0.0%	-3.0%	0.0%

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## Homestead Exemption

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This program provides property tax relief to special categories of homeowners through state funded reimbursements to local governments for property taxes not collected due to the granting of homestead exemptions. Although some form of homestead reimbursement has existed since 1969 the core of the existing program was created by LB 65 in 1979. It is found in Sections 77-3501 through 77-3529 of the Nebraska Revised Statutes.

The Dept. of Revenue estimates the homestead exemption amount using a linear regression model. The variables used in the model to explain Homestead reimbursement are: 1) Homestead reimbursement for the prior year; 2) capital gains reported on Nebraska resident income tax returns; 3) medical expenses reported by Homestead applicants; and 4) a time trend variable. Because most of the spending in the Homestead Exemption program is to assist low-income elderly homeowners, income is the major determining factor in the number of qualified applicants.

The budget for FY2017-18 and FY2018-19 is \$78.2 and \$81.0 million respectively reflects a 4.1% average annual increase. This includes annualizing the FY17 deficit and projected increases in reimbursement claims.

Homestead Exemption - Prog 108	FY14/FY15 Biennium		FY16/FY17 Biennium		Biennial Budget	
	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
Base Year appropriation	72,500,000	72,500,000	73,521,000	73,521,000	72,515,000	72,515,000
Base adjustment per base yr actual data	(5,062,000)	(4,605,000)	(6,121,000)	(6,121,000)	2,235,000	2,235,000
Change due to eligibility, valuation, and tax rates	4,162,000	7,005,000	2,347,000	4,204,000	3,411,900	6,206,400
Midbiennium Changes	0	(6,000,000)	0	1,200,000	0	0
LB 683 (2016) Change homestead exemptions, surviv	0	0	0	0	38,100	43,600
LB 591 (2015) Achieving a Better Life Experience (AB	0	0	0	(1,685,000)	0	0
LB 986 (2014) Change income limitations	0	4,621,000	847,000	980,000	0	0
LB 1087 (2014) Disabled veterans provisions	0	0	406,000	416,000	0	0
Total General Funds (without deficits)	71,600,000	73,521,000	71,000,000	72,515,000	78,200,000	81,000,000
Deficit	(6,500,000)	(6,121,000)	600,000	2,235,000	?	?
Total General Funds (with deficits)	65,100,000	67,400,000	71,600,000	74,750,000	78,200,000	81,000,000
\$ Change (including deficits)	(2,400,000)	2,300,000	4,200,000	3,150,000	3,450,000	2,800,000
% Change (including deficits)	-3.6%	3.5%	6.2%	4.4%	4.6%	3.6%

## Personal Property Tax Relief Act

LB 259 enacted in the 2015 session, adopted the Personal Property Tax Relief Act. The bill provided for an exemption from the property tax on the first \$10,000 of valuation of tangible personal property in each tax district in which a personal property tax return is required to be filed. Tax district is defined in Section 77-127 and means, "an area within a county in which all of the tangible property is subject to property taxes at the same consolidated property tax rate." In addition, the bill creates a compensating exemption factor for companies that are centrally assessed by the state to be used in determining the tax exemption for those companies.

On or before November 30 of each year, each county treasurer shall certify to the Tax Commissioner the total locally-assessed tax revenue lost to all taxing subdivisions within the county due to the exemption provided for in LB 259. The state then reimburses each county, and subsequently each subdivision, for funds lost due to the exemption for both the locally-assessed taxes and the centrally assessed companies. The reimbursement shall be made in two equal installments on the last business days of February and June.

Based on the 2016 certifications from the counties for the locally assessed personal property tax loss and the Department's most recent estimate for the centrally assessed personal property, tax loss for the current fiscal year equals \$13,660,000 significantly below the original estimated and budgeted level of \$19.6 million. This allowed for a reduction in the FY17 appropriation level of \$13.8 million.

From this lower base level, the department requested a \$1 million per year increase in the program. While this is an average growth of 8.4% from that first year level, there is likely going to be a greater utilization of this program in its second year.



Personal Property Tax Relief Act - Prog 109	FY14/FY15 Biennium		FY16/FY17 Biennium		Biennial Budget	
	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
Base Year appropriation	--	--	--	0	19,600,000	19,600,000
Base reduction per base yr actual data	--	--	--	0	(5,400,000)	(5,400,000)
Change due to eligibility, valuation, and tax rates	--	--	--	0	1,000,000	2,000,000
LB 259 Adopt the Personal Property Tax Relief Act	--	--	--	19,600,000	0	0
Total General Funds (without deficits)	--	--	--	19,600,000	15,200,000	16,200,000
Deficit	--	--	--	(5,800,000)	0	0
Total General Funds (with deficits)	--	--	--	13,800,000	15,200,000	16,200,000
\$ Change (including deficits)	--	--	--	--	1,400,000	1,000,000
% Change (including deficits)	--	--	--	--	10.1%	6.6%
Actual Expenditures	--	--	--	--	0	0

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## Community Based Juvenile Services Aid

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LB561 enacted in the 2013 session, expanded the Nebraska Juvenile Service Delivery Project statewide in a three step, phase-in process. That bill also renamed the County Juvenile Services Aid Program as the Community-based Juvenile Services Aid Program, and increased funding to the program by \$1,522,425 in FY14 and \$3,522,425 in FY15 bringing the total amount of aid funding to \$3,000,000 in FY14 and \$5,000,000 in FY15. During floor debate on LB561, it was further stated that it was intended that funding for this program increase to \$7.0 million in FY16 and then \$10 million in FY17. In the 2015 session, an additional \$2 million was added to achieve the \$7 million level in FY15-16 but keeps it at that level for FY16-17.

LB 265 passed in the 2015 session, provided that ten percent of the annual General Fund appropriation to the Community-based Juvenile Services Aid program be set aside for the development of a common data set and evaluation of the effectiveness of the Community-based Juvenile Services Aid program. It allocates the 10% between the Crime Commission and the University of Nebraska at Omaha, Juvenile Justice Institute. With this language \$700,000 of the \$7 million aid level is shifted to operations leaving \$6.3 million as the aid amount for the program.

The budget for FY2017-18 and FY2018-19 continues funding at the \$6.3 million per year level.

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## Aid to Community Colleges

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As sent to the Governor, aid to community colleges was held flat for FY2017-18 and a \$1 million (1%) reduction in FY2018-19. Governor vetoes of \$504,142 in FY18 and \$409,142 resulted in the final enacted budget of a 0.5% reduction in FY18 and 1.5% reduction in FY19 when compared to the FY17 base level.

# General Fund Agency Operations

## Agency Budget / Base Reductions

Faced with a large projected shortfall, a certain level of budget reductions were necessary. Although no general across the board reduction was applied, in many executive branch agencies, the agency request included a variety of budget reductions to fully or partially offset the added costs of salary and health insurance cost increases. The enacted budget includes many of those reductions as well as reductions using either a general "base" reduction or some combination of issues offered in the modification process.

About two-thirds of the FY18 operations cuts are in the Dept. of Health and Human Services and University of Nebraska. Total reductions over the two year period amount to \$63.7 million of which \$53 million was in the budget sent to the Governor and \$10.7 million attributed to Governor vetoes.

Operations Reductions	FY2017-18	FY2018-19	2 Yr Total
3 Legislative Council	(385,465)	(459,203)	(844,668)
5 Supreme Court	(1,441,701)	(704,180)	(2,145,881)
7 Governor	(141,437)	(143,133)	(284,570)
8 Lt. Governor	(2,085)	(1,900)	(3,985)
9 Secretary of State	(9,690)	(8,846)	(18,536)
10 State Auditor	(27,230)	(27,367)	(54,597)
11 Attorney General	(31,909)	(32,241)	(64,150)
12 State Treasurer	(20,470)	(23,307)	(43,777)
13 Education	(625,478)	(627,065)	(1,252,543)
14 Public Service Comm	(113,933)	(111,970)	(225,903)
15 Pardons & Parole	(248,399)	(250,679)	(499,078)
16 Revenue	(904,715)	(905,894)	(1,810,609)
18 Agriculture	(685,905)	(701,665)	(1,387,570)
21 Fire Marshal	(336,658)	(360,751)	(697,409)
23 Labor	0	(17,430)	(17,430)
25 DHHS-System	(11,263,940)	(11,800,397)	(23,064,337)
28 Veterans Affairs	(88,815)	(89,104)	(177,919)
29 Natural Resources	(1,126,480)	(1,126,480)	(2,252,960)
31 Military Dept	(167,192)	(179,137)	(346,329)
32 Ed Lands & Funds	(1,913)	(1,739)	(3,652)
33 Game and Parks	(374,204)	(395,708)	(769,912)
34 Library Commission	(295,380)	(304,138)	(599,518)
35 Liquor Control	(29,562)	(29,635)	(59,197)
46 Corrections	0	(27,636)	(27,636)
47 NETC	(348,138)	(348,503)	(696,641)
48 Postsecond Coord Comm	(142,837)	(138,332)	(281,169)
50 State Colleges	(262,021)	(262,021)	(524,042)
51 University of Nebraska	(12,867,344)	(5,917,344)	(18,784,688)
54 Historical Society	(383,710)	(445,178)	(828,888)
64 State Patrol	(1,159,044)	(1,408,076)	(2,567,120)
65 Administrative Services	(324,519)	(329,842)	(654,361)
67 Equal Opportunity Comm	(6,392)	(6,463)	(12,855)
68 Mexican-American Comm	(7,279)	(7,295)	(14,574)

Operations Reductions	FY2017-18	FY2018-19	2 Yr Total
69 Arts Council	(54,997)	(54,997)	(109,994)
70 Foster Care	(22,028)	(24,527)	(46,555)
71 Energy Office	0	0	0
72 Economic Development	(520,137)	(520,137)	(1,040,274)
76 Indian Commission	(24,413)	(24,413)	(48,826)
77 Industrial Relations	(14,105)	(14,123)	(28,228)
78 Crime Commission	(322,114)	(322,170)	(644,284)
81 Blind & Visually Impaired	(4,973)	(5,025)	(9,998)
82 Deaf & Hard of Hearing	(34,991)	(35,041)	(70,032)
84 Environmental Quality	(298,770)	(299,396)	(598,166)
85 Retirement Board	0	0	0
87 Accountability/Disclosure	(24,705)	(24,705)	(49,410)
93 TERC	(10,300)	(10,361)	(20,661)
<b>Total Reductions – Operations</b>	<b>(35,155,378)</b>	<b>(28,527,554)</b>	<b>(63,682,932)</b>
As Sent to Governor	(29,868,947)	(23,157,096)	(53,026,043)
Vetoed	(5,286,431)	(5,370,458)	(10,656,889)
<b>Total Reductions - Operations</b>	<b>(35,155,378)</b>	<b>(28,527,554)</b>	<b>(63,682,932)</b>

## Court System

**Justice Reinvestment Act, Continue Phased-In Funding** In the 2015 session, the Legislature enacted LB 605 to begin addressing overcrowding in the correctional system. This bill was the result of a study conducted by the Nebraska Justice Reinvestment Working Group, an inter-branch working group established under LB 907-2014, in cooperation with the Council of State Governments Justice Center. LB 605 expands the use of probation in lieu of incarceration, ensures that more people receive supervision upon release from prison, and bolsters parole supervision practices to reduce recidivism.

At the time of passage, General Fund costs to implement the bill totaled \$1,763,046 in FY2015-16 and \$4,939,695 in FY2016-17. Costs were projected to increase over the following three years as more offenders are applicable to the bill provisions. The following table summarizes the impact by agency over the full five years as envisioned under LB605.

LB 605 Projected Cost	\$ Amount	\$ Amount	\$ Amount	\$ Amount	\$ Amount	Biennial Increase: \$	
	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2017-18	FY2018-19
Probation (Field)	475,592	2,959,038	4,544,636	5,501,962	6,287,653	1,585,598	2,542,924
Probation (Reporting Centers)	769,373	1,785,628	2,521,759	2,997,807	3,147,306	736,131	1,212,179
Probation (Administration)	427,435	1,053,813	1,531,990	1,735,210	1,818,461	478,177	681,397
Probation (Offender Program Exper	664,500	3,721,740	5,162,351	6,411,390	6,939,375	1,440,611	2,689,650
Court Administration	308,328	422,651	718,870	1,146,806	1,172,311	0	0
<b>GF Total - Courts</b>	<b>2,645,228</b>	<b>9,942,870</b>	<b>14,479,606</b>	<b>17,793,175</b>	<b>19,365,106</b>	<b>4,240,517</b>	<b>7,126,150</b>
Corrections (net change)	(882,182)	(5,603,284)	(5,603,284)	(5,603,284)	(5,603,284)	0	0
Crime Commission	0	600,109	600,109	600,109	600,109	0	0
<b>Total General Funds</b>	<b>1,763,046</b>	<b>4,939,695</b>	<b>9,476,431</b>	<b>12,790,000</b>	<b>14,361,931</b>	<b>4,536,736</b>	<b>7,850,305</b>
Employee FTE	20.8	59.6	89.0	103.7	112.5	29.4	44.1

The enacted budget includes the increased funding for FY2017-18 and FY2018-19 per the original fiscal note except for the additional amounts for Court Administration. These basically related to additional judges which would require further legislative changes. The breakdown of additional funding by budget program is shown below.

Enacted Budget	FY2017-18	FY2018-19
Prog 52	30,280	167,968
Prog 67	2,304,828	2,765,817
Prog 435	1,935,689	4,360,333
Total General Funds	4,240,517	7,126,150

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## Department of Education (NDE)

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***Eliminate funding for the IT Academy*** A pilot project for an IT Academy was funded in FY2014-15 with a \$250,000 general fund appropriation. The initiative was continued in FY16 and FY17 with an earmarked appropriation of \$500,000 in each year of the current biennium. In FY16, eighty high schools and twelve community college sites were granted licenses to implement the Academy. There were 211 teachers certified through the program and 2,764 students received certifications in various areas such as Word, PowerPoint, Excel and Access. The enacted budget eliminates funding for the initiative.

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## Department of Agriculture

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The budget as sent to the Governor included a General Fund reduction in the Department of Agriculture of \$685,905 in FY18 and \$701,039, roughly 11% of their FY17 base appropriation. Although the dollar amount was derived by using issues identified through the budget modification process, the bill did not specify the functional areas that must be reduced giving the department the discretion to make reductions in areas that will best allow the agency to continue essential regulatory services.

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## Department of Health and Human Services (DHHS)

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The General Fund budget for the operation of the DHHS System has many significant items included both increases and reductions.

***Economic Assistance (EA) Eligibility System*** The budget includes General funds of \$3,900,000 in FY17-18 and \$5,900,000 in FY18-19 for a new eligibility system utilizing the same platform as the Medicaid eligibility system. The MMIS system development receives 90/10 federal funding. Implementing a new economic assistance eligibility system will allow the state to receive the same federal match for some parts of the EA system; bringing the overall match to 85/15 done before December 18, 2018. Otherwise the federal match rate would be 50/50; a difference of \$14 million in general funds. The new economic assistance system would allow information to be shared by both economic assistance and Medicaid. Examples of the information used by both systems are household composition, residency, citizenship, income

and expense. Eligibility would be determined on a real-time basis when rules allow for it and increase the amount of processing completed with minimal case manager involvement."

**Remove MLTC from NFOCUS** Medicaid is implementing a new eligibility system and will no longer be part of NFOCUS. NFOCUS is the eligibility system that has been used by Medicaid and economic assistance programs. The Affordable Care Act changed the manner in which Medicaid eligibility is determined for non-elderly and non-disabled adults and children. Removing Medicaid from NFOCUS increases the general fund cost of NFOCUS. Medicaid contributed 48% of the operating and maintenance costs. The Economic Assistance Programs are refugee assistance, Low-Income Energy Assistance, child care, guardianship, adoption, Aid to Dependent Children, Supplemental Nutrition Assistance Program, child welfare the Social Services Block Grant. Additional General Fund costs total \$1,916,448 each year.

**Federal Medicaid Match Rate (FMAP)** Starting October 1, 2017 (FFY18) the Federal Medical Assistance Program (FMAP) is increasing from 51.85% to 52.55%. Also FFY19 FMAP calculations done by Federal Funds Information for States (FFIS) based on preliminary state personal income data shows the FMAP to increase to 53.50%. The higher FMAP allows for a reduction in General Fund appropriations, Prog 33 -Administration ( \$113,957 FY18 and \$262,144 FY19) and Prog 421-BSDC (\$306,772 FY18, \$383,465 FY19).

**Additional Youth Rehabilitation and Treatment Centers (YRTC) staffing** The budget includes additional General funds of \$1,412,624 in FY18 and \$1,446,528 in FY19 for additional staffing at the YRTC's. The Prison Rape Elimination Act (PREA) requires minimum staffing levels for juvenile facilities by October 1, 2017. The staffing ratios are 1:8 during waking hours and 1:16 during sleeping hours. The Youth Rehabilitation and Treatment Centers at Kearney and Geneva require additional staff to be compliant. The Office of Juvenile Services (OJS) has conducted a thorough review of the YRTCs operations. These reviews highlighted areas in need of improvement to assure the safety of the youth and staff. Geneva needs four staff and Kearney 27 to be compliant.

**Beatrice State Developmental Center (BSDC) Funding** The budget for BSDC was reduced to reflect efficiencies that do not directly impact the quality of care at the institution. The budget for BSDC reflects the elimination of several contracts for services for program support for medical services, education, consulting and day services. The staff at BSDC will assume the duties currently contracted out.

The budget request by DHHS included a decrease in the general fund base for BSDC of \$2,927,063. DHHS indicated that services for clients will not be impacted by the budget base reduction. Since oversight by federal agencies has ended, a lower funding level is adequate for the facility.

In addition to the request to reduce the budget base, the agency announced a decision to right-size BSDC in February of 2017. The decision was based upon an evaluation of each area of the facility to understand systems, needs and requirements, including a review of federal and state requirements, licensing requirements and policies and procedures. Vacant positions were eliminated and 37 filled positions were reduced in non-front line employee classifications. The changes result in annual savings of \$1.6 million of general funds.

Several transfers of funds from the BSDC budget were authorized. The recommendation includes a transfer of \$750,000 of general funds each fiscal year of the biennium to rebase rates for developmental disability providers and to redesign the Objective Assessment Process.

The transfer of 29 FTE from the BSDC budget to the administrative Program 33 budget (\$1,356,851) reflect the scope of the employees' work to support all individuals with developmental disabilities and to allow compliance with the Medicaid waiver.

**Bridges Program – Hastings** The budget also reflects the closure of the Bridges program, located in Hastings. It is a state-operated program serving up to 12 persons with developmental disabilities in three homes located adjacent to the Hastings Regional Center. It has been determined the program functions similarly to an institution, so it will no longer be in compliance with the Medicaid waiver. DHHS is closing the program at the end of the current fiscal year and transferring the current six residents to community-based developmental disability programs. The budget includes a transfer of \$2,037,139 of general funds from BSDC to developmental disability aid to provide services for the transferred clients. In addition, it is estimated that approximately \$400,000 of this transfer will be available to serve individuals on the waiting list for developmental disability services.

Also, \$308,905 and 12.0 FTE are transferred from BSDC to Program 33 due to closure of the Bridges Program. Staff will be repurposed to support quality management initiatives for community-based developmental disability programs.

**Open 5th Unit at Norfolk Sex Offender Treatment Program (NSOP)** The budget includes \$683,638 in FY18 and \$1,022,261 in FY19 to open a fifth unit for patient care at the NSOP. The Legislature authorized the use of a reappropriation of up to \$800,000 of general funds in the current biennium to increase medical staff at the facility to provide additional patient care. DHHS indicates beds were not opened with the reappropriated funds because there was no indication of continued funding. None of the funds were expended for this purpose. The only committed funding at this time is for some dressers. DAS has agreed to pay for facility upgrades (window screens, sinks, etc.) that are needed. The program is currently staffed to serve 95 patients. Census ranges from 85 to 90 on any given day. A process is currently being undertaken to help address capacity problems at the Lincoln Regional Center (LRC) through the transfer of 10 individuals back to Norfolk to a new Transitions Program which is designed to meet their specialized needs. This change will likely mean the NSOP will be at full capacity. Individuals are committed to the NSOP from the correctional system for Phase I sex offender treatment. Phases II and III are provided at the LRC. It is anticipated that a fifth unit will be needed in FY18 to achieve the capacity required for the number of individuals that will be committed. The additional dollars will fund 11.0 FTE and related operating expenses.

**Veterans Home Funding** The budget contains several adjustments in Veterans Home funding. The budget shifts \$1,601,139 funding for temporary contract staff from general to federal funds at the Grand Island Veterans Home. The facility is currently having some difficulty recruiting and retaining staff due to the movement of the facility from Grand Island to Kearney. The new facility is projected to be completed in late 2018 or early 2019.

The budget also shifts \$494,800 funding for transportation, staff recruiting and Certified Nursing Assistant classes from general funds to cash funds. The agency indicates there are funds included in the proposal from the City of Kearney that can be used for these types of services in the next two years. The authority to spend cash funds needs to be increased to access the available funds.

The budget includes a reduction of \$601,258 to reflect savings from medication dispensing machines. The Legislature earmarked \$1.4 million as a reappropriation in the current biennium for the veterans' homes to purchase automated medication dispensing carts. DHHS is currently

in the process of purchasing the machines. Upon purchase, the agency will terminate contracts with a private pharmacy that repackages medications at the Norfolk and Eastern Nebraska Veterans' Homes and will terminate contracts for pharmacy services that are provided at the Grand Island and Western Nebraska Veterans' Homes.

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## Department of Correctional Services (DCS)

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Funding for the Department of Correctional Services increases by \$3,749,449 in FY2017-18 (1.8%) and an additional \$4,514,312 (2.1%) in FY2018-19. The table below summarizes the individual items.

<u>Issue Description</u>	Enacted Budget	
	<u>FY2017-18</u>	<u>FY2018-19</u>
Special pay adjustments for key NDCS employee classifications	3,189,305	3,189,305
Protective Service and Construction Staffing	1,500,000	3,000,000
Critical Under Resourced areas	959,775	970,712
Information Technology and Radios	741,580	740,950
Health Services and staffing	701,034	508,941
Education and cognitive programs (Evidence Based Practice)	574,223	691,667
Annualize LB 867 (2016) Changes, Admin Procedure Act	43,621	43,621
State Radio System Device Fees	0	(27,636)
County Jail funding, let program expire	(4,607,147)	(4,607,147)
Phased in Funding of Additional Staffing	(700,000)	(700,000)
One Time Cash Appropriation Increase	(1,000,000)	0
Subtotal - Issues	1,402,391	3,810,413
Salary increase	1,232,794	2,160,871
Health Insurance increase	1,114,264	2,292,477
Total Increases	3,749,449	8,263,761

***Special pay adjustments for key NDCS employee classifications*** Negotiations between the state and the employee bargaining unit produced special pay adjustments for key inmate-contact employee classifications, beginning in December 2016. The classifications include Corrections Unit Caseworkers, Corrections Officers, Corporals, Sergeants, Mental Health Practitioners I and II, Registered Nurses, and Food Service Specialists. The average increase was 4.4% but specific increases varied by classification pay lines. For the remainder of that fiscal year, these increases were funded with vacancy savings. The budget adds funding to the on-going base budget to continue funding these increases.

***County Jail program*** In the 2014 session, in order to temporarily ease current DCS capacity issues, funding was provided for DCS to contract with willing counties to house up to 150 Nebraska inmates in county jails. The funding amounts, all General Funds, were \$723,604 in FY2013-14 (two months) and \$4,226,625 in FY2014-15 (full year). This was considered one-time funding with longer term solutions part of the prison population reform. The program was extended for FY2015-16 and FY2016-17 at \$4,607,147. The budget eliminates funding for this program allowing for a reallocation of the monies for staffing and programming.

***Protective Service and Construction Staffing*** The budget provides funds for additional Custody or Protective Services staff (Corrections Officers, Corporals, Sergeants, Caseworkers), 26 in FY18 and 50 in FY19. In FY18 and FY19 funding in the enacted budget is

below the agency request and Governors recommendation. However, funding as enacted phases-in the additional staff over three years recognizing the current issue of vacancies and high turnover and providing more time to address those issues in existing staffing levels prior to adding larger numbers of additional staff.

Item		<u>FY2017-18</u>	<u>FY2018-19</u>	<u>FY2019-20</u>
\$ Funding	Agency Request	3,190,484	8,072,345	8,072,345
	Enacted Budget	1,500,000	3,000,000	8,066,000
# Staff	Agency Request	55.0	135.0	135.0
	Enacted Budget	26.0	55.0	135.0

**Critical Under Resourced areas** Positions are needed to meet internal and external workload demands, including: Food Service Specialists, Facility Maintenance Specialists, a Training Specialist, an Intelligence Administrator, and a Grievance Coordinator. The agency would also establish a Transportation Unit to coordinate all transfers between NDCS facilities, pick up out state parole violators, absconders, medical transport orders, court transports, and reentry paroles and discharges. The staff that would make up this unit currently are transporting inmates to county jails under the County Jail Program which is scheduled to end June 30, 2017.

**Information Technology and Radios** Increased costs relate to rate changes (FY18 \$205,422 and FY19 - \$205,296; Microsoft Cloud Suite costs (FY18 \$550,729 and FY19 \$550,225, and \$18,000 annual fee for radios. There was also a net reduction of \$32,572 in both years for NDCS staff transferring to the OCIO.

**Health Services and staffing** Funding is provided for eight clinical staff that were requested. This includes: (1) a licensed practical nurse (LPN) for the Nebraska Correctional Center for Women, (2) four additional registered nurses (RN), two at the Diagnostic and Evaluation Center, and one each at the Lincoln Correctional Center and the Nebraska State Penitentiary, (3) a Nurse Supervisor at the Lincoln Correctional Center, (4) two medical technologists for the Nebraska State Penitentiary

**Education and Cognitive programs (Evidence Based Practice)** These funds add 1.5 teachers for educational services at the Omaha Correctional Center and Tecumseh Correctional Center, and 7 staff for reentry programming and transition services at Tecumseh Correctional Center

**Phased in Funding of Additional Staffing** The budget adds a net of 55 positions in FY18 and 80 in FY19. Positions added include Custody or Protective Services staff (Corrections Officers, Corporals, Sergeants, Caseworkers), teachers, programming staff, clinical staff (LPN, RN, medical technologists), and staff such as Food Service Specialists, Facility Maintenance Specialists, a Training Specialist, an Intelligence Administrator, and a Grievance Coordinator. The agency would also establish a Transportation Unit (7 FTE) to coordinate all transfers between NDCS facilities. An adjustment was made to reflect the reality that not all these positions will be hired immediately.

**One Time Cash Appropriation Increase** This issue is a one-time cash fund appropriation increase to use excess cash and reduce General Funds

**Inmate Per Diem Costs** Inmate per diem costs are those expenses associated with the daily living expenses of inmates. These costs include food, institutional supplies (cleaning, cell and food service supplies), and clothing. The agency did not request additional funds for inmate per diem or medical per diem costs.



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## State Colleges

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Appropriations for the Nebraska State College System for 2017-18 and 2018-19 are 0.5% below the level appropriated for 2016-17. The budget sent to the Governor was no change from the FY17 level but the Governor vetoed an amount equal to 0.5%.

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## University of Nebraska

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As sent to the Governor, the proposed budget for the University of Nebraska reduced the original current year General Fund appropriation by \$10,000,000 (1.7%) in FY2017-18 and a total of \$3,000,000 (or 0.5%) in FY18-19..

The proposed budget also included \$400,000 General Funds for both FY2017-18 and FY2018-19 for the University to partner with the Department of Correctional Services and/or the Regional Centers to develop and offer programs for students studying to become behavioral health professionals.

The budget also includes a \$3,000,000 General Fund increase in FY2018-19 for programming, operating and maintaining the Global Center for Advanced Interprofessional Learning at UNMC. The additional funding brings the total to \$5,000,000 General Funds for the Center. The \$25 million state contribution for the project and initial \$2.5 million operations were funded in the 2015 legislative session.

The Governor subsequently vetoed the equivalent of 0.5% of the amount sent to him amounting to \$2,867,344 in FY18 and \$2,917,344 in FY19.

Although included as a cash fund appropriation in the Department of Health and Human Services, program 514, the budget includes \$250,000 from the Nebraska Health Care Cash Fund for FY2017-18 and \$250,000 from the Nebraska Health Care Cash Fund for FY2018-19 for years 3 and 4 of the Medical Cannabidiol Pilot Study at UNMC as required by Section 28-463 to 28-469.

Though no appropriation is required, for information purposes budget bills includes the approval of the expenditure of revenue bond surplus funds pursuant to the provisions of section 85-408 for the following projects: the demolition of Cather Hall, Pound Hall and Cather-Pound Dining Center at UNL (\$7,300,000), roof repairs for University Village at UNO (\$825,000), and remodeling the Nebraska Student Union at UNK (\$5,000,000).

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## Defined Benefit / Cash Balance Retirement Plans

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The Public Employees Retirement Board (PERB) is the entity through which the state contributes funding for the three defined benefit plans for K-12 school employees, judges, and State Patrol. Financing for the benefits provided by these three defined benefit plans comes from employee and matching employer contributions as set in statute, court fees (for the judges plan), the investment return on those contributions, and state contributions as required by statute. There also are two cash balance plans which are what could be termed "defined return" plans where the state in essence guarantees an annual return on the investment not a

guaranteed benefit amount. In both cases, when revenue from these sources is not actuarially sufficient, state appropriations are required. For all these programs, the state General Fund is responsible for financing any actuarial shortfalls in these programs at statutory employee and employer contribution rates.

Each fall, actuaries provide an assessment as to the status of the defined benefit plans as of the preceding July 1. For the school plan, there was no actuarial shortfall in the school plan. Additional state funds are budgeted only to cover the required 2% of salary for both the state and Omaha plan.

The State Patrol plan actually had a small reduction in the additional state contribution amount in FY2017-18 but a \$2.2 million increase in FY2018-19.

The Judges retirement plan had an increase of \$118,714 in FY2017-18 and \$979,000 in FY2018-19.

Table 29 shows the projected actuarial shortfalls by plan, the additional funds included in the budget bill and the net change between the two.

Table 29 State Costs - Defined Benefit / Cash Balance Plan

Retirement Plans	Base Yr FY2016-17	Biennial Budget		Following Biennium		Enacted Budget Change over Base Yr	
		FY2017-18	FY2018-19	FY2019-20	FY2020-21	FY2017-18	FY2018-19
<b>Components</b>							
School - 2% Salary State	36,919,600	38,039,347	38,300,000	38,700,000	39,300,000	1,119,747	1,380,400
School - 2% Salary Omaha	6,660,783	6,896,530	7,000,000	7,100,000	7,200,000	235,747	339,217
School - Omaha Service Annuity	997,118	992,451	1,000,000	1,000,000	1,000,000	(4,667)	2,882
School - Additional State Contribut	0	0	0	0	0	0	0
Judges - Additional State Contribu	0	118,714	979,000	1,175,000	1,504,000	118,714	979,000
Judges - COLA	0	0	0	0	0	0	0
Patrol - Additional State Contributi	2,725,738	2,541,558	4,900,000	5,136,000	5,771,000	(184,180)	2,174,262
Patrol - LB 137 Appropriation	0	0	0	0	0	0	0
Patrol - COLA	0	0	0	0	0	0	0
Patrol - Military Service Credit	0	0	0	0	0	0	0
<b>Total</b>	<b>47,303,239</b>	<b>48,588,600</b>	<b>52,179,000</b>	<b>53,111,000</b>	<b>54,775,000</b>	<b>1,285,361</b>	<b>4,875,761</b>
<b>By Plan</b>							
School	44,577,501	45,928,328	46,300,000	46,800,000	47,500,000	1,350,827	1,722,499
Judges	0	118,714	979,000	1,175,000	1,504,000	118,714	979,000
Patrol	2,725,738	2,541,558	4,900,000	5,136,000	5,771,000	(184,180)	2,174,262
<b>Total</b>	<b>47,303,239</b>	<b>48,588,600</b>	<b>52,179,000</b>	<b>53,111,000</b>	<b>54,775,000</b>	<b>1,285,361</b>	<b>4,875,761</b>

## State Employee Salary Increases

Collective bargaining agreements have been negotiated with the various bargaining units and are described in the following narrative. Table 30 shows the General Fund amount funded in the biennial budget.

Table 31 shows the historical salary increases over the past 10 years based on the NAPE master contract. Also shown is how these pay increases would be reflected as an annual percent change on a fiscal year basis for an average state employee (base FY85 salary of \$18,000). Note this table does not reflect salary increases for higher education or other bargaining units such as SLEBEC. Also not reflected is the impact of specific reclassifications or pay grade changes that may have occurred over the years. Over the 10-year period FY07 to FY17, employee salary increases averaged 2.2% per year.

**Nebraska Association of Public Employees (NAPE-AFSCME)** Collective bargaining agreements have been reached with NAPE-AFSCME on a labor contract for FY2017-18 and FY2018-19. The contract calls for a 1.00% salary increase on July 1, 2017 (FY2017-18) and a 1.5% increase on January 1, 2019 (FY2018-19).

**State Law Enforcement Bargaining Council (SLEBEC)** also reached settlement for the two years of the biennial budget. In general the increase provided is 2.4% July 1 increase plus a 2.2% step increase in FY2017.18. For FY2018-19 there is no July 1 increase but a 2.1% step increase.

**Non-Bargaining Employees** This category covers employees who are not eligible for bargaining. This includes certain supervisory and management positions, and employees under constitutional agencies such as the Legislative Council, Governor, Secretary of State, Attorney General, etc... For budgeting purposes, the committee budget includes funding for the same increase as the NAPE/AFSCME Master Contract as noted above, 1.00% salary increase on July 1, 2017 (FY2017-18) and a 1.5% increase on January 1, 2019 (FY2018-19).

Table 30 Funded Salary Increases

General Funds Only	FY2017-18	FY2018-19
State Agencies	6,449,354	10,453,008
State Colleges	na	na
University of Nebraska	na	na
Subtotal: Contract	6,449,354	10,453,008
Other adjustments	0	0
Total Gen Fund Salaries	6,449,354	10,453,008

Table 31 Historical NAPE Master Contracts

Fiscal Year	General Salary Policy	FY basis % Change
FY2003-04	1.5% on July 1	2.75%
FY2004-05	2.0% on July 1	2.00%
FY2005-06	3.0% on July 1	3.00%
FY2006-07	3.25% on July 1	3.25%
FY2007-08 *	3.0% on July 1	3.00%
FY2008-09*	2.5% on July 1	2.50%
FY2009-10	2.9% on July 1	2.90%
FY2010-11	2.5% on July 1	2.50%
FY2011-12	No Salary Increase	0.00%
FY2012-13	2.0% on July 1	2.00%
FY2013-14	2.25% on July 1	2.00%
FY2014-15	2.25% on July 1	2.00%
FY2015-16	2.25% on July 1	2.25%
FY2016-17	2.40% on July 1	2.40%
FY2017-18	1.00% on July 1	1.00%
FY2018-19	1.5% on January 1	0.75%
Ten Year Average (FY09 to FY19)		1.80%

\*additional amounts for specific units

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## State Employee Health Insurance

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**State Employees** Although final rates have not yet been set, the Governors' budget was based on a 5.75% increase in FY17-18 and an additional 5.75% in FY16-17. The enacted budget also includes these projected increases.

Table 33 shows the historical trends in health insurance rates. The comparison uses United Health Care (UHC) Regular Plan which historically most closely matches the UHC and Blue Cross/Blue Shield (BC/BS) Choice family coverage insurance plan most consistently offered over the years. The Choice plan was not offered after FY13. The ten-year average annual increase is 4.6% excluding projected rates for FY18 and FY19.

Table 32 Health Insurance Cost Increases

General Funds Only	FY2017-18	FY2018-19
State Employees	4,984,351	10,255,144
State Colleges	na	na
University of Nebraska	na	na
Total General Fund costs	4,984,351	10,255,144

Table 33 Historical Health Insurance Rates – Choice / Regular Plan, Family Coverage

(Family Coverage)	Dollar Cost Per Employee - FY Basis				Percent of Total		
	Employee	Employer	Total	% Change	Employee	Employer	Trust
FY2000-01 (Choice Plan)	2,207.58	8,304.60	10,512.18	7.1%	21.0%	79.0%	100.0%
FY2001-02 (Choice Plan)	2,360.94	8,881.62	11,242.56	6.9%	21.0%	79.0%	100.0%
FY2002-03 (Choice Plan)	2,503.20	9,416.76	11,919.96	6.0%	21.0%	79.0%	100.0%
FY2003-04 (Choice Plan)	2,686.26	10,105.50	12,791.76	7.3%	21.0%	79.0%	100.0%
FY2004-05 (Choice Plan)	2,859.60	10,758.00	13,617.60	6.5%	21.0%	79.0%	100.0%
FY2005-06 (Choice Plan)	3,313.56	12,465.96	15,779.52	15.9%	21.0%	79.0%	100.0%
FY2006-07 (Choice Plan)	3,776.28	14,206.56	17,982.84	14.0%	21.0%	79.0%	100.0%
FY2007-08 (Choice Plan)	4,206.72	15,825.48	20,032.20	11.4%	21.0%	79.0%	100.0%
FY2008-09 (Choice Plan)	4,647.48	17,483.28	22,130.76	10.5%	21.0%	79.0%	100.0%
FY2009-10 (Choice Plan)	5,181.36	19,491.36	24,672.72	11.5%	21.0%	79.0%	100.0%
FY2010-11 (Choice Plan)	5,682.24	21,376.08	27,058.32	9.7%	21.0%	79.0%	100.0%
FY2011-12 (Choice Plan)	5,696.40	21,429.12	27,125.52	0.2%	21.0%	79.0%	100.0%
FY2012-13 (Choice Plan)	5,559.60	20,914.80	26,474.40	-2.4%	21.0%	79.0%	100.0%
FY2013-14 (Regular Plan)	5,837.76	21,960.48	27,798.24	5.0%	21.0%	79.0%	100.0%
FY2014-15 (Regular Plan)	4,950.72	18,624.96	23,575.68	-15.2%	21.0%	79.0%	100.0%
FY2015-16 (Regular Plan)	5,495.30	20,673.71	26,169.00	11.0%	21.0%	79.0%	100.0%
FY2016-17 (Regular Plan)	5,931.93	22,315.35	28,247.28	7.9%	21.0%	79.0%	100.0%
FY2017-18 (Regular Plan) est	6,273.01	23,598.48	29,871.50	5.75%	21.0%	79.0%	100.0%
FY2018-19 (Regular Plan) est	6,633.71	24,955.40	31,589.11	5.75%	21.0%	79.0%	100.0%
<u>Average Annual Change</u>							
FY07 to FY17 (10 Yr)	4.6%	4.6%	4.6%				

# General Fund Appropriations By Agency

FY18 / FY19 Biennial Budget as Enacted in the 2017 Legislative Session

	Type	w/o deficits	Enacted	Enacted	FY18 vs Prior Yr		FY19 vs Prior Yr	
		FY2016-17	FY2017-18	FY2018-19	\$ Chnge	% Chnge	\$ Chnge	% Chnge
#03 Legislative Council	Oper	20,930,311	20,831,151	21,026,748	(99,160)	-0.5%	195,597	0.9%
#03 Legislative Council	Total	20,930,311	20,831,151	21,026,748	(99,160)	-0.5%	195,597	0.9%
#05 Supreme Court	Aid	300,000	300,000	300,000	0	0.0%	0	0.0%
#05 Supreme Court	Oper	179,806,832	185,065,620	190,586,004	5,258,788	2.9%	5,520,384	3.0%
#05 Supreme Court	Total	180,106,832	185,365,620	190,886,004	5,258,788	2.9%	5,520,384	3.0%
#07 Governor	Oper	2,280,286	2,169,238	2,194,869	(111,048)	-4.9%	25,631	1.2%
#07 Governor	Total	2,280,286	2,169,238	2,194,869	(111,048)	-4.9%	25,631	1.2%
#08 Lt. Governor	Oper	149,486	149,172	151,197	(314)	-0.2%	2,025	1.4%
#08 Lt. Governor	Total	149,486	149,172	151,197	(314)	-0.2%	2,025	1.4%
#09 Secretary of State	Oper	2,021,019	2,476,079	2,308,461	455,060	22.5%	(167,618)	-6.8%
#09 Secretary of State	Total	2,021,019	2,476,079	2,308,461	455,060	22.5%	(167,618)	-6.8%
#10 State Auditor	Oper	2,609,327	2,556,086	2,584,769	(53,241)	-2.0%	28,683	1.1%
#10 State Auditor	Total	2,609,327	2,556,086	2,584,769	(53,241)	-2.0%	28,683	1.1%
#11 Attorney General	Oper	7,266,457	6,484,994	6,552,527	(781,463)	-10.8%	67,533	1.0%
#11 Attorney General	Total	7,266,457	6,484,994	6,552,527	(781,463)	-10.8%	67,533	1.0%
#12 State Treasurer	Aid	0	0	0	0	na	0	na
#12 State Treasurer	Oper	1,303,949	1,285,096	1,260,639	(18,853)	-1.4%	(24,457)	-1.9%
#12 State Treasurer	Total	1,303,949	1,285,096	1,260,639	(18,853)	-1.4%	(24,457)	-1.9%
#13 Education	Aid	1,203,433,823	1,222,439,189	1,251,442,592	19,005,366	1.6%	29,003,403	2.4%
#13 Education	Oper	25,498,938	24,963,839	25,279,496	(535,099)	-2.1%	315,657	1.3%
#13 Education	Total	1,228,932,761	1,247,403,028	1,276,722,088	18,470,267	1.5%	29,319,060	2.4%
#14 Public Service Comm	Oper	2,540,808	2,340,162	2,364,672	(200,646)	-7.9%	24,510	1.0%
#14 Public Service Comm	Total	2,540,808	2,340,162	2,364,672	(200,646)	-7.9%	24,510	1.0%
#15 Parole Board	Oper	7,098,862	7,217,254	7,677,572	118,392	1.7%	460,318	6.4%
#15 Parole Board	Total	7,098,862	7,217,254	7,677,572	118,392	1.7%	460,318	6.4%
#16 Revenue	Aid	92,115,000	93,400,000	97,200,000	1,285,000	1.4%	3,800,000	4.1%
#16 Revenue	Oper	27,551,068	27,074,024	27,311,378	(477,044)	-1.7%	237,354	0.9%
#16 Revenue	Total	119,666,068	120,474,024	124,511,378	807,956	0.7%	4,037,354	3.4%
#18 Agriculture	Aid	975,000	475,000	475,000	(500,000)	-51.3%	0	0.0%
#18 Agriculture	Oper	6,242,820	5,662,109	5,723,024	(580,711)	-9.3%	60,915	1.1%
#18 Agriculture	Total	7,217,820	6,137,109	6,198,024	(1,080,711)	-15.0%	60,915	1.0%
#21 Fire Marshal	Oper	4,356,727	4,146,779	4,258,129	(209,948)	-4.8%	111,350	2.7%
#21 Fire Marshal	Total	4,356,727	4,146,779	4,258,129	(209,948)	-4.8%	111,350	2.7%
#23 Labor	Oper	690,814	636,886	634,675	(53,928)	-7.8%	(2,211)	-0.3%
#23 Labor	Total	690,814	636,886	634,675	(53,928)	-7.8%	(2,211)	-0.3%
#25 DHHS System	Aid	1,373,437,632	1,354,694,089	1,357,377,215	(18,743,543)	-1.4%	2,683,126	0.2%
#25 DHHS System *	Oper	236,540,656	235,300,405	239,657,753	(1,240,251)	-0.5%	4,357,348	1.9%
#25 DHHS System	Total	1,609,978,288	1,589,994,494	1,597,034,968	(19,983,794)	-1.2%	7,040,474	0.4%
#28 Veterans Affairs *	Oper	27,028,073	25,489,927	26,014,913	(1,538,146)	-5.7%	524,986	2.1%
#28 Veterans Affairs	Total	27,028,073	25,489,927	26,014,913	(1,538,146)	-5.7%	524,986	2.1%

	Type	w/o deficits FY2016-17	Enacted FY2017-18	Enacted FY2018-19	FY18 vs Prior Yr		FY19 vs Prior Yr		
					\$ Chnge	% Chnge	\$ Chnge	% Chnge	
#29	Natural Resources	Aid	5,458,361	5,021,692	5,021,692	(436,669)	-8.0%	0	0.0%
#29	Natural Resources	Oper	11,286,789	10,275,032	10,377,285	(1,011,757)	-9.0%	102,253	1.0%
#29	Natural Resources	Total	16,745,150	15,296,724	15,398,977	(1,448,426)	-8.6%	102,253	0.7%
#31	Military Dept	Aid	858,775	608,775	608,775	(250,000)	-29.1%	0	0.0%
#31	Military Dept	Oper	4,485,933	4,356,082	4,379,936	(129,851)	-2.9%	23,854	0.5%
#31	Military Dept	Total	5,344,708	4,964,857	4,988,711	(379,851)	-7.1%	23,854	0.5%
#32	Ed Lands & Funds	Oper	335,359	380,603	345,999	45,244	13.5%	(34,604)	-9.1%
#32	Ed Lands & Funds	Total	335,359	380,603	345,999	45,244	13.5%	(34,604)	-9.1%
#33	Game & Parks	Aid	42,011	42,011	42,011	0	0.0%	0	0.0%
#33	Game & Parks	Oper	12,031,872	11,548,608	11,643,352	(483,264)	-4.0%	94,744	0.8%
#33	Game & Parks	Total	12,073,883	11,590,619	11,685,363	(483,264)	-4.0%	94,744	0.8%
#34	Library Commission	Aid	1,295,085	1,295,085	1,295,085	0	0.0%	0	0.0%
#34	Library Commission	Oper	2,790,888	2,563,369	2,619,011	(227,519)	-8.2%	55,642	2.2%
#34	Library Commission	Total	4,085,973	3,858,454	3,914,096	(227,519)	-5.6%	55,642	1.4%
#35	Liquor Control	Oper	1,298,648	1,285,304	1,299,895	(13,344)	-1.0%	14,591	1.1%
#35	Liquor Control	Total	1,298,648	1,285,304	1,299,895	(13,344)	-1.0%	14,591	1.1%
#46	Correctional Services	Aid	3,500,000	3,500,000	3,500,000	0	0.0%	0	0.0%
#46	Correctional Services	Oper	204,158,501	207,907,950	212,422,262	3,749,449	1.8%	4,514,312	2.2%
#46	Correctional Services	Total	207,658,501	211,407,950	215,922,262	3,749,449	1.8%	4,514,312	2.1%
#47	NETC	Oper	10,329,068	10,095,589	10,170,817	(233,479)	-2.3%	75,228	0.7%
#47	NETC	Total	10,329,068	10,095,589	10,170,817	(233,479)	-2.3%	75,228	0.7%
#48	Coordinating Comm	Aid	7,853,156	7,853,156	7,853,156	0	0.0%	0	0.0%
#48	Coordinating Comm	Oper	1,403,607	1,282,591	1,304,051	(121,016)	-8.6%	21,460	1.7%
#48	Coordinating Comm	Total	9,256,763	9,135,747	9,157,207	(121,016)	-1.3%	21,460	0.2%
#50	State Colleges	Oper	52,404,248	52,142,227	52,142,227	(262,021)	-0.5%	0	0.0%
#50	State Colleges	Total	52,404,248	52,142,227	52,142,227	(262,021)	-0.5%	0	0.0%
#51	University of Nebraska	Oper	583,068,732	570,601,388	580,551,388	(12,467,344)	-2.1%	9,950,000	1.7%
#51	University of Nebraska	Total	583,068,732	570,601,388	580,551,388	(12,467,344)	-2.1%	9,950,000	1.7%
#54	Historical Society	Oper	4,652,409	4,413,966	4,400,113	(238,443)	-5.1%	(13,853)	-0.3%
#54	Historical Society	Total	4,652,409	4,413,966	4,400,113	(238,443)	-5.1%	(13,853)	-0.3%
#64	State Patrol	Oper	60,113,441	61,047,081	61,540,095	933,640	1.6%	493,014	0.8%
#64	State Patrol	Total	60,113,441	61,047,081	61,540,095	933,640	1.6%	493,014	0.8%
#65	Admin Services (DAS)	Oper	8,880,092	8,634,083	8,704,715	(246,009)	-2.8%	70,632	0.8%
#65	Admin Services (DAS)	Total	8,880,092	8,634,083	8,704,715	(246,009)	-2.8%	70,632	0.8%
#67	Equal Opportunity	Oper	1,262,802	1,271,927	1,286,078	9,125	0.7%	14,151	1.1%
#67	Equal Opportunity	Total	1,262,802	1,271,927	1,286,078	9,125	0.7%	14,151	1.1%
#68	Latino American Comm.	Oper	207,834	207,673	211,023	(161)	-0.1%	3,350	1.6%
#68	Latino American Comm.	Total	207,834	207,673	211,023	(161)	-0.1%	3,350	1.6%
#69	Arts Council	Aid	943,069	943,069	943,069	0	0.0%	0	0.0%
#69	Arts Council	Oper	618,415	595,401	590,041	(23,014)	-3.7%	(5,360)	-0.9%
#69	Arts Council	Total	1,561,484	1,538,470	1,533,110	(23,014)	-1.5%	(5,360)	-0.3%
#70	Foster Care Review	Oper	1,865,446	2,061,909	2,085,530	196,463	10.5%	23,621	1.1%
#70	Foster Care Review	Total	1,865,446	2,061,909	2,085,530	196,463	10.5%	23,621	1.1%
#71	State Energy Office	Oper	218,472	0	0	(218,472)	-100.0%	0	na
#71	State Energy Office	Total	218,472	0	0	(218,472)	-100.0%	0	na

		Type	w/o deficits FY2016-17	Enacted FY2017-18	Enacted FY2018-19	FY18 vs Prior Yr		FY19 vs Prior Yr	
						\$ Chnge	% Chnge	\$ Chnge	% Chnge
#72	Economic Development	Aid	7,360,000	6,821,200	6,821,200	(538,800)	-7.3%	0	0.0%
#72	Economic Development	Oper	5,351,328	4,893,419	4,949,395	(457,909)	-8.6%	55,976	1.1%
#72	Economic Development	Total	12,711,328	11,714,619	11,770,595	(996,709)	-7.8%	55,976	0.5%
#76	Indian Affairs Comm.	Oper	245,701	225,825	230,128	(19,876)	-8.1%	4,303	1.9%
#76	Indian Affairs Comm.	Total	245,701	225,825	230,128	(19,876)	-8.1%	4,303	1.9%
#77	Industrial Relations	Oper	325,660	323,974	327,466	(1,686)	-0.5%	3,492	1.1%
#77	Industrial Relations	Total	325,660	323,974	327,466	(1,686)	-0.5%	3,492	1.1%
#78	Crime Commission	Aid	7,823,828	7,823,828	7,823,828	0	0.0%	0	0.0%
#78	Crime Commission	Oper	4,857,995	4,646,440	4,675,150	(211,555)	-4.4%	28,710	0.6%
#78	Crime Commission	Total	12,681,823	12,470,268	12,498,978	(211,555)	-1.7%	28,710	0.2%
#81	Blind & Visually Impaired	Aid	176,890	216,890	216,890	40,000	22.6%	0	0.0%
#81	Blind & Visually Impaired	Oper	971,637	989,650	1,000,058	18,013	1.9%	10,408	1.1%
#81	Blind & Visually Impaired	Total	1,148,527	1,206,540	1,216,948	58,013	5.1%	10,408	0.9%
#82	Deaf & Hard of Hearing	Oper	1,016,914	993,187	1,003,151	(23,727)	-2.3%	9,964	1.0%
#82	Deaf & Hard of Hearing	Total	1,016,914	993,187	1,003,151	(23,727)	-2.3%	9,964	1.0%
#83	Community Colleges	Aid	100,828,308	100,324,166	99,329,166	(504,142)	-0.5%	(995,000)	-1.0%
#83	Community Colleges	Total	100,828,308	100,324,166	99,329,166	(504,142)	-0.5%	(995,000)	-1.0%
#84	Environmental Quality	Aid	2,141,196	316,200	316,200	(1,824,996)	-85.2%	0	0.0%
#84	Environmental Quality	Oper	3,922,413	3,678,502	3,726,752	(243,911)	-6.2%	48,250	1.3%
#84	Environmental Quality	Total	6,063,609	3,994,702	4,042,952	(2,068,907)	-34.1%	48,250	1.2%
#85	Retirement Board	Oper	47,303,239	48,588,600	52,179,000	1,285,361	2.7%	3,590,400	7.4%
#85	Retirement Board	Total	47,303,239	48,588,600	52,179,000	1,285,361	2.7%	3,590,400	7.4%
#87	Account/Disclosure	Oper	498,468	479,160	486,044	(19,308)	-3.9%	6,884	1.4%
#87	Account/Disclosure	Total	498,468	479,160	486,044	(19,308)	-3.9%	6,884	1.4%
#91	Tourism Commission	Aid	250,000	0	0	(250,000)	-100.0%	0	na
#91	Tourism Commission	Oper	0	0	0	0	na	0	na
#91	Tourism Commission	Total	250,000	0	0	(250,000)	-100.0%	0	na
#93	Tax Equal/Review TERC	Oper	837,359	860,905	873,110	23,546	2.8%	12,205	1.4%
#93	Tax Equal/Review TERC	Total	837,359	860,905	873,110	23,546	2.8%	12,205	1.4%
Construction-Total		Total	22,239,000	21,739,000	21,739,000	(500,000)	-2.2%	0	0.0%
OPERATIONS			1,580,659,703	1,570,199,266	1,601,110,898	(10,460,437)	-0.7%	30,911,632	2.0%
STATE AID			2,808,792,134	2,806,074,350	2,840,565,879	(2,717,784)	-0.1%	34,491,529	1.2%
CONSTRUCTION			22,239,000	21,739,000	21,739,000	(500,000)	-2.2%	0	0.0%
TOTAL GENERAL FUNDS			4,411,690,837	4,398,012,616	4,463,415,777	(13,678,221)	-0.3%	65,403,161	1.5%

# General Fund State Aid by Aid Program

FY18 / FY19 Biennial Budget as Enacted in the 2017 Legislative Session

		w/o deficits FY2016-17	Enacted FY2017-18	Enacted FY2018-19	FY18 vs Prior Yr		FY19 vs Prior Yr	
					\$ Chnge	% Chnge	\$ Chnge	% Chnge
Courts	Court Appointed Special Advocate	300,000	300,000	300,000	0	0.0%	0	0.0%
Education	TEEOSA State Aid to Education	952,153,581	970,011,577	996,731,953	17,857,996	1.9%	26,720,376	2.8%
Education	Special Education	222,063,117	224,283,748	226,526,585	2,220,631	1.0%	2,242,837	1.0%
Education	Aid to ESU's	14,051,761	13,630,208	13,630,208	(421,553)	-3.0%	0	0.0%
Education	High ability learner programs	2,342,962	2,342,962	2,342,962	0	0.0%	0	0.0%
Education	Early Childhood grant program	3,770,164	3,619,357	3,619,357	(150,807)	-4.0%	0	0.0%
Education	Early Childhood Endowment	5,000,000	5,000,000	5,000,000	0	0.0%	0	0.0%
Education	Nurturing Healthy Behaviors	400,000	400,000	400,000	0	0.0%	0	0.0%
Education	School Lunch	392,032	392,032	392,032	0	0.0%	0	0.0%
Education	Textbook loan program	465,500	465,500	465,500	0	0.0%	0	0.0%
Education	School Breakfast reimbursement	561,042	561,042	561,042	0	0.0%	0	0.0%
Education	Adult Education	214,664	214,664	214,664	0	0.0%	0	0.0%
Education	Learning Communities Aid	500,000	500,000	500,000	0	0.0%	0	0.0%
Education	Summer Food Service grants	130,000	90,000	90,000	(40,000)	-30.8%	0	0.0%
Education	High School Equivalency Assistance	750,000	750,000	750,000	0	0.0%	0	0.0%
Education	Step Up Quality Child Care - Scholarship	100,000	100,000	100,000	0	0.0%	0	0.0%
Education	Step Up Quality Child Care - Bonuses	69,000	69,000	69,000	0	0.0%	0	0.0%
Education	Master Teacher Program	470,000	0	0	(470,000)	-100.0%	0	na
Education	Vocational Rehabilitation	0	9,099	49,289	9,099	na	40,190	441%
Revenue	Homestead Exemption	72,515,000	78,200,000	81,000,000	5,685,000	7.8%	2,800,000	3.6%
Revenue	Personal Property Tax Relief Act	19,600,000	15,200,000	16,200,000	(4,400,000)	-22.4%	1,000,000	6.6%
Agriculture	Riparian Vegetation grants	975,000	475,000	475,000	(500,000)	-51.3%	0	0.0%
DHHS	Behavioral Health Aid	73,844,769	72,243,240	72,243,240	(1,601,529)	-2.2%	0	0.0%
DHHS	Medical student assistance/RHOP	787,086	709,086	709,086	(78,000)	-9.9%	0	0.0%
DHHS	Children's Health Insurance (SCHIP)	6,440,394	6,163,940	6,208,871	(276,454)	-4.3%	44,931	0.7%
DHHS	Public Assistance	108,094,067	104,794,067	104,794,067	(3,300,000)	-3.1%	0	0.0%
DHHS	Medicaid	850,259,344	833,065,260	836,840,033	(17,194,084)	-2.0%	3,774,773	0.5%
DHHS	Child Welfare aid	160,193,618	166,067,300	166,067,300	5,873,682	3.7%	0	0.0%
DHHS	Developmental disabilities aid	150,667,981	149,225,944	148,089,366	(1,442,037)	-1.0%	(1,136,578)	-0.8%
DHHS	Community health centers	5,783,060	5,783,060	5,783,060	0	0.0%	0	0.0%
DHHS	Health Aid	6,917,612	6,192,491	6,192,491	(725,121)	-10.5%	0	0.0%
DHHS	Care Management	2,315,560	2,315,560	2,315,560	0	0.0%	0	0.0%
DHHS	Area agencies on aging	8,134,141	8,134,141	8,134,141	0	0.0%	0	0.0%
Nat Res	Nebr Water Conservation Fund	2,318,036	1,881,367	1,881,367	(436,669)	-18.8%	0	0.0%
Nat Res	Resources Development Fund	3,140,325	3,140,325	3,140,325	0	0.0%	0	0.0%
Postsecond	Nebr Opportunity Grant Program	6,868,156	6,868,156	6,868,156	0	0.0%	0	0.0%
Postsecond	Access College Early Scholarship	985,000	985,000	985,000	0	0.0%	0	0.0%
Arts Council	Aid to arts programs	943,069	943,069	943,069	0	0.0%	0	0.0%
DED	State aid to development districts	500,000	500,000	500,000	0	0.0%	0	0.0%
DED	Business Innovation Act	6,760,000	6,271,200	6,271,200	(488,800)	-7.2%	0	0.0%
DED	Grow Nebraska	100,000	50,000	50,000	(50,000)	-50.0%	0	0.0%



		w/o deficits FY2016-17	Enacted FY2017-18	Enacted FY2018-19	FY18 vs Prior Yr		FY19 vs Prior Yr	
					\$ Chnge	% Chnge	\$ Chnge	% Chnge
Crime Comm	Juvenile services grants	587,812	587,812	587,812	0	0.0%	0	0.0%
Crime Comm	Community Based Juvenile Services	6,300,000	6,300,000	6,300,000	0	0.0%	0	0.0%
Crime Comm	Crimestoppers program	13,457	13,457	13,457	0	0.0%	0	0.0%
Crime Comm	County Justice Reinvestment Grants	500,000	500,000	500,000	0	0.0%	0	0.0%
Crime Comm	Victim Witness assistance	52,559	52,559	52,559	0	0.0%	0	0.0%
Crime Comm	Crime Victims reparations	20,000	20,000	20,000	0	0.0%	0	0.0%
Crime Comm	Violence Prevention Grants	350,000	350,000	350,000	0	0.0%	0	0.0%
Blind&Vis Imp	Blind rehabilitation	176,890	216,890	216,890	40,000	22.6%	0	0.0%
C Colleges	Aid to Community Colleges	100,828,308	100,324,166	99,329,166	(504,142)	-0.5%	(995,000)	-1.0%
Environ Qlty	Superfund cleanup	316,200	316,200	316,200	0	0.0%	0	0.0%
Environ Qlty	Storm Water Management grants	1,824,996	0	0	(1,824,996)	-100.0%	0	na
Tourism	Tourism grant program	250,000	0	0	(250,000)	-100.0%	0	na
Individuals/Other		1,398,520,670	1,378,600,757	1,381,324,073	(19,919,913)	-1.4%	2,723,316	0.2%
Local Government		1,410,271,464	1,427,473,593	1,459,241,806	17,202,129	1.2%	31,768,213	2.2%
Total General Fund State Aid		2,808,792,134	2,806,074,350	2,840,565,879	(2,717,784)	-0.1%	34,491,529	1.2%

# General Fund Appropriations by Bill

Description	FY2016-17	FY2017-18	FY2018-19
LB 327 Mainline Budget Bill	0	4,347,153,227	4,412,485,566
LB 328 Legislator Salaries	0	632,982	632,982
LB 329 Constitutional Officers Salaries	0	27,860,129	28,031,635
LB 330 Capital Construction	0	21,739,000	21,739,000
LB 22 Early Deficits	(64,887,751)	0	0
LB 149 Other Deficit adjustments	(2,449,528)	0	0
LB 171 State Claims	394,853	0	0
<b>Subtotal-Mainline Bills</b>	<b>(66,942,426)</b>	<b>4,397,385,338</b>	<b>4,462,889,183</b>
LB 10 Increase number of juvenile court judges	0	251,479	289,552
LB 225 Alternative response, child abuse reports	0	in LB 327	in LB 327
LB 259 Competency determinations, county courts	0	0	0
LB 268 Change notification provisions, Medicaid	0	152,140	(196,646)
LB 333 Develop Disability entitlement, two year exclusion	0	0	0
LB 335 Change provisions, child care market rate survey	0	in LB 327	in LB 327
LB 409 Change TEEOSA aid, base limitation and LER	0	in LB 327	in LB 327
LB 512 Change multiple provisions related to education	0	(46,402)	(46,402)
LB 647 Change judges' salaries	0	270,061	480,090
LB 242 Funding, student recruitment, behavioral health professions	0	*	*
LB 416 Funding, bilingual investigators	0	*	*
LB 493 Funding, maintain the DHHS Network of Care	0	*	*
LB 513 Funding, base rate increase for certain hospital services	0	*	*
LB 514 Funding, Justice Reinvestment Initiative Coordinator (UNO)	0	*	*
LB 580 Funding, Office of Violence Prevention	0	*	*
<b>Subtotal-"A" Bills</b>	<b>0</b>	<b>627,278</b>	<b>526,594</b>
<b>Total-Appropriations Bills (General Funds)</b>	<b>(66,942,426)</b>	<b>4,398,012,616</b>	<b>4,463,415,777</b>

\* Impact of these bills (or some portion of the bill) was incorporated into the mainline budget bills

# General Fund Vetoes and Overrides

Even though there were several attempts to override selected items, none where successful and all vetoes were sustained

Agency	Prog	Item	Type	FY2017-18	FY2018-19	
3	Leg Council	122	Reduce amount sent to Governor by 1/2%	Oper	(48,766)	(49,462)
3	Leg Council	123	Reduce amount sent to Governor by 1/2%	Oper	(20,070)	(20,307)
3	Leg Council	126	Reduce amount sent to Governor by 1/2%	Oper	(3,488)	(3,539)
3	Leg Council	129	Reduce amount sent to Governor by 1/2%	Oper	(3,461)	(3,508)
3	Leg Council	504	Reduce amount sent to Governor by 1/2%	Oper	(7,808)	(7,925)
3	Leg Council	638	Reduce amount sent to Governor by 1/2%	Oper	(8,425)	(8,515)
5	Courts	52	Reduce amount sent to Governor by 1/2%	Oper	(172,426)	(179,474)
5	Courts	67	Reduce amount sent to Governor by 1/2%	Oper	(148,238)	(152,233)
5	Courts	420	Reduce amount sent to Governor by 1/2%	Oper	(13,347)	(13,481)
5	Courts	437	Reduce amount sent to Governor by 1/2%	Oper	(357,690)	(358,992)
7	Governor	18	Reduce amount sent to Governor by 1/2%	Oper	(3,391)	(3,430)
9	Sec of State	45	Reduce amount sent to Governor by 1/2%	Oper	(9,690)	(8,846)
10	Auditor	506	Reduce amount sent to Governor by 1/2%	Oper	(12,230)	(12,367)
11	Attorney Gen	507	Reduce amount sent to Governor by 1/2%	Oper	(31,909)	(32,241)
12	Treasurer	24	Reduce amount sent to Governor by 1/2%	Oper	(5,659)	(5,696)
13	Education	25	Reduce amount sent to Governor by 1/2%	Oper	(79,650)	(80,258)
13	Education	351	Reduce amount sent to Governor by 1/2%	Oper	(25,416)	(26,393)
13	Education	401	Reduce amount sent to Governor by 1/2%	Oper	(10,268)	(10,269)
13	Education	402	Reduce amount sent to Governor by 1/2%	Oper	(10,144)	(10,145)
15	Parole Board	358	Reduce amount sent to Governor by 1/2%	Oper	(33,399)	(35,679)
16	Revenue	102	Reduce amount sent to Governor by 1/2%	Oper	(126,222)	(126,291)
16	Revenue	112	Reduce amount sent to Governor by 1/2%	Oper	(8,770)	(9,880)
21	Fire Marshal	193	Reduce amount sent to Governor by 1/2%	Oper	(15,792)	(16,414)
25	DHHS	33	Reduce amount sent to Governor by 1/2%	Oper	(537,630)	(548,785)
28	Vets Affiars	36	Reduce amount sent to Governor by 1/2%	Oper	(11,339)	(11,628)
31	Military	545	Reduce amount sent to Governor by 1/2%	Oper	(6,946)	(6,958)
32	Ed Lands	529	Reduce amount sent to Governor by 1/2%	Oper	(1,913)	(1,739)
33	Game & Parks	336	Reduce amount sent to Governor by 1/2%	Oper	(6,816)	(6,898)
33	Game & Parks	337	Reduce amount sent to Governor by 1/2%	Oper	(4,141)	(4,184)
33	Game & Parks	550	Reduce amount sent to Governor by 1/2%	Oper	(2,291)	(2,315)
35	Liquor	73	Reduce amount sent to Governor by 1/2%	Oper	(6,459)	(6,532)
47	NETC	533	Reduce amount sent to Governor by 1/2%	Oper	(48,486)	(48,851)
50	St Colleges	48	Reduce amount sent to Governor by 1/2%	Oper	(262,021)	(262,021)
51	University	781	Reduce amount sent to Governor by 1/2%	Oper	(2,867,344)	(2,917,344)
64	Patrol	100	Reduce amount sent to Governor by 1/2%	Oper	(298,655)	(302,427)
64	Patrol	630	Reduce amount sent to Governor by 1/2%	Oper	(1,269)	(1,269)
64	Patrol	850	Reduce amount sent to Governor by 1/2%	Oper	(6,845)	(5,551)

Agency	Prog	Item	Type	FY2017-18	FY2018-19
65 DAS	608	Reduce amount sent to Governor by 1/2%	Oper	(2,060)	(2,084)
65 DAS	685	Reduce amount sent to Governor by 1/2%	Oper	(21,471)	(21,598)
67 Equal Opp	59	Reduce amount sent to Governor by 1/2%	Oper	(6,392)	(6,463)
68 Latino-Amer	537	Reduce amount sent to Governor by 1/2%	Oper	(1,044)	(1,060)
70 Foster Care	116	Reduce amount sent to Governor by 1/2%	Oper	(9,457)	(9,576)
77 CIR	531	Reduce amount sent to Governor by 1/2%	Oper	(1,298)	(1,316)
78 Crime Com	199	Reduce amount sent to Governor by 1/2%	Oper	(10,403)	(10,441)
78 Crime Com	203	Reduce amount sent to Governor by 1/2%	Oper	(1,602)	(1,620)
81 Blind/Vis Imp	357	Reduce amount sent to Governor by 1/2%	Oper	(4,973)	(5,025)
82 Deaf / HoH	578	Reduce amount sent to Governor by 1/2%	Oper	(4,991)	(5,041)
83 Comm College	151	Reduce amount sent to Governor by 1/2%	Aid	(504,142)	(499,142)
93 TERC	115	Reduce amount sent to Governor by 1/2%	Oper	(4,326)	(4,387)
25 DHHS	38	Provider rates to Governors original level	Aid	(1,186,633)	(1,186,633)
25 DHHS	348	Provider rates to Governors original level	Aid	(11,810,514)	(11,810,514)
25 DHHS	354	Provider rates to Governors original level	Aid	(640,914)	(640,914)
25 DHHS	424	Provider rates to Governors original level	Aid	(3,226,428)	(3,226,428)
99 Construction	102	Adjust timing, Capitol HVAC funding	Const	0	(11,062,790)
Totals-Mainline				(22,655,062)	(33,796,879)

# **APPROPRIATIONS ALL FUND SOURCES**



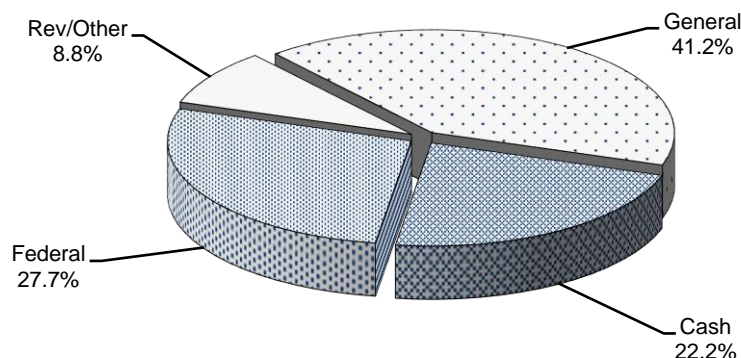
# Appropriations - All Fund Sources

This section of the report reflects the enacted budget for all funds sources, not just General Funds. Table 34 contains the overall total appropriations by fund source broken down by operations, state aid and capital construction. Following the table is a description of each type of fund source and highlights of major increases inside of each fund category

Table 34 Biennial Budget as Enacted - All Fund Sources

	General	Cash	Federal	Rev/Other	Total
<b><u>FY2016-17 (w/o deficits)</u></b>					
Agency Operations	1,580,659,703	1,712,040,037	897,625,296	893,124,946	5,083,449,982
State Aid	2,808,792,134	562,320,557	2,103,183,475	2,283,884	5,476,580,050
Capital Construction	22,239,000	44,893,930	0	19,363,212	86,496,142
FY2016-17 Total	4,411,690,837	2,319,254,524	3,000,808,771	914,772,042	10,646,526,174
<b><u>FY2017-18</u></b>					
Agency Operations	1,570,199,266	1,730,681,135	927,075,755	901,850,958	5,129,807,114
State Aid	2,806,074,350	597,226,422	2,030,741,312	2,283,884	5,436,325,968
Capital Construction	21,739,000	46,264,430	595,000	37,355,712	105,954,142
FY2017-18 Total	4,398,012,616	2,374,171,987	2,958,412,067	941,490,554	10,672,087,224
Change over prior year					
Dollar	(13,678,221)	54,917,463	(42,396,704)	26,718,512	25,561,050
Percent	-0.3%	2.4%	-1.4%	2.9%	0.2%
<b><u>FY2018-19</u></b>					
Agency Operations	1,601,110,898	1,737,975,053	917,281,875	901,166,915	5,157,534,741
State Aid	2,840,565,879	590,979,990	2,079,270,260	2,283,884	5,513,100,013
Capital Construction	21,739,000	40,080,930	2,015,000	44,598,496	108,433,426
FY2018-19 Total	4,463,415,777	2,369,035,973	2,998,567,135	948,049,295	10,779,068,180
Change over prior year					
Dollar	65,403,161	(5,136,014)	40,155,068	6,558,741	106,980,956
Percent	1.5%	-0.2%	1.4%	0.7%	1.0%
2 Yr Average % Change	0.6%	1.1%	0.0%	1.8%	0.6%

FY2017-18 Total Appropriations by Fund



## Cash Funds

These funds are used to account for the revenues and expenditures of dedicated fees and charges. Unlike the single General Fund, there are more than 200 individual cash funds contained in 70 different agencies. Only 7 agencies do not have some cash funds although many are very small amounts. In many instances, an agency has multiple cash funds. For example, the Dept. of Agriculture has over 20 different cash funds. Monies held in these funds generally can only be used for the specific purpose for which the fund was created. Cash funds are used to account for revenues such as University and State College tuition and fees, hunting/fishing permits, highway revenues (gas tax and sales tax on motor vehicles), and agricultural commodity check-off fees. In addition, most inspection, regulatory, and license fees and charges, are dedicated to and accounted for through the use of cash funds.

An increasingly large portion of cash funds is now the Property Tax Credit Fund where the source of monies for the cash fund are actually General Fund transfers. This now amounts to \$224 million and moves the Dept. of Revenue to the third highest in cash fund appropriations.

CASH FUNDS	FY2016-17	FY2017-18	FY2018-19	% of Total
Transportation	881,897,959	900,939,963	904,690,862	37.9%
University of Nebraska	437,717,057	437,717,057	437,717,057	18.4%
Revenue	233,586,700	252,842,788	252,751,076	10.6%
Health & Human Services (DHHS)	180,443,564	167,919,583	168,033,002	7.1%
Public Service Comm	88,813,714	88,948,523	88,996,705	3.7%
Game and Parks	77,070,161	80,306,431	81,617,343	3.4%
Construction	44,893,930	46,264,430	40,080,930	1.9%
Motor Vehicles	26,042,077	39,589,681	34,951,669	1.7%
State Colleges	38,025,445	38,025,445	38,025,445	1.6%
Environmental Quality	36,431,350	36,538,467	36,633,904	1.5%
All Other	274,332,567	285,079,619	285,537,980	12.0%
Total - Cash Funds	2,319,254,524	2,374,171,987	2,369,035,973	100.0%
\$ Change		54,917,463	(5,136,014)	
% Change		2.4%	-0.2%	

The Dept. of Transportation (includes former Dept. of Aeronautics) accounts for 38% of cash fund revenues and expenditures while the University of Nebraska accounts for 18%. The Dept. of Revenue accounts for 10.6% of the total as the \$224 million property tax credits are expended as cash funds.

The enacted budget for FY17-18 reflects a 2.4% increase in cash fund appropriations. About 42% of the increase is from the \$20 million increase in the Property Tax Credit. Excluding this item cash funds increased about 1.5%. Other significant increases include \$24.7 for a DMV vehicle title registration system modernization project.

## Department of Transportation

The budget passed by the Legislature (prior to the Governor's veto) used revenue projections prepared by the Department of Transportation in March to set the fuel tax at a projected average of 28.1¢ in FY17-18 and 29.6¢ in FY18-19. These are the same tax rates that were requested in the department's budget and were included in the Governor's budget recommendation. The increase in the tax rate each year reflects the 1.5¢ incremental increase



caused by LB610 (2015). The fuel tax is controlled by the size of the Highway Cash Fund (HCF) appropriation and March revenue projections required an appropriation of \$441,900,000 in FY17-18, and \$448,600,000 in FY18-19, to maintain an average tax rate of 28.1¢ and 29.6¢ respectively. This HCF appropriation is \$25,500,000 higher than the department requested in their budget for the biennium due to the revised revenue projections.

The Governor ultimately vetoed the HCF appropriation back to his original recommendation of \$437,500,000 for FY17-18 and \$446,500,000 for FY18-19 and there was no override attempt. The lowering of the HCF appropriation reduced the projected average fuel tax for FY17-18 to 27.9¢, which was .2¢ lower than what the Governor originally recommended in his budget, and kept the projected average rate for FY18-19 at 29.6¢. [Note: Revenue projections were revised again in June and the actual July 1, 2017 fuel tax turned out to be 27.0¢, with the average projected to be 27.8¢ for FY17-18. The average for FY18-19 is now projected to be 29.3¢.] The department will also receive additional sales tax revenue (LB84 revenue) because of the decision of Amazon to begin remitting sales tax to the state. The department's share of this revenue will be deposited into the State Highway Capital Improvement Fund and is estimated to total \$1,142,000 in FY17-18 and \$1,268,000 in FY18-19.

The budget includes several areas where cost savings or changes to the department's request have allowed money to be reallocated for additional highway construction. These include lower salary and health insurance increases, lower leasing and user fee costs for radios on the statewide radio system, and a decision to reduce the request for capital construction. The increase in highway construction funding from these items total \$5,439,600 in FY17-18 and \$11,782,891 in FY18-19.

Under the budget passed by the Legislature (prior to the HCF veto), when the additional state revenue from the higher Highway Cash Fund appropriation and the Amazon sales tax are combined with the cost savings/reallocation mentioned previously the amount of funding for highway construction is increased by \$45,132,491 for the biennium compared to the department's original budget request. The Governor's veto of the HCF appropriation reduced this increase in highway construction funding for the biennium down to \$38,632,491.

The Legislature's budget (prior to veto) also transferred \$30,000,000 from the Roads Operations Cash Fund to the General Fund (\$15 million each year), but the Governor vetoed this \$30,000,000 transfer back to \$15,000,000 (\$7.5 million each year). The net effect of the Governor's veto of the Highway Cash Fund appropriation (\$6,500,000 revenue reduction), and the veto of the transfer to the General Fund (\$15 million revenue increase), is an \$8,500,000 increase in highway construction funding over the budget recommendation passed by the Legislature.

## **Vehicle Title Registration System Modernization Project**

The budget includes \$14,598,490 in FY17-18 and \$10,134,987 in FY18-19 for modernization of the motor vehicle title registration system. The Legislature began a process to replace the Vehicle Title Registration System (VTR) with a cash fund appropriation provided during the 2014 Session. The VTR system is complex in nature and handled over 3.5 million vehicle registration and title transactions in CY2015 and collected over \$650 million in fees and taxes. DMV has hired a project manager to oversee the project.

A consultant was hired to assess the current system and provide recommendations on a new system. Based on the recommendations, DMV issued a Request for Proposal (RFP) to select a

vendor for the project. Six vendors submitted information and only four provided cost estimates. The estimates for one-time costs ranged from \$15 - \$26.5 million and annual costs to operate the system from \$1 - \$4 million. Due to the significant range in estimates, DMV used a mid-range for each vendor and then averaged the three to develop the budget request.

The following chart shows a breakdown of the estimates by broad category:

Software License	2,416,667
Integration Services (design, testing, deployment)	15,083,333
Data Migration	1,145,000
Training	875,000
Hardware	1,250,000
Project Management	1,200,000
Total	\$ 21,970,000

The project is scheduled to begin in July 2017 with plans for the base system to be implemented and operational in September 2019. The request includes about \$13 million in FY18 and \$8.8 million in FY19 for contracted project costs. In addition, DMV is requesting funds for 3.0 FTE technology positions to support the new system on an on-going basis. Eleven temporary positions are requested to cover for eleven current DMV employees who will be assigned to the project. These temporary positions will continue until the new system is in place. The funding for the new system is provided by the VTR Replacement and Maintenance Fund. The fund was established in 2014 with a transfer of \$12.5 million from the DMV Cash Fund. An additional \$5,325,000 is authorized to be transferred from the DMV Cash Fund on or before June 20, 2017. In addition, the Legislature passed LB 977 (2016) to place 1% of motor vehicle tax proceeds in the VTR Replacement and Maintenance Fund beginning July 1, 2016. This source of revenue will provide about \$2.7 million to the fund in FY17.

## Property Tax Credit Fund

Under this program transfers are made to the Property Tax Credit Cash Fund at the discretion of the Legislature. Based on the amount of funds available, monies are then allocated to counties by the ratio of the real property valuation in the county to the real property valuation in the state. Counties then allocate funds as credit to each tax payer again based on their proportionate value. Enacted in 2007, the amount available for credits was \$105 million in FY07-08, and \$115 million in FY08-09 through FY13-14. During the 2014 session, the FY14-15 amount was increased to \$140 million. In the 2015 session, the credit was increased by \$64 million increase to a total of \$204 million.

In the 2016 session, LB 958 made several changes dealing with the Property Tax Credit Act. Previously the property tax credit was distributed based on 100% of the taxable value of real property. Under LB 958, the credit is distributed using "credit allocation valuation" which is 120% of agricultural and horticultural land taxable value and 100% for all other real property except agricultural and horticultural land. This change would shift \$20 million of the property tax credit amounts from residential, commercial and industrial, and public service sectors to agriculture so to hold these other sectors harmless, LB958 provided language that the credit amount should be increased by \$20 million to a total of \$224 million.

Table 35 shows the allocation amounts, credit valuations (valuation on which the credit allocation is derived), amount of credit per \$100,000 of credit valuation and the property tax credit amount as a percent of property taxes levied.

Table 35 Property Tax Credit Allocations

Tax Year	State Total	Credit Valuations (with PS/RR)	Credit Per	Credit Per	Credit as % of Taxes Levied
			\$100,000 Credit Value	\$100,000 Ag Actual Value	
2007	\$105,000,000	126,173,249,573	\$83.22	\$83.22	4.1%
2008	\$115,000,000	133,526,060,086	\$86.13	\$86.13	4.2%
2009	\$115,000,000	139,872,647,990	\$82.22	\$82.22	4.0%
2010	\$115,000,000	145,728,785,008	\$78.91	\$78.91	3.8%
2011	\$115,000,000	152,707,187,248	\$75.31	\$75.31	3.7%
2012	\$115,000,000	160,846,501,888	\$71.50	\$71.50	3.6%
2013	\$115,000,000	174,325,264,970	\$65.97	\$65.97	3.4%
2014	\$140,000,000	195,702,533,235	\$71.54	\$71.54	3.9%
2015	\$204,000,000	216,818,552,715	\$94.09	\$94.09	5.4%
2016	\$204,000,000	227,744,774,746	\$89.57	\$89.57	5.2%
2017 est	\$224,000,000	270,244,544,710	\$82.89	\$109.70	5.7%
2018 est	\$224,000,000	na	na		na

In the estimates for 2017, the credit valuation amounts include the adjustment to 120% of value for agricultural land. The credit per \$100,000 of \$82.89 is derived based on the credit allocation value. For agricultural land, the credit per \$100,000 of taxable valuation is \$109.70.

The distribution of the property tax credits by sector ie... agriculture, residential, commercial and industrial and public service and railroad companies is shown in Table 36. Since the property tax credit is distributed solely based on valuation, the high growth in agricultural land values and flat valuation in residential has resulted in a shift in the credit distribution from residential to agricultural. The 2017 estimated breakdown reflects the new provisions of adjusting ag land valuation for credit purposes in LB958-2016.

Table 36 Property Tax Credit by Sector

Tax Year	% of Total Property Tax Credit			
	Agricultural	Residential	Comm/Indust	PS/RR
2007	24.1%	55.7%	18.7%	1.5%
2008	25.1%	54.5%	18.8%	1.6%
2009	26.8%	52.7%	18.7%	1.7%
2010	28.7%	51.2%	18.1%	1.9%
2011	30.6%	49.4%	17.8%	2.1%
2012	32.1%	46.9%	18.8%	2.1%
2013	36.2%	43.9%	17.8%	2.0%
2014	41.5%	40.3%	16.3%	1.9%
2015	44.5%	38.1%	15.5%	2.0%
2016	45.7%	37.2%	15.2%	1.9%
2017 est	51.8%	33.5%	13.0%	1.6%
2018 est	na	na	na	na

## Enterprise Resource Management Consolidation

The Legislature provided \$12,049,000 of funding for the biennium to the Department of Administrative Services for Enterprise Resource Management Consolidation. State Accounting is responsible for the accounting and payroll processes, internal controls and compliance with state expenditure policies. The current ERP platform and five other separate platforms are being migrated to one cloud-based platform that will accommodate Human Resource Management, Enterprise Resource Management, Biennial Budget Request, and eProcurement. The current ERP platform version was no longer supported by Oracle after March 2017. Upgrading to the current version would have cost approximately \$2.5 million and only have addressed issues for one to two years. Migrating to a cloud-based platform is a long-term solution.

The funding for this project came from Cash Fund transfers to the newly created Accounting Division Cash Fund in amounts as follow:

From	FY2017-18	FY2018-19	2 Yr Total
Building Renewal Allocation Fund	\$1,716,333	\$2,300,000	\$4,016,333
Building Renewal Assessment Fund	\$3,432,667	\$4,600,000	\$8,032,667
Total	\$5,149,000	\$6,900,000	\$12,049,000

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## Federal Funds

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Federal funds account for monies received from the federal government either as grants, contracts, or matching funds. Unlike other fund sources, federal fund appropriations are an estimate and agencies are not limited to the amount shown in the appropriation bills though receipts must meet expenditures. Similar to cash funds, there are numerous individual federal funds contained in the accounting system and they are generally limited to specific uses as authorized by the federal program from which the funds came from. Of the 77 state agencies, 34 receive some level of federal funds.

FEDERAL FUNDS	FY2016-175	FY2017-18	FY2018-19	% of Total
Health & Human Services (DHHS)	1,880,317,348	1,808,744,427	1,844,303,580	61.1%
University of Nebraska	518,129,880	518,129,880	518,129,880	17.5%
Education	370,715,043	372,654,925	374,885,099	12.6%
Labor	50,007,176	47,266,254	47,502,185	1.6%
State Colleges	46,739,698	46,739,698	46,739,698	1.6%
Environmental Quality	32,054,944	32,154,225	32,242,681	1.1%
Veterans Affairs	0	24,663,084	24,898,861	0.8%
Military Dept	24,175,183	24,567,334	24,680,684	0.8%
Economic Development	26,309,615	21,226,679	21,239,453	0.7%
Crime Commission	10,518,371	19,810,150	19,825,031	0.7%
All Other	41,841,513	42,455,411	44,119,983	1.4%
Total - Federal Funds	3,000,808,771	2,958,412,067	2,998,567,135	100.0%
\$ Change		(42,396,704)	40,155,068	
% Change		-1.4%	1.4%	

Almost all federal funds are in three agencies; Health and Human Services System (62%) where a large portion is for programs such as Medicaid, AFDC and other public assistance program,

University of Nebraska (17.0%), and the Dept. of Education (13%) which is mostly flow through monies to local K-12 schools for programs such as Title 1, School Lunch, and Special Education.

Estimated federal funds decline by 1.5% in FY17-18. In DHHS, a \$100 million reduction in federal funds was simply to adjust their base appropriation to better reflect actual federal fund expenditure levels. Adjusting for that, federal funds would have shown a 1.9% increase, much attributed to the higher Medicaid FMAP rate.

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## Revolving / Other Funds

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Revolving funds account for transactions where one agency provides goods or services to another agency. For example, the Dept. of Education pays DAS-Building Division rent for the State Office Building. The expenditure is charged against the Departments budget (be it General, Cash, or Federal). DAS then receives these funds which are credited to a revolving fund from which DAS pays staff salaries, utilities, cleaning costs, etc... This in essence double-counts expenditures; once when an agency pays another agency for goods/services rendered, the second time when the receiving agency then pays for costs incurred in providing the goods or services. Like cash and federal funds, there are numerous individual revolving funds within the state system. Excluding the University and State Colleges, DAS accounts for 89% of all revolving funds. The Dept. of Correctional Services (through Cornhusker State Industries) accounts for another 7.7%.

About 68% of all revolving fund appropriations are contained within the University and State Colleges. However, unlike the revolving fund definition noted above, revolving funds used by the University and State Colleges account for revenues from dormitories, student unions, agricultural experiment stations, other "enterprise" operations. This separates these revenues from those generated from student tuition and fees that are accounted for as cash funds. Appropriations from the Nebraska Capital Construction Fund (NCCF) are also accounted for in this category as "Other Funds" but are noted separately in the table below. The source of funds for the NCCF has recently been transfers from the Cash Reserve Fund or General Fund for major projects. In past years this included projects such as Innovation Campus, UNMC cancer research towers, and the Central Nebraska Veterans Home.

In FY17-18 there is \$14.2 million and \$26.2 million in FY18-19 related to the Dept. of Correctional Services Reception and Treatment Center construction project.

REVOLVING / OTHER	FY2016-175	FY2017-18	FY2018-19	% of Total
University of Nebraska	637,350,578	637,350,578	637,350,578	67.7%
Admin Services	225,133,398	232,801,092	231,919,588	24.7%
Corrections	18,935,977	19,797,665	19,949,835	2.1%
State Colleges	9,535,829	9,535,829	9,535,829	1.0%
All Other	17,149,775	22,419,098	18,048,135	2.4%
Total - Revolving Funds	898,569,728	912,368,433	907,268,136	96.9%
Nebr Capital Const Fund (NCCF)	16,202,314	29,122,121	40,781,159	3.1%
Total - Revolving/Other Funds	914,772,042	941,490,554	948,049,295	100.0%
\$ Change		26,718,512	6,558,741	
% Change		2.9%	0.7%	

# Appropriations by Bill – All Funds

Table 37 Breakdown by Mainline Bills and A Bills

	General	Cash	Federal	Rev/Other	Total
<b><u>FY2017-18 All Funds by Bill</u></b>					
LB 327 Mainline Budget Bill	4,347,058,227	2,320,485,129	2,957,649,927	904,229,842	10,529,423,125
LB 328 Legislator Salaries	632,982	0	0	0	632,982
LB 329 Constitutional Officers Salaries	27,860,129	1,366,132	0	0	29,226,261
LB 330 Capital Construction	21,834,000	46,264,430	595,000	37,260,712	105,954,142
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Mainline Bills	4,397,385,338	2,368,115,691	2,958,244,927	941,490,554	10,665,236,510
"A" Bills	627,278	6,056,296	167,140	0	6,850,714
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total per 2017 Session	4,398,012,616	2,374,171,987	2,958,412,067	941,490,554	10,672,087,224
<b><u>FY2018-19 All Funds by Bill</u></b>					
LB 327 Mainline Budget Bill	4,412,485,566	2,322,064,499	2,996,780,781	903,450,799	10,634,781,645
LB 328 Legislator Salaries	632,982	0	0	0	632,982
LB 329 Constitutional Officers Salaries	28,031,635	1,373,561	0	0	29,405,196
LB 330 Capital Construction	21,739,000	40,080,930	2,015,000	44,598,496	108,433,426
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Mainline Bills	4,462,889,183	2,363,518,990	2,998,795,781	948,049,295	10,773,253,249
"A" Bills	526,594	5,516,983	(228,646)	0	5,814,931
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total per 2017 Session	4,463,415,777	2,369,035,973	2,998,567,135	948,049,295	10,779,068,180

Table 38 "A" Bills Enacted – 2017 Session

Description	Fund	FY2017-18	FY2018-19
LB 10 Increase number of juvenile court judges	General	251,479	289,552
LB 18 Changes, dental assistant & hygienist licensure and scope	Cash	44,713	59,284
LB 46 Provide for Choose Life License Plates	Cash	9,631	0
LB 91 Change provisions relating to infant health screenings	Cash	0	64,941
LB 180 Bridge orders, transferring juvenile court jurisdiction	Cash	75,000	0
LB 225 Alternative response, child abuse reports	General	GF savings in LB 327	
LB 225 Alternative response, child abuse reports	Cash	300,000	300,000
LB 255 Dialysis Patient Care Technician Registration Act	Cash	28,878	28,878
LB 259 Competency determinations, county courts	General	0	0
LB 259 Competency determinations, county courts	Cash	10,000	130,000
LB 263 Multiple MV changes, electronic dealer services system	Cash	9,631	0
LB 268 Change notification provisions, Medicaid	General	152,140	(196,646)
LB 268 Change notification provisions, Medicaid	Cash	132,818	152,425
LB 268 Change notification provisions, Medicaid	Federal	152,140	(228,646)
LB 289 Changes relating to pandering and sex trafficking	Cash	215,000	0
LB 333 Develop Disability entitlement, two year exclusion	General	0	0
LB 335 Change provisions, child care market rate survey	General	GF savings in LB 327	
LB 339 Create Dept. of Transportation, merge Aeronautics into Roads	Shift Agency 17 to Agency 27 Sec 54		
LB 340 Transfer veterans homes from DHHS to Veterans' Affairs	Shift Agency 25 to Agency 28 Sec 16		
LB 409 Change TEEOSA aid, base limitation and LER	General	GF savings in LB 327	
LB 415 Multiple changes to School and Class V retirement plans	Cash	122,331	0
LB 509 Change provisions relating to the issuance of subpoenas	Cash	90,000	0
LB 512 Change multiple provisions related to education	General	(46,402)	(46,402)
LB 518 Rural Workforce Housing Investment Act. transfer funds	Cash	3,500,000	3,800,000
LB 578 Medicaid rates, ground emergency medical transportation	Cash	15,000	0
LB 578 Medicaid rates, ground emergency medical transportation	Federal	15,000	0
LB 641 Create a Bioscience Innovation Program	Cash	1,492,000	961,000
LB 647 Change judges' salaries	General	270,061	480,090
LB 647 Change judges' salaries	Cash	11,294	22,455
General		627,278	526,594
Cash		6,056,296	5,518,983
Federal		167,140	(228,646)
Revolving		0	0
NCCF		0	0
Total		6,850,714	5,816,931

# Historical Appropriations-All Funds

Table 39 contains historical appropriations from all fund sources for the past 20 years. All years exclude deficit appropriations. Also shown are average growth figures for the past 20 years as well as historical growth in biennial budgets.

Table 39 Historical Appropriations-All Funds

EXCLUDES DEFICITS	General Funds	Cash Funds	Federal Funds	Revolving/Other	Total Funds
FY1995-96 Approp	1,810,178,260	1,016,908,962	1,187,791,863	346,310,774	4,361,189,859
FY1996-97 Approp	1,885,810,146	1,073,119,105	1,148,329,975	370,061,527	4,477,320,753
FY1997-98 Approp	1,979,767,634	1,121,968,313	1,179,866,825	393,815,064	4,675,417,836
FY1998-99 Approp	2,228,579,121	937,301,414	1,288,860,855	445,357,561	4,900,098,951
FY1999-00 Approp	2,323,943,947	1,100,726,077	1,390,725,054	470,160,784	5,285,555,862
FY2000-01 Approp	2,458,789,233	1,130,234,910	1,528,364,447	472,171,086	5,589,559,676
FY2001-02 Approp	2,606,951,336	1,210,661,243	1,602,142,264	492,780,254	5,912,535,097
FY2002-03 Approp	2,621,296,239	1,252,852,263	1,750,158,602	516,844,018	6,141,151,122
FY2003-04 Approp	2,655,289,608	1,285,728,367	1,814,045,740	509,307,018	6,264,370,733
FY2004-05 Approp	2,758,082,724	1,348,606,437	2,150,399,990	538,811,896	6,795,901,047
FY2005-06 Approp	2,972,439,069	1,599,561,441	2,183,758,870	546,381,840	7,302,141,220
FY2006-07 Approp	3,180,850,777	1,515,042,477	2,293,382,276	600,297,850	7,589,573,380
FY2007-08 Approp	3,305,700,963	1,637,701,761	2,215,900,086	643,850,466	7,803,153,276
FY2008-09 Approp	3,481,660,742	1,737,598,483	2,294,400,979	712,318,113	8,225,978,317
FY2009-10 Approp	3,380,864,343	1,762,003,199	2,554,199,664	716,159,796	8,413,227,002
FY2010-11 Approp	3,405,101,292	1,786,208,029	2,783,940,522	733,611,968	8,708,861,811
FY2011-12 Approp	3,470,531,929	1,848,428,337	2,636,058,658	740,656,170	8,695,675,094
FY2012-13 Approp	3,632,423,755	1,854,087,842	2,676,111,718	843,560,595	9,006,183,910
FY2013-14 Approp	3,838,168,907	2,054,629,664	2,875,826,694	816,730,442	9,585,355,707
FY2014-15 Approp	4,105,825,530	2,146,231,964	2,920,649,443	845,665,312	10,018,372,249
FY2015-16 Approp	4,271,803,869	2,293,125,964	2,974,745,612	871,770,089	10,411,445,534
FY2016-17 Approp	4,411,690,837	2,319,254,524	3,000,808,771	914,772,042	10,646,526,174
FY2017-18 Enacted	4,398,012,616	2,374,171,987	2,958,412,067	941,490,554	10,672,087,224
FY2018-19 Enacted	4,463,415,777	2,369,035,973	2,998,567,135	948,049,295	10,779,068,180
<b>Average Annual Growth</b>					
FY04 / FY05 Biennium	2.6%	3.8%	10.8%	2.1%	5.2%
FY06 / FY07 Biennium	7.4%	6.0%	3.3%	5.6%	5.7%
FY08 / FY09 Biennium	4.6%	7.1%	0.0%	8.9%	4.1%
FY10 / FY11 Biennium	-1.1%	1.4%	10.2%	1.5%	2.9%
FY12 / FY13 Biennium	3.3%	1.9%	-2.0%	7.2%	1.7%
FY14 / FY15 Biennium	6.3%	7.6%	4.5%	0.1%	5.5%
FY16 / FY17 Biennium	3.7%	4.0%	1.4%	4.0%	3.1%
<b>FY18 / FY19 Biennium</b>	<b>0.6%</b>	<b>1.1%</b>	<b>0.0%</b>	<b>1.8%</b>	<b>0.6%</b>
Avg FY99 to FY09 (10 yr)	4.6%	6.4%	5.9%	4.8%	5.3%
Avg FY09 to FY19 (10 yr)	2.5%	3.1%	2.7%	2.9%	2.7%
Avg FY09 to FY19 (20 yr)	3.5%	4.7%	4.3%	3.8%	4.0%



# Appropriations By Agency - All Funds

FY18 / FY19 Biennial Budget as Enacted in the 2017 Legislative Session

	Fund	w/o Deficits FY2016-17	Biennial Budget		FY18 vs Prior Year		FY19 vs Prior Year		
			FY2017-18	FY2018-19	\$ Change	% Change	\$ Change	% Change	
3	Legislative Council	Gen	20,930,311	20,831,151	21,026,748	(99,160)	-0.5%	195,597	0.9%
		Cash	219,675	241,000	193,000	21,325	9.7%	(48,000)	-19.9%
		Fed	39,270	39,270	39,270	0	0.0%	0	0.0%
	Total	21,189,256	21,111,421	21,259,018	(77,835)	-0.4%	147,597	0.7%	
5	Supreme Court	Gen	180,106,832	185,365,620	190,886,004	5,258,788	2.9%	5,520,384	3.0%
		Cash	15,933,562	16,594,044	16,606,644	660,482	4.1%	12,600	0.1%
		Fed	697,777	706,070	712,959	8,293	1.2%	6,889	1.0%
	Total	196,738,171	202,665,734	208,205,607	5,927,563	3.0%	5,539,873	2.7%	
7	Governor	Gen	2,280,286	2,169,238	2,194,869	(111,048)	-4.9%	25,631	1.2%
		Cash	0	0	0	0	na	0	na
		Fed	0	0	0	0	na	0	na
	Total	2,280,286	2,169,238	2,194,869	(111,048)	-4.9%	25,631	1.2%	
8	Lt. Governor	Gen	149,486	149,172	151,197	(314)	-0.2%	2,025	1.4%
		Cash	0	0	0	0	na	0	na
		Fed	0	0	0	0	na	0	na
	Total	149,486	149,172	151,197	(314)	-0.2%	2,025	1.4%	
9	Secretary of State	Gen	2,021,019	2,476,079	2,308,461	455,060	22.5%	(167,618)	-6.8%
		Cash	6,503,410	8,206,675	6,184,205	1,703,265	26.2%	(2,022,470)	-24.6%
		Fed	98,300	0	0	(98,300)	-100.0%	0	na
		Rev	1,149,378	946,783	941,184	(202,595)	-17.6%	(5,599)	-0.6%
	Total	9,772,107	11,629,537	9,433,850	1,857,430	19.0%	(2,195,687)	-18.9%	
10	Auditor	Gen	2,609,327	2,556,086	2,584,769	(53,241)	-2.0%	28,683	1.1%
		Cash	1,882,440	1,994,093	2,027,141	111,653	5.9%	33,048	1.7%
		Fed	0	0	0	0	na	0	na
	Total	4,491,767	4,550,179	4,611,910	58,412	1.3%	61,731	1.4%	
11	Attorney General	Gen	7,266,457	6,484,994	6,552,527	(781,463)	-10.8%	67,533	1.0%
		Cash	2,510,901	2,838,405	2,861,824	327,504	13.0%	23,419	0.8%
		Fed	1,675,232	1,691,332	1,705,646	16,100	1.0%	14,314	0.8%
		Rev	1,348,876	1,572,706	1,589,787	223,830	16.6%	17,081	1.1%
	Total	12,801,466	12,587,437	12,709,784	(214,029)	-1.7%	122,347	1.0%	

	Fund	w/o Deficits FY2016-17	Biennial Budget		FY18 vs Prior Year		FY19 vs Prior Year		
			FY2017-18	FY2018-19	\$ Change	% Change	\$ Change	% Change	
12	Treasurer	Gen	1,303,949	1,285,096	1,260,639	(18,853)	-1.4%	(24,457)	-1.9%
		Cash	12,428,259	12,472,677	12,496,080	44,418	0.4%	23,403	0.2%
		Fed	1,702,956	1,697,476	1,708,371	(5,480)	-0.3%	10,895	0.6%
		Total	15,435,164	15,455,249	15,465,090	20,085	0.1%	9,841	0.1%
13	Education	Gen	1,228,932,761	1,247,403,028	1,276,722,088	18,470,267	1.5%	29,319,060	2.4%
		Cash	10,544,463	12,330,108	11,465,362	1,785,645	16.9%	(864,746)	-7.0%
		Fed	370,715,043	372,654,925	374,885,099	1,939,882	0.5%	2,230,174	0.6%
		Rev	204,728	204,728	204,728	0	0.0%	0	0.0%
		Total	1,610,396,995	1,632,592,789	1,663,277,277	22,195,794	1.4%	30,684,488	1.9%
14	Public Service Commission	Gen	2,540,808	2,340,162	2,364,672	(200,646)	-7.9%	24,510	1.0%
		Cash	88,813,714	88,948,523	88,996,705	134,809	0.2%	48,182	0.1%
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
		Total	91,354,522	91,288,685	91,361,377	(65,837)	-0.1%	72,692	0.1%
15	Parole Board	Gen	7,098,862	7,217,254	7,677,572	118,392	1.7%	460,318	6.4%
		Cash	455,873	455,873	455,873	0	0.0%	0	0.0%
		Fed	0	0	0	0	na	0	na
		Total	7,554,735	7,673,127	8,133,445	118,392	1.6%	460,318	6.0%
16	Revenue	Gen	119,666,068	120,474,024	124,511,378	807,956	0.7%	4,037,354	3.4%
		Cash	233,586,700	252,842,788	252,751,076	19,256,088	8.2%	(91,712)	0.0%
		Fed	0	0	0	0	na	0	na
		Total	353,252,768	373,316,812	377,262,454	20,064,044	5.7%	3,945,642	1.1%
17	Aeronautics	Gen	0	0	0	0	na	0	na
		Cash	22,472,813	0	0	(22,472,813)	-100.0%	0	na
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
		Total	22,472,813	0	0	(22,472,813)	-100.0%	0	na
18	Agriculture	Gen	7,217,820	6,137,109	6,198,024	(1,080,711)	-15.0%	60,915	1.0%
		Cash	7,906,977	7,833,466	7,966,565	(73,511)	-0.9%	133,099	1.7%
		Fed	4,135,994	4,260,234	4,282,715	124,240	3.0%	22,481	0.5%
		Rev	655,536	653,930	671,278	(1,606)	-0.2%	17,348	2.7%
		Total	19,916,327	18,884,739	19,118,582	(1,031,588)	-5.2%	233,843	1.2%
19	Banking	Gen	0	0	0	0	na	0	na
		Cash	7,667,396	7,491,237	7,382,369	(176,159)	-2.3%	(108,868)	-1.5%
		Fed	0	0	0	0	na	0	na
		Total	7,667,396	7,491,237	7,382,369	(176,159)	-2.3%	(108,868)	-1.5%

	Fund	w/o Deficits FY2016-17	Biennial Budget		FY18 vs Prior Year		FY19 vs Prior Year	
			FY2017-18	FY2018-19	\$ Change	% Change	\$ Change	% Change
21 Fire Marshal	Gen	4,356,727	4,146,779	4,258,129	(209,948)	-4.8%	111,350	2.7%
	Cash	1,898,956	1,977,828	2,005,421	78,872	4.2%	27,593	1.4%
	Fed	434,371	440,790	445,344	6,419	1.5%	4,554	1.0%
	Total	6,690,054	6,565,397	6,708,894	(124,657)	-1.9%	143,497	2.2%
22 Insurance	Gen	0	0	0	0	na	0	na
	Cash	13,318,292	12,120,212	12,267,155	(1,198,080)	-9.0%	146,943	1.2%
	Fed	2,235,599	2,110,019	2,157,529	(125,580)	-5.6%	47,510	2.3%
	Total	15,553,891	14,230,231	14,424,684	(1,323,660)	-8.5%	194,453	1.4%
23 Labor	Gen	690,814	636,886	634,675	(53,928)	-7.8%	(2,211)	-0.3%
	Cash	4,564,457	4,670,422	4,627,902	105,965	2.3%	(42,520)	-0.9%
	Fed	50,007,176	47,266,254	47,502,185	(2,740,922)	-5.5%	235,931	0.5%
	Total	55,262,447	52,573,562	52,764,762	(2,688,885)	-4.9%	191,200	0.4%
24 Motor Vehicles	Gen	0	0	0	0	na	0	na
	Cash	26,042,077	39,589,681	34,951,669	13,547,604	52.0%	(4,638,012)	-11.7%
	Fed	94,600	203,274	205,293	108,674	114.9%	2,019	1.0%
	Total	26,136,677	39,792,955	35,156,962	13,656,278	52.2%	(4,635,993)	-11.7%
25 DHHS System	Gen	1,609,978,288	1,589,994,494	1,597,034,968	(19,983,794)	-1.2%	7,040,474	0.4%
	Cash	166,064,539	167,919,583	168,033,002	1,855,044	1.1%	113,419	0.1%
	Fed	1,858,523,580	1,808,744,427	1,844,303,580	(49,779,153)	-2.7%	35,559,153	2.0%
	Total	3,634,566,407	3,566,658,504	3,609,371,550	(67,907,903)	-1.9%	42,713,046	1.2%
27 Transportation	Gen	0	0	0	0	na	0	na
	Cash	881,897,959	900,939,963	904,690,862	19,042,004	2.2%	3,750,899	0.4%
	Fed	0	0	0	0	na	0	na
	Total	881,897,959	900,939,963	904,690,862	19,042,004	2.2%	3,750,899	0.4%
28 Veterans Affairs	Gen	27,028,073	25,489,927	26,014,913	(1,538,146)	-5.7%	524,986	2.1%
	Cash	14,424,582	15,939,311	15,888,622	1,514,729	10.5%	(50,689)	-0.3%
	Fed	21,793,768	24,663,084	24,898,861	2,869,316	13.2%	235,777	1.0%
	Total	63,246,423	66,092,322	66,802,396	2,845,899	4.5%	710,074	1.1%
29 Natural Resources	Gen	16,745,150	15,296,724	15,398,977	(1,448,426)	-8.6%	102,253	0.7%
	Cash	20,141,763	20,012,546	20,016,735	(129,217)	-0.6%	4,189	0.0%
	Fed	766,697	781,454	794,606	14,757	1.9%	13,152	1.7%
	Total	37,653,610	36,090,724	36,210,318	(1,562,886)	-4.2%	119,594	0.3%

	Fund	w/o Deficits FY2016-17	Biennial Budget		FY18 vs Prior Year		FY19 vs Prior Year	
			FY2017-18	FY2018-19	\$ Change	% Change	\$ Change	% Change
30 Electrical Board	Gen	0	0	0	0	na	0	na
	Cash	1,736,213	1,757,889	1,777,584	21,676	1.2%	19,695	1.1%
	Fed	0	0	0	0	na	0	na
	Total	1,736,213	1,757,889	1,777,584	21,676	1.2%	19,695	1.1%
31 Military Dept	Gen	5,344,708	4,964,857	4,988,711	(379,851)	-7.1%	23,854	0.5%
	Cash	952,437	1,206,590	1,210,260	254,153	26.7%	3,670	0.3%
	Fed	24,175,183	24,567,334	24,680,684	392,151	1.6%	113,350	0.5%
	Total	30,472,328	30,738,781	30,879,655	266,453	0.9%	140,874	0.5%
32 Ed Lands & Funds	Gen	335,359	380,603	345,999	45,244	13.5%	(34,604)	-9.1%
	Cash	15,947,069	18,774,100	20,845,339	2,827,031	17.7%	2,071,239	11.0%
	Fed	0	0	0	0	na	0	na
	Total	16,282,428	19,154,703	21,191,338	2,872,275	17.6%	2,036,635	10.6%
33 Game and Parks	Gen	12,073,883	11,590,619	11,685,363	(483,264)	-4.0%	94,744	0.8%
	Cash	77,070,161	80,306,431	81,617,343	3,236,270	4.2%	1,310,912	1.6%
	Fed	7,856,053	7,893,262	7,915,699	37,209	0.5%	22,437	0.3%
	Total	97,000,097	99,790,312	101,218,405	2,790,215	2.9%	1,428,093	1.4%
34 Library Commission	Gen	4,085,973	3,858,454	3,914,096	(227,519)	-5.6%	55,642	1.4%
	Cash	94,085	94,085	94,085	0	0.0%	0	0.0%
	Fed	1,512,225	1,512,225	1,512,225	0	0.0%	0	0.0%
	Total	5,692,283	5,464,764	5,520,406	(227,519)	-4.0%	55,642	1.0%
35 Liquor Commission	Gen	1,298,648	1,285,304	1,299,895	(13,344)	-1.0%	14,591	1.1%
	Cash	70,719	70,719	70,719	0	0.0%	0	0.0%
	Fed	0	0	0	0	na	0	na
	Total	1,369,367	1,356,023	1,370,614	(13,344)	-1.0%	14,591	1.1%
36 Racing Commission	Gen	0	0	0	0	na	0	na
	Cash	975,165	981,386	986,712	6,221	0.6%	5,326	0.5%
	Fed	0	0	0	0	na	0	na
	Total	975,165	981,386	986,712	6,221	0.6%	5,326	0.5%
37 Workers Compensation Court	Gen	0	0	0	0	na	0	na
	Cash	6,139,482	6,221,973	6,300,153	82,491	1.3%	78,180	1.3%
	Fed	52,674	52,674	52,674	0	0.0%	0	0.0%
	Total	6,192,156	6,274,647	6,352,827	82,491	1.3%	78,180	1.2%

	Fund	w/o Deficits FY2016-17	Biennial Budget		FY18 vs Prior Year		FY19 vs Prior Year	
			FY2017-18	FY2018-19	\$ Change	% Change	\$ Change	% Change
39 Brand Committee	Gen	0	0	0	0	na	0	na
	Cash	4,703,997	4,987,110	5,048,502	283,113	6.0%	61,392	1.2%
	Fed	0	0	0	0	na	0	na
	Total	4,703,997	4,987,110	5,048,502	283,113	6.0%	61,392	1.2%
40 Motor Vehicle Dealers	Gen	0	0	0	0	na	0	na
	Cash	745,639	767,210	776,404	21,571	2.9%	9,194	1.2%
	Fed	0	0	0	0	na	0	na
	Total	745,639	767,210	776,404	21,571	2.9%	9,194	1.2%
41 Real Estate Commission	Gen	0	0	0	0	na	0	na
	Cash	1,232,247	1,300,247	1,311,093	68,000	5.5%	10,846	0.8%
	Fed	0	0	0	0	na	0	na
	Total	1,232,247	1,300,247	1,311,093	68,000	5.5%	10,846	0.8%
45 Barber Examiners	Gen	0	0	0	0	na	0	na
	Cash	168,121	165,377	167,454	(2,744)	-1.6%	2,077	1.3%
	Fed	0	0	0	0	na	0	na
	Total	168,121	165,377	167,454	(2,744)	-1.6%	2,077	1.3%
46 Correctional Services	Gen	207,658,501	211,407,950	215,922,262	3,749,449	1.8%	4,514,312	2.1%
	Cash	2,126,000	3,126,000	2,126,000	1,000,000	47.0%	(1,000,000)	-32.0%
	Fed	1,762,858	1,762,858	1,762,858	0	0.0%	0	0.0%
	Rev	18,935,977	19,797,665	19,949,835	861,688	4.6%	152,170	0.8%
	Total	230,483,336	236,094,473	239,760,955	5,611,137	2.4%	3,666,482	1.6%
47 Educational Telecomm.	Gen	10,329,068	10,095,589	10,170,817	(233,479)	-2.3%	75,228	0.7%
	Cash	337,755	337,755	337,755	0	0.0%	0	0.0%
	Fed	0	0	0	0	na	0	na
	Total	10,666,823	10,433,344	10,508,572	(233,479)	-2.2%	75,228	0.7%
48 Postsecondary Coord Comm	Gen	9,256,763	9,135,747	9,157,207	(121,016)	-1.3%	21,460	0.2%
	Cash	11,595,768	12,079,973	12,581,436	484,205	4.2%	501,463	4.2%
	Fed	407,556	407,556	407,556	0	0.0%	0	0.0%
	Total	21,260,087	21,623,276	22,146,199	363,189	1.7%	522,923	2.4%
50 Nebraska State Colleges	Gen	52,404,248	52,142,227	52,142,227	(262,021)	-0.5%	0	0.0%
	Cash	38,025,445	38,025,445	38,025,445	0	0.0%	0	0.0%
	Fed	46,739,698	46,739,698	46,739,698	0	0.0%	0	0.0%
	Rev	9,535,829	9,535,829	9,535,829	0	0.0%	0	0.0%
	Total	146,705,220	146,443,199	146,443,199	(262,021)	-0.2%	0	0.0%

	Fund		w/o Deficits	Biennial Budget		FY18 vs Prior Year		FY19 vs Prior Year	
			FY2016-17	FY2017-18	FY2018-19	\$ Change	% Change	\$ Change	% Change
51	University of Nebraska	Gen	583,068,732	570,601,388	580,551,388	(12,467,344)	-2.1%	9,950,000	1.7%
		Cash	437,717,057	437,717,057	437,717,057	0	0.0%	0	0.0%
		Fed	518,129,880	518,129,880	518,129,880	0	0.0%	0	0.0%
		Rev	637,350,578	637,350,578	637,350,578	0	0.0%	0	0.0%
		Total	2,176,266,247	2,163,798,903	2,173,748,903	(12,467,344)	-0.6%	9,950,000	0.5%
52	Board of Agriculture	Gen	0	0	0	0	na	0	na
		Cash	4,250,000	4,250,000	4,250,000	0	0.0%	0	0.0%
		Fed	0	0	0	0	na	0	na
		Total	4,250,000	4,250,000	4,250,000	0	0.0%	0	0.0%
53	Real Property Appraiser Brd	Gen	0	0	0	0	na	0	na
		Cash	388,173	380,053	383,056	(8,120)	-2.1%	3,003	0.8%
		Fed	0	0	0	0	na	0	na
		Total	388,173	380,053	383,056	(8,120)	-2.1%	3,003	0.8%
54	Historical Society	Gen	4,652,409	4,413,966	4,400,113	(238,443)	-5.1%	(13,853)	-0.3%
		Cash	2,645,542	2,676,426	2,612,778	30,884	1.2%	(63,648)	-2.4%
		Fed	858,731	820,725	827,799	(38,006)	-4.4%	7,074	0.9%
		Total	8,156,682	7,911,117	7,840,690	(245,565)	-3.0%	(70,427)	-0.9%
56	Nebraska Wheat Board	Gen	0	0	0	0	na	0	na
		Cash	2,192,322	1,542,227	1,614,103	(650,095)	-29.7%	71,876	4.7%
		Fed	0	0	0	0	na	0	na
		Total	2,192,322	1,542,227	1,614,103	(650,095)	-29.7%	71,876	4.7%
57	Oil & Gas Commission	Gen	0	0	0	0	na	0	na
		Cash	863,594	882,673	890,488	19,079	2.2%	7,815	0.9%
		Fed	79,750	80,697	81,500	947	1.2%	803	1.0%
		Total	943,344	963,370	971,988	20,026	2.1%	8,618	0.9%
58	Engineers Architects	Gen	0	0	0	0	na	0	na
		Cash	825,868	832,171	837,430	6,303	0.8%	5,259	0.6%
		Fed	0	0	0	0	na	0	na
		Total	825,868	832,171	837,430	6,303	0.8%	5,259	0.6%
59	Geologists Board	Gen	0	0	0	0	na	0	na
		Cash	29,529	32,783	31,843	3,254	11.0%	(940)	-2.9%
		Fed	0	0	0	0	na	0	na
		Total	29,529	32,783	31,843	3,254	11.0%	(940)	-2.9%

	Fund	w/o Deficits FY2016-17	Biennial Budget		FY18 vs Prior Year		FY19 vs Prior Year	
			FY2017-18	FY2018-19	\$ Change	% Change	\$ Change	% Change
61 Dairy Board	Gen	0	0	0	0	na	0	na
	Cash	1,399,957	1,560,000	1,560,000	160,043	11.4%	0	0.0%
	Fed	0	0	0	0	na	0	na
	Total	1,399,957	1,560,000	1,560,000	160,043	11.4%	0	0.0%
62 Land Surveyors	Gen	0	0	0	0	na	0	na
	Cash	28,374	28,374	28,374	0	0.0%	0	0.0%
	Fed	0	0	0	0	na	0	na
	Total	28,374	28,374	28,374	0	0.0%	0	0.0%
63 Public Accountancy	Gen	0	0	0	0	na	0	na
	Cash	438,085	420,830	423,948	(17,255)	-3.9%	3,118	0.7%
	Fed	0	0	0	0	na	0	na
	Total	438,085	420,830	423,948	(17,255)	-3.9%	3,118	0.7%
64 State Patrol	Gen	60,113,441	61,047,081	61,540,095	933,640	1.6%	493,014	0.8%
	Cash	19,967,195	21,135,480	21,136,645	1,168,285	5.9%	1,165	0.0%
	Fed	2,766,303	2,933,754	2,997,343	167,451	6.1%	63,589	2.2%
	Rev	1,094,530	1,271,531	1,287,992	177,001	16.2%	16,461	1.3%
	Total	83,941,469	86,387,846	86,962,075	2,446,377	2.9%	574,229	0.7%
65 Admin Services (DAS)	Gen	8,880,092	8,634,083	8,704,715	(246,009)	-2.8%	70,632	0.8%
	Cash	2,015,555	8,161,480	9,739,902	6,145,925	304.9%	1,578,422	19.3%
	Fed	0	0	0	0	na	0	na
	Rev	225,133,398	232,801,092	231,919,588	7,667,694	3.4%	(881,504)	-0.4%
	Total	236,029,045	249,596,655	250,364,205	13,567,610	5.7%	767,550	0.3%
66 Abstracter's Board	Gen	0	0	0	0	na	0	na
	Cash	58,182	50,487	50,681	(7,695)	-13.2%	194	0.4%
	Fed	0	0	0	0	na	0	na
	Total	58,182	50,487	50,681	(7,695)	-13.2%	194	0.4%
67 Equal Opportunity Commission	Gen	1,262,802	1,271,927	1,286,078	9,125	0.7%	14,151	1.1%
	Cash	0	0	0	0	na	0	na
	Fed	810,622	824,381	836,991	13,759	1.7%	12,610	1.5%
	Total	2,073,424	2,096,308	2,123,069	22,884	1.1%	26,761	1.3%
68 Latino American Commission	Gen	207,834	207,673	211,023	(161)	-0.1%	3,350	1.6%
	Cash	5,000	5,000	5,000	0	0.0%	0	0.0%
	Fed	0	0	0	0	na	0	na
	Total	212,834	212,673	216,023	(161)	-0.1%	3,350	1.6%

	Fund	w/o Deficits FY2016-17	Biennial Budget		FY18 vs Prior Year		FY19 vs Prior Year	
			FY2017-18	FY2018-19	\$ Change	% Change	\$ Change	% Change
69 Arts Council	Gen	1,561,484	1,538,470	1,533,110	(23,014)	-1.5%	(5,360)	-0.3%
	Cash	1,485,000	1,485,000	1,485,000	0	0.0%	0	0.0%
	Fed	739,047	739,047	739,047	0	0.0%	0	0.0%
	Rev	0	0	0	0	na	0	na
	Total	3,785,531	3,762,517	3,757,157	(23,014)	-0.6%	(5,360)	-0.1%
70 Foster Care Review Board	Gen	1,865,446	2,061,909	2,085,530	196,463	10.5%	23,621	1.1%
	Cash	135,700	5,700	5,700	(130,000)	-95.8%	0	0.0%
	Fed	609,592	433,692	441,607	(175,900)	-28.9%	7,915	1.8%
	Total	2,610,738	2,501,301	2,532,837	(109,437)	-4.2%	31,536	1.3%
71 Energy Office	Gen	218,472	0	0	(218,472)	-100.0%	0	na
	Cash	1,435,438	1,005,103	1,009,645	(430,335)	-30.0%	4,542	0.5%
	Fed	7,849,234	7,822,663	7,792,334	(26,571)	-0.3%	(30,329)	-0.4%
	Total	9,503,144	8,827,766	8,801,979	(675,378)	-7.1%	(25,787)	-0.3%
72 Economic Development	Gen	12,711,328	11,714,619	11,770,595	(996,709)	-7.8%	55,976	0.5%
	Cash	28,904,199	29,805,306	29,582,610	901,107	3.1%	(222,696)	-0.7%
	Fed	26,309,615	21,226,679	21,239,453	(5,082,936)	-19.3%	12,774	0.1%
	Total	67,925,142	62,746,604	62,592,658	(5,178,538)	-7.6%	(153,946)	-0.2%
73 Landscape Architects	Gen	0	0	0	0	na	0	na
	Cash	25,170	27,332	29,057	2,162	8.6%	1,725	6.3%
	Fed	0	0	0	0	na	0	na
	Total	25,170	27,332	29,057	2,162	8.6%	1,725	6.3%
74 Power Review Board	Gen	0	0	0	0	na	0	na
	Cash	656,346	662,235	667,982	5,889	0.9%	5,747	0.9%
	Fed	0	0	0	0	na	0	na
	Total	656,346	662,235	667,982	5,889	0.9%	5,747	0.9%
75 Investment Council	Gen	0	0	0	0	na	0	na
	Cash	3,020,950	2,891,847	2,908,193	(129,103)	-4.3%	16,346	0.6%
	Fed	0	0	0	0	na	0	na
	Total	3,020,950	2,891,847	2,908,193	(129,103)	-4.3%	16,346	0.6%
76 Indian Affairs	Gen	245,701	225,825	230,128	(19,876)	-8.1%	4,303	1.9%
	Cash	20,000	20,000	20,000	0	0.0%	0	0.0%
	Fed	0	0	0	0	na	0	na
	Total	265,701	245,825	250,128	(19,876)	-7.5%	4,303	1.8%



	Fund	w/o Deficits FY2016-17	Biennial Budget		FY18 vs Prior Year		FY19 vs Prior Year		
			FY2017-18	FY2018-19	\$ Change	% Change	\$ Change	% Change	
77	Industrial Relations	Gen	325,660	323,974	327,466	(1,686)	-0.5%	3,492	1.1%
		Cash	0	0	0	0	na	0	na
		Fed	0	0	0	0	na	0	na
		Total	325,660	323,974	327,466	(1,686)	-0.5%	3,492	1.1%
78	Crime Commission	Gen	12,681,823	12,470,268	12,498,978	(211,555)	-1.7%	28,710	0.2%
		Cash	1,666,757	1,874,224	1,885,518	207,467	12.4%	11,294	0.6%
		Fed	10,518,371	19,810,150	19,825,031	9,291,779	88.3%	14,881	0.1%
		Total	24,866,951	34,154,642	34,209,527	9,287,691	37.3%	54,885	0.2%
81	Blind and Visually Impaired	Gen	1,148,527	1,206,540	1,216,948	58,013	5.1%	10,408	0.9%
		Cash	98,746	148,746	148,746	50,000	50.6%	0	0.0%
		Fed	4,656,072	4,646,958	4,685,617	(9,114)	-0.2%	38,659	0.8%
		Total	5,903,345	6,002,244	6,051,311	98,899	1.7%	49,067	0.8%
82	Deaf and Hard of Hearing	Gen	1,016,914	993,187	1,003,151	(23,727)	-2.3%	9,964	1.0%
		Cash	16,600	16,600	16,600	0	0.0%	0	0.0%
		Fed	0	0	0	0	na	0	na
		Total	1,033,514	1,009,787	1,019,751	(23,727)	-2.3%	9,964	1.0%
83	Community Colleges	Gen	100,828,308	100,324,166	99,329,166	(504,142)	-0.5%	(995,000)	-1.0%
		Cash	0	0	0	0	na	0	na
		Fed	0	0	0	0	na	0	na
		Total	100,828,308	100,324,166	99,329,166	(504,142)	-0.5%	(995,000)	-1.0%
84	Environmental Quality (DEQ)	Gen	6,063,609	3,994,702	4,042,952	(2,068,907)	-34.1%	48,250	1.2%
		Cash	36,431,350	36,538,467	36,633,904	107,117	0.3%	95,437	0.3%
		Fed	32,054,944	32,154,225	32,242,681	99,281	0.3%	88,456	0.3%
		Total	74,549,903	72,687,394	72,919,537	(1,862,509)	-2.5%	232,143	0.3%
85	Retirement Board	Gen	47,303,239	48,588,600	52,179,000	1,285,361	2.7%	3,590,400	7.4%
		Cash	5,569,442	5,709,285	5,649,177	139,843	2.5%	(60,108)	-1.1%
		Fed	0	0	0	0	na	0	na
		Total	52,872,681	54,297,885	57,828,177	1,425,204	2.7%	3,530,292	6.5%
86	Dry Bean Board	Gen	0	0	0	0	na	0	na
		Cash	467,741	476,532	498,224	8,791	1.9%	21,692	4.6%
		Fed	0	0	0	0	na	0	na
		Total	467,741	476,532	498,224	8,791	1.9%	21,692	4.6%

	Fund	w/o Deficits FY2016-17	Biennial Budget		FY18 vs Prior Year		FY19 vs Prior Year	
			FY2017-18	FY2018-19	\$ Change	% Change	\$ Change	% Change
87 Accountability & Disclosure	Gen	498,468	479,160	486,044	(19,308)	-3.9%	6,884	1.4%
	Cash	238,871	241,904	245,102	3,033	1.3%	3,198	1.3%
	Fed	0	0	0	0	na	0	na
	Total	737,339	721,064	731,146	(16,275)	-2.2%	10,082	1.4%
88 Nebraska Corn Board	Gen	0	0	0	0	na	0	na
	Cash	8,200,000	9,106,918	9,112,885	906,918	11.1%	5,967	0.1%
	Fed	0	0	0	0	na	0	na
	Total	8,200,000	9,106,918	9,112,885	906,918	11.1%	5,967	0.1%
91 Nebraska Tourism Commission	Gen	250,000	0	0	(250,000)	-100.0%	0	na
	Cash	5,762,007	6,530,577	6,532,765	768,570	13.3%	2,188	0.0%
	Fed	0	0	0	0	na	0	na
	Total	6,012,007	6,530,577	6,532,765	518,570	8.6%	2,188	0.0%
92 Grain Sorghum Board	Gen	0	0	0	0	na	0	na
	Cash	296,890	297,476	297,921	586	0.2%	445	0.1%
	Fed	0	0	0	0	na	0	na
	Total	296,890	297,476	297,921	586	0.2%	445	0.1%
93 Tax Equalization & Review (TERC)	Gen	837,359	860,905	873,110	23,546	2.8%	12,205	1.4%
	Cash	70,000	45,000	45,000	(25,000)	-35.7%	0	0.0%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	907,359	905,905	918,110	(1,454)	-0.2%	12,205	1.3%
94 Public Advocacy	Gen	0	0	0	0	na	0	na
	Cash	5,141,128	5,005,163	5,019,706	(135,965)	-2.6%	14,543	0.3%
	Fed	0	0	0	0	na	0	na
	Total	5,141,128	5,005,163	5,019,706	(135,965)	-2.6%	14,543	0.3%
99 Capital Construction	Gen	22,239,000	21,739,000	21,739,000	(500,000)	-2.2%	0	0.0%
	Cash	44,893,930	46,264,430	40,080,930	1,370,500	3.1%	(6,183,500)	-13.4%
	Fed	0	595,000	2,015,000	595,000	na	1,420,000	238.7%
	Rev	19,363,212	37,355,712	44,598,496	17,992,500	92.9%	7,242,784	19.4%
	Total	86,496,142	105,954,142	108,433,426	19,458,000	22.5%	2,479,284	2.3%
STATE	Gen	4,411,690,837	4,398,012,616	4,463,415,777	(13,678,221)	-0.3%	65,403,161	1.5%
TOTALS	Cash	2,319,254,524	2,374,171,987	2,369,035,973	54,917,463	2.4%	(5,136,014)	-0.2%
	Fed	3,000,808,771	2,958,412,067	2,998,567,135	(42,396,704)	-1.4%	40,155,068	1.4%
	Rev	914,772,042	941,490,554	948,049,295	26,718,512	2.9%	6,558,741	0.7%
	Total	10,646,526,174	10,672,087,224	10,779,068,180	25,561,050	0.2%	106,980,956	1.0%

\*Also includes NCCF and other funds along with Revolving

# **CAPITAL CONSTRUCTION**



# Capital Construction Summary

**New Construction** refers to projects initiated in the 2017 Session while **Reaffirmations** refers to funding needed to complete projects authorized and initial funding provided in prior legislative sessions.

The Nebraska Capital Construction Fund (NCCF) was originally created in the early 70's to account for a five cent cigarette tax earmark to build the Devaney Sports Center. Over time, the cigarette tax that had originally flowed to the NCCF has been basically reallocated and earmarked for other items. Amounts appropriated from the NCCF for the FY18/FY19 biennium are derived from excess from completed projects, investment income generated on the invested NCCF balance, and a \$75 million transfer from the Cash Reserve Fund.

About 61% of the budgeted General Funds and NCCF funds for capital construction are reaffirmations of projects initiated in prior sessions. This includes \$12.1 million each year for the state's share of deferred maintenance and repair projects at the University of Nebraska and State Colleges as authorized under LB605 (2006) and LB 957 (2016), \$5.1 million each year for the IANR Veterinary Diagnostic Center bond payment, \$20.8 million for the last two years of the Lincoln Community Corrections Center housing unit, and \$4.5 million in FY2018-19 for the State Capitol HVAC project.

	Reaffirmations	New Projects	Total
<b><u>FY2017-18</u></b>			
General Funds	21,739,000	0	21,739,000
Cash Funds	32,300,930	13,963,500	46,264,430
Federal Funds	0	595,000	595,000
Revolving/Other Funds	4,333,591	3,900,000	8,233,591
Nebr Capital Const Fund (NCCF)	12,743,519	16,378,602	29,122,121
Total	<u>71,117,040</u>	<u>34,837,102</u>	<u>105,954,142</u>
<b><u>FY2018-19</u></b>			
General Funds	21,739,000	0	21,739,000
Cash Funds	32,300,930	7,780,000	40,080,930
Federal Funds	0	2,015,000	2,015,000
Revolving/Other Funds	2,150,000	1,667,337	3,817,337
Nebr Capital Const Fund (NCCF)	12,641,621	28,139,538	40,781,159
Total	<u>68,831,551</u>	<u>39,601,875</u>	<u>108,433,426</u>
<b><u>FY2019-20</u></b>			
General Funds	42,735,488	0	42,735,488
Cash Funds	27,933,476	0	27,933,476
Federal Funds	0	0	0
Revolving/Other Funds	2,150,000	0	2,150,000
Nebr Capital Const Fund (NCCF)	2,469,348	34,882,173	37,351,521
Total	<u>75,288,312</u>	<u>34,882,173</u>	<u>110,170,485</u>
<b><u>FY2020-21</u></b>			
General Funds	30,035,838	0	30,035,838
Cash Funds	32,300,930	0	32,300,930
Federal Funds	0	0	0
Revolving/Other Funds	2,390,000	0	2,390,000
Nebr Capital Const Fund (NCCF)	2,794,586	0	2,794,586
Total	<u>67,521,354</u>	<u>0</u>	<u>67,521,354</u>

Table 40 contains a complete listing of General Fund and NCCF projects. A narrative description of the major new construction items and a complete list of all reaffirmations and new construction projects, including all fund sources, follow.

The budget bill as sent to the Governor included General Fund appropriations for the State Capitol HVAC project of \$11,062,790 in FY2018-19 and \$9,433,698 in FY2019-20. The Governor line item vetoed the FY18-19 amount citing adequate cash flow with prior year appropriations carried forward plus the NCCF appropriation. Because the Governor could not increase the appropriation amount shown for the future years and the veto was only for cash flow and not to reduce the overall project, for purposes here, the \$11,062,790 was added to the FY2019-20 amount.

Table 40 General Fund and NCCF Listing-Capital Construction Projects

	Fund	2017-18	2018-19	2019-20	2020-21	Future Yrs
<b><u>REAFFIRMATIONS</u></b>						
#46-Corrections	Renovation and housing, Lincoln Community Corrections Center	NCCF	12,743,519	8,103,520	0	0
#50-Colleges	Deferred maintenance/repair (LB605-2006 and LB957-2016)	General	1,125,000	1,125,000	1,125,000	1,125,000
#50-State Colleges	WSC Conn Library & CSC Rangeland Center (bond payment)	General	2,216,000	2,216,000	2,216,000	2,216,000
#51-University	UNMC College of Nursing Lincoln Facility (bond payment)	General	1,477,000	1,477,000	1,477,000	1,477,000
#51-University	Deferred maintenance/repair (LB605-2006 and LB957-2016)	General	11,000,000	11,000,000	11,000,000	11,000,000
#51-University	NCTA Education Center	General	820,000	820,000	820,000	820,000
#51-University	IANR Veterinary Diagnostic Center (bond payment)	General	5,101,000	5,101,000	5,101,000	2,703,300
#65-DAS	State Capitol HVAC system replacement	General	0	0	20,496,488	10,194,538
#65-DAS	State Capitol HVAC system replacement	NCCF	0	4,538,101	2,469,348	2,794,586
#65-DAS	State Capitol improvements	General	0	0	500,000	500,000
<b><u>NEW CONSTRUCTION</u></b>						
#46-Corrections	Reception and Treatment Center - DEC & LCC	NCCF	14,171,102	26,162,038	34,882,173	0
#46-Corrections	Security system upgrades - all facilities	NCCF	552,500	552,500	0	0
#46-Corrections	Infrastructure and maintenance projects	NCCF	1,300,000	1,300,000	0	0
#47-NETC	Replace transmitter - KHNE (Hastings)	NCCF	260,000	0	0	0
#47-NETC	Replace radio transmission equipment	NCCF	95,000	0	0	0
#47-NETC	Tower lighting system - KHNE (Hastings)	NCCF	0	125,000	0	0
<b><u>Reaffirmation</u></b>						
General Fund			21,739,000	21,739,000	42,735,488	30,035,838
NCCF			12,743,519	12,641,621	2,469,348	2,794,586
Reaffirmation - GenF+NCCF			34,482,519	34,380,621	45,204,836	32,830,424
<b><u>New Construction</u></b>						
General Fund			0	0	0	0
NCCF			16,378,602	28,139,538	34,882,173	0
New Construction - Gen+NCCF			16,378,602	28,139,538	34,882,173	0
<b><u>Total</u></b>						
General Fund			21,739,000	21,739,000	42,735,488	30,035,838
NCCF			29,122,121	40,781,159	37,351,521	2,794,586
Total Construction - Gen+NCCF			50,861,121	62,520,159	80,087,009	32,830,424

## Reception and Treatment Center (Correctional Services)

The enacted budget includes funding for Phase 1 of the Reception and Treatment Center (RTC) project under the Dept. of Correctional Services. This \$75 million project, financed with a Cash Reserve Fund transfer to the Nebraska Capital Construction Fund, will combine the Diagnostic

and Evaluation Center (DEC) and the Lincoln Correctional Center (LCC) into one facility currently known as the Reception and Treatment Center (RTC).

Phase One will expand and/or renovate core support function portions of DEC and LCC to better meet the operational requirements of an inmate population of 1,371. It will add 124,236 gross square feet for the following areas: public lobby, administration, staff support, custody operations, visitation, intake and release, outpatient medical/mental health (Health Clinic), medical and mental health housing, and food service. The RTC also prepares the secure perimeter and infrastructure to be scaled up for future growth needs.

In Phase One, 64 additional medical and behavior health housing beds will be built. The most critical health care bed needs are for skilled nursing and acuity-related medical beds, including isolation, hospice and skilled nursing for chronically, seriously ill inmates who cannot be treated at a lower level of care, and secure behavior health. Phase One will include one 32-bed unit to meet acute and serious medical needs. These beds will include the need for isolation to prevent spread of communicable diseases and three hospice rooms to address the needs of inmates who are at the end of life with terminal medical care. The hospice beds are flexible and can also be used to meet the nursing care needs of chronically debilitated inmates who require 24/7 nursing care. The other beds are for short-term skilled nursing care.

Phase One will also include a 32-bed Secure Behavioral Health Unit to meet the needs of inmates with acute mental health and behavioral health needs. This unit will allow maximum flexibility by using two secure sub units, each with four single occupancy cells, to treat those inmates with the most acute symptoms. There are also three secure sub units of eight single occupancy cells to treat those inmates who no longer require the acute cells but still remain unstable enough to require secure housing. Each sub unit will have its own small dayroom. Since these inmates' symptoms are acute, there are two additional safety cells to be used as temporary holding areas when there is a need to remove an inmate from their cell for clean-up or for short-term (no more than four hours) de-escalation. The core support space will be shared by both the medical and mental health housing pods. Current infirmary beds and suicide watch rooms will be used to address the need for suicide observation.

The current LCC mental health units will also continue to be used to treat inmates who have serious mental illnesses but whose symptoms are stable enough to be treated in the more open housing units available in the LCC. Additional health care bed needs will be addressed as the needs arise.

FY2017-18	NCCF	14,171,102
FY2018-19	NCCF	26,162,038
FY2019-20	NCCF	34,882,173
Project Total		75,215,313

## **Infrastructure and maintenance projects (Correctional Services)**

NDCS received a \$1,500,000 appropriation from the Nebraska Capital Construction Fund (NCCF) in FY14-15 for a separate capital construction budget for priority infrastructure and maintenance projects. Funding was continued in 2015 at \$1 million per year for FY16 and FY17 from the NCCF. In 2016, one-time funding was added of \$1,192,215 in FY16 and \$2,022,503 in FY17 from the NCCF for repairs and renovations to the Tecumseh State Correctional Institution as a result of damages incurred during the May 10, 2015, disturbance.

NDCS requested continued funding for infrastructure and maintenance projects. These projects are a compilation of the highest priority infrastructure projects which have remained unfunded. The projects include, but are not limited to, major roof replacements, door/window/structural improvements, boiler and chiller replacements, fire life safety improvements, door lock and flush valve replacements, and other renovations.

FY2017-18	NCCF	1,300,000
FY2018-19	NCCF	1,300,000

### **Security system upgrades (Correctional Services)**

This project includes camera upgrades at Work Ethic Camp, Community Corrections Center Lincoln, Nebraska Secure Youth Facility, and Omaha Correctional Center. The project will also provide lighting upgrades at Community Corrections Center Omaha, additional fencing at the Lincoln Correctional Center, the Diagnostic and Evaluation Center, and the Nebraska State Penitentiary, and fence detection system and vehicle sally-port (secure, controlled entryway) improvements at Nebraska Center for Women.

FY2017-18	NCCF	552,500
FY2018-19	NCCF	552,500



# Project Listing - Reaffirmations

Reaffirmations		Fiscal Yr	Dollar Amt	Fund
#46-Corrections	Renovation and housing, Lincoln Community Corrections Center	2017-18	12,743,519	NCCF
	Renovation and housing, Lincoln Community Corrections Center	2018-19	8,103,520	NCCF
#50-State Colleges	State Colleges Facilities Program (LB 605 - 2006)	2017-18	1,125,000	Gen
	State Colleges Facilities Program (LB 605 - 2006)	2017-18	1,200,000	Rev
	State Colleges Facilities Program (LB 605 - 2006)	2018-19	1,125,000	Gen
	State Colleges Facilities Program (LB 605 - 2006)	2018-19	1,200,000	Rev
	State Colleges Facilities Program (LB 605 - 2006)	2019-20	1,125,000	Gen
	State Colleges Facilities Program (LB 605 - 2006)	2019-20	1,200,000	Rev
#50-State Colleges	State Colleges Facilities Program (LB 957 - 2016)	2020-21	1,125,000	Gen
	State Colleges Facilities Program (LB 957 - 2016)	2020-21	1,440,000	Rev
	State Colleges Facilities Program (LB 957 - 2016)	Future	10,125,000	Gen
	State Colleges Facilities Program (LB 957 - 2016)	Future	12,960,000	Rev
#50-State Colleges	Board facilities fee fund projects	2017-18	950,000	Rev
	Board facilities fee fund projects	2018-19	950,000	Rev
	Board facilities fee fund projects	2019-20	950,000	Rev
	Board facilities fee fund projects	2020-21	950,000	Rev
	Board facilities fee fund projects	Future	8,550,000	Rev
#50-State Colleges	State Colleges Sport Facilities Cash Fund	2017-18	300,000	Cash
	State Colleges Sport Facilities Cash Fund	2018-19	300,000	Cash
	State Colleges Sport Facilities Cash Fund	2019-20	300,000	Cash
	State Colleges Sport Facilities Cash Fund	2020-21	300,000	Cash
	State Colleges Sport Facilities Cash Fund	Future	no limit	Cash
#50-State Colleges	WSC Conn Library & CSC Rangeland Center (bond payment)	2017-18	2,216,000	Gen
	WSC Conn Library & CSC Rangeland Center (bond payment)	2018-19	2,216,000	Gen
	WSC Conn Library & CSC Rangeland Center (bond payment)	2019-20	2,216,000	Gen
	WSC Conn Library & CSC Rangeland Center (bond payment)	2020-21	2,216,000	Gen
	WSC Conn Library & CSC Rangeland Center (bond payment)	Future	0	Gen
#51-University	UNMC College of Nursing Lincoln Facility (bond payment)	2017-18	1,477,000	Gen
	UNMC College of Nursing Lincoln Facility (bond payment)	2018-19	1,477,000	Gen
	UNMC College of Nursing Lincoln Facility (bond payment)	2019-20	1,477,000	Gen
	UNMC College of Nursing Lincoln Facility (bond payment)	2020-21	1,477,000	Gen
	UNMC College of Nursing Lincoln Facility (bond payment)	Future	2,932,300	Gen
#51-University	University Facilities Program (LB 605 - 2006)	2017-18	11,000,000	Gen
	University Facilities Program (LB 605 - 2006)	2017-18	11,000,000	Cash
	University Facilities Program (LB 605 - 2006)	2018-19	11,000,000	Gen
	University Facilities Program (LB 605 - 2006)	2018-19	11,000,000	Cash
	University Facilities Program (LB 605 - 2006)	2019-20	11,000,000	Gen
	University Facilities Program (LB 605 - 2006)	2019-20	6,632,546	Cash
#51-University	University Facilities Program (LB 957 - 2016)	2020-21	11,000,000	Gen
	University Facilities Program (LB 957 - 2016)	2020-21	11,000,000	Cash
	University Facilities Program (LB 957 - 2016)	Future	99,000,000	Gen
	University Facilities Program (LB 957 - 2016)	Future	99,000,000	Cash
#51-University	NCTA Education Center	2017-18	820,000	Gen
	NCTA Education Center	2018-19	820,000	Gen
	NCTA Education Center	2019-20	820,000	Gen
	NCTA Education Center	2020-21	820,000	Gen
	NCTA Education Center	Future	3,826,135	Gen

Reaffirmations (continued)		Fiscal Yr	Dollar Amt	Fund
#51-University	IANR Veterinary Diagnostic Center (bond payment)	2017-18	5,101,000	Gen
	IANR Veterinary Diagnostic Center (bond payment)	2018-19	5,101,000	Gen
	IANR Veterinary Diagnostic Center (bond payment)	2019-20	5,101,000	Gen
	IANR Veterinary Diagnostic Center (bond payment)	2020-21	2,703,300	Gen
	IANR Veterinary Diagnostic Center (bond payment)	Future	0	Gen
#65-DAS	State Capitol HVAC system replacement	2017-18	0	Gen
	State Capitol HVAC system replacement	2018-19	11,062,790	Gen
	State Capitol HVAC system replacement	2018-19	4,538,101	NCCF
	State Capitol HVAC system replacement	2019-20	9,433,698	Gen
	State Capitol HVAC system replacement	2019-20	2,469,348	NCCF
	State Capitol HVAC system replacement	2020-21	10,194,538	Gen
	State Capitol HVAC system replacement	2020-21	2,794,586	NCCF
	State Capitol HVAC system replacement	Future	35,374,174	Gen
	State Capitol HVAC system replacement	Future	10,431,585	NCCF
#65-DAS	Taskforce for Building Renewal Projects	2017-18	21,000,930	Cash
	Taskforce for Building Renewal Projects	2018-19	21,000,930	Cash
	Taskforce for Building Renewal Projects	2019-20	21,000,930	Cash
	Taskforce for Building Renewal Projects	2020-21	21,000,930	Cash
	Taskforce for Building Renewal Projects	Future	no limit	Cash
#65-DAS	State Capitol Improvements	2017-18	0	Gen
	State Capitol Improvements	2018-19	0	Gen
	State Capitol Improvements	2019-20	500,000	Gen
	State Capitol Improvements	2020-21	500,000	Gen
	State Capitol Improvements	Future	2,000,000	Gen
#65-DAS	OCIO Data Center Risk Mitigation	2017-18	2,183,591	Rev
	OCIO Data Center Risk Mitigation	2018-19	0	Rev
	OCIO Data Center Risk Mitigation	2019-20	0	Rev
	OCIO Data Center Risk Mitigation	2020-21	0	Rev

## Project Listing – New Construction Projects

New Construction		Fiscal Yr	Dollar Amt	Fund
#27-Roads	Lump sum allocation for construction	2017-18	5,000,000	Cash
#31-Military Dept	Mass Notification System - Camp Ashland	2017-18	135,000	Fed
#31-Military Dept	Energy Efficient Site Lighting - Kearney Field Maintenance Shop	2017-18	140,000	Fed
#31-Military Dept	Energy Efficient Site Lighting - Lincoln Field Maintenance Shop	2017-18	180,000	Fed
#31-Military Dept	Replace facilities maintenance building - Camp Ashland	2017-18	140,000	Fed
#31-Military Dept	Replace facilities maintenance building - Camp Ashland	2018-19	850,000	Fed
#31-Military Dept	Pave parking lot - Camp Ashland Field Maintenance Shop	2018-19	410,000	Fed
#31-Military Dept	Main entrance improvements - Camp Ashland	2018-19	800,000	Fed
#31-Military Dept	Bellevue Readiness Ctr - Project Design	2017-18	143,000	Cash
#33-Game & Parks	State Parks Facilities - Deferred Maintenance	2017-18	2,260,500	Cash
	State Parks Facilities - Deferred Maintenance	2018-19	2,510,000	Cash
#33-Game & Parks	State Park System Facility Improvements	2017-18	1,210,000	Cash
	State Park System Facility Improvements	2018-19	1,170,000	Cash
#33-Game & Parks	Wildlife Land Acquisition and Improvements	2017-18	1,000,000	Cash
#33-Game & Parks	Aquatic habitat enhancement and restoration.	2017-18	2,500,000	Cash
	Aquatic habitat enhancement and restoration.	2018-19	2,500,000	Cash
#33-Game & Parks	State Parks Facilities - Emergency repairs	2017-18	200,000	Cash
	State Parks Facilities - Emergency repairs	2018-19	200,000	Cash
#33-Game & Parks	Implement master plan - Lake McConaughy & Ogallala SRA	2017-18	1,000,000	Cash
	Implement master plan - Lake McConaughy & Ogallala SRA	2018-19	1,000,000	Cash
#33-Game & Parks	Water system, vault toilets, shower/latrine–Swanson/Merritt SRA	2017-18	200,000	Cash
	Water system, vault toilets, shower/latrine–Swanson/Merritt SRA	2018-19	200,000	Cash
#33-Game & Parks	Enclosed shelter facility - Fort Kearny SRA	2017-18	150,000	Cash
#33-Game & Parks	New maintenance shop building – Mahoney SP	2017-18	100,000	Cash
#33-Game & Parks	Land Acquisition - State parks, recreation areas, historical parks	2017-18	100,000	Cash
	Land Acquisition - State parks, recreation areas, historical parks	2018-19	100,000	Cash
#33-Game & Parks	Cowboy Trail emergency repairs	2017-18	100,000	Cash
	Cowboy Trail emergency repairs	2018-19	100,000	Cash
#46-Corrections	Infrastructure and maintenance projects	2017-18	1,300,000	NCCF
	Infrastructure and maintenance projects	2018-19	1,300,000	NCCF
#46-Corrections	Reception and Treatment Center - DEC & LCC	2017-18	14,171,102	NCCF
	Reception and Treatment Center - DEC & LCC	2018-19	26,162,038	NCCF
	Reception and Treatment Center - DEC & LCC	2019-20	34,882,173	NCCF
#46-Corrections	Security system upgrades - all facilities	2017-18	552,500	NCCF
	Security system upgrades - all facilities	2018-19	552,500	NCCF
#46-Corrections	Industry building bay addition - TSCI (Tecumseh)	2017-18	2,300,000	Rev
	Industry building bay addition - TSCI (Tecumseh)	2018-19	1,360,000	Rev
#47-NETC	Replace transmitter - KHNE (Hastings)	2017-18	260,000	NCCF
#47-NETC	Replace radio transmission equipment	2017-18	95,000	Gen
#47-NETC	Tower lighting system - KHNE (Hastings)	2018-19	125,000	NCCF
#65-DAS	Perimeter security fence and lighting - Norfolk Reg Ctr campus	2017-18	1,600,000	Rev
	Perimeter security fence and lighting - Norfolk Reg Ctr campus	2018-19	307,337	Rev

**ADJUSTMENT OF  
CURRENT YEAR  
(FY2016-17)  
APPROPRIATIONS**

## Summary of Major Deficit Items

At the beginning of the 2017 legislative session, the Legislature and Governor faced a potential \$895 million shortfall for the FY2017-18 / FY2018-19 biennial budget. The first step in closing that potential shortfall was to look at FY2016-17 budget adjustments. The Governor recommended and the Legislature included a series of specific and across-the-board cuts in FY2016-17 new appropriations, and lapses of FY2015-16 funds reappropriated to FY2016-17. Also included are adjustments which would be considered as "normal" deficits. The Legislature enacted about 91% of the Governors recommended adjustments. Note that these FY2016-17 adjustments were specific only to FY2016-17 and did not lower the base budget going into the development of the FY2017-18 and FY2018-19 budgets.

The table shown here highlights the major changes in General Fund appropriations as contained in LB22 enacted earlier in the 2017 Session and subsequent changes in LB149 passed later in the session. The table on page 115 shows a complete listing of General Fund adjustments.

<b>General Fund Deficits</b>	LB 22 Early Deficits	LB 149 Adjustments	LB 171 State Claims	Total FY17 GF Changes
<b>Regular Deficits</b>				
Education - TEEOSA - lower Insurance Premium Tax	316,161	0	0	316,161
PSC - Increase expenses relating to a new commissioner	9,758	0	0	9,758
Revenue - Homestead Exemption, adjust to actual tax loss	2,235,000	0	0	2,235,000
DHHS – Medicaid, Medicare Part B Premium Increase	3,264,087	0	0	3,264,087
DHHS – Medicaid, Medicare Prescription Drug Benefit Clawback	5,263,256	0	0	5,263,256
DHHS - Child Welfare, Nebraska Families Collaborative	7,803,559	0	0	7,803,559
DHHS - Develop Disability aid, HCBS residential providers	4,663,144	0	0	4,663,144
State Claims (LB 171)	0	0	394,853	394,853
Subtotal - Regular Deficits	23,554,965	0	394,853	23,949,818
<b>Reductions</b>				
Courts - Reduce FY17 reapprop balance by reducing FY17 "new"	0	(2,200,000)	0	(2,200,000)
Auditor - reduce for waived health insurance coverage	(22,000)	0	0	(22,000)
Treasurer - reduce for actual health insurance coverage	(15,000)	0	0	(15,000)
Treasurer - State Disbursement Unit - One-time fund shift	(50,000)	0	0	(50,000)
Treasurer - Long Term Care Savings Plan - align with spending	(11,081)	0	0	(11,081)
Education - Delete funding, Master Teacher Program Aid	(470,000)	0	0	(470,000)
Parole - Salary increase will not occur in FY 2017 for Board members	(9,790)	0	0	(9,790)
Revenue - Personal Prop Tax Relief Act - updated NDR est	(5,800,000)	0	0	(5,800,000)
Agriculture - Reduce the Riparian Vegetation Program (aid)	(300,000)	0	0	(300,000)
Agriculture - Reduce the Riparian Vegetation Program (oper)	(10,000)	0	0	(10,000)
DHHS - SCHIP - Reduce appropriation based on expenditure rate	(1,400,000)	0	0	(1,400,000)
DHHS - Public Assistance - reduce to match est expenditures	(10,000,000)	0	0	(10,000,000)
DHHS - Medicaid - prior year drug rebates	(15,000,000)	0	0	(15,000,000)
DHHS - Medicaid - Reduce appropriation based on expenditure rate	(7,525,000)	0	0	(7,525,000)
DHHS - Delay opening Lincoln Reg Cntr unit until FY 2017-18	(1,000,000)	0	0	(1,000,000)
DHHS - BSDC - one-time fund shift	(5,000,000)	0	0	(5,000,000)
DHHS - BSDC - reduce appropriation to match estimated expenditures	(3,500,000)	0	0	(3,500,000)
Military - Governors Emergency Fund - eliminate base appropriation	(250,000)	0	0	(250,000)
DED - Community and Rural Develop, one-time fund shift	(32,015)	0	0	(32,015)
Crime Comm - Community corrections - one-time fund shift	(100,000)	0	0	(100,000)
DEQ - Storm Water Management Grants - reduce funding	(300,000)	0	0	(300,000)
Across the Board Cut (various agencies)	(37,647,830)	(249,528)	0	(37,897,358)
Subtotal - Reductions	(88,442,716)	(2,449,528)	0	(90,892,244)
<b>Total General Fund FY17 Deficit Appropriations</b>	(64,887,751)	(2,449,528)	394,853	(66,942,426)
<b>Lapse FY2016-17 Reappropriations</b>	(72,170,032)	(300,000)	0	(72,470,032)
<b>Grand Total</b>	(137,057,783)	(2,749,528)	394,853	(139,412,458)

***Personal Property Tax Relief Act reimbursement*** This program provides owners of tangible personal property with an exemption from the property tax on the first \$10,000 of valuation of tangible personal property in each "tax district" in which a personal property tax return is required to be filed. The state reimburses local governments for the lost tax revenue. The Department of Revenue has indicated that the personal property exemption tax loss experienced by local governments to be reimbursed by the State during FY 2016-17 is approximately \$13,800,000, which is \$5,800,000 less than was estimated and appropriated when the program was created during the 2015 legislative session.

***Homestead Exemption reimbursement*** This program provides direct relief from property taxes to eligible persons by exempting all or a portion of the valuation of the homestead from taxation. The State reimburses local governments for the taxes lost due to homestead exemptions. The Department of Revenue has indicated that the homestead exemption tax loss experienced by local governments to be reimbursed by the State during FY 2016-17 is \$74,900,000 General Funds, which is \$2,235,000 more than the total appropriation available. The budget includes an appropriation increase in FY 2016-17 consistent with the department's estimate.

***Public Assistance – Reduce to Match Est Expenditures*** The adjustments included a \$10,000,000 General Fund reduction for FY 2016-17 in Public Assistance based on a current year General Fund spending rate less than projected when FY 2016-17 program appropriation was established.

***Medicaid – Reduce to Match Est Expenditures*** The adjustments included a \$7,525,000 General Fund reduction for FY 2016-17 for Medicaid based on a current year General Fund spending rate less than projected when FY 2016-17 program appropriation was established.

***Medicaid - Drug Rebates*** A \$15,000,000 General Fund reduction for FY 2016-17 in Medicaid program was enacted facilitated by a system enhancement implemented by the Department of Health and Human Services allowing the recapture of drug rebates for prior years not previously collected for physician-administered drugs. These additional drug rebates represent a one-time offset to General Fund expenditures for FY 2016-17.

***Medicaid - Medicare Prescription Drug Benefit Clawback*** The amount the state is required to reimburse the federal government for Medicaid/Medicare Dual Eligible prescription drug costs paid through Medicare Part D, is increasing by 10.1 percent, effective January 1, 2017. The budget adjustments for FY 2016-17 includes \$5,263,256 General Funds to finance this payment to the federal government that is commonly referenced as clawback payments.

***Medicaid - Medicare Part B Premium Increase*** The state Medicaid program is required by federal law to contribute to Medicare Part B premiums for certain enrollees. Medicare Part B premiums are increasing significantly in 2017, although not as much as estimated when the agency request for funding to finance the increase was submitted in October, 2016. The budget adjustments include \$3,264,087 General Funds and \$3,491,059 federal funds for FY 2016-17 to finance the impact of the Medicare Part B premium increases in the current state fiscal year.

***Child Welfare - Nebraska Families Collaborative*** The budget includes \$7,803,559 General Funds for FY 2016-17 in Child Welfare Aid to finance increased costs experienced by

Nebraska Families Collaborative (NFC) due to serving more Eastern Service Area youth than anticipated when the FY 2016-17 contract was negotiated.

***Developmental Disability Aid - Home and Community-Based Services (HCBS)***

The Centers for Medicare and Medicaid Services (CMS) provided guidance to the Department of Health and Human Services (DHHS) that certain reimbursements to Developmental Disability (DD) residential habilitation service providers, authorized under billing guidelines that became effective July 1, 2014, cannot be claimed for federal participation. DHHS learned that the DD rate methodology developed for its Medicaid HCBS waiver in 2010-2011 and implemented July 1, 2014 included an allowance for 104 weekend days and 15 holiday/sick days each year in the bundled rate for residential habilitation services. The residential habilitation rates reflect costs incurred when day services are unavailable and residential providers were allowed to bill for these services separately. DHHS amended the billing guidelines to reimburse residential habilitation providers the General Fund portion of the amount for day services provided for weekends, holidays and sick days, effective October 1, 2016. CMS has agreed to allow the Department to temporarily increase its residential habilitation rate effective upon the approval of the waiver application renewal, anticipated for March 2017, to account for days in which residential habilitation providers are rendering services because day habilitation is not available. Residential habilitation providers have indicated that the General Fund portion of the rate is not sufficient to cover their costs. The budget adjustments include \$4,663,144 General Funds for FY 2016-17 to enhance rates for providers of residential habilitation services

***Lincoln Regional Center Unit Delay*** A \$1,000,000 General Fund reduction for FY 2016-17 in the Mental Health Operations program as included. The reduction represents savings from a delay in opening, until FY 2017-18, an additional Lincoln Regional Center unit that was financed by the Legislature for FY 2016-17.

***Beatrice State Developmental Center Spend Rate*** The budget adjustments include a \$3,500,000 General Fund reduction for FY 2016-17 for the Beatrice State Developmental Center (BSDC) based on a current year General Fund spending rate less than projected when FY 2016-17 program appropriation was established. Implementing this reduction will not affect operations of the BSDC.

***Beatrice State Developmental Center Fund Shift*** A \$5,000,000 General Fund reduction and a \$5,000,000 federal fund increase for FY 2016-17 for BSDC. The one-time use of available federal fund balances at BSDC allows for reduced reliance on General Funds for FY 2016-17 to operate the facility without affecting the operation of the facility.

***Across the Board Cuts*** As a general guideline, the budget adjustments included a 4% reduction in FY2016-17 new General Fund appropriations. There were exceptions including "entitlement" aid programs, programs where specific reductions were made, 24/7 institutions, and the Dept. of Correctional Services. Reduction for the court system programs was at a lower rate, approximately 1.5%, same for the University of Nebraska which was at a lower 2.3% reduction.

***Lapsed Reappropriations*** As a general guideline, the budget adjustments included a lapse of 76% of the unobligated amounts reappropriated from FY2015-16 into FY2016-17. Significant exclusions were the University of Nebraska and Dept. of Correctional Services. A lower lapse amount was subsequently enacted for the Legislative council through LB149.

## Listing of FY2016-17 Adjustments – General Funds

#	Agency Name	Prog #	Issue	Type	General
3	Leg Council	122	ATB Cut - Operations - LEGISLATIVE SERVICES	Oper	(385,976)
3	Leg Council	122	Lapse FY16 reappropriations - LEGISLATIVE SERVICES	Oper	(1,596,783)
3	Leg Council	122	Partially restore FY16 lapsed appropriations (LB 149)	Oper	250,000
3	Leg Council	123	ATB Cut - Operations - CLERK OF LEGISLATURE	Oper	(160,405)
3	Leg Council	123	Lapse FY16 reappropriations - CLERK OF LEGISLATURE	Oper	(999,114)
3	Leg Council	123	Partially restore FY16 lapsed appropriations (LB 149)	Oper	800,000
3	Leg Council	126	ATB Cut - Operations - LEGISLATIVE RESEARCH	Oper	(28,236)
3	Leg Council	126	Lapse FY16 reappropriations - LEGISLATIVE RESEARCH	Oper	(225,806)
3	Leg Council	127	ATB Cut - Operations - REVISOR OF STATUTES	Oper	(61,723)
3	Leg Council	127	Lapse FY16 reappropriations - REVISOR OF STATUTES	Oper	(541,727)
3	Leg Council	129	ATB Cut - Operations - LEGISLATIVE AUDIT	Oper	(27,260)
3	Leg Council	129	Lapse FY16 reappropriations - LEGISLATIVE AUDIT	Oper	(49,692)
3	Leg Council	501	ATB Cut - Operations - INTERGOVERNMENTAL COOPERATION	Oper	(20,314)
3	Leg Council	501	Lapse FY16 reappropriations - COM ON INTERGOVTL	Oper	(55,918)
3	Leg Council	504	ATB Cut - Operations - OFFICE OF PUBLIC COUNSEL	Oper	(61,428)
3	Leg Council	504	Lapse FY16 reappropriations - OFF PUB COUNSEL	Oper	(189,503)
3	Leg Council	638	ATB Cut - Operations - FISCAL AND PROGRAM ANALYSIS	Oper	(66,551)
3	Leg Council	638	Lapse FY16 reappropriations - FISCAL AND PROGRAM	Oper	(169,731)
5	Supreme Court	5	Lapse FY16 reappropriations - RETIRED JUDGES SALARIES	Oper	(219,117)
5	Supreme Court	52	ATB Cut - Operations - OPERATIONS	Oper	(483,529)
5	Supreme Court	52	Lapse FY16 reappropriations - COURT OPERATIONS	Oper	(1,125,612)
5	Supreme Court	52	Reduce FY17 "new" to lower reapprop to FY18 (LB 149)	Oper	(200,000)
5	Supreme Court	67	ATB Cut - Operations - PROBATION SERVICES	Oper	(331,038)
5	Supreme Court	67	Lapse FY16 reappropriations - PROBATION SERVICES	Oper	(456,297)
5	Supreme Court	420	ATB Cut - Operations - SPECIALIZED COURT OPERATIONS	Oper	(36,078)
5	Supreme Court	420	Lapse FY16 reappropriations - SPECIALIZED COURT OPERATIONS	Oper	(49,270)
5	Supreme Court	435	ATB Cut - Operations - COMMUNITY CORRECTIONS	Oper	(310,059)
5	Supreme Court	435	Lapse FY16 reappropriations - COMMUNITY CORRECTIONS	Oper	(183,836)
5	Supreme Court	435	Reduce FY17 "new" to lower reapprop to FY18 (LB 149) (LB 149)	Oper	(2,000,000)
5	Supreme Court	437	ATB Cut - Operations - JUVENILE JUSTICE	Oper	(1,004,110)
7	Governor	18	Lapse FY16 reappropriations - POLICY RESEARCH OFFICE	Oper	(325,792)
7	Governor	21	ATB Cut - Operations - OFFICE OF GOVERNOR	Oper	(85,336)
7	Governor	21	Lapse FY16 reappropriations - OFFICE OF GOVERNOR	Oper	(162,488)
8	Lt. Governor	124	ATB Cut - Operations - OFFICE-LT GOVERNOR	Oper	(1,466)
8	Lt. Governor	124	Lapse FY16 reappropriations - OFFICE-LT GOVERNOR	Oper	(32,080)
9	Sec of State	22	ATB Cut - Operations - DEPARTMENT ADMINISTRATION	Oper	(11,294)
9	Sec of State	45	ATB Cut - Operations - ELECTION ADMINISTRATION	Oper	(58,687)
9	Sec of State	45	Lapse FY16 reappropriations - ELECTION ADMINISTRATION	Oper	(1,704)
9	Sec of State	86	ATB Cut - Operations - ENF OF STDS-RECORDS MGMT	Oper	(6,187)
9	Sec of State	86	Lapse FY16 reappropriations - ENF OF STDS-RECORDS MGMT	Oper	(3,744)
10	Auditor	10	State Auditor - reduce for waived health insurance coverage	Oper	(22,000)
10	Auditor	506	ATB Cut - Operations - STATE AGENCY & COUNTY POST AUDITS	Oper	(99,528)
10	Auditor	506	Lapse FY16 reappropriations - ST AG & COUNTY POST AUDITS	Oper	(12,650)
11	Attorney General	496	ATB Cut - Operations - INTERSTATE WATER LITIGATION	Oper	(36,860)
11	Attorney General	496	Lapse FY16 reappropriations - INTERSTATE WATER LITIGATION	Oper	(249,050)
11	Attorney General	507	ATB Cut - Operations - INTERP & APPL OF LAW	Oper	(248,451)
11	Attorney General	507	Lapse FY16 reappropriations - INTERP & APPL OF LAW	Oper	(432,920)



#	Agency Name	Prog #/Issue	Type	General
12	Treasurer	12	State Treasurer - actual health insurance coverage lower than budgeted	Oper (15,000)
12	Treasurer	24	State Disbursement Unit - One-time fund shift to use excess balance	Oper (50,000)
12	Treasurer	24	ATB Cut - Operations - STATE DISBURSEMENT UNIT	Oper (45,422)
12	Treasurer	659	Long Term Care Savings- reduce appropriation to align with spending	Oper (11,081)
12	Treasurer	659	Lapse FY16 reappropriations - LONG-TERM CARE SAVINGS PLAN	Oper (20,299)
13	Education	25	ATB Cut - Operations - EDUCATION ADMINISTRATION	Oper (656,778)
13	Education	25	Lapse FY16 reappropriations - EDUCATION ADMINISTRATION	Oper (3,659,171)
13	Education	158	Delete funding, Master Teacher Program Aid	Aid (470,000)
13	Education	158	ATB Cut - Early Childhood Programs	Aid (350,807)
13	Education	158	ATB Cut - Early Childhood Provider Aid	Aid (6,760)
13	Education	158	ATB Cut - ESU Core Services/Tech.	Aid (275,228)
13	Education	158	ATB Cut - GED Program Aid	Aid (30,000)
13	Education	158	ATB Cut - Nurturing Healthy Behaviors Aid	Aid (16,000)
13	Education	158	ATB Cut - School Breakfast	Aid (22,442)
13	Education	158	ATB Cut - School Lunch	Aid (15,681)
13	Education	158	ATB Cut - Summer Food Service Aid	Aid (5,200)
13	Education	158	ATB Cut - Textbook Loans	Aid (18,620)
13	Education	158	ATB Cut - Voc. & Adult Education	Aid (8,587)
13	Education	158	TEEOSA - Lower than projected Insurance Premium Tax	Aid 316,161
13	Education	351	ATB Cut - Operations - VOCATIONAL REHABILITATION	Oper (199,900)
13	Education	351	Lapse FY16 reappropriations - VOCATIONAL REHAB	Oper (253,207)
13	Education	401	ATB Cut - Operations - SERVICES FOR THE DEAF	Oper (82,137)
13	Education	402	ATB Cut - Operations - BLIND OR VISUALLY IMPAIRED	Oper (81,142)
14	PSC	16	ATB Cut - Operations - COMMISSIONERS EXPENSES	Oper (2,575)
14	PSC	16	Increase to Commissioners' Expenses relating to a new commissioner	Oper 9,758
14	PSC	54	ATB Cut - Operations - ENF OF STDS-COMMON CARRIERS	Oper (79,567)
14	PSC	54	Lapse FY16 reappropriations - ENF OF STDS-COMMON CARRIERS	Oper (146,536)
15	Parole Board	320	Salary increase will not occur in FY 2017 for Board members	Oper (9,790)
15	Parole Board	358	ATB Cut - Operations - BOARD OF PAROLE	Oper (261,431)
15	Parole Board	358	Lapse FY16 reappropriations - BOARD OF PAROLE	Oper (278,297)
16	Revenue	102	ATB Cut - Operations - REVENUE ADMINISTRATION	Oper (1,021,756)
16	Revenue	108	Homestead Exemption - adjust based on 2016 actual tax loss	Aid 2,235,000
16	Revenue	109	Personal Prop Tax Relief Act - rebase, updated NDR est	Aid (5,800,000)
16	Revenue	112	ATB Cut - Operations - PROPERTY ASSESSMENT	Oper (71,990)
16	Revenue	112	Lapse FY16 reappropriations - PROPERTY TAX ASSESSMENT	Oper (131,670)
18	Agriculture	78	Reduce the Riparian Vegetation Aid Program	Aid (300,000)
18	Agriculture	78	Reduce the Riparian Vegetation Aid Program	Oper (10,000)
18	Agriculture	78	ATB Cut - Operations - DEPT OF AGRICULTURE	Oper (249,713)
21	Fire Marshal	193	ATB Cut - Operations - PUBLIC PROTECTION	Oper (129,564)
21	Fire Marshal	340	ATB Cut - Operations - TRAINING DIVISION	Oper (35,918)
21	Fire Marshal	340	Lapse FY16 reappropriations - TRAINING DIVISION	Oper (46,937)
21	Fire Marshal	845	ATB Cut - Operations - NE PUBLIC SAFETY COMM SYSTEM	Oper (8,787)
21	Fire Marshal	845	Lapse FY16 reappropriations - PUBLIC SAFETY COMM. SYSTEM	Oper (21,820)
23	Labor	194	ATB Cut - Operations - PUBLIC PROTECTION	Oper (27,633)
23	Labor	194	Lapse FY16 reappropriations - PUBLIC PROTECTION	Oper (125,090)
25	DHHS	32	ATB Cut - Operations - MEDICAID RX ACT ADMIN	Oper (21,540)
25	DHHS	32	Lapse FY16 reappropriations - MEDICAID RX ACT ADMIN	Oper (13,231)
25	DHHS	33	ATB Cut - Operations - HHS ADMINISTRATION	Oper (4,005,922)
25	DHHS	38	Lapse FY16 reappropriations - BEHAVIORAL HEALTH AID	Aid (2,321,229)

#	Agency Name	Prog #	Issue	Type	General
25	DHHS	175	ATB Cut - Medical Student Assistance	Aid	(31,483)
25	DHHS	178	ATB Cut - Operations - PROFESSIONAL LICENSURE	Oper	(4,196)
25	DHHS	178	Lapse FY16 reappropriations - PROFESSIONAL LICENSURE	Oper	(32,906)
25	DHHS	179	ATB Cut - Operations - PUBLIC HEALTH	Oper	(53,924)
25	DHHS	179	Lapse FY16 reappropriations - PUBLIC HEALTH	Oper	(109,239)
25	DHHS	250	Lapse FY16 reappropriations - JUVENILE SERVICES	Oper	(1,593,936)
25	DHHS	344	SCHIP - Reduce appropriation based on expenditure rate	Aid	(1,400,000)
25	DHHS	344	Lapse FY16 reappropriations - CHILDRENS HEALTH INSURANCE	Aid	(1,577,163)
25	DHHS	347	Public Assistance - reduce appropriation to match est expenditures	Aid	(10,000,000)
25	DHHS	347	Lapse FY16 reappropriations - PUBLIC ASSISTANCE	Aid	(8,500,070)
25	DHHS	348	Medicaid - prior year drug rebates	Aid	(15,000,000)
25	DHHS	348	Medicaid - Reduce appropriation based on expenditure rate	Aid	(7,525,000)
25	DHHS	348	Medicaid - Medicare Part B Premium Increase	Aid	3,264,087
25	DHHS	348	Medicaid - Medicare Prescription Drug Benefit Clawback	Aid	5,263,256
25	DHHS	348	Lapse FY16 reappropriations - MEDICAL ASSISTANCE	Aid	(12,929,145)
25	DHHS	354	Child Welfare - Nebraska Families Collaborative	Aid	7,803,559
25	DHHS	359	Lapse FY16 reappropriations - YOUTH IN TRANSITION	Oper	(107,425)
25	DHHS	365	Delay opening Lincoln Reg Cntr unit until FY 2017-18	Oper	(1,000,000)
25	DHHS	421	BSDC - one-time fund shift	Oper	(5,000,000)
25	DHHS	421	BSDC - reduce appropriation to match estimated expenditures	Oper	(3,500,000)
25	DHHS	421	Lapse FY16 reappropriations - BEATRICE STATE DEV CTR	Oper	(2,426,614)
25	DHHS	424	Develop Disability aid - HCBS residential providers weekends, & holidays	Aid	4,663,144
25	DHHS	514	ATB Cut - Health Aid	Aid	(276,704)
25	DHHS	514	Lapse FY16 reappropriations - HEALTH AID	Aid	(1,359,271)
25	DHHS	519	Lapse FY16 reappropriations - VETERANS HOME SYSTEM	Oper	(4,877,474)
25	DHHS	559	Lapse FY16 reappropriations - AGING CARE MANAGEMENT	Oper	(3,567)
25	DHHS	870	Lapse FY16 reappropriations - NORFOLK SEX OFFENDER TRTMNT	Aid	(603,152)
28	Veterans Affairs	36	ATB Cut - Operations - DEPARTMENT ADMINISTRATION	Oper	(46,818)
28	Veterans Affairs	36	Lapse FY16 reappropriations - DEPARTMENT ADMINISTRATION	Oper	(145,781)
28	Veterans Affairs	37	ATB Cut - Operations - VETERANS' CEMETERY SYSTEM	Oper	(10,315)
28	Veterans Affairs	37	Lapse FY16 reappropriations - VETERAN CEMETERY SYSTEM	Oper	(111,697)
29	Natural Resources	304	ATB Cut - Water & Soil Conservation	Aid	(92,721)
29	Natural Resources	307	ATB Cut - Natural Resources Devl. Fund	Aid	(125,613)
29	Natural Resources	334	ATB Cut - Operations - SOIL AND WATER CONSERVATION	Oper	(451,472)
29	Natural Resources	334	Lapse FY16 reappropriations - SOIL AND WATER CONSERVATION	Oper	(1,300,000)
31	Military Dept	192	Governors Emergency Fund - eliminate base appropriation	Aid	(250,000)
31	Military Dept	192	Lapse FY16 reappropriations - GOV EMERGENCY PROGRAM	Aid	(5,581,226)
31	Military Dept	192	Additional lapse, Governors Emergency program (LB 149)	Aid	(1,000,000)
31	Military Dept	544	ATB Cut - Operations - NATIONAL & STATE GUARD	Oper	(147,674)
31	Military Dept	544	Lapse FY16 reappropriations - NATIONAL & STATE GUARD	Oper	(214,335)
31	Military Dept	545	ATB Cut - Operations - EMERGENCY MANAGEMENT	Oper	(56,115)
31	Military Dept	548	Lapse FY16 reappropriations - TUITION ASSISTANCE	Oper	(46,015)
32	Ed Lands & Funds	529	ATB Cut - Operations - LAND SURVEYS	Oper	(13,414)
32	Ed Lands & Funds	529	Lapse FY16 reappropriations - LAND SURVEYS	Oper	(86,770)
33	Game and Parks	336	Lapse FY16 reappropriations - WILDLIFE CONSERVATION	Oper	(14,485)
33	Game and Parks	337	Lapse FY16 reappropriations - ADMINISTRATION	Oper	(31,741)
33	Game and Parks	338	ATB Cut - Niobrara Council	Aid	(1,680)
33	Game and Parks	549	ATB Cut - Operations - PARKS - ADMINISTRATION AND OPERATION	Oper	(285,503)
33	Game and Parks	549	Lapse FY16 reappropriations - PARKS - ADMIN & OPER	Oper	(6,136)
33	Game and Parks	550	Lapse FY16 reappropriations - PLANNING & TRAILS COORDINATION	Oper	(43,049)
33	Game and Parks	617	ATB Cut - Operations - ENGINEERING & AREA MAINTENANCE	Oper	(194,278)

#	Agency Name	Prog #	Issue	Type	General
33	Game and Parks	617	Lapse FY16 reappropriations - ENGINEERING & AREA MAINTENANCE	Oper	(139,040)
33	Game and Parks	846	ATB Cut - Operations - NE PUBLIC SAFETY COMM SYSTEM	Oper	(1,495)
34	Library Comm	252	ATB Cut - Operations - LIBRARY AND INFORMATION SERVICES	Oper	(111,636)
34	Library Comm	252	Lapse FY16 reappropriations - LIBRARY OPERATIONS	Oper	(89,525)
34	Library Comm	302	ATB Cut - Library Development	Aid	(51,803)
34	Library Comm	302	Lapse FY16 reappropriations - LIBRARY DEVELOPMENT	Aid	(22,377)
35	Liquor Control	73	ATB Cut - Operations - LICENSING & REGULATION	Oper	(51,946)
35	Liquor Control	73	Lapse FY16 reappropriations - LICENSING & REGULATION	Oper	(130,570)
46	Corrections	214	Lapse FY16 reappropriations - VOCATIONAL AND LIFE SKILLS	Aid	(914,021)
47	NETC	533	ATB Cut - Operations - NETWORK OPERATIONS	Oper	(393,572)
47	NETC	533	Lapse FY16 reappropriations - NETWORK OPERATIONS	Oper	(297,900)
47	NETC	566	ATB Cut - Operations - PUBLIC RADIO	Oper	(19,590)
47	NETC	566	Lapse FY16 reappropriations - PUBLIC RADIO	Oper	(28,803)
48	Coord Comm.	640	ATB Cut - Operations - POSTSECONDARY EDUCATION	Oper	(56,144)
48	Coord Comm..	640	Lapse FY16 reappropriations - POSTSECONDARY EDUCATION	Oper	(33,296)
48	Coord Comm.	691	ATB Cut - Access College Early Prog.	Aid	(39,400)
48	Coord Comm.	691	Lapse FY16 reappropriations - ACCESS COLLEGE EARLY SCH PRG	Aid	(18,412)
50	State Colleges	48	ATB Cut - Operations - STATE COLLEGE SYSTEM	Oper	(2,096,170)
50	State Colleges	48	Lapse FY16 reappropriations - STATE COLLEGE SYSTEM	Oper	(155,370)
51	University of Nebr	781	ATB Cut - Operations - UNIVERSITY SYSTEM	Oper	(13,322,749)
54	Historical Society	553	ATB Cut - Operations - SESQUICENTENNIAL COMMISSION	Oper	(3,760)
54	Historical Society	553	Lapse FY16 reappropriations - SESQUICENTENNIAL COMMISSION	Oper	(43,504)
54	Historical Society	648	ATB Cut - Operations - STATE HISTORICAL SOCIETY	Oper	(182,336)
54	Historical Society	648	Lapse FY16 reappropriations - STATE HISTORICAL SOCIETY	Oper	(1,178,150)
64	State Patrol	100	ATB Cut - Operations - PUBLIC PROTECTION	Oper	(2,339,764)
64	State Patrol	100	Lapse FY16 reappropriations - PUBLIC PROTECTION	Oper	(1,252,344)
64	State Patrol	630	ATB Cut - Operations - STATE CAPITOL SECURITY	Oper	(10,148)
64	State Patrol	630	Lapse FY16 reappropriations - STATE CAPITOL SECURITY	Oper	(316,645)
64	State Patrol	850	ATB Cut - Operations - PUBLIC SAFETY COMM. SYSTEM	Oper	(54,625)
65	Admin Services	101	ATB Cut - Operations - CHIEF INFORMATION OFFICER	Oper	(15,198)
65	Admin Services	101	Lapse FY16 reappropriations - CHIEF INFORMATION OFFICER	Oper	(7,953)
65	Admin Services	169	ATB Cut - Operations - FEDERAL LIAISON	Oper	(140)
65	Admin Services	169	Lapse FY16 reappropriations - FEDERAL LIAISON	Oper	(15,637)
65	Admin Services	509	ATB Cut - Operations - BUDGET DIVISION	Oper	(50,835)
65	Admin Services	509	Lapse FY16 reappropriations - BUDGET DIVISION	Oper	(1,372,351)
65	Admin Services	509	Additional lapse, FY16 reappropriation (LB 149)	Oper	(350,000)
65	Admin Services	560	ATB Cut - Operations - STATE BUILDING DIVISION	Oper	(9,653)
65	Admin Services	560	Lapse FY16 reappropriations - STATE BUILDING DIVISION	Oper	(2,212)
65	Admin Services	605	ATB Cut - Operations - PERSONNEL DIVISION	Oper	(64,408)
65	Admin Services	605	Lapse FY16 reappropriations - PERSONNEL DIVISION	Oper	(90,036)
65	Admin Services	608	ATB Cut - Operations - EMPLOYEE RELATIONS DIVISION	Oper	(16,269)
65	Admin Services	685	ATB Cut - Operations - CAPITOL COMMISSION	Oper	(170,651)
65	Admin Services	685	Lapse FY16 reappropriations - CAPITOL COMMISSION	Oper	(66,276)

#	Agency Name	Prog #	Issue	Type	General
67	Equal Opportunity	59	ATB Cut - Operations - ENFORCEMENT OF STANDARDS	Oper	(50,512)
67	Equal Opportunity	59	Lapse FY16 reappropriations - ENFORCEMENT OF STANDARDS	Oper	(53,289)
68	Latino-American	537	ATB Cut - Operations - LATINO-AMERICAN COMMISSION	Oper	(8,313)
69	Arts Council	326	ATB Cut - Operations - PROMOTION OF THE ARTS	Oper	(24,737)
69	Arts Council	326	Lapse FY16 reappropriations - PROMOTION OF THE ARTS	Oper	(45,079)
69	Arts Council	327	ATB Cut - Aid to the Arts	Aid	(37,723)
69	Arts Council	327	Lapse FY16 reappropriations - AID TO THE ARTS	Aid	(5,000)
70	Foster Care	116	ATB Cut - Operations - FOSTER CARE REVIEW	Oper	(74,618)
70	Foster Care	116	Lapse FY16 reappropriations - FOSTER CARE REVIEW OFFICE	Oper	(96,949)
70	Foster Care	353	Lapse FY16 reappropriations - CHILDREN'S COMMISSION	Oper	(16,728)
71	Energy Office	106	ATB Cut - Operations - ENERGY OFFICE ADMINISTRATION	Oper	(8,739)
71	Energy Office	106	Lapse FY16 reappropriations - ENERGY OFFICE ADMINISTRATION	Oper	(407,510)
72	DED	601	Community and Rural Develop, one-time fund shift	Oper	(32,015)
72	DED	603	ATB Cut - Business Innovation Act	Aid	(274,400)
72	DED	603	Lapse FY16 reappropriations - INDUSTRIAL RECRUITMENT	Aid	(6,794,254)
72	DED	603	ATB Cut - Operations - INDUSTRIAL RECRUITMENT	Oper	(202,058)
76	Indian Affairs	584	ATB Cut - Operations - INDIAN AFFAIRS	Oper	(9,828)
76	Indian Affairs	584	Lapse FY16 reappropriations - INDIAN AFFAIRS	Oper	(6,726)
77	Indust Relations	490	ATB Cut - Operations - COMMISSIONER EXPENSES	Oper	(2,786)
77	Indust Relations	490	Lapse FY16 reappropriations - COMMISSIONER EXPENSES	Oper	(29,727)
77	Indust Relations	531	ATB Cut - Operations - ADMINISTRATION	Oper	(10,241)
77	Indust Relations	531	Lapse FY16 reappropriations - ADMINISTRATION	Oper	(40,369)
78	Crime Commssion	150	ATB Cut - Juvenile Services Aid	Aid	(23,512)
78	Crime Commission	150	ATB Cut - Operations - JUVENILE SERVICES ACT	Oper	(4,902)
78	Crime Commission	150	Lapse FY16 reappropriations - JUVENILE SERVICES ACT	Oper	(304,580)
78	Crime Commission	155	ATB Cut - County Juvenile Services Aid	Aid	(252,000)
78	Crime Commission	155	Lapse FY16 reappropriations - COUNTY JUVENILE SERVICES AID	Aid	(442,732)
78	Crime Commission	155	ATB Cut - Operations - COUNTY JUVENILE SERVICES AID	Oper	(44,277)
78	Crime Commission	198	ATB Cut - County Justice Reinvestment Grants	Aid	(20,000)
78	Crime Commission	198	ATB Cut - Crime Stoppers	Aid	(538)
78	Crime Commission	198	ATB Cut - Operations - CENTRAL ADMINISTRATION	Oper	(24,854)
78	Crime Commission	198	Lapse FY16 reappropriations - CENTRAL ADMINISTRATION	Oper	(55,315)
78	Crime Commission	199	ATB Cut - Operations - LAW ENFORCEMENT TRAINING CTR	Oper	(82,889)
78	Crime Commission	199	Lapse FY16 reappropriations - LAW ENFORCEMENT TRAINING CTR	Oper	(113,009)
78	Crime Commission	201	ATB Cut - Victim/Witness Assistance	Aid	(2,102)
78	Crime Commission	201	Lapse FY16 reappropriations - VICTIM-WITNESS ASSISTANCE	Aid	(3,783)
78	Crime Commission	201	ATB Cut - Operations - VICTIM-WITNESS ASSISTANCE	Oper	(163)
78	Crime Commission	202	ATB Cut - Crime Victims' Reparations	Aid	(800)
78	Crime Commission	202	ATB Cut - Operations - CRIME VICTIMS' REPARATIONS	Oper	(313)
78	Crime Commission	203	ATB Cut - Operations - JAIL STANDARDS BOARD	Oper	(12,658)
78	Crime Commission	203	Lapse FY16 reappropriations - JAIL STANDARDS BOARD	Oper	(49,305)
78	Crime Commission	204	ATB Cut - Violence Prevention Grants	Aid	(14,000)
78	Crime Commission	204	Lapse FY16 reappropriations - OFFICE OF VIOLENCE PREVENTION	Aid	(310,690)
78	Crime Commission	204	ATB Cut - Operations - OFFICE OF VIOLENCE PREVENTION	Oper	(4,443)
78	Crime Commission	215	ATB Cut - Operations - CRIMINAL JUSTICE INFORMATION SYSTEM	Oper	(7,488)
78	Crime Commission	215	Lapse FY16 reappropriations - CRIMINAL JUSTICE INFO SYSTEM	Oper	(11,030)
78	Crime Commission	220	Community corrections - one-time fund shift	Oper	(100,000)
78	Crime Commission	220	ATB Cut - Operations - COMMUNITY CORRECTIONS DIVISION	Oper	(12,331)
78	Crime Commission	220	Lapse FY16 reappropriations - COMM CORRECTIONS COUNCIL	Oper	(113,713)

#	Agency Name	Prog #	Issue	Type	General
82	Deaf/Hard of Hring	578	ATB Cut - Operations - HEARING IMPAIRED	Oper	(40,677)
82	Deaf/Hard of Hring	578	Lapse FY16 reappropriations - HEARING IMPAIRED	Oper	(77,754)
83	Comm Colleges	151	ATB Cut - Aid to Community Colleges	Aid	(4,033,132)
84	Environ Quality	513	Storm Water Management Grants - reduce funding	Aid	(300,000)
84	Environ Quality	513	ATB Cut - Superfund	Aid	(12,648)
84	Environ Quality	513	ATB Cut - Operations - ENVIRONMENTAL QUALITY	Oper	(156,897)
84	Environ Quality	513	Lapse FY16 reappropriations - ADMINISTRATION	Oper	(273,317)
87	Account/Disclosure	94	ATB Cut - Operations - POLITICAL ACCOUNTABILITY	Oper	(19,939)
87	Account/Disclosure	94	Lapse FY16 reappropriations - ADMINISTRATION	Oper	(119,377)
91	Tourism	618	ATB Cut - Tourism Marketing Assistance	Aid	(10,000)
91	Tourism	618	Lapse FY16 reappropriations - TOURISM PROMOTION	Aid	(17,452)
93	TERC	115	ATB Cut - Operations - OPERATIONS	Oper	(33,494)
93	TERC	115	Lapse FY16 reappropriations - OPERATIONS	Oper	(40,451)
99	Const-DAS	901	ATB Cut - Capital Construction	Const	(20,000)
99	Const DAS	901	Lapse FY16 reappropriations - STATE CAPITOL IMPROVEMENTS	Const	(80,000)
99	Const-Corrections	913	Lapse FY16 reappropriations - SECURITY SYSTEM UPGRADE	Const	(319,810)
99	Const-DAS	935	Lapse FY16 reappropriations - PUBLIC SAFETY COMM. TOWERS	Const	(301,245)
99	Const-DHHS	942	Lapse FY16 reappropriations - LRC KITCHEN REPLACEMENT	Const	(59,515)
99	Const-Hist Society	957	Lapse FY16 reappropriations - MUSEUM RENOVATION	Const	(5,383)
LB 22			Specific Cuts		(50,794,886)
LB 22			Across the Board Cuts		(37,647,830)
LB 149			Specific Cuts		(2,200,000)
LB 149			Across the Board Cuts		(249,528)
LB 22			Subtotal – Reductions Enacted in LB 22		(90,892,244)
LB 22			Subtotal - "Regular" Deficit Items –Enacted in LB22		23,554,965
LB 171			Subtotal – State Claims		394,853
			<b>Total - Change in FY2016-17 New Appropriations</b>		(66,942,426)
LB 22			Lapse FY2015-16 Reappropriation		(72,170,032)
LB 149			Lapse FY2015-16 Reappropriation		(300,000)
			<b>Total - Lapse FY2015-16 Reappropriation</b>		(72,470,032)
			<b>Total – Enacted in LB 22</b>		(137,057,783)
			<b>Total – Enacted in LB 149</b>		(2,749,528)
			<b>Total – Enacted in LB 171</b>		(394,853)
			<b>Grand Total – Enacted in LB 149</b>		(139,412,458)

# Chronology of FY2016-17 Appropriations

<b>GENERAL FUNDS</b>	Operations	State Aid	Construction	Total
<b>Total Per 2015 Session</b>	1,560,037,578	2,814,979,102	22,239,000	4,397,255,680
2016 Session-Committee Proposed	19,086,019	(4,666,968)	0	14,419,051
2016 Session-Floor Actions	(5,000)	(2,495,000)	0	(2,500,000)
2016 Session-Mainline Governor Vetoes	0	0	0	0
2016 Session-Mainline Veto Overrides	0	0	0	0
2016 Session "A" bills	1,541,106	975,000	0	2,516,106
Post 2016 Session	0	0	0	0
2016 Session - Midbiennium Adjustments	20,622,125	(6,186,968)	0	14,435,157
<b>Total Per 2016 Session</b>	1,580,659,703	2,808,792,134	22,239,000	4,411,690,837
2017 Session - LB 22 ATB Cuts	(31,578,246)	(6,049,584)	(20,000)	(37,647,830)
2017 Session - LB 22 Specific Cuts	(9,749,886)	(41,045,000)	0	(50,794,886)
2017 Session - LB 22 Regular Deficits	9,758	23,545,207	0	23,554,965
2017 Session - LB 149 deficit adjustments	(2,200,000)	(249,528)	0	(2,449,528)
2017 Session State Claims	394,853	0	0	394,853
2017 Session "A" bills	0	0	0	0
2017 Session - Deficits	(43,123,521)	(23,798,905)	(20,000)	(66,942,426)
<b>Final per 2017 Session</b>	1,537,536,182	2,784,993,229	22,219,000	4,344,748,411

<b>ALL FUNDS</b>	General	Cash	Federal	Rev/Other	Total
<b>Total Per 2015 Session</b>	4,397,255,680	2,256,953,781	3,029,560,219	861,057,632	10,544,827,312
2016 Session Mainline Changes	11,919,051	20,846,703	(3,312,718)	7,898,022	37,351,058
2016 Session Vetoes	0	0	0	0	0
2016 Session Overrides	0	0	0	0	0
2016 Session "A" bills	2,516,106	2,979,783	29,317	158,472	5,683,678
Post 2016 Session	0	0	0	0	0
2016 Session Midbiennium	14,435,157	23,826,486	(3,283,401)	8,056,494	43,034,736
Total Per 2016 Session	4,411,690,837	2,280,780,267	3,026,276,818	869,114,126	10,587,862,048
Update cash/federal estimates	0	38,474,257	(25,468,047)	45,657,916	58,664,126
<b>Adjusted Per 2016 Session</b>	4,411,690,837	2,319,254,524	3,000,808,771	914,772,042	10,646,526,174
2017 Session LB 22 ATB Cuts	(37,647,830)	279,467	0	0	(37,368,363)
2017 Session LB 22 Specific Cuts	(50,794,886)	(307,985)	5,000,000	0	(46,102,871)
2017 Session LB 22 Regular Deficits	23,554,965	707,578	3,491,059	4,560,000	32,313,602
2017 Session LB 149 adjustments	(2,449,528)	1,938,838	0	0	(510,690)
2017 Session State Claims	394,853	2,076,000	0	499,410	2,970,263
2017 Session "A" bills	0	0	0	0	0
2017 Deficits	(66,942,426)	4,693,898	8,491,059	5,059,410	(48,698,059)
<b>Final per 2017 Session</b>	4,277,805,985	2,328,642,320	3,017,790,889	924,890,862	10,549,130,056

# **DEFINITION OF TERMS**

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## State Biennial Budget

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A biennium is the time period for which the same Legislature exists. For example, the 104th Legislature will exist for two years, with the first session held in 2015, the second session in 2016. Although the State Constitution prohibits one Legislature from enacting appropriations that are binding on a future Legislature, the first session of the 104th Legislature can bind the second session of the same 104th Legislature. Therefore the 104th Legislature, meeting in 2015, can enact appropriations for FY2015-16 and FY2016-17 without binding the 105th Legislature. The biennial budget then is the sum of all appropriations made by the Legislature (both the first and second sessions) for these two succeeding fiscal years. These budgets as initially set in the 2015 session, can be revised and amended in subsequent legislative sessions, up until the end of a fiscal year.

The biennial budget can't be found in any single legislative bill. The phrase "the sum of all appropriations" was appropriately used as appropriations are contained in many different bills. What's referred to as the "mainline" budget bills are basically the appropriations to carry out the functions of state government as they exist at the beginning of a legislative session, and are normally contained in several different bills; legislator salaries, constitutional officer salaries, a main budget, and capital construction. New legislation enacted during a legislative session carries a companion appropriation bill if an appropriation is necessary to carry out the new law. This companion bill, referred to as an "A" bill, is a separate bill using the original bill number with the letter "A" following. In this manner, the appropriation to carry out the provisions of this legislation is only enacted if in fact the new legislation is enacted.

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## Fiscal Year

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The time period for which appropriations are made is the states' fiscal year that runs from July 1st through June 30th of the following year. The fiscal year covering the period July 1, 2015 through June 30, 2016 is referred to as FY2015-16, FY15-16, or simply FY16. Within this 12-month period, agencies are limited to only those appropriations made for FY2015-16. The fiscal year covering the period July 1, 2016 through June 30, 2017 is referred to as FY2016-17, FY16-17, or simply FY17.

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## Fund Types

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The State of Nebraska utilizes several different types of funds for appropriating and accounting for revenue sources. This structure is somewhat similar to a bank that has several general categories of accounts such as commercial, individual, and trust accounts while under these general types of accounts are many separate and distinct individual accounts. In the state system, the broad types of funds are listed below:

**General Fund** - This fund accounts for all the receipts not specified by statute to be credited to another fund. There is only a single General Fund. The majority of General Fund revenues come from sales and use taxes, and individual and corporate income taxes. Because appropriations from this fund determine the level of sales and income tax rates, most discussion on "balancing the budget" relates to the General Fund. Also deposited into the General Fund are liquor taxes, and approximately half of the cigarette tax and insurance premium taxes.



**Cash Funds** - These funds are used to account for the revenues and expenditures of dedicated fees and charges. Unlike the single General Fund, there are more than 250 individual cash funds contained in 70 different agencies. In many instances, an agency has multiple cash funds. For example, the Department of Agriculture has over 20 different cash funds. Monies held in these funds generally can only be used for the specific purpose for which the fund was created. Cash funds are used to account for revenues such as University and State College tuition and fees, institution patient revenues, hunting/fishing permits, highway revenues (gas tax and sales tax on motor vehicles), and agricultural commodity check-off fees. In addition, most inspection, regulatory, and license fees and charges, are dedicated to and accounted for through the use of cash funds. The Department of Roads accounts for about 40% of cash fund revenues/expenditures.

**Federal Funds** - Federal funds account for monies received from the federal government either as grants, contracts, or matching funds. Unlike other fund sources, federal fund appropriations are an estimate and agencies are not limited to the amount shown in the appropriation bills though receipts must meet expenditures. Similar to cash funds, there are numerous individual federal funds contained in the accounting system and they are generally limited to specific uses as authorized by the federal program from which the funds came from. About 61% of the federal funds are expended in the Health and Human Services System, a large portion for programs such as Medicaid, ADC, and other public assistance program. Federal funds in the Dept. of Education account for 13% of the total mostly flow through monies to local K-12 schools for programs such as Title 1, School Lunch, and Special Education.

**Revolving Funds** - These types of funds account for transactions where one agency provides goods or services to another agency. For example, the Dept of Education pays DAS-Building Division (SBD) for office rent in a state office building. The expenditure is charged against Education's budget (be it General, Cash, or Federal) as rent expenses. DAS-SBD then receives these funds which are credited to a revolving fund from which DAS-SBD pays staff salaries, utilities, custodial costs, repairs, etc... This in essence double-counts an expenditure; once when an agency pays another for goods/services rendered, the second time when the receiving agency then pays for costs incurred in providing the goods or services. Like cash and federal funds, there are numerous individual revolving funds within the state system. The University and State Colleges also use revolving funds but to account for revenues from dormitories, student unions, agricultural experiment stations, and other "enterprise" operations.

**Other Funds** - In the appropriation figures, this type includes a very small amount of private donations in capital construction, and the Nebraska Capital Construction Fund (NCCF). Because these amounts are historically both relatively small, they are combined with Revolving Funds for purposes of this report.

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## Operations, State Aid, Construction

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In this report, there are instances where appropriations by fund type are also broken down into three categories: operations, state aid, and capital construction. And within the "state aid" category, there are two kinds: state aid to individuals and state aid to local governments.

**Agency Operations** accounts for the costs of operating state agencies including items such as employee salaries and benefits, data processing, utilities, vehicle and equipment purchases, fuel and oil, etc...

**Aid to Individuals** includes programs such as Medicaid, Aid to Dependent Children (ADC), child welfare services and student scholarships where state funds are provided for the direct benefit of an individual. This area also includes aid to quasi-government units, which are those local agencies that do not have the authority to levy property taxes. This would include entities such as area agencies on aging, mental health regions and developmental disability regions.

**Aid to Local Governments** accounts for aid payments to local governments that have the authority to levy a property tax such as cities, counties, K-12 schools, community colleges, natural resource districts (NRD's), and educational services units (ESU's). This category includes programs such as state aid to schools (TEEOSA), special education, homestead exemption reimbursements and property tax relief through direct aid payments to cities, counties, NRD's, community colleges, and ESU's. State payments to fund part of the K-12 teacher retirement plan are not included under this category as those amounts are credited directly to the teacher retirement fund and are not checks written to school districts nor do those amounts show up as a school revenue or subsequent expenditure.

**Capital Construction** 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. Highway and road construction and maintenance is not included in this category. This is included under cash fund agency operations.

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## Agency and Program Structure

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Although only agency total figures are shown in this report, the state uses a program structure to which all appropriations are made. Budget programs are set out in the appropriations bills and are intended to follow functional lines within an agency. Overall there are approximately 350 budget programs within 82 state agencies. A lump sum appropriation is made to each program by fund type. Individual line items of expenditure (ie... salaries, data processing, equipment, supplies) are identified in the agency request and subsequently during the expenditure of the appropriated funds, but not for purposes of appropriations.

The only legally valid appropriations are made to budget programs with agency totals being for informational purposes only. Funds can only be shifted from one program to another by action of the Legislature. In some cases an entire agency is contained in one budget program. This normally occurs when it is a small agency with basically one purpose. A good example is the Board of Barber Examiners. However, there are some examples of very large agencies that are also contained in only one program, for example the Dept. of Correctional Services. In this case, the need for flexibility in terms of reallocating funding among the various institutions dictates a broader budget program. In these instances, more detailed data is available through the use of sub-programs during the request and expenditure process.

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# Budget Process and Chronology

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The budgetary process is a biennial cycle of submissions, reviews, and appropriations. The full cycle takes almost one complete 12-month period. The following steps basically comprise the cycle as it works during the preparation of a biennial budget.

**Step 1 Budget Request Instructions** By July 15, statutes require the Department of Administrative Services (DAS) Budget Division to issue instructions and forms for state agencies to use in submitting the budget request for the next two fiscal years.

**Step 2 Agency Budget Requests** By September 15, agencies must submit their requests to DAS with a copy to the Legislative Fiscal Office (LFO).

**Step 3 Staff Review** From September through December, analysts for the DAS Budget Division and LFO review agency requests and collect and analyze information justifying the request levels. The DAS-Budget analysis is conducted for the use of the Governor in developing his/her recommendations, the LFO analysis is provided for the Appropriations Committee and Legislature.

**Step 4 Governor's Recommendation** By statute, the Governor's budget is due by January 15th of each year. In the first year of his/her term, this time is extended until February 15th.

**Step 5 Appropriations Committee Initial Review** From the middle of January to mid to late February, the Appropriations Committee reviews agency requests and develops a preliminary recommendation. This preliminary recommendation becomes the basis for the agency budget hearings as well as a Preliminary Report required by legislative rules. This report is due 20-30 legislative days after the Governor's budget is submitted during odd numbered years (15-20 legislative days in even numbered years).

**Step 6 Agency Budget Hearings** From mid-February to mid-March, approximately 4-5 weeks are used to conduct public hearings on the agency request, the Governor's recommendations and Appropriations Committee preliminary recommendation. During these hearings, agencies, interest groups, and the general public submit requested changes to the Committee preliminary recommendation. Although not done frequently, other standing committees of the Legislature may have hearings on the budgets of those agencies under their subject jurisdiction during this time.

**Step 7 Committee Final Recommendation** From mid-March to the mid to late April, another four weeks is used to review all requests subsequent to the hearings and finalize the Appropriations Committee recommendation that will be sent to the full Legislature. By rule, the budget bills must be submitted to the Legislature as a whole by the 70th legislative day in 90 day sessions, and the 40th day in 60 day sessions, otherwise the Governor's bills are considered as introduced. When the Appropriations Committee sends their recommendations to the entire Legislature, the other standing committees again have the opportunity to review and/or hold hearings on the recommendations for the agencies under their jurisdiction.

**Step 8 General File** Like all other bills, budget bills are subject to amendment on the floor of the Legislature. The only difference is that for budget bills, all amendments must have 25 votes where a simple majority of those voting can amend other bills. This is the first of three stages a legislative bill must follow on its' way to passage.

**Step 9 Select File** This is the second and last stage of floor debate and again the budget bills are subject to debate and amendment.

**Step 10 Final Reading** The number of votes required for passage of budget bills depends on whether the bill has the emergency clause (ie.. the bill becomes law immediately after signed by the Governor), and whether the appropriation exceeds the Governor's recommendation. Any bill with the emergency clause (including budget bills) requires a 2/3 vote of the 49 members of the Legislature (33 votes). Since the fiscal year starts on July 1, and voting on budget bills normally occurs at the end of May or first part of June, the mainline budget bills will require the emergency clause in order for agencies to have funding available by the start of the new fiscal year. Some appropriations can go into effect after the fiscal year has begun as the mainline bill provides adequate cash flow until 90 days after the session ends when bills without the emergency clause go into effect. In cases of bills without the emergency clause the number of votes depends on whether the appropriation is in excess of the Governor's recommendation (30 votes) or at or below the Governor's recommendation (simple majority, 25 votes). By legislative rule, all bills which have a General Fund impact (ie.. General Fund "A" bill or General Fund revenue loss) are held on the final stage of consideration until the mainline budget bills have been passed.

**Step 11 Governor Vetoes** The Governor has five calendar days (excluding Sunday) to sign bills as enacted, let the bill become law without his/her signature, or return the bill with vetoes. In addition to the authority to veto a bill in total, the Governor also has the authority to line-item veto which means the Governor can strike a number and insert a lower number for any specific item of appropriation.

**Step 12 Veto Overrides** By legislative rule, if more than one item in a bill is vetoed, the Appropriations Committee must make a report to the Legislature within one legislative day. The rules further lay out the order for considering override attempts: (1) the Committee may offer to override the entire bill; (2) the Committee may offer to override selected line item vetoes; (3) any member of the Legislature may then offer a motion to override the entire bill; and (4) any member may then offer motions to override selected line item vetoes. In the Committee report, the Appropriations Committee can either recommend or not recommend overrides, or as in some cases, remain silent on the disposition of vetoes. In all cases, veto overrides require 30 votes.

**Step 13 Deficit Appropriations** A budget enacted for a fiscal year can be amended or changed up to the last day of that fiscal year. Deficit appropriations are changes made to the originally enacted appropriations. There are several chances to amend a biennial budget once it has been enacted. For example, the FY17-18 and FY18-19 biennial budget was enacted in the 2017 Session. Both years can be changed during the 2018 Session, even though at that time, the state will be nine months into FY17-18. The second year of the biennial budget (FY2018-19) can also be subject to change prospectively during the 2018 Session and again during the 2019 Session as a "deficit" during the fiscal year.

# ***LEGISLATIVE FISCAL OFFICE***

Agency Assignments and Staff

# Agency Assignments

(Agencies in numerical order)

Agency	Analyst
#03 Legislative Council	Tom Bergquist
#05 Supreme Court	Doug Nichols
#07 Governor/PRO/Energy	Scott Danigole
#08 Lieutenant Governor	Scott Danigole
#09 Secretary of State	Scott Danigole
#10 State Auditor	Scott Danigole
#11 Attorney General	Scott Danigole
#12 State Treasurer	Scott Danigole
#13 Dept of Education	Sandy Sostad
#14 Public Service Commission	Scott Danigole
#15 Board of Pardons and Parole	Doug Nichols
#16 Dept of Revenue	Doug Gibbs
<i>#17 Dept of Aeronautics merged into #27 Dept of Transportation</i>	
#18 Dept of Agriculture	Jeanne Glenn
#19 Dept of Banking	Phil Hovis
#21 State Fire Marshal	Scott Danigole
#22 Dept of Insurance	Sandy Sostad
#23 Dept of Labor	Doug Gibbs
#24 Dept of Motor Vehicles	Sandy Sostad
#25 Dept of Health & Human Services System Behavioral Health, Developmental Disabilities All Other DHHS Programs	Sandy Sostad, Liz Hruska
#27 Dept of Transportation	Mike Lovelace
#28 Dept of Veterans Affairs	Sandy Sostad
#29 Dept of Natural Resources	Jeanne Glenn
#30 State Electrical Board	Scott Danigole
#31 Military Department	Mike Lovelace
#32 Board of Educational Lands and Funds	Sandy Sostad
#33 Game and Parks Commission	Mike Lovelace
#34 Library Commission	Phil Hovis
#35 Liquor Control Commission	Doug Gibbs
#36 Racing Commission	Doug Gibbs
#37 Workers' Compensation Court	Doug Nichols
#39 Brand Committee	Jeanne Glenn

Agency	Analyst
#40 Motor Vehicle Industry Licensing Board	Sandy Sostad
#41 Real Estate Commission	Mike Lovelace
#45 Board of Barber Examiners	Liz Hruska
#46 Dept of Correctional Services	Doug Nichols
#47 Educational Telecommunications Commission	Kathy Tenopir
#48 Coordinating Commission Postsecondary Ed	Phil Hovis
#50 State Colleges	Phil Hovis
#51 University of Nebraska	Kathy Tenopir
#52 State Fair Board	Jeanne Glenn
#53 Real Property Appraiser Board	Mike Lovelace
#54 Historical Society	Scott Danigole
#56 Wheat Board	Jeanne Glenn
#57 Oil and Gas Conservation Commission	Scott Danigole
#58 Board of Examiners for Engineers and Architects	Doug Gibbs
#59 Board of Geologists	Doug Gibbs
#60 Ethanol Board	Jeanne Glenn
#61 Dairy Industry Development Board	Jeanne Glenn
#62 Board of Examiners for Land Surveyors	Doug Gibbs
#63 Board of Public Accountancy	Mike Lovelace
#64 State Patrol	Doug Nichols
#65 Dept of Administrative. Services Personnel, Employee Relations, Risk Management, Building Division, Capitol Comm, 309 Task Force All Other Divisions	Kathy Tenopir Phil Hovis Scott Danigole
#66 Abstractors Board of Examiners	Doug Gibbs
#67 Equal Opportunity Commission	Liz Hruska
#68 Mexican American Commission	Liz Hruska
#69 Nebraska Arts Council	Jeanne Glenn
#70 Foster Care Review Board	Liz Hruska
#71 Nebraska Energy Office	Scott Danigole
#72 Dept of Economic Development	Jeanne Glenn
#73 Bd of Examiners for Landscape Architects	Doug Gibbs
#74 Power Review Board	Scott Danigole
#75 Investment Council	Kathy Tenopir
#76 Commission on Indian Affairs	Liz Hruska
#77 Commission of Industrial Relations	Kathy Tenopir
#78 Crime Commission	Doug Nichols

Agency	Analyst
#81 Commission for the Blind and Visually Impaired	Sandy Sostad
#82 Commission on the Deaf and Hard of Hearing	Liz Hruska
#83 Community Colleges	Phil Hovis
#84 Dept of Environmental Quality	Jeanne Glenn
#85 Public Employees Retirement Board	Kathy Tenopir
#86 Dry Bean Commission	Jeanne Glenn
#87 Political Accountability and Disclosure	Scott Danigole
#88 Corn Board	Jeanne Glenn
#91 Nebraska Tourism Commission	Jeanne Glenn
#92 Grain Sorghum Board	Jeanne Glenn
#93 Tax Equalization and Review Commission	Doug Gibbs
#94 Commission on Public Advocacy	Doug Nichols



# Legislative Fiscal Office Staff

Name	Phone	Email	Responsibilities
<b>Calvert, Michael</b>	471-0059	Mcalvert@leg.ne.gov	Director
<b>Bergquist, Tom</b>	471-0062	Tbergquist@leg.ne.gov	Deputy Director Property Tax, Historical Data
<b>Robins, Susan</b>	471-2264	Srobins@leg.ne.gov	Fiscal Assistance
<b>McNally, Wanda</b>	471-2263	Wmcnally@leg.ne.gov	Fiscal Assistance
<b>Diarrassouba, Malik</b>	471-0061	Mdiarrassouba@leg.ne.gov	Economic and Tax Research Analyst, Revenue Forecasting
<b>Danigole, Scott</b>	471-0055	Sdanigole@leg.ne.gov	Governor/PRO/Energy, Lt. Governor, Secretary of State, State Auditor, Attorney General, State Treasurer, Public Service Commission, State Fire Marshal, State Electrical Board, Historical Society, Oil & Gas Conservation Commission, DAS Administrative Services, Energy Office, Power Review Board, Accountability & Disclosure Commission
<b>Gibbs, Doug</b>	471-0051	Dgibbs@leg.ne.gov	Revenue, Labor, Liquor Control Commission, Racing Commission, Engineers & Architects Examiners Board, Land Surveyors Examiners Board, Abstractors Examiners Board, Geologists Board, Landscape Architects Examiners Board, Tax Equalization and Review Commission
<b>Glenn, Jeanne</b>	471-0056	Jglenn@leg.ne.gov	Agriculture, Natural Resources, Brand Committee, Fair Board, Wheat Board, Ethanol Board, Dairy Industry Development Board, Arts Council, Economic Development, Environmental Quality, Dry Bean Commission, Corn Board, Grain Sorghum Board, Tourism Commission

<b>Hovis, Phil</b>	471-0057	Phovis@leg.ne.gov	Banking, Library Commission, Postsecondary Ed Coordinating Commission, State College System, DAS Building Division/Task Force for Building Renewal/Capitol Commission, Community Colleges
<b>Hruska, Liz</b>	471-0053	Lhruska@leg.ne.gov	Health & Human Services, Barber Examiners Board, Equal Opportunity Commission, Mexican-American Commission, Foster Care Review Board, Indian Affairs Commission, Hearing Impaired Commission
<b>Lovelace, Mike</b>	471-0050	Mlovelace@leg.ne.gov	Transportation (includes Aeronautics), Military Department, Game & Parks Commission, Real Estate Commission, Real Property Appraisers Board, Public Accountancy Board
<b>Nichols, Doug</b>	471-0052	Dnichols@leg.ne.gov	Supreme Court, Board of Pardons and Parole, Workers' Compensation Court, Corrections, State Patrol, Crime Commission, Commission on Public Advocacy
<b>Sostad, Sandy</b>	471-0054	Ssostad@leg.ne.gov	Education, Insurance, Health & Human Services (Behavioral Health & Developmental Disabilities), Veterans Affairs, Motor Vehicles, Educational Lands & Funds Board, Motor Vehicle Industry Licensing Board, Commission for the Blind and Visually Impaired
<b>Tenopir, Kathy</b>	471-0058	Ktenopir@leg.ne.gov	Educational Television Commission, University of Nebraska, DAS Personnel Division, DAS Employee Relations Division, DAS Risk Mgmt Division/State Claims, Commission on Industrial Relations, Investment Council, Public Employees Retirement Board