

STATE OF NEBRASKA
FY2019-20 / FY2020-21
BIENNIAL BUDGET

As Enacted in the
106th Legislature First Session

August 2019

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Introduction

This report contains a summary of the initial appropriations and budget actions for the FY2019-20 and FY2020-21 biennium as enacted during the 2019 Legislative Session. These are not the final appropriations as both fiscal years numbers can be changed during the 2020 Legislative Session, and FY2020-21 can further be changed during the 2021 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 2019 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 FY20/FY21 Biennium and projected for the FY21/FY22 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 2019 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 2019 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. A description of the various fund types can be found in the Definition of Terms section.

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

FY2018-19 Deficit Appropriations This section provides a detailed listing of all FY2018-19 deficiency appropriations. Also included is a chronology of FY2018-19 appropriations from when first enacted in the 2017 Session, changed during 2018 Session, and the final appropriations after the 2019 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 FY2019-20 and FY2020-21 biennial budget as enacted in the 2019 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.

Budget Challenges

At the start of this legislative session there were multiple demands on funding including the minimum reserve returning to 3%, Medicaid expansion as enacted by initiative, health care provider rates, prison overcrowding, replenishing a depleted Cash Reserve Fund, and property tax relief.

The challenge was attempting to address all of these areas within the confines of available revenues. Over a four month period the Appropriations Committee held numerous hearings, briefings and exec sessions to address these issues. Their proposal was contained in the mainline budget bills advanced and considered by the full Legislature. The enacted mainline budget bill plus other legislation enacted in the 2019 legislative session comprises the biennial budget as described in this document.

General Fund Financial Status

The enacted budget results in an unobligated ending balance at the end of the FY20/FY21 Biennial Budget which was \$228,160 above the minimum 3% reserve. In terms of the *following biennium*, the Committee proposed budget results in a projected ending balance that is \$139 million above the minimum 3% reserve. It should be noted that by statute the minimum reserve returned to 3.0% from the 2.5% level applicable during the FY18/FY19 biennium. This amounted to \$45 million and was the first draw on available funds during the budget process.

Since that point, fiscal year 2018-19 closed and actual receipts and expenditure data is now available. FY2018-19 actual receipts were \$131.4 million above the April 2019 forecast. Coupled with accounting adjustments, change in reserve calculations, and an estimated \$35 million lapse of unexpended appropriations, the current projected ending balance is \$23.4 million above the minimum 3% reserve.

General Fund Revenues

At the end of the 2019 session, revenue estimates for FY2018-19, FY2019-20 and FY2020-21 were the April 2019 forecasts from the Nebraska Economic Forecast Advisory Board (NEFAB) adjusted for revenue bills enacted in the 2019 legislative session.

Rate and base adjusted revenue growth implied by the April 2019 forecasts for the FY20/FY21 biennium average 2.8% (2.4% in FY19-20 and 3.2% in FY20-21). When including the 5.7% growth in the FY18-19 forecast, there is an average growth of 3.8% over the three years that affect the financial status for the upcoming biennium. Note that these revenue forecasts include the impact of the Wayfair ruling related to remote sellers. The forecasts also reflect a \$20 million shift of income taxes from FY2018-19 to FY2019-20 due to a waiver of penalty for late income tax filings for parts of counties impacted by flooding.

For the “following biennium”, revenue growth is calculated at 5.0% per year using the historical average methodology. The target growth is the historical average of 4.7% adjusted down to 4.4% to exclude growth that is now negated by indexing of the income tax brackets. Because the revenue growth in the NEFAB forecasts is below average, the revenue growth needed to yield a 4.4% five year average is 5.0% in both FY21-22 and FY22-23. At this point, these calculated amounts are higher but within the wide range of the high and low of the unofficial estimates prepared by Legislative Fiscal Office and Dept. of Revenue.

Since the end of the 2019 session, fiscal year 2018-19 closed with actual receipts being \$131.4 million above the April 2019 forecast and a rate and base adjusted growth calculated at 8.7% compared to the 5.7% growth at the sine die forecast.

Revenue forecasts for FY2019-20 and FY2020-21 remain at the sine die 2019 level. How these current forecasts may be impacted by the FY2018-19 revenue performance and how any revised revenue forecasts will affect the financial status will not be known until October 2019 when the NEFAB is statutorily scheduled to meet.

Until that time with the higher adjusted growth in FY18-19 actual receipts (8.7% vs 5.7% growth), and no change in the FY19-20 forecast, calculated growth for FY19-20 is now -0.4% with the existing forecast compared to the Sine Die estimate of 2.4%. No change in either the FY20-21 forecast or calculated growth.

<u>Est. Revenue Growth (rate/base adjusted)</u>	<u>FY18-19</u>	<u>FY19-20</u>	<u>FY20-21</u>	<u>FY21-22</u>	<u>FY22-23</u>
Sine Die 2019 Session	5.7%	2.4%	3.2%	5.2%	5.0%
With FY19 actual, no change in other forecasts	8.7%	-0.3%	3.2%	5.2%	5.0%

General Fund Budget Growth

Budget growth in the enacted budget is 3.8% in FY20 and 2.3% in FY21 for a two year average of 3.0%, slightly below the Governor’s recommendation of 3.1% but significantly less than the pre-session estimate which had projected average growth of 3.9% over the biennium.

One of the largest growth items is Medicaid expansion enacted by the Nebraska voters and accounts for about \$50 million of additional appropriations over the biennium. Excluding this item the two year average budget growth was 2.5%.

	<u>FY19-20</u>	<u>FY20-21</u>	<u>2 Yr Avg</u>
Operations	3.5%	2.5%	3.0%
State Aid to Individuals	1.5%	4.2%	2.8%
State Aid to Local Govt	5.2%	0.9%	3.0%
Construction	76.0%	-28.2%	12.5%
Annual % Change	3.8%	2.3%	3.0%

Cash Reserve Fund

At the end of the 2019 session, the Cash Reserve Fund unobligated balance was projected at \$322.3 million. This was based on April 2019 forecasts, actions taken in prior legislative sessions, and one change enacted in the 2019 session, a \$54.7 million transfer to the Nebraska

Capital Construction Fund to cover several construction projects primarily two additional high security housing units (384 beds) under the Dept. of Correctional Services.

After the close of FY2018-19, the Cash Reserve Fund is now projected at an unobligated balance of \$455.2 million. This includes a transfer of actual receipts above certified forecast totaling \$176.4 million, which is \$45 million estimated at Sine Die plus the \$131 million which came in above April forecast.

Medicaid Expansion

Initiative 427 was a proposal to expand the Medicaid program to cover low income parents and childless adults, 19 to 64 years of age, under the provisions of the Affordable Care Act (ACA). This ballot initiative was similar to several bills that have been proposed over the past six years. This initiative was adopted on November 6, 2018.

The enacted budget includes the costs of Medicaid expansion based on revised and updated numbers from the Dept. of Health and Human Services (DHHS) on April 11, 2019. A copy of the detailed information provided can be found on the DHHS website at: <http://dhhs.ne.gov/Pages/Medicaid-Expansion.aspx>. Based on the latest DHHIS update, the expanded program will not be operative until October 2020 so the impact of increased aid will only occur for nine months of FY2020-21.

Total General Fund costs related to Medicaid expansion are \$5.9 million in FY2019-20 and \$43.6 million in FY2020-21 for a two year total of \$49.6 million. A more detailed review can be found on page 51.

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 and in the 2016 session increased by \$20 million attributed to LB 958

During the 2019 session, the amount for the Property Tax Credit program was increased by \$51 million per year to a total of \$275 million per year. This is a 22.8% increase in FY19-20 and a two year average increase of 11.4%.

Prison Overcrowding

A major issue at the start of the session was prison overcrowding. The enacted budget includes several items addressing this issue.

First the budget includes \$1,168,373 in FY19-20 as the last year of the five year phase-in for additional probation and court staff under the Justice Reinvestment Act begun in the 2015 session with the enactment of LB 605

Second, the budget includes \$2,481,993 in both FY19-20 and FY20-21 to expand capacity at several problem-solving courts across the state: Adult Drug Courts in Wilbur, Papillion, York, and Norfolk, and Veterans Treatment Courts in Grand Island and Omaha.

And last, the budget includes funding for additional high security housing units for the Dept. of Correctional Services. This \$49 million project, financed with a Cash Reserve Fund transfer to the Nebraska Capital Construction Fund, is for 384 beds capable of housing maximum security male inmates. It consists of two housing units, one housing unit is for 128 beds (single occupancy cells). The two new buildings will be placed on the grounds of Lincoln Correctional Center (LCC) and will utilize services of the existing LCC and the newly created Reception and Treatment Center (RTC) for support functions such as food service, medical, visitation, and administration

This is the latest in several projects funded over the past few years. Before funding for new construction of prison beds was approved in 2016, the last construction of prison beds occurred in 2004: 136 beds at the Nebraska Correction Center for Women – York (NCCW). Funding for construction for additional beds was approved in 2016, and 100 beds came on line in September 2017 at CCCL (Community Corrections Center – Lincoln). Also included in the 2016 appropriation was funding for a 160-bed female dorm housing unit also at CCCL. These beds are anticipated to come online sometime in April 2019. Total investment in these projects is \$102 million. This new project would bring the total to about \$152 million.

The following table demonstrates the new design capacity of beds funded or proposed to be funded and the impact on the percent of design capacity. At the current population, these projects would reduce the overcrowding from 163% of design capacity to 135%. Unfortunately the additional capacity will not be available for several years and the percentages are based on a static population.

Facility	Average Daily Population	Current Design Capacity	Beds in Process	New Project	New Design Capacity	ADP as % Design Current Capacity	ADP as % Design New Capacity
CCC - Lincoln	485	300	160	--	460	162.0%	105.0%
CCC - Omaha	164	90	--	--	90	182.0%	182.0%
D & E Center - Lincoln	517	160	--	--	160	323.0%	323.0%
LCC	505	308	64	384	756	164.0%	67.0%
NCCW - York	326	275	--	--	275	119.0%	119.0%
NCYF Youth Facility	71	68	--	--	68	104.0%	104.0%
Penitentiary	1,344	718	100	--	818	187.0%	164.0%
OCC - Omaha	791	396	--	--	396	200.0%	200.0%
Tecumseh CI	1,017	960	--	--	960	106.0%	106.0%
Work Ethic - McCook	179	100	--	--	100	179.0%	179.0%
TOTAL	5,399	3,375	324	384	4,083	160.0%	132.0%
County Jail ADP	112	0	0	0	0		0.0%
ADP with County Jail	5,511	3,375	324	384	4,083	163.0%	135.0%

NOTES:

ADP: Average Daily Population as of March 18, 2019.

TEEOSA School Aid

The enacted budget funds TEEOSA at a 3.6% per year average increase, \$65.5 million (6.5%) in FY19-20 and an additional \$6.6 million (0.6%) in FY20-21.

Per prior law, the FY19-20 amount based on the Dept. of Education pre-certification estimate provided in January 2019 would have been a 7.8% increase driven by the local effort rate returning to \$1.00 from the \$1.023 where it was for two years in the last biennium. The FY20-21 amount was estimated at only a .7% increase due to lower spending and higher valuations.

The budget as enacted included the provisions of LB675 which reduced the allowable growth rate from 2.5% to 2.0% for FY2019-20 only and then return to the prior law level in FY20-21.

This change alters the cost growth factor and lowers the first year growth from 7.8% to 6.5% and reduces aid by \$11.7 million in FY19-20 and \$12.9 million in FY20-21.

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 was especially relevant this session with the cut or freezing of rates the previous FY18/FY19 biennium. Provider rate increases included are 2% per year for Medicaid, child welfare, and Children's Health Insurance (SCHIP). Provider increase for behavioral health are based on the cost model (approximately 4% FY20) which coupled with 0% FY21 yields a 2% per year average. Developmental disability provider increase is based on the results of a rate/methodology study and is approximately 4% in FY20 with 0% in FY21 providing a 2% average.

For long term care under Medicaid, the concept of LB403 was incorporated into the mainline budget bill relating to calculation of nursing home rates. A payment adjustment of \$7,400,000 (\$3,389,940 GF and \$4,010,060 FF) in FY 2019-20 is provided to make up for the recent negative inflation factors that have been applied. Language in the budget bill also provides specific legislative directives on the amounts to be used in the inflation factor calculation.

The budget also included \$1.5 million in FY19-20 and \$3.6 million in FY20-21 for behavioral health provider rates as called for in LB 327. The bill as introduced stated Legislative intent to increase behavioral health rates by 5% utilizing data from a multi-year cost model study conducted by the Division of Behavioral Health. The enacted budget increased the rates to a total of 4% in Medicaid, the Children's Health Insurance Program and Juvenile and Adult Probation.

Governors Emergency Program

The Governor's Emergency Program (GEP) was created to assist the state and its political subdivisions in responding to and recovering from natural and man-made disasters/emergencies. State Funding for the Governors Emergency Program is primarily provided by a direct General Fund appropriation with a secondary source of revenue being the Governors Emergency Cash Fund (revenue from donations and miscellaneous receipts). Federal disaster assistance receipts also flow through this program. The enacted budget includes a total of \$6,000,000 General Funds for FY19-20 and \$5,000,000 GF for FY20-21.

Of the \$6,000,000 for FY19-20, \$5,000,000 is intended to restore the program to its historical unobligated balance to assure an adequate level of funding is available for a response to any future disaster/emergency event(s). The other \$1,000,000 for FY19-20 is intended to provide funding for the known estimated obligations for the non-federal share of Federal Emergency Management Agency (FEMA) Individual Assistance. The non-federal of FEMA assistance is no more than 25 percent of eligible costs. The known estimated obligations used to arrive at a recommendation for FY20 are based on the most recent estimates available from FEMA and Nebraska Emergency Management Agency that attempt to account for the non-federal share of FEMA Individual Assistance that has been approved. At this point in time, the FEMA Public Assistance non-federal share of cost is unknown

The FY20-21 amount of \$5,000,000 was determined by reviewing previous deficit requests as well as expenditures from the flood of 2011 in an effort to anticipate a portion of the non-federal share of costs that may be attributed to the GEP.

GENERAL FUND FINANCIAL STATUS

General Fund Financial Status

End of 2019 Session (Sine Die May 31, 2019)

	Current Yr FY2018-19	Upcoming Biennium FY2019-20	FY2020-21	Following Biennium FY2021-22	FY2022-23
1 BEGINNING BALANCE					
2 Beginning Cash Balance	453,601,627	288,420,156	257,555,381	281,160,587	311,430,302
3 Cash Reserve transfers-above certified prior yr	(61,995,773)	(43,500,000)	0	0	0
4 Unexpended FY18-19 obligations	(252,544,467)	0	0	0	0
5 Est lapse FY19 carryover obligations	27,000,000	0	0	0	0
6 Allocation for potential deficits	0	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)
7 Unobligated Beginning Balance	166,061,387	239,920,156	252,555,381	276,160,587	306,430,302
8 REVENUES					
9 Net Receipts (Actual and Sine Die Adjusted)	4,763,500,000	4,929,107,083	5,044,919,410	5,290,096,771	5,548,097,771
10 General Fund transfers-out	(230,300,000)	(286,800,000)	(286,800,000)	(286,800,000)	(286,800,000)
11 General Fund transfers-in in actual	0	0	0	0	0
12 Cash Reserve transfers-legislative	48,000,000	0	0	0	0
13 Accounting adjustment	0	0	0	0	0
14 General Fund Net Revenues	4,581,200,000	4,642,307,083	4,758,119,410	5,003,296,771	5,261,297,771
15 APPROPRIATIONS					
16 Expenditures/Appropriations	4,458,841,231	4,624,671,858	4,729,514,204	4,730,735,317	4,730,684,421
17 Projected budget increase, following biennium	--	--	--	237,291,739	440,360,364
18 Mainline budget adjustments (2020 Session)	0	0	0	0	0
19 "A" Bills (2020 Session)	0	0	0	0	0
20 General Fund Appropriations	4,458,841,231	4,624,671,858	4,729,514,204	4,968,027,056	5,171,044,785
21 ENDING BALANCE					
22 \$ Ending balance (Financial Status as shown)	247,728,174	257,555,381	281,160,587	311,430,302	396,683,288
23 \$ Ending balance (at 3% Min Reserve)			280,932,427	--	307,157,916
24 Excess (shortfall) from Minimum Reserve			228,160	--	89,525,372
25 Biennial Reserve (%)			3.0%	--	3.9%
26 General Fund Budget					
27 Annual % Change	1.3%	3.8%	2.3%	5.0%	4.1%
28 Two Year Average % Change	0.5%	--	3.0%	--	4.6%
29 General Fund Revenues:					
30 Adjusted Growth	5.7%	2.4%	3.2%	5.2%	5.0%
31 Two Year Average	5.1%	--	2.8%	--	5.1%
32 Five Year Average	3.9%	--	3.2%	--	4.3%
33 <u>On-Going Revenues vs Appropriations</u>	74,358,769	17,635,225	28,605,206	35,269,715	90,252,986

CASH RESERVE FUND	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
Beginning Balance	339,990,065	333,549,124	377,049,124	322,349,124	322,349,124
Excess of certified forecasts (line 3 in Status)	61,995,773	43,500,000	0	0	0
To/from Gen Fund per current law	(48,000,000)	0	0	0	0
To Nebr Capital Construction Fund (NCCF)	(20,436,714)	0	(54,700,000)	0	0
Ending Balance - Current Status	333,549,124	377,049,124	322,349,124	322,349,124	322,349,124

General Fund Financial Status

Tax Rate Review Committee (July 18, 2019)

	Actual FY2018-19	Upcoming Biennium FY2019-20 FY2020-21		Following Biennium FY2021-22 FY2022-23	
<u>BEGINNING BALANCE</u>					
1					
2	453,601,627	736,509,690	289,949,624	313,554,420	343,824,364
3	(61,995,773)	(176,378,178)	0	0	0
4	0	(317,817,030)	0	0	0
5	0	35,000,000	0	0	0
6	0	0	(5,000,000)	(5,000,000)	(5,000,000)
7	391,605,854	277,314,482	284,949,624	308,554,420	338,824,364
<u>REVENUES</u>					
8					
9	4,896,378,178	4,929,107,000	5,044,919,000	5,290,097,000	5,548,098,000
10	(230,300,000)	(286,800,000)	(286,800,000)	(286,800,000)	(286,800,000)
11		in actual	in forecast	in forecast	in forecast
12	48,000,000	0	0	0	0
13	(2,605,674)	0	0	0	0
14	4,711,472,504	4,642,307,000	4,758,119,000	5,003,297,000	5,261,298,000
<u>APPROPRIATIONS</u>					
15					
16	4,366,568,668	4,624,671,858	4,729,514,204	4,729,514,204	4,729,514,204
17	--	--	--	238,512,852	441,530,580
18	--	5,000,000	0	0	0
19	--	0	0	0	0
20	4,366,568,668	4,629,671,858	4,729,514,204	4,968,027,056	5,171,044,784
<u>ENDING BALANCE</u>					
21					
22	736,509,690	289,949,624	313,554,420	343,824,364	429,077,580
23	--	--	290,113,326	--	308,101,439
24	--	--	23,441,094	--	120,976,141
25	--	--	3.3%	--	4.2%
<u>General Fund Budget</u>					
26					
27	1.3%	3.7%	2.2%	5.0%	4.1%
28	0.5%	--	3.0%	--	4.6%
<u>General Fund Revenues:</u>					
29					
30	8.7%	-0.4%	3.2%	5.2%	5.0%
31	6.6%	--	1.4%	--	5.1%
32	4.0%	--	3.3%	--	4.3%
33	296,903,836	12,635,142	28,604,796	35,269,944	90,253,216

CASH RESERVE FUND	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
Beginning Balance	339,990,065	333,549,124	509,927,302	455,227,302	455,227,302
Excess of certified forecasts (line 3 in Status)	61,995,773	176,378,178	0	0	0
To/from Gen Fund per current law	(48,000,000)	0	0	0	0
To Nebr Capital Construction Fund (NCCF)	(20,436,714)	0	(54,700,000)	0	0
Ending Balance - Current Status	333,549,124	509,927,302	455,227,302	455,227,302	455,227,302

Chronology of the General Fund Financial Status

End of 2018 Session (Sine Die)

At Sine Die 2018, the projected financial status for the FY20/FY21 biennium was \$94.5 million above the minimum reserve. At that point, FY19/FY20 was the "out year" in the five year financial status and there was no projection for FY22/FY23 biennium. At the July 2018 meeting of the Tax Rate Review Committee (TRR), the General Fund financial status changed very little. FY2017-18 revenues were \$38.4 million above the Sine Die forecast and a total of \$62 million above the certified forecast. By statute actual receipts in excess of the certified forecast are then transferred to the Cash Reserve Fund.

Impact on Variance from Min Reserve (Millions of Dollars)	July 2018 TRR Committee			
	FY19	FY20	FY21	Total
FY18 Actual vs Est General Fund Net Receipts	0.0	0.0	0.0	38.4
FY18 Actual vs Est CRF transfers-automatic	(37.0)	0.0	0.0	(37.0)
FY18 Actual vs Est Accounting adjustment	0.0	0.0	0.0	(3.0)
Change in Minimum Reserve	0.0	0.0	0.0	0.1
July 2018 Tax Rate Review Committee	(37.0)	0.0	0.0	(1.5)

2018 Interim

The financial status deteriorated significantly in November 2018 when the TRR committee again met. The variance from the minimum reserve went from a positive \$93.8 million to a shortfall of \$95.1 million due to revenue forecasts. Original NEFAB forecasts for FY20 and FY21 were a combined \$336.5 million below the previously used preliminary LFO revenue estimates. The NEFAB increased their FY18-19 forecast by \$69.3 million but that amount would be in excess of the certified forecast and by law is shown as being transferred to the Cash Reserve Fund.

There was some offset with overall lower spending projections. Those projected appropriation levels 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 2018 TRR Committee			
	FY19	FY20	FY21	Total
Revenue Forecasts (revised Oct 2018)	69.3	(65.8)	(270.7)	(267.2)
"Above certified" FY19 forecast to CRF	0.0	(69.3)	0.0	(69.3)
Change in Minimum Reserve	0.0	0.0	9.8	9.8
Subtotal - Revenue	69.3	(135.0)	(260.9)	(326.6)
Education - Revised TEEOSA aid estimates (Oct 2018 Joint Meeting)	0.0	2.8	46.1	48.9
Corrections - Inmate per diem costs (3% vs request)	0.0	1.4	2.8	4.2
DHHS - FMAP	0.0	37.6	50.2	87.8
DHHS - SCHIP Enhanced 23% FMAP Reduction	0.0	12.5	7.6	20.1
DHHS - SCHIP (eligibility, utilization)	0.0	0.6	1.4	2.0
DHHS - Medicaid (eligibility, utilization)	0.0	0.4	2.9	3.3
DHHS - Child Welfare (eligibility, utilization)	0.0	3.8	7.8	11.7
DHHS - Medicaid expansion (net)	0.0	(14.8)	(33.2)	(48.1)
DHHS - Develop Disability (eligibility, utilization)	0.0	4.2	7.0	11.2
DHHS - Provider rates (2.5% vs request, DD and BH)	0.0	(3.8)	2.4	(1.4)

Impact on Variance from Min Reserve (Millions of Dollars)	November 2018 TRR Committee			
	FY19	FY20	FY21	Total
DHHS - Medicaid (clawback)	0.0	(5.6)	(6.9)	(12.5)
All - Salary increase (updated base, stay at 2.5% per year)	0.0	(2.9)	(5.2)	(8.1)
All - Health Insurance increase (6.0% to varies)	0.0	6.5	7.8	14.4
All - CIO Rate & Service Charges	0.0	(2.5)	(3.7)	(6.2)
Revised estimate of budget increases, all other	0.0	1.1	2.5	3.6
Deficit requests vs \$5M allocation	3.2	0.0	0.0	3.2
Change in Minimum Reserve	0.0	0.0	3.4	3.4
Subtotal - Appropriations	3.2	41.5	93.0	137.7
Total Change – November TRR Committee	72.5	(93.5)	(167.9)	(188.9)

Appropriations Committee Preliminary Budget

The Appropriations Committee Preliminary Budget reduced that \$95 million "shortfall" to a balanced budget slightly above the minimum reserve. This \$95 million swing was accomplished mostly through appropriation levels below the November Tax Rate Review Committee meeting estimate including TEEOSA school aid (\$38 million of which \$26 million reflects inclusion of LB588) and DHHS provider rates (\$30.9 million). A \$48.5 million increase in revenues due to cash fund transfers was offset by a \$51 million per year increase in transfers-out for Property Tax Credits.

Impact on Variance from Min Reserve (Millions of Dollars)	Committee Preliminary Budget			
	FY19	FY20	FY21	Total
General Fund Transfers In	(1.5)	48.5	48.5	95.5
General Fund Transfers Out - Property Tax Credit	0.0	(51.0)	(51.0)	(102.0)
General Fund Transfers Out - Water Resources Cash	0.0	(3.3)	(3.3)	(6.6)
Change in Minimum Reserve	0.0	0.0	0.2	0.2
Subtotal - Revenue	(1.5)	(5.8)	(5.6)	1(12.9)
Lapse FY19 reappropriations, lower encumb	0.0	8.5	0.0	8.5
Education - Revised TEEOSA aid estimates (Jan 2019 NDE)	0.0	(8.4)	20.4	12.0
Education - Incorporate LB588 TEEOSA aid	0.0	26.1	0.0	26.1
Education - SPED	0.0	3.4	6.9	10.3
DHHS - Economic eligibility system suspension	0.0	5.9	5.9	11.8
DHHS - Provider rates (2.5% vs request, DD and BH)	0.0	10.3	20.6	30.9
DHHS - Medicaid expansion (net)	0.0	(3.5)	(11.3)	(14.9)
DHHS - Medicaid: Health insurance provider fee (Prog. 348)	0.0	0.0	(15.5)	(15.5)
DHHS - Medicaid, lower clawback	0.0	4.1	4.2	8.3
DHHS - Public Assistance base reduction	0.0	2.3	2.3	4.5
Nat Resource - eliminate new approp, resources dev fund	0.0	3.0	3.0	6.0
Corrections - One-Time Cash Fund Appropriation Increase	0.0	4.2	0.0	4.2
NU+Colleges - Nebraska Talent Scholarships	0.0	(2.0)	(4.0)	(6.0)
NU+Colleges - Salary and Health Insurance	0.0	4.3	8.8	13.1
All - Salary and Health Insurance	0.0	0.2	2.1	2.3
All - DAS Charges & Inflation	0.0	2.5	3.3	5.8
All other, net	0.0	(0.3)	2.0	1.7
Deficits & State Claims	(1.3)	0.5	0.0	(0.8)
Subtotal - Appropriations	(1.3)	61.1	48.6	108.4
Total Change – Appropriations Committee Prelim Budget	(2.8)	55.3	43.0	95.4

February 2019 Revised Revenue Forecasts

In February the Nebraska Economic Forecasting Advisory Board (NEFAB) made significant revisions to their previous forecasts, a \$80 million reduction in FY18-19, a \$20 million reduction in FY19-20, and \$10 million reduction in FY20-21 for a cumulative reduction of \$110 million over the three fiscal years.

With the \$80 million February reduction in the forecast the potential \$69.3 million transfer from the October 2018 forecast is negated. Of the \$80 million February decline in the FY19 forecast, the first \$69.3 million was a loss to the CRF while the remaining \$10.7 million was a loss to the General Fund leaving the net loss to the General Fund of \$40.7 million over the three year period.

LB 284 enacted earlier in the 2019 Session addressed the issues related to the marketplace providers and addressed the other half of market place facilitator issue not previously included adding \$8.35 million in FY20 and \$9.55 million in FY21..

Impact on Variance from Min Reserve (Millions of Dollars)	Revised Revenue Forecast			
	FY19	FY20	FY21	Total
Revenue Forecasts (revised Feb 28, 2019)	(80.0)	(20.0)	(10.0)	(110.0)
"Above certified" forecast to CRF negated with lower forecast	0.0	69.3	0.0	69.3
LB 284 enacted	1.0	8.4	9.6	18.9
Corrections in Prelim Budget numbers	0.0	0.2	(0.1)	0.1
Return allocation for deficit to \$5M	0.0	(0.5)	0.0	(0.5)
Change in Minimum Reserve	0.0	0.0	0.6	0.7
Total Change – February 2019 Forecast revisions	(79.0)	57.3	0.1	(21.6)

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 net impact of these actions amounted to a net change of a positive \$20.0 million over the three year period, taking the Variance from the Minimum Reserve to a positive \$2.0 million.

Revenue forecast from April increased by \$55 million however there was actually a net \$7.4 million loss. First, \$45 million of that increase would go to the Cash Reserve Fund by law. Second, the February forecast did not include \$18.9 million related to LB284 but the April forecasts did. So while FY20 and FY21 forecasts were increased by \$10 million that "increase" there was in reality a \$8.9 million loss when subsequently removing the separate line for LB284 from the financial status.

Appropriations were reduced by a net \$13.1 largely driven by an additional savings due the Federal Medicaid match rate (FMAP) in FFY21 and a delay in full implementation of Medicaid Expansion. Other savings were a lapse of FY18 excess appropriations totaling \$19.0 million. Post hearing increases include inclusion of LB403 relating to base funding for long term care providers and rate calculations and LB 327 increasing behavioral health rates.

Impact on Variance from Min Reserve (Millions of Dollars)	Committee Proposed Budget			
	FY19	FY20	FY21	Total
Revenue Forecasts (revised April 25, 2019)	45.0	10.0	0.0	55.0
"Above certified" forecast to CRF negated with lower forecast	0.0	(43.5)	0.0	(43.5)
LB 284 into the forecasts	(1.0)	(8.4)	(9.6)	(18.9)

Impact on Variance from Min Reserve (Millions of Dollars)	Committee Proposed Budget			
	FY19	FY20	FY21	Total
Reduce Property Tax Credit to +\$26M/Year	0.0	25.0	25.0	50.0
Transfer to Cash Reserve Fund	0.0	(25.0)	(25.0)	(50.0)
Additional GF transfers in	0.0	1.0	1.0	2.0
Change in Minimum Reserve	0.0	0.0	(0.7)	(0.7)
Subtotal - Revenue	44.1	44.1	(40.9)	(9.3)
Courts - additional \$7M lapse from Juvenile Justice	7.0	0.0	0.0	7.0
Corrections - \$12M lapse of excess carryover	12.0	0.0	0.0	12.0
DHHS - LB 202 Develop disability provider payment	(2.7)	0.0	0.0	(2.7)
DHHS - FMAP estimate for FFY21, March FFIS	0.0	0.0	31.5	31.5
DHHS - New Medicaid Expansion, shift and aid for 9 months FY21	0.0	12.4	1.1	13.5
Delete Talent Scholarships, Youth Talent from Prelim Budget	0.0	3.6	5.8	9.4
DHHS - Base reduction, Pub Assistance & Child Welfare	0.0	2.3	2.3	4.5
Military - Governors Emergency program	0.0	(6.0)	(1.0)	(7.0)
DHHS - LB 403 Long term care, base appropriation, inflation facto	0.0	(3.5)	(3.6)	(7.2)
DHHS - LB 327 rate increase for certain behavioral health providers	0.0	(1.5)	(3.6)	(5.1)
University- additional .2% salary increase similar to other agencies.	0.0	(1.5)	(2.9)	(4.4)
Courts - Increased funding for Problem Solving Courts	0.0	(2.5)	(2.5)	(5.0)
DHHS - Therapeutic foster care (\$2.3M per year)	0.0	(2.3)	(2.3)	(4.5)
University - Utilities	0.0	(0.9)	(1.9)	(2.8)
Education - Voc rehabilitation services to persons on the waiting list	0.0	(1.2)	(1.2)	(2.4)
DCS et al - Additional costs, FOP Protective Services settlement	0.0	(2.2)	(1.5)	(3.7)
Education - TEEOSA aid - adjust to LB675	0.0	(14.4)	12.9	(1.5)
Construction - Extend appropriation, St College debt service	0.0	0.0	0.0	FY22
Construction - Extend appropriation, University debt service (LB 562)	0.0	0.0	0.0	FY22
All Other Appropriations (net)	0.0	(1.1)	(1.2)	(2.2)
Subtotal - Appropriations	16.3	(18.8)	31.8	29.3
Total Change – Appropriations Committee Proposed Budget	60.4	25.3	(9.0)	20.0

Floor Actions – 2019 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 \$660,259 primarily consisting of a \$4.8 million reduction in General Funds for TEEOSA school aid due to higher available insurance premium tax funds, and a one-time \$4 million increase in funding for the Secretary of State replacement of ADA accessible voter equipment.

A floor amendment was offered and adopted to eliminate a proposed \$50 million transfer from the General Fund to the Cash Reserve Fund transfers and add \$25 million per year to the transfer to the Property Tax Credit Fund.

There were no Governor budget vetoes in 2019.

A total of only \$2.8 million was utilized over the two year period for new revenue and spending bills that were enacted, the largest being LB300 which utilized \$2.2 million to increase judges salaries. LB334 increased funding by \$4 million for the Governors Emergency program in FY20 and then the Business Innovation Act thereafter but this was financed by repeal of the Angel Investment Act which resulted in a \$4 million savings in General Fund revenue.

Impact on Variance from Min Reserve (Millions of Dollars)	Revised Revenue Forecast			
	FY19	FY20	FY21	Total
Floor amendments - appropriations	0.0	(1.2)	1.9	0.7
Property Tax Credit back to +\$51M/Year	0.0	(25.0)	(25.0)	(50.0)
Delete transfer to Cash Reserve Fund	0.0	25.0	25.0	50.0
Governor Vetoes	0.0	0.0	0.0	0.0
Revenue bills enacted	0.0	0.3	4.1	4.4
A Bills enacted	0.0	(1.5)	(5.7)	(7.2)
Rounding on revenue numbers	0.0	0.0	0.0	0.0
Change in Minimum Reserve	0.0	0.0	0.3	0.35
Total Change – 2019 Floor Actions	(0.0)	(2.4)	0.6	(1.7)

FY2018-19 Actual Data (June 30, 2019)

Receipts for FY2018-19 were \$131.4 million above the forecast used at the end of the 2019 Legislative Session. These additional revenues were in excess of the “certified forecast” and according to statute were subsequently required to be transferred to the Cash Reserve Fund.

The amount of the minimum reserve increases by \$9.2 million due to a technical change in the calculation of the reserve attributed to assuming 100% expenditure of funds in FY19 at Sine Die versus less than 100% expenditure with FY19 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 \$300 million resulting in the \$9.2 million difference.

With respect to the unexpended FY19 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 \$35 million of lapsed unexpended appropriations is used. This is a relatively conservative number after a review of unexpended balances by individual budget program.

Impact on Variance from Min Reserve (Millions of Dollars)	2019 Actual Data			
	FY19	FY20	FY21	Total
FY19 Actual vs Est General Fund Net Receipts	131.4	0.0	0.0	131.4
FY19 Actual vs Est CRF transfers-automatic	0.0	(131.4)	0.0	(131.4)
FY19 Actual vs Est Accounting adjustment	(2.6)	0.0	0.0	(2.6)
Rounding on revenue numbers	0.0	(0.0)	(0.0)	(0.0)
Assumed lapse, FY19 unexpended	35.0	0.0	0.0	35.0
Change in Minimum Reserve	0.0	0.0	(9.2)	(9.2)
Total Change – FY2018-19 Actual Data	163.8	(131.4)	(9.2)	23.2

Table 1 Chronology of the Financial Status

(millions of dollars)	FY20 / FY21 Biennium	FY22 / FY23 Biennium
Sine Die 2018 Session (April 18, 2018)	95.3	NA
FY18 Actual vs Est General Fund Net Receipts	38.4	--
FY18 Actual vs Est CRF transfers-automatic	(37.0)	--
FY18 Actual vs Est Accounting adjustment	(3.0)	--
Change in Minimum Reserve	0.1	--
July 2018 Tax Rate Review Committee	93.8	NA
Revenue Forecasts (revised Oct 2018)	(267.2)	--
"Above certified" FY19 forecast to CRF	(69.3)	--
Education - Revised TEEOSA aid estimates (Oct 2018 Joint Meeting)	48.9	--
DHHS - FMAP	87.8	--
DHHS - SCHIP Enhanced 23% FMAP Reduction	20.1	--
All - Health Insurance increase (6.0% to varies)	14.4	--
DHHS - Child Welfare (eligibility, utilization)	11.7	--
DHHS - Develop Disability (eligibility, utilization)	11.2	--
DHHS - Medicaid (eligibility, utilization)	3.3	--
Corrections - Inmate per diem costs (3% vs request)	4.2	--
Revised estimate of budget increases, all other	3.6	--
Deficit requests vs \$5M allocation	3.2	--
DHHS - SCHIP (eligibility, utilization)	2.0	--
DHHS - Medicaid expansion (net)	(48.1)	--
DHHS - Medicaid (clawback)	(12.5)	--
All - Salary increase (updated base, stay at 2.5% per year)	(8.1)	--
All - CIO Rate & Service Charges	(6.2)	--
DHHS - Provider rates (2.5% vs request, DD and BH)	(1.4)	--
Change in Minimum Reserve	13.2	--
November 2018 Tax Rate Review Committee	(95.1)	(11.2)
General Fund Transfers In	95.5	95.5
General Fund Transfers Out - Property Tax Credit	(102.0)	(204.0)
General Fund Transfers Out - Water Resources Cash	(6.6)	(9.9)
Lapse FY19 reappropriations, lower encumb	8.5	8.5
Deficits & State Claims	(0.8)	(0.8)
DHHS - Provider rates (2.5% vs request, DD and BH)	30.9	72.2
Education - Incorporate LB588 TEEOSA aid	26.1	26.1
Agencies+NU+Colleges - Salary and Health Insurance	15.4	37.2
Education - Revised TEEOSA aid estimates (Jan 2019 NDE)	12.0	54.9
Education - SPED	10.3	24.1
DHHS - Economic eligibility system suspension	11.8	23.6
DHHS - Medicaid, lower clawback	8.3	16.6
Nat Resource - eliminate new approp, resources dev fund	6.0	12.1
All - DAS Charges & Inflation	5.8	12.3
DHHS - Public Assistance base reduction	4.5	9.1
Corrections - One-Time Cash Fund Appropriation Increase	4.2	4.2

(millions of dollars)	FY20 / FY21 Biennium	FY22 / FY23 Biennium
DHHS - Medicaid expansion (net)	(14.9)	(37.5)
DHHS - Medicaid: Health insurance provider fee (Prog. 348)	(15.5)	(46.4)
NU+Colleges - Nebraska Talent Scholarships	(6.0)	(14.0)
All other, net	1.7	7.7
Change in Minimum Reserve	0.2	0.3
Committee Preliminary Budget - 2019	0.3	80.5
Revenue Forecasts (revised Feb 28, 2019)	(110.0)	(110.0)
"Above certified" forecast to CRF negated with lower forecast	69.3	69.3
LB 284 enacted	18.9	38.0
Corrections in Prelim Budget numbers	0.1	(0.1)
Return allocation for deficit to \$5M	(0.5)	(0.5)
Change in Minimum Reserve	0.7	0.1
Post February 2019 NEFAB forecasts	(21.3)	77.2
Revenue Forecasts (revised April 25, 2019)	55.0	55.0
"Above certified" forecast to CRF negated with lower forecast	(43.5)	(43.5)
LB 284 into the forecasts	(18.9)	(38.0)
Reduce Property Tax Credit to +\$26M/Year	50.0	100.0
Transfer to Cash Reserve Fund	(50.0)	(50.0)
Additional GF transfers in	2.0	2.0
Change in Minimum Reserve	(0.7)	(1.7)
Courts - additional \$7M lapse from Juvenile Justice	7.0	7.0
Corrections - \$12M lapse of excess carryover	12.0	12.0
DHHS - LB 202 Develop disability provider payment, holidays & weekends	(2.7)	(2.7)
DHHS - FMAP estimate for FFY21, March FFIS	31.5	94.4
DHHS - New Medicaid Expansion, shift and aid for 9 months FY21	13.5	3.3
Delete Talent Scholarships, Youth Talent from Prelim Budget	9.4	21.1
DHHS - Base reduction, Pub Assistance & Child Welfare	4.5	9.0
Military - Governors Emergency program	(7.0)	(9.0)
DHHS - LB 403 Long term care, base appropriation, inflation factor language	(7.2)	(14.5)
DHHS - LB327 rate increase for certain behavioral health providers	(5.1)	(12.3)
University- additional .2% salary increase similar to other agencies.	(4.4)	(10.3)
Courts - Increased funding for Problem Solving Courts	(5.0)	(9.9)
DHHS - Therapeutic foster care (\$2.3M per year)	(4.5)	(9.1)
University - Utilities	(2.8)	(6.6)
Education - voc rehabilitation services to persons on the waiting list	(2.4)	(4.8)
DCS et al - Additional costs, FOP Protective Services settlement	(3.7)	(6.8)
Education - TEEOSA aid - adjust to LB675	(1.5)	(1.5)
Construction - Extend reaffirmation of St College debt service appropriation	0.0	(4.4)
Construction - Extend appropriation, University debt service (LB 562)	0.0	(4.3)
All Other Appropriations (net)	(2.2)	(11.7)
Committee Budget to the Floor - 2019	2.0	139.9
Floor amendments - appropriations	0.7	4.5
Correct error, add 4th year to Water Resources Cash Fund	0.0	(3.3)

(millions of dollars)	FY20 / FY21 Biennium	FY22 / FY23 Biennium
Property Tax Credit back to +\$51M/Year	(50.0)	(100.0)
Delete transfer to Cash Reserve Fund	50.0	50.0
Update Capitol HVAC cash flow	0.0	5.1
Change in Minimum Reserve	0.5	2.0
Mainline Bills as Enacted - 2019	3.1	98.2
Revenue bills enacted	4.4	12.6
A Bills enacted	(7.2)	(21.2)
Update out year estimates	0.0	0.0
Rounding on revenue numbers	0.0	0.0
Change in Minimum Reserve	(0.1)	(0.2)
Sine Die 2018 Session (May 31, 2019)	0.2	89.5
FY19 Actual vs Est General Fund Net Receipts	131.4	131.4
FY19 Actual vs Est CRF transfers-automatic	(131.4)	(131.4)
FY19 Actual vs Est Accounting adjustment	(2.6)	(2.6)
Rounding on revenue numbers	(0.0)	(0.0)
Assumed lapse, FY19 unexpended	35.0	35.0
Change in Minimum Reserve	(9.2)	(0.9)
July 2019 Tax Rate Review Committee	23.4	121.0

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.

Revenues

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 (FY21-22 and FY22-23) 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 (FY19 to FY23) roughly equal to the 37 year historical average (4.7%) less .25% which is the projected impact of indexing the tax brackets as enacted in 2014 (LB987).. 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 25.

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 37 years, there were 14 years in which revenue growth was "below average" (1.2% average) and 23 years in which revenue growth was above average (7.3% average).

Because the revenue growth in the NEFAB forecasts is below average, the revenue growth needed to yield a 4.3% five year average is 5.0% in both FY21-22 and FY22-23.

Appropriations

For the "following biennium" (FY21-22 and FY22-23), the mainline budget numbers reflect the annualized impact of the current budget actions including on-going impacts of 2019 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

Table 2 Projected Budget Increases-Following Biennium
(includes on-going impact of 2019 budget actions)

Dollar Changes from FY21 Base Year	Annual % Change			Projected Increases	
	FY22	FY23	2 Yr Avg	FY2021-22	FY2022-23
FY2020-21 Base Appropriation				4,729,514,204	4,729,514,204
Aid to K-12 Schools (TEEOSA GF only)	8.1%	6.4%	7.2%	84,109,166	156,084,608
Special Education	2.5%	2.5%	2.5%	5,776,994	11,698,413
Community Colleges	3.5%	3.5%	3.5%	3,589,542	7,304,718
Homestead Exemption	3.0%	3.0%	3.0%	2,760,000	5,602,800
Personal Property Tax Relief Act	3.0%	3.0%	3.0%	444,000	901,320
Aid to ESU's	2.5%	2.5%	2.5%	353,980	716,809
Medicaid	4.5%	4.5%	4.5%	39,297,637	80,363,668
Medicaid Expansion	42.3%	3.9%	23.1%	18,553,208	20,970,007
Public Assistance	3.5%	3.5%	3.5%	3,176,469	6,464,114
Child Welfare Aid	4.5%	4.5%	4.5%	8,951,617	18,306,057
Developmental Disability aid	4.0%	4.0%	4.0%	5,795,736	11,823,302
Behavioral Health aid	2.5%	2.5%	2.5%	1,799,889	3,644,774
Children's Health Insurance (SCHIP)	5.4%	5.3%	5.4%	1,373,726	2,809,270
Business Innovation Act (LB334 intent)	--	--	--	4,000,000	4,000,000
All Other (Aid-Ind)	0.0%	0.0%	0.0%	261,493	529,522
AGENCY OPERATIONS					
Employee Salaries - State Agencies	2.5%	2.5%	2.5%	13,890,292	28,127,842
Employee Health Insurance - State Agencies	6.0%	6.0%	6.0%	5,676,415	11,693,416
University/Colleges increased funding	3.7%	3.7%	3.7%	24,933,908	50,671,214
Operations increase - State Agencies	2.0%	2.0%	2.0%	3,043,448	6,147,765
Juvenile Services - Courts	2.5%	2.5%	2.5%	1,363,365	2,760,815
Inmate per diem costs (Corrections)	3.0%	3.0%	3.0%	1,384,455	2,810,443
Staffing / costs, new facilities (Corrections)	--	--	specific	0	3,722,530
Retirement (defined benefit plans)	--	--	specific	1,000,000	2,100,000
All Other (Oper)			specific	1,163,045	1,074,379
Construction	21.2%	-13.8%	3.7%	5,814,467	1,202,794
Total General Fund Increases (Biennial Basis)	5.0%	4.1%	4.6%	238,512,852	441,530,580
Projected Appropriation per Financial Status				4,968,027,056	5,171,044,784

Aid to Local Governments

State Aid to Schools (TEEOSA) The estimates for FY22 and FY23 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 6.7% in FY22 and 6.4% in FY23. The above average growth reflects a 4% per year estimate in school spending but low valuation growth of under 2% per year assuming a continued decline in agricultural land valuations.

Special Education Increases for FY22 and FY23 reflect a 2.5% per year increase. Although statute allows for a growth up to 5% 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 For the following biennium, a 3.5% per year annual increase is included reflecting increased state aid to support operations budget increases. This increase amounts to about a \$3.6 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.

Medicaid Expansion The large growth in FY21-22 reflects annualizing to a full 12 months plus a continued ramp up of the expansion program.

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.

Children's Health Insurance (CHIP) For the following biennium, a 4.5% per year increase is used which is the same as Medicaid.

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

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

Business Innovation Act LB334 passed in the 2019 Session repealed Angel Investment Tax Credit Act and provided intent for the reallocation of the \$4 million per year which was saved due to repeal of the credits. For the first year funds are available, FY2020-21, the \$4 million was allocated to the Governors Emergency program to assist in covering flood damage costs. And then starting in FY2021-22, the bill provided intent language that the \$4,000,000 previously allocated to the Angel Investment Tax Credit Act be allocated the Business Innovation Act in the Department of Economic Development.

Agency Operations / Construction

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

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

University and State Colleges Funding Although shown as a separate item, the calculated amounts are based on applying the same salary and health insurance increases as noted for state employees planning purposes, and applying them to both the University and State Colleges.

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...

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 Staffing and Operations The amount shown in FY22-23 is the projected operating costs for the two new high security housing units at the Reception and Treatment Center in Lincoln. Completion of construction is estimated for November 2021 with projected operating costs estimated at \$3,722,530 per year.

Defined Benefit Retirement Plans The increase in for the defined benefit retirement plans for FY22 and FY23 reflects about a 2.5% 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 FY20/FY21 biennial budget. These are dollar amounts needed to complete funding of previously approved projects.

Cash Reserve Fund

The Cash Reserve Fund (CRF) is not included as part of the "General Fund Reserve" (which is the 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.

At the end of the 2019 legislative session, the unobligated balance was projected at \$322.4 based on an estimated \$45 million transfer related to the April NEFAB forecast for FY2018-19 being above the certified amount and a \$54.7 million transfer to the Nebraska Capital Construction Fund (NCCF). The current unobligated balance is \$455 million which includes a transfer of actual receipts above certified forecast totaling \$176.4 million, which is the \$45 million estimated as Sine Die plus the \$131 million which came in above April forecast.

Table 3 - Cash Reserve Fund Cash Flow

	Actual FY2018-19	Estimated FY2019-20	Estimated FY2020-21	Estimated FY2021-22	Estimated FY2022-23
Beginning Balance	339,990,065	333,549,124	509,927,645	455,227,645	455,227,645
Excess of certified forecasts (line 3 in Status)	61,995,773	176,378,521	0	0	0
To/from Gen Fund per current law	(48,000,000)	0	0	0	0
To Nebr Capital Construction Fund (NCCF)	(20,436,714)	0	0	0	0
2019 Session - Transfers to/from General Fund		0	0	0	0
2019 Session - Transfers to/from NCCF		0	(54,700,000)	0	0
Ending Balance	333,549,124	509,927,645	455,227,645	455,227,645	455,227,645

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.

Actual receipts for FY2017-18 (\$4,566,995,773) were \$61,995,773 above the certified forecast of \$4,505,000,000 which is the transfer number shown in the FY2018-19 column.

Actual receipts for FY2018-19 (\$4,896,378,178) were \$176,378,178 above the certified forecast of \$4,720,000,000 which is the transfer number shown in the FY2019-20 column..

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. In the 2017 Session, the Legislature transferred a total of \$173 million to the General Fund to assist in balancing the budget and to help replenish the reserve to the statutory minimum level consisting of \$125 million in FY18 and \$48 million in FY19.

Transfers To & From Other Funds

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 2018 session, the FY2020-21 transfer was moved to FY2018-19 providing a total of \$20,436,714.

2019 Session Transfers

The enacted budget transfers \$54.7 million from the Cash Reserve Fund to the Nebraska Capital Construction Fund to cover several construction projects primarily two additional high security housing units (384 beds) for the Dept. of Correctional Services.

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
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%
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%
FY2016-17	730,655,108	0	0	(50,000,000)	0	680,655,108	16.0%
FY2017-18	680,655,108	150,000	0	(340,930,772)	0	339,874,336	7.4%
FY2018-19	339,990,065	0	61,995,773	(68,436,714)	0	333,549,124	6.8%
FY2019-20 Est	333,549,124	0	176,378,521	0	0	509,927,645	10.3%
FY2020-21 Est	509,927,645	0	0	(54,700,000)	0	455,227,645	9.0%
FY2021-22 Est	455,227,645	0	0	0	0	455,227,645	8.6%
FY2022-23 Est	455,227,645	0	0	0	0	455,227,645	8.2%

GENERAL FUND REVENUES

General Fund Revenue Forecasts

Table 5 General Fund Revenue Forecasts

	Actual FY2018-19	NEFAB FY2019-20	NEFAB FY2020-21	LFO Prelim FY2021-22	LFO Prelim FY2022-23
Actual/Forecast					
Sales and Use Tax	1,658,107,134	1,750,000,000	1,795,000,000	1,887,000,000	1,957,000,000
Individual Income Tax	2,545,680,039	2,625,100,000	2,699,000,000	2,876,000,000	3,058,000,000
Corporate Income Tax	423,737,571	325,000,000	325,000,000	337,000,000	354,000,000
Miscellaneous receipts	268,853,434	229,007,000	225,919,000	190,097,000	179,098,000
Total Forecast	4,896,378,178	4,929,107,000	5,044,919,000	5,290,097,000	5,548,098,000
Adjusted Growth					
Sales and Use Tax	4.5%	2.8%	3.0%	4.0%	3.5%
Individual Income Tax	9.0%	1.7%	3.5%	6.5%	6.3%
Corporate Income Tax	30.2%	-24.6%	1.2%	3.6%	4.8%
Miscellaneous receipts	3.9%	-0.9%	4.5%	3.6%	1.0%
Total General Fund Receipts	8.7%	-0.4%	3.2%	5.2%	5.0%
Two Yr Average	6.6%	--	1.4%	--	5.1%
Five Yr Average	4.0%	--	3.3%	--	4.3%

Forecasts for the FY20 / FY21 Biennial Budget

Amounts shown for FY2018-19 are the actual tax receipts for the year and were \$131.4 million above the April 2019 forecasts from the Nebraska Economic Forecast Advisory Board (NEFAB). Tax rate and base adjusted revenue growth for FY2018-19 actual receipts is 8.7% compared to the 5.7% growth calculated per the April forecast.

Revenue estimates for FY2019-20 and FY2020-21 remain the April 2019 forecasts from the Nebraska Economic Forecast Advisory Board (NEFAB) plus revenue legislation enacted in the 2019 legislative session. How these current forecasts may be impacted by the FY2018-19 revenue performance and how any revised revenue forecasts will affect the financial status will not be known until October when the NEFAB is statutorily scheduled to meet.

Rate and base adjusted revenue growth implied by the current forecasts for the FY20/FY21 biennium average 1.4% (-0.4% in FY19-20 and 3.2% in FY20-21). When including the 8.7% growth in the FY18-19 forecast, there is an average growth of 3.8% over the three years that affect the financial status for the upcoming biennium. This reflects growth below the 4.9% historical 38 year average.

Following Biennium (FY22 and FY23)

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 (FY21-22 and FY22-23) 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 (FY19 to FY23) roughly equal to the 38 year historical average (4.9%) less .25% which is the projected impact of indexing the tax brackets as enacted in 2014 (LB987).. 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 37 years, there were 14 years in which revenue growth was "below average" (1.2% average) and 23 years in which revenue growth was above average (7.3% average).

Because the revenue growth in the NEFAB forecasts is below average, the revenue growth needed to yield a 4.3% five year average is 5.0% in both FY21-22 and FY22-23.

Alternative Forecasts for the Following Biennium

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, both the Nebraska Dept. of Revenue (NDR) and Legislative Fiscal Office (LFO) have calculated revenue estimates for these two "out years" using the same

Table 6 Comparison of "Out Year" Forecasts

Based on April 2019 Revenue Forecasts	Current Status	Average (IHS Econ)	Average (All Forecasts)	High Est LFO-IHS	Low Est NDR-MOODY
Dollar Forecast (thousands of \$)					
FY2021-22 Prelim	5,286,000	5,247,251	5,227,092	5,308,000	5,156,056
FY2022-23 Prelim	5,544,000	5,462,277	5,434,949	5,544,403	5,340,317
Calculated Growth (rate and base adjusted)					
FY2021-22 Prelim	5.2%	4.4%	4.0%	5.6%	2.7%
FY2022-23 Prelim	5.0%	4.9%	4.8%	5.3%	4.4%
Two Year Average	5.1%	4.7%	4.4%	5.4%	3.5%
Five Year Average	4.3%	4.1%	4.0%	4.4%	3.7%
\$ Difference from Status					
FY2021-22	0	(38,750)	(58,908)	22,000	(129,944)
FY2022-23	0	(81,724)	(109,051)	403	(203,683)
Cumulative Total	0	(120,473)	(167,959)	22,403	(333,627)

models and input from HIS Economics (previously Global Insight) and Moody's, the national forecasting services used as input into the tax forecast models. While these forecasts work well for the 1 to 3 year forecasts, when extended further they have a tendency to flatten out and follow the 3 year trend into the 4th and 5th year. In other words, they have difficulty picking up changes in the trend. The historical average methodology has been used since 1991 and the "smoothing" technique used for the most part relies on the trend changes. As shown in Table 6, the preliminary estimates for the two "out years" arrived at using the historical average concept (as used in the Financial Status) are higher but within the wide range of the high and low estimates..

Impact of South Dakota v. Wayfair Ruling

The Supreme Court of the United States ruled on June 21, 2018, that states can tax sales by out-of-state businesses. Prior to the Supreme Court ruling in *South Dakota v. Wayfair, Inc.*, states could tax sales by businesses with a physical presence in the state, but not those by businesses with no physical presence. In *Wayfair*, the Supreme Court found this physical presence rule to be “unsound and incorrect.” It determined the “economic and virtual contacts” between a state and a business to be a sufficient trigger for nexus, the connection between a business and a state that allows a state to tax a business’s transactions. On July 27, 2018, the Department of Revenue announced that following the Supreme Court ruling in *South Dakota v. Wayfair* under current statutes certain remote sellers now have a sales tax collection responsibility on sales made to customers in Nebraska and would start collecting that tax starting January 1, 2019. *For this reason, additional sales tax amounts were added to the LFO baseline forecasts and subsequent Forecast Board forecasts, to account for the collection of taxes on these remote sellers.*

The projected amounts were based on the latest fiscal note on LB 44 considered in the 2018 session, which related to collection of sales tax from remote sellers (online retailer without a physical presence in our state). The estimate of additional sales tax revenues under that bill was a range from \$30-\$40 million.

For estimation purposes, it was assumed annual potential revenues of \$30 million in FY2018-19, \$35 million in FY2019-20 and \$40 million in FY2020-21. These numbers are all within the LB44 range and recognize inflation plus compliance improvements over time. The calculation of the adjustment amounts further assumed:

(1) Of the total potential sales tax revenue, 50% would be attributed to marketplace facilitator providers and 50% to direct sales and (2) Only half of the sales tax related to marketplace providers would be remitted due to some potential collection issues, and (3) FY2018-19 will reflect only five months of revenues because of the January 1, 2019 operative date, only five months of revenue will be received in FY2018-19 versus a full twelve months in FY2019-20 and FY2020-21.

LB 284 enacted earlier in the 2019 Session addressed the issues related to the marketplace providers and addressed the other half of market place facilitator issue not previously included adding \$8.35 million in FY20 and \$9.55 million in FY21..

Based on these assumptions, on a fiscal year basis, sales tax attributed to the *Wayfair* ruling and including amounts in the original baseline forecasts plus amounts attributed to LB284, amount to \$9.3 million in FY18-19, \$34.6 million in FY19-20 and \$39.5 million in FY20-21

Chronology of Revenue Forecasts

Table 7 contains a chronology of the revenue forecasts for FY2017-18 through FY2020-21. 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 7 Chronology of Revenue Forecasts

	Total	Change in Forecast due to:			Total
		Base	Other	Bills	
FY2017-18					
Board Est-October 2016	4,538,000				
Board Est-Oct 2016 (with Amazon.com)	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
Board Est-October 2017	4,505,000	(100,427)	0	0	(100,427)
Board Est-Feb 2018 (baseline)	4,530,000	25,000	0	0	25,000
Sine Die-2018 Session	4,528,602	(0)	(1,398)	0	(1,398)
Actual Receipts FY2017-18	4,566,996	38,394	0	0	38,394
FY2018-19					
Board Est-October 2016	4,730,000				
Board Est-Oct 2016 (with Amazon.com)	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
Board Est-October 2017	4,675,000	(123,456)	0	0	(123,456)
Board Est-Feb 2018 (baseline)	4,705,000	30,000	0	0	30,000
Sine Die-2018 Session	4,730,734	0	16,734	9,000	25,734
Board Est-October 2018	4,800,000	60,266	0	9,000	69,266
Board Est-February 2019	4,720,000	(80,000)	0	0	(80,000)
Board Est-April 2019	4,765,000	65,000	(20,000)	0	45,000
Actual Receipts FY2018-19	4,896,378	131,378	0	0	131,378
FY2019-20					
Board Est-October 2018	4,890,000				
Board Est-February 2019	4,870,000	(20,000)	0	0	(20,000)
Board Est-April 2019	4,880,000	(18,350)	20,000	8,350	10,000
Sine Die-2019 Session	4,929,107	0	49,107	0	49,107
FY2020-21					
Board Est-October 2018	5,000,000				
Board Est-February 2019	4,990,000	(10,000)	0	0	(10,000)
Board Est-April 2019	4,990,000	(9,550)	0	9,550	0
Sine Die-2019 Session	5,044,919	0	54,919	0	54,919

Historical General Fund Revenues

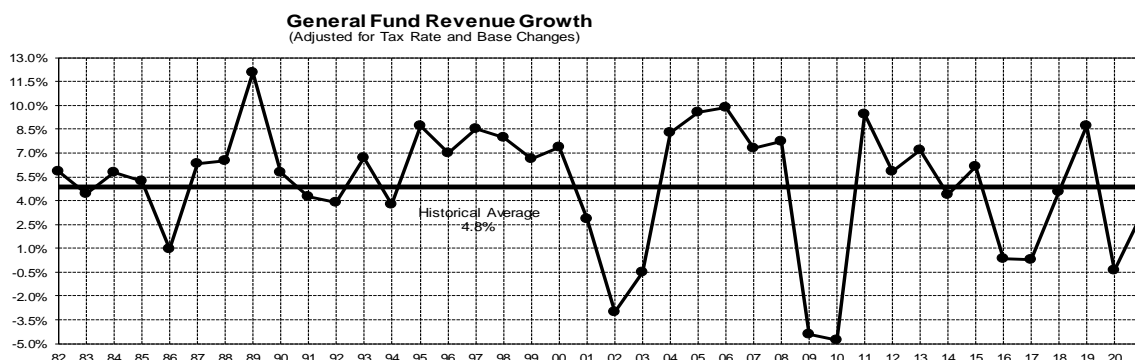
From the numbers shown above, a simple percent change over the prior year can be calculated. While these simple percent changes are appropriate when looking at the actual changes over time, they do not represent what is commonly referred to as revenue growth. *For purposes here, revenue growth means 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 38 years is 4.9%. 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 leaving a net overall increase averaging a 4.9% growth.

Table 8 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 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	1,602,737,358	2,360,595,935	313,689,521	289,972,959	4,566,995,773	4.5%
FY 2018-19	1,658,107,133	2,545,680,039	423,737,571	268,853,778	4,896,378,521	8.7%
FY 2019-20 NEFAB	1,750,000,000	2,625,100,000	325,000,000	229,007,000	4,929,107,000	-0.4%
FY 2020-21 NEFAB	1,795,000,000	2,699,000,000	325,000,000	225,919,000	5,044,919,000	3.2%
FY 2021-22 LFO Prelim	1,887,000,000	2,876,000,000	337,000,000	190,097,000	5,290,097,000	5.2%
FY 2022-23 LFO Prelim	1,957,000,000	3,058,000,000	354,000,000	179,097,000	5,548,097,000	5.0%
Avg Growth (adjusted)						
Current 5 Year Status	4.0%	5.3%	2.3%	2.0%	4.5%	
Above Avg Years (24)	5.5%	9.1%	12.5%	3.5%	7.4%	
Below Avg Years (14)	1.5%	2.2%	-4.6%	0.0%	1.2%	
Hist Average (38 yrs)	4.1%	6.4%	5.1%	0.9%	4.9%	



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 in that they reduce available funds, but are not expended as such and thus are shown under the revenue category (see line 10 on the Financial Status on page 8).

Table 9 - General Fund Transfers Out

Excludes CRF Transfers	Actual	Upcoming Biennial Budget		Following Biennium	
	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
Property Tax Credit Fund	(221,000,000)	(272,000,000)	(272,000,000)	(272,000,000)	(272,000,000)
Water Resources Cash Fund	(3,300,000)	(3,300,000)	(3,300,000)	(3,300,000)	(3,300,000)
Cultural Preservation Endowment Fund	0	(500,000)	(500,000)	(500,000)	(500,000)
Water Sustainability Fund	(6,000,000)	(11,000,000)	(11,000,000)	(11,000,000)	(11,000,000)
Victim's Compensation Fund	0	0	0	0	0
<i>General Fund Transfers-Out</i>	(230,300,000)	(286,800,000)	(286,800,000)	(286,800,000)	(286,800,000)

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.

In the 2019 session, the credit amount was increased in the mainline budget bill to \$275 million per year starting in FY2019-20.

The General Fund transfer amounts shown here are all \$3 million less than the credit amount. This is because the credit amount is funded through these General Fund transfers plus 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). 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 language the transfers expire starting in FY2019-20.

LB 298 enacted in the 2019 legislative session extends the \$3.3 million transfer for four more years, FY2019-20 through FY2022-23.

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.

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.

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.

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 and 2018 session's transfers from these traditional sources amounted \$54.2 million in FY18-19. Because of the significant budget shortfall, cash funds from non-traditional sources were also transferred to the General Fund. Overall, in FY18-19 the non-traditional transfers from 47 different funds amounted to \$44.8 million. This included \$7.5 million from the Roads Operations Fund, \$10 million from the Medicaid Intergovernmental Transfer Trust Fund (related to the Health Care Cash Fund), and \$8.5 million from the Game & Parks Capital Maintenance Fund.

The transfers shown below for FY2018-19 were enacted in the 2017 and 2018 sessions and already incorporated into the "Net Receipts" figures of the NEFAB forecasts.

In the 2019 session, enacted transfers returned to more normal levels and mostly from the traditional three main sources; Securities Act Cash Fund, Tobacco Products Admin Cash Fund, and the Dept. of Insurance Cash Fund. Total transfers amount to \$48.8 million in FY2019-20 and \$50.8 million in FY2020-21.

Table 10 General Fund Transfers In

	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
Securities Act Cash Fund	32,000,000	27,000,000	28,000,000	0	0
Dept of Insurance Cash Fund	12,250,000	12,500,000	13,500,000	0	0
Tobacco Products Admin Cash Fund	10,000,000	9,000,000	9,000,000	0	0
Medicaid Intergovernmental Transfer Trust Fund	10,000,000	0	0	0	0
Game & Parks Capital Maintenance Fund	8,500,000	0	0	0	0
Roads Operations Cash Fund	7,500,000	0	0	0	0
State Building Renewal Assessment Fund	2,900,000	0	0	0	0
DHHS Cash Fund	2,570,000	0	0	0	0
Affordable Housing Trust Fund	2,250,000	0	0	0	0
State Visitors Promotion Fund	1,000,000	0	0	0	0
State Settlement Fund	1,756,639	295,957	295,957	0	0
Workers Comp Court Cash Fund (delete 2019)	0	0	0	0	0
Other cash funds (18 different funds)	6,863,294	0	0	0	0
Total General Fund Transfers-In	97,589,933	48,795,957	50,795,957	0	0

Revenue Legislation – 2019 Session

Table 11 Revenue Bills Enacted – 2019 Session

	FY2019-20	FY2020-21	FY2021-22	FY2022-23
LB 26 Changes, legal service insurance corporations	(8,229)	(8,229)	(8,229)	(8,229)
LB 86 Changes, Affordable Housing Fund, doc stamp tax	58,188	unknown loss	unknown loss	unknown loss
LB 186 Adopt the Online Notary Public Act	82,167	27,682	0	0
LB 218 Sales tax exemption, political sub owned facilities	loss	loss	loss	loss
LB 221 Changes, limitations under the Title Insurers Act	minimal	minimal	minimal	minimal
LB 284 Remote Seller and Marketplace Facilitator Act	In forecast	In forecast	In forecast	In forecast
LB 334 Eliminate Angel Investment credit	100,000	4,000,000	4,000,000	4,000,000
LB 397 Change provisions, tobacco / nicotine products	63,000	65,000	65,000	65,000
LB 472 Qualified Judgment Payment Act, authorize sales tax	16,000	39,000	40,000	41,000
Subtotal – Revenue Bills	311,126	4,123,453	4,096,771	4,097,771
LB 294 General Fund Transfers-in	48,795,957	50,795,957	0	0
Total-Revenue Legislation	49,107,083	54,919,410	4,096,771	4,097,771

LB 86 amends sections of law governing the Affordable Housing Trust Fund, establishes provisions regarding the designation of extremely blighted areas under the Community Development Law, and creates a \$5,000 nonrefundable income tax credit for the purchase of homes in areas designated as extremely blighted. There would be a revenue loss attributed to the income tax credit provision but the amount cannot be estimated.

LB 334 provides that tax credits approved under the Angel Investment Tax Credit Act would terminate after calendar year 2019 rather than calendar year 2022. Tax credit allocations under the act are capped at \$4,000,000 per year, except that in 2019, tax credits would be capped at \$3,900,000. Because tax credits under the act would be awarded through calendar year 2019, the credits would be claimed in FY19-20. As a result, revenue savings from the elimination of the tax credit program would not begin until FY2020-21. The bill also states that the \$4,000,000 saved due to the elimination of the Angel Investment Tax Credit Act be reallocated into an appropriation to the Governor's Emergency Program in FY2020-21 and then to the Business Innovation Act in the Department of Economic Development thereafter

LB 284 creates the Remote Seller and Marketplace Facilitator Act. It requires remote sellers (those without a physical presence in the state) and/or "marketplace facilitators" as defined in the bill to collect and remit sales tax if: (1) gross revenue from sales into the state exceed \$100,000 in the previous or current calendar year; or (2) sales into the state exceed 200 or more separate transaction in the same time period. The bill clarifies and codifies collection of taxes subsequent to the South Dakota v. Wayfair U.S. Supreme Court case.

The total revenue from sales tax collection by marketplace platforms was estimated to be \$17.5 million in FY 19-20 and \$20 million in FY 20-21. However, half of this was assumed to be remitted voluntarily and had been included in the February 2019 revenue forecasts so the impact of this bill was estimated at \$8.75 million in FY 19-20 and \$10 million in FY 20-21 as the remaining half of marketplace platforms begin collecting and remitting sales tax as required by the bill's provisions. This bill was enacted March 21, 2019 and these amounts were incorporated into the April 2019 revenue forecasts which is why no additional revenues are shown in this table. A more detailed description of the issue can be found on page 27.

GENERAL FUND APPROPRIATIONS

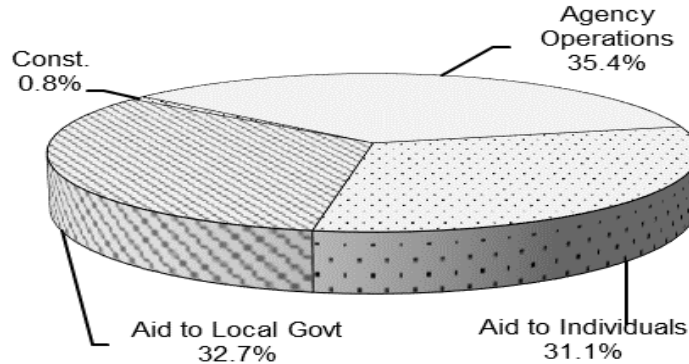
General Fund Overview

Table 12 contains a summary of the General Fund budget for the FY2019-20 and FY2020-21 biennium as enacted in the 2019 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 Committee proposed budget are the net result of over 200 individual issues which reflect both increases to and reductions from the FY2018-19 baseline appropriation.

Table 12 – General Fund Budget as Enacted in the 2019 Session

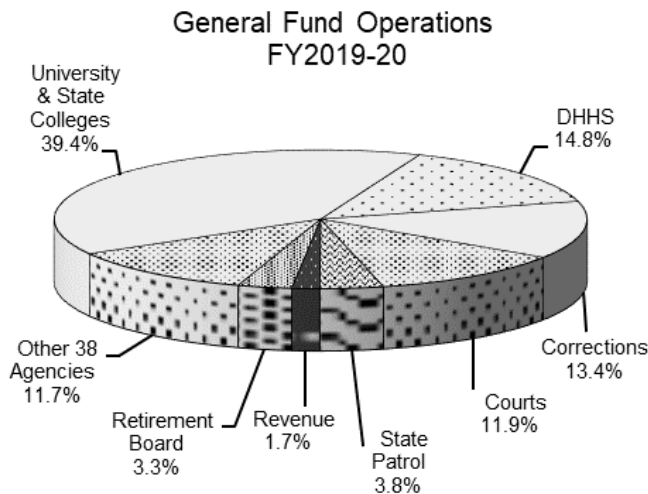
	w/o Deficits	Total Per 2019 Session		Change over Prior Yr		Change over Prior Yr		2 Yr Avg % Change	% Total FY19-20
	FY2018-19	FY2019-20	FY2020-21	FY19-20 (w/o deficits)		FY20-21 (w/o deficits)			
				\$	%	\$	%		
Agency Operations									
University & State /Colleges	626,366,678	645,653,500	669,462,990	19,286,822	3.1%	23,809,490	3.7%	3.4%	14.0%
Health & Human Services	236,687,805	243,004,720	247,444,292	6,316,915	2.7%	4,439,572	1.8%	2.2%	5.3%
Correctional Services	211,920,240	219,851,700	227,927,994	7,931,460	3.7%	8,076,294	3.7%	3.7%	4.8%
Courts	187,043,520	195,447,322	199,189,998	8,403,802	4.5%	3,742,676	1.9%	3.2%	4.2%
State Patrol	60,309,294	62,871,629	64,198,023	2,562,335	4.2%	1,326,394	2.1%	3.2%	1.4%
Retirement Board	52,698,171	53,638,505	54,709,000	940,334	1.8%	1,070,495	2.0%	1.9%	1.2%
Revenue	26,728,444	27,417,676	27,674,896	689,232	2.6%	257,220	0.9%	1.8%	0.6%
Other 38 Agencies	181,704,711	191,280,786	190,111,424	9,576,075	5.3%	(1,169,362)	-0.6%	2.3%	4.1%
Total-GF Operations	1,583,458,863	1,639,165,838	1,680,718,617	55,706,975	3.5%	41,552,779	2.5%	3.0%	35.4%
State Aid to Individuals/Others									
Medicaid	849,628,184	860,304,131	917,144,136	10,675,947	1.3%	56,840,005	6.6%	3.9%	18.6%
Child Welfare Aid	197,071,388	197,032,479	198,924,830	(38,909)	0.0%	1,892,351	1.0%	0.5%	4.3%
Public Assistance	94,994,043	91,609,328	90,756,257	(3,384,715)	-3.6%	(853,071)	-0.9%	-2.3%	2.0%
Developmental disabilities aid	150,279,443	150,880,903	144,893,404	601,460	0.4%	(5,987,499)	-4.0%	-1.8%	3.3%
Behavioral Health aid	71,872,571	75,388,670	71,995,541	3,516,099	4.9%	(3,393,129)	-4.5%	0.1%	1.6%
Childrens Health Insurance (SCHIP)	6,178,073	14,317,097	25,527,244	8,139,024	131.7%	11,210,147	78.3%	103.3%	0.3%
Aging Programs	9,845,789	9,845,789	10,459,701	0	0.0%	613,912	6.2%	3.1%	0.2%
Higher Ed Student Aid programs	7,539,030	7,693,430	7,693,430	154,400	2.0%	0	0.0%	1.0%	0.2%
Public Health Aid	6,151,907	6,114,407	6,114,407	(37,500)	-0.6%	0	0.0%	-0.3%	0.1%
Business Innovation Act	6,020,352	6,020,352	6,020,352	0	0.0%	0	0.0%	0.0%	0.1%
Community health centers	5,783,060	5,783,060	5,783,060	0	0.0%	0	0.0%	0.0%	0.1%
All Other Aid to Individuals/Other	10,216,653	12,141,284	12,005,268	1,924,631	18.8%	(136,016)	-1.1%	8.4%	0.3%
Total-GF Aid to Individuals/Other	1,415,580,493	1,437,130,930	1,497,317,630	21,550,437	1.5%	60,186,700	4.2%	2.8%	31.1%
State Aid to Local Govts									
State Aid to Schools (TEEOSA)	974,507,975	1,036,237,766	1,042,856,698	61,729,791	6.3%	6,618,932	0.6%	3.4%	22.4%
Property Tax Credit Transfer		Transfer	Transfer	--	--	--	--	--	--
Special Education	226,526,585	228,791,851	231,079,770	2,265,266	1.0%	2,287,919	1.0%	1.0%	4.9%
Aid to Community Colleges	98,575,874	100,547,391	102,558,339	1,971,517	2.0%	2,010,948	2.0%	2.0%	2.2%
Homestead Exemption	84,100,000	88,700,000	92,000,000	4,600,000	5.5%	3,300,000	3.7%	4.6%	1.9%
Personal Property Tax Relief Act	14,200,000	14,400,000	14,800,000	200,000	--	400,000	100.0%	2.1%	0.3%
Aid to ESU's	13,085,000	13,352,558	13,613,976	267,558	2.0%	261,418	2.0%	2.0%	0.3%
High ability learner programs	2,202,384	2,342,962	2,342,962	140,578	6.4%	0	0.0%	3.1%	0.1%
Early Childhood programs	8,274,583	8,619,357	8,619,357	344,774	4.2%	0	0.0%	2.1%	0.2%
Community Based Juvenile Services	6,048,000	6,048,000	6,048,000	0	0.0%	0	0.0%	0.0%	0.1%
Resources Development Fund	3,014,712	0	0	(3,014,712)	-100.0%	0	0.0%	-100.0%	0.0%
Other Aid to Local Govt	4,970,146	11,069,394	10,069,394	6,099,248	122.7%	(1,000,000)	-9.0%	42.3%	0.2%
Total-GF Aid to Local Govt	1,435,505,259	1,510,109,279	1,523,988,496	74,604,020	5.2%	13,879,217	0.9%	3.0%	32.7%
Capital Construction									
	21,739,000	38,265,811	27,489,461	16,526,811	76.0%	(10,776,350)	-28.2%	12.5%	0.8%
Total Appropriations									
	4,456,283,615	4,624,671,858	4,729,514,204	168,388,243	3.8%	104,842,346	2.3%	3.0%	100.0%

**By Major Category
FY2019-20**



Agency Operations

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 FY2019-20 proposed budget, 35.2% 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 89% 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.



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 89% 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 \$55.7 million increase (3.5%) in FY19-20 and a \$41.6 million increase (2.5%) in FY20-21. The most significant increases in operations in FY19-20 are salary and health insurance increases for state employees including University of Nebraska and State Colleges. Salary increases basically range from 2.0% to 2.5% amount to \$36.3 million while health insurance cost increases range from 3% to 5% and amount to \$3.8 million.

Other FY20 increases include \$4.2 million for additional staffing and programming in the Dept. of Correctional Services, \$1.2 million for additional probation funding as part of the continued phase-in of LB605-Justice Reinvestment Act, \$2.5 million for expanding the capacity of problem

solving courts, \$4 million of ADA related voting equipment for the Secretary of State and \$5.9 million for initial operating costs related to Medicaid Expansion

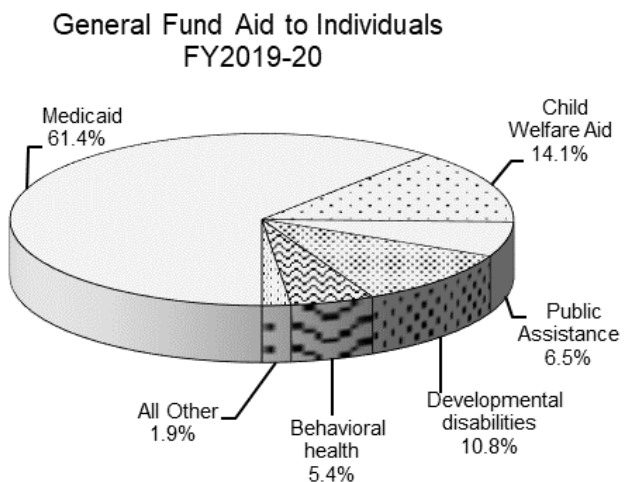
These increases were offset by several reductions including \$5.9 million due to suspension of the economic eligibility system development in DHHS, and a one-time \$4.2 million shift to cash funds in the Dept. of Correctional Services.

The increase in FY20-21 mostly is the result of second year salary and health insurance costs, \$30.3 million and \$7.9 million respectively.

State Aid to Individuals / Others

Aid to Individuals/Other includes programs such as Medicaid, public assistance programs, 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.

This area has a 1.5% increase in FY2019-20 (\$21.6 million) and a 4.2% increase (\$60.2 million) in FY20-21. Significant increases in FY2019-20 include, provider rate increases (\$30.5 million), Medicaid eligibility and utilization (\$16.3 million), and phase-in expiration of the enhanced federal match rate for Children's Health Insurance. (\$8.1 million). These increase were offset by \$38 million savings due to an increase in the Federal Medical Assistance Percentage (FMAP).



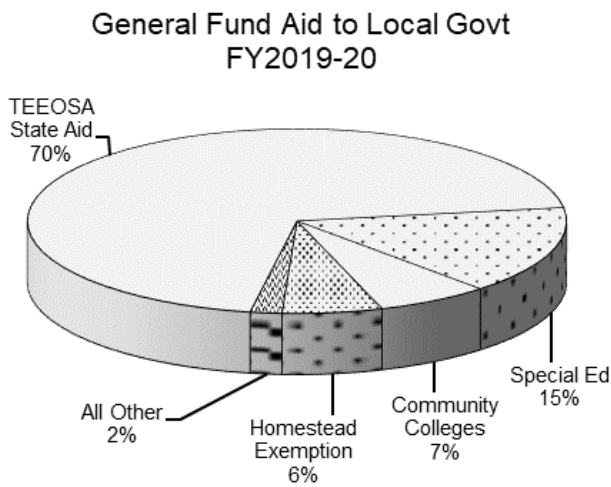
The provider rate increase included are 2% per year for Medicaid, child welfare, and Children's Health Insurance. Provider increase for behavioral health are based on the cost model (approximately 4% in FY20, 0% FY21, 2% average) while the developmental disability provider increase is approximately 4% in FY20, 0% FY21 for a 2% per year average based on the results of a rate/methodology study.

Increased costs in FY2020-21 include first year net cost of Medicaid expansion (\$37.9 million) and a projected health insurance provider fee of \$15.5 million is included in Medicaid. Additional savings come from a second year increase in our FMAP resulting in General Fund savings of \$31.5 million.

State Aid to Local Governments

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).

Aid to local governments receives a \$74.6 million (5.2%) increase in FY2019-20 and another \$12.8 million (0.9%) increase in FY2020-21.



Because TEEOSA school aid accounts for 70% of all aid to local governments, TEEOSA also significantly influences the growth rate in this category. The budget funds TEEOSA aid at a 3.4% per year average increase, \$61.7 million (6.3%) in FY19-20 and an additional \$6.6 million (0.6%) in FY20-21. At the start of the session, under the law at that time the FY19-20 amount would have been a 7.8% increase driven by the local effort rate returning to \$1.00 from the \$1.023 where it was for two years in the last biennium. This was based on the Dept. of Education pre-certification estimate provided in January 2019. The FY20-21 amount was estimated at that time at only a .7% increase

due to lower spending and higher valuations. The enacted budget incorporated the provisions of LB675 which reduced the allowable growth rate from 2.5% to 2.0% for FY2019-20 only and then returns to the prior law level in FY20-21. This change lowered the first year growth from 7.8% to 6.7% and reduces aid by \$11.7 million in FY19-20 and \$20.4 million in FY20-21.

The budget also provides for a 1% per year increase in Special Education (\$2.2 million each year) and a 2% per year increase in funding for Community Colleges (about \$2.0 million each year)

Homestead Exemption reimbursement and the Personal Property Tax Relief act are both based on estimated funding required under current law taking into consideration actual FY18-19 funding needs inflated into the next two years. This results in a \$4.6 million (5.5%) increase in Homestead exemption reimbursements in FY19-20 and a \$200,000 (1.4%) increase in funding for the Personal Property Tax Relief act.

The budget also included \$584,600 to restore cuts made in FY19 to 11 different aid programs under the Dept. of Education including high ability learners, early childhood grants and endowment program.

Capital Construction

Most 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 a large increase in FY2019-20, \$16.5 million (76%) of which virtually all is due to the State Capitol HVAC project shifting from Nebraska Capital Construction Funds (NCCF) to General Funds starting in FY2019-20

With respect to new construction, the budget includes funding for additional high security housing units under the Dept. of Correctional Services. This \$49 million project, financed with a

Cash Reserve Fund transfer to the Nebraska Capital Construction Fund, is for 384 beds capable of housing maximum security male inmates. It consists of two housing units, one housing unit is for 128 beds (single occupancy cells), and the other housing unit is for 256 beds (double occupancy cells) and includes support components providing educational and rehabilitative programming and adjoining outdoor recreation areas. The two new buildings will be placed on the grounds of Lincoln Correctional Center (LCC) and connected either by exterior walkways or enclosed corridors. The new housing units will utilize services of the existing LCC and the newly created Reception and Treatment Center (RTC) for support functions such as food service, medical, visitation, and administration.

Historical General Fund Appropriations

While the previous sections provide an overview of the FY2019-20 and FY2020-21 General Fund biennial budget, Table 13 provides an historical perspective showing appropriations for the twenty year period FY1999-00 through the budget for FY2019-20 by major area. Average spending growth over the 20 year period is 3.5%. Aid for developmental disabilities and Child Welfare have two of the largest average growth over the 20 year period.

Table 13 Breakdown of General Fund Appropriations – Last 20 Years

	New Approp FY1999-00	New Approp FY2009-10	Proposed FY2019-20	Avg % 20 Yr 00 to 20
<u>AGENCY OPERATIONS</u>				
University + Colleges	403,834,767	527,816,350	645,653,500	2.4%
Health & Human Services System	160,764,296	244,381,736	243,004,720	2.1%
Correctional Services	83,069,910	120,145,021	219,851,700	5.0%
Court System (includes probation)	46,503,496	69,386,261	195,447,322	7.4%
State Patrol	32,191,462	54,313,186	62,871,629	3.4%
Retirement Board	14,673,501	25,589,490	53,638,505	6.7%
Revenue	22,642,649	28,801,138	27,417,676	1.0%
Other 40 Agencies	113,534,598	140,094,806	191,280,786	2.6%
Total-GF Operations	877,214,679	1,210,527,988	1,639,165,838	3.2%
<u>AID TO INDIVIDUALS</u>				
Medicaid	314,194,073	445,306,457	860,304,131	5.2%
Child Welfare aid	62,267,137	143,151,325	197,032,479	5.9%
Developmental disabilities	44,491,708	83,269,149	150,880,903	6.3%
Public Assistance	55,210,956	93,195,633	91,609,328	2.6%
Behavioral Health aid	21,756,022	74,225,354	75,388,670	6.4%
Childrens Health Insurance (SCHIP)	0	9,125,708	14,317,097	na
Public Health Aid and health centers	2,975,965	8,593,223	11,897,467	7.2%
Aging programs	4,746,975	7,918,808	9,845,789	3.7%
Higher Ed Student Aid	5,461,986	6,908,351	7,693,430	1.7%
Business Innovation Act	0	0	6,020,352	na
Other Aid to Individuals/Other	12,290,570	8,562,935	12,141,284	-0.1%
Total-State Aid to Ind/Other	523,395,392	880,256,943	1,437,130,930	5.2%
<u>AID TO LOCAL GOVT</u>				
State Aid to Education (TEEOSA)	583,552,195	824,960,159	1,036,237,766	2.9%
Property Tax Credit	--	Transfer	Transfer	na
Special Education	130,864,642	184,893,842	228,791,851	2.8%
Aid to Community Colleges	57,171,868	86,966,256	100,547,391	2.9%
Homestead Exemption	34,867,284	62,250,000	88,700,000	4.8%
Personal Property Tax Relief Act	0	0	14,400,000	na
Aid to ESU's	12,700,000	15,887,570	13,352,558	na
Aid to Cities	17,531,500	11,482,763	0	-100.0%
Aid to Counties (all programs)	19,794,287	10,153,969	0	-100.0%
Early Childhood+High Ability Learner	3,635,000	5,941,249	10,962,319	5.7%
Community Based Juvenile Services	0	1,492,500	6,048,000	na
Other Aid to Local Govt	8,540,937	16,311,232	11,069,394	1.3%
Total-GF State Aid to Local Govt	868,657,713	1,220,339,540	1,510,109,279	2.8%
<u>CAPITAL CONSTRUCTION</u>				
	54,676,163	14,172,233	38,265,811	-1.8%
<u>GENERAL FUND TOTAL</u>				
	2,323,943,947	3,325,296,704	4,624,671,858	3.5%

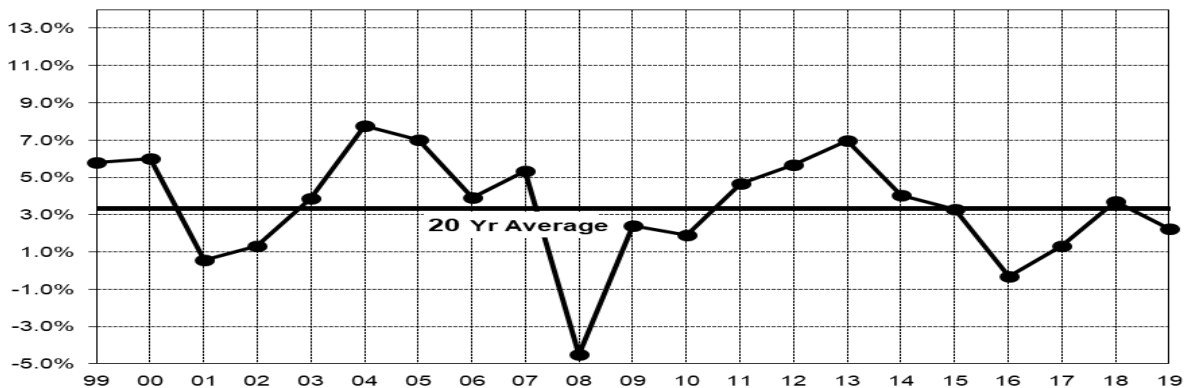
Table 14 Historical General Fund Appropriations

Excludes Deficits	Agency Operations	Aid to Ind/Other	Aid to Local Govt	Construction	Total	% Change
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 Enacted	1,521,595,794	1,348,844,879	1,374,980,396	26,382,800	4,271,803,869	4.0%
FY2016-17 Enacted	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	1,583,458,863	1,415,580,493	1,435,505,259	21,739,000	4,456,283,615	1.3%
FY2019-20 Enacted	1,639,165,838	1,437,130,930	1,510,109,279	38,265,811	4,624,671,858	3.8%
FY2020-21 Enacted	1,680,718,617	1,497,317,630	1,523,988,496	27,489,461	4,729,514,204	2.3%

Average Annual Growth

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%
FY18 / FY19 Biennium	0.1%	0.6%	0.9%	-1.1%	0.5%
FY20 / FY21 Biennium	3.0%	2.8%	3.0%	12.5%	3.0%
Avg FY01 to FY11 (10 yr)	3.1%	4.7%	3.0%	-11.4%	3.3%
Avg FY11 to FY21 (10 yr)	3.0%	4.7%	2.5%	7.1%	3.3%
Avg F01 to FY21 (20 yr)	3.0%	4.7%	2.7%	-2.6%	3.3%

General Fund Budget Growth - Past 20 Years



Significant General Fund Increases and Reductions

The FY2019-20 / FY2020-21 budget represents the result of numerous areas where the budget was increased, offset to some extent by areas that were reduced. There were over 200 individual issues plus three items that affected all agencies and programs including salary and health insurance increases.

In terms of using available General Funds, one of the single largest items is not on the list. The enacted budget includes an additional \$51 million each year, \$102 million two year total, for the Property Tax Credit program. However for accounting purposes this is shown as a transfer-out not a General Fund expenditure and is not included in this table.

Table 15 Significant Increases and Reductions

<i>Amounts shown are \$ change from FY19 base year</i>	Per 2019 Session		
	FY2019-20	FY2020-21	Two Yr total
1 <u>SIGNIFICANT INCREASES:</u>			
2 TEEOSA Aid to Schools (General Funds only)	61,729,791	68,348,723	130,078,514
3 Property Tax Credit program *	transfer	transfer	transfer
4 Provider rates, DHHS aid programs	30,492,899	53,141,287	83,634,186
5 Medicaid (other than FMAP, provider rates, expansion)	23,573,038	55,299,095	78,872,133
6 Salaries & Health Insurance (University+Colleges)	18,375,974	41,159,364	59,535,338
7 Salaries & Health Insurance (Agencies)	21,760,463	37,163,301	58,923,764
8 Medicaid expansion (net)	5,979,812	43,648,572	49,628,384
9 Childrens Health Insurance (SCHIP) (special FMAP expires)	8,103,686	19,181,115	27,284,801
10 Capital Construction	16,526,811	5,750,461	22,277,272
11 Homestead Exemption	4,600,000	7,900,000	12,500,000
12 Governors Emergency Program	6,000,000	5,000,000	11,000,000
13 Staffing, programs, equipment (Corrections)	4,230,234	4,805,263	9,035,497
14 Justice Reinvestment Act, Problem Solving (Courts)	3,650,366	3,650,366	7,300,732
15 Special Education	2,265,266	4,553,185	6,818,451
16 Operating inflation+DAS rates (State Agencies)	3,113,770	3,632,238	6,746,008
17 Community Colleges	1,971,517	3,982,465	5,953,982
18 ADA accessibility voter equipment (Sec of State)	4,000,000	0	4,000,000
19 Retirement, K-12 School / Judges / Patrol	940,324	2,010,839	2,951,163
20 Vocational Rehabilitation	1,200,000	1,200,000	2,400,000
21 Judges salaries (Courts)	729,685	1,492,868	2,222,553
22 Behavioral Health aid (other than FMAP, provider rates, expansion)	622,798	1,579,669	2,202,467
23 Personal Property Tax Relief Act	200,000	600,000	800,000
24 Juvenile justice, increased costs (Courts)	264,661	534,614	799,275
25 Aid to ESU's	267,558	528,976	796,534
26 Annualize LB 259 competency determinations (Courts)	359,493	359,493	718,986
27 Aging programs (other than provider rates)	0	613,912	613,912
28 Subtotal-Increases Listed	220,958,146	366,135,806	587,093,952
29 <u>SIGNIFICANT REDUCTIONS:</u>			
30 Federal Medicaid Match rate (FMAP, op & aid)	(38,955,786)	(84,626,190)	(123,581,976)
31 Information technology / charges (DHHS)	(5,900,000)	(5,900,000)	(11,800,000)
32 Public Assistance (other than FMAP, provider rates, expansion)	(3,384,715)	(3,403,237)	(6,787,952)
33 Resources Development Fund	(3,014,712)	(3,014,712)	(6,029,424)
34 Fund mix (Corrections)	(4,200,000)	0	(4,200,000)
35 Child Welfare aid (other than FMAP & provider rates)	(1,692,559)	(1,692,559)	(3,385,118)
36 Developmental Disability aid (other than FMAP, provider rates)	(198,720)	(198,720)	(397,440)
37 Subtotal-Reductions Listed	(57,346,492)	(98,835,418)	(156,181,910)
38 <u>OTHER NOT LISTED (NET)</u>	4,776,589	5,930,201	10,706,790
39 <u>TOTAL GENERAL FUND CHANGE</u>	168,388,243	273,230,589	441,618,832

Table 16 Significant General Fund Increases / Reductions by Budget Category

	Amounts shown are \$ change from FY19 base year	Per 2019 Session		
		FY2019-20	FY2020-21	Two Yr total
1	TEEOSA Aid to Schools	61,729,791	68,348,723	130,078,514
2	Special Education	2,265,266	4,553,185	6,818,451
3	Early Childhood grant program	144,774	144,774	289,548
4	Early Childhood Endowment	200,000	200,000	400,000
5	High ability learner programs	140,578	140,578	281,156
6	Aid to ESU's	267,558	528,976	796,534
7	Homestead Exemption	4,600,000	7,900,000	12,500,000
8	Personal Property Tax Relief Act	200,000	600,000	800,000
9	Resources Development Fund	(3,014,712)	(3,014,712)	(6,029,424)
10	Community Colleges	1,971,517	3,982,465	5,953,982
11	Governors Emergency Program	6,000,000	5,000,000	11,000,000
12	Other Not Listed (net)	99,248	99,248	198,496
13	AID TO LOCAL GOVERNMENTS	74,604,020	88,483,237	163,087,257
14	Medicaid (with expansion)	10,675,947	67,515,952	78,191,899
15	Public Assistance	(3,384,715)	(4,237,786)	(7,622,501)
16	Child Welfare aid	(38,909)	1,853,442	1,814,533
17	Developmental Disability aid	601,460	(5,386,039)	(4,784,579)
18	Behavioral health aid	3,516,099	122,970	3,639,069
19	Childrens Health Insurance (SCHIP)	8,139,024	19,349,171	27,488,195
20	Public/Community Health Aid	(37,500)	(37,500)	(75,000)
21	Aging programs	0	613,912	613,912
22	Vocational Rehabilitation	1,200,000	1,200,000	2,400,000
23	Higher Ed Student aid programs	154,400	154,400	308,800
24	Other Not Listed (net)	724,631	588,615	1,313,246
25	AID TO INDIVIDUALS / OTHER	21,550,437	81,737,137	103,287,574
26	Salaries (State Agencies) (include annualizing)	18,919,964	31,396,375	50,316,339
27	Salaries (University+Colleges)	17,435,467	35,235,301	52,670,768
28	Health Insurance (State Agencies)	2,840,499	5,766,926	8,607,425
29	Health Insurance (University+Colleges)	940,507	5,924,063	6,864,570
30	DAS related rates (State Agencies)	3,113,770	3,632,238	6,746,008
31	Juvenile justice, increased costs (Courts)	264,661	534,614	799,275
32	Justice Reinvestment Act, Problem Solving (Courts)	3,650,366	3,650,366	7,300,732
33	Judges salaries (Courts)	729,685	1,492,868	2,222,553
34	Annualize LB 259 competency determinations (Courts)	359,493	359,493	718,986
35	ADA accessibility voter equipment (Sec of State)	4,000,000	0	4,000,000
36	FMAP-operations related (DHHS)	(948,265)	(1,262,734)	(2,210,999)
37	Information technology / charges (DHHS)	(5,900,000)	(5,900,000)	(11,800,000)
38	Medicaid Expansion operations (DHHS)	5,979,812	5,772,769	11,752,581
39	Staffing, security, programming and health services (Corr)	2,349,974	4,216,171	6,566,145
40	Equipment, utilities, other operating costs (Corrections)	1,880,260	589,092	2,469,352
41	Fund mix (Corrections)	(4,200,000)	0	(4,200,000)
42	General Operating inflation (University+Colleges)	1,005,980	2,032,080	3,038,060
43	Retirement, K-12 School / Judges / Patrol	940,324	2,010,839	2,951,163
44	Other Not Listed (net)	2,344,478	1,809,293	4,153,771
45	AGENCY OPERATIONS	55,706,975	97,259,754	152,966,729
46	CAPITAL CONSTRUCTION	16,526,811	5,750,461	22,277,272
47	TOTAL GENERAL FUND CHANGE (without deficits)	168,388,243	273,230,589	441,618,832

Aid to Individuals/Other

Aid to Individuals/Other includes programs such as Medicaid, public assistance programs, 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.

Behavioral Health Aid

This area includes substance abuse and mental health aid. Similar to Public Assistance and Child Welfare, the agency request includes no increase for eligibility or utilization.

Table 17 Behavioral Health Aid

Behavioral Health (General Funds)	Previous Biennium		Biennial Budget	
	FY2017-18	FY2018-19	FY2019-20	FY2020-21
Base Year appropriation	73,844,769	73,844,769	71,872,571	71,872,571
Mental Health provider rates	(1,186,633)	(1,186,633)	2,893,301	2,893,301
Reduce Family Navigator contracts (prog. 38).	(93,582)	(93,582)	0	0
Reduce training contracts for behavioral health services (prog. 38).	(77,200)	(77,200)	0	0
Reduce vouchers for behavioral health services through the rural hotline	(52,408)	(52,408)	0	0
Reduce Office of Consumer Affairs (prog. 38).	(30,905)	(30,905)	0	0
Reduce funding for Mental Health First educational activities (prog. 38).	(10,000)	(10,000)	0	0
Reduce Regional Behav. Health Authority Contracts	in rates	in rates	0	0
Reduce Tribal Outpatient Contracts	(150,801)	(150,801)	0	0
Behaviorial Health Service Gaps	0	0	658,835	1,615,706
Training Contract Reductions	0	0	(36,037)	(36,037)
Medicaid expansion - savings, behavioral health	0	0	0	(4,350,000)
Total - New Appropriation	72,243,240	71,872,571	75,388,670	71,995,541
Annual \$ Change	(1,601,529)	(370,669)	3,516,099	(3,393,129)
Annual % Change	-2.2%	-0.5%	4.9%	-4.5%

Provider Rates DHHS has been engaged in a multi-year cost model analysis project to review and study the costs of providing services. One of the methods of reimbursing providers is on a statewide established rate per unit of services. The cost model process gathers information from providers such as staffing costs, payroll, service operations, capacity, program management and indirect administrative agency costs. The information is compiled and analyzed based upon specific caseload and staffing ratios to establish a statewide rate for specific services. The full cost for implementing the cost model for the completed phases as well as for the services that will be reviewed in FY19 is estimated to be \$6.63 million. About \$1.42 million of the cost can be offset by redirecting existing funds that are being used to support services above existing rates. So, about \$5.2 million is needed to fund cost model rates. The percentage change for each individual service reviewed in the study varied as did the change for each provider.

The enacted budget does not fully fund the cost model, but is a 4% overall increase to be used for provider rates which is approximately 56% of the need projected by the cost study. With no additional funds in the second year, it relates to a 2% average.

Behavioral Health Service Gaps This funding will address gaps and waitlists in services available to individuals with serious mental health and substance abuse disorders. The funds will be used to address two goals in the behavioral health strategic plan: (1) reduce the wait time for services; (2) increase the availability and utilization of evidence-based practices. The increased aid (\$658,835) in FY20 and FY21 will be used for Short Term Residential services for persons with substance abuse disorders and Secure Residential services for persons with severe mental illness. The \$956,871 of additional aid requested in FY21 is to support expansion and sustainability of Medication Assisted Treatment (MAT) to persons with substance abuse disorders who are under insured or uninsured. Current efforts funded with federal funds focus solely on opioid related treatment using MAT. Use of this evidence-based practice which combines the use of FDA approved medications with counseling has been effective in treating substance abuse disorders. Depending upon the medications involved in treatment, the request could serve up to 546 individuals.

Medicaid Expansion There is also a reduction of \$4,350,000 in FY21 as cost savings related to the Medicaid expansion.

Community Based Developmental Disabilities Aid

The Committee proposed budget includes an overall reduction in developmental disability aid, 0.4% increase in FY2019-20 and -4.0% in FY2020-21. This reflects no additional funds for the waiting list or transition, rebase of rates, and reductions in General funds attributed to a higher Medicaid FMAP rate.

Table 18 Developmental Disability Aid

(General Funds only)	Previous Biennium		Biennial Budget	
	FY2017-18	FY2018-19	FY2019-20	FY2020-21
Base Year Appropriation	150,667,981	150,667,981	150,279,443	150,279,443
Service Coordination	in oper	in oper	in oper	in oper
Provider Rates / Rate Equity & Methodology	(3,226,428)	(3,226,428)	5,805,863	5,738,691
Transition	0	0	0	0
Waiting List	1,697,234	3,474,752	0	0
Federal match rate, Medicaid	(2,252,024)	(5,166,120)	(5,005,683)	(10,926,010)
Custody Act	302,042	302,042	0	0
Transfer BSDC funds, six Bridges residents and	2,037,139	2,037,139	0	0
Financial Case Management System	0	0	(198,720)	(198,720)
Total - New Appropriation	149,225,944	150,279,443	150,880,903	144,893,404
Annual \$ Change (exclude deficits)	(1,442,037)	1,053,499	601,460	(5,987,499)
Annual % Change (exclude deficits)	-1.0%	0.7%	0.4%	-4.0%

Federal Medicaid Match Rate (FMAP) Starting October 1, 2019 (FFY2020) the Federal Medical Assistance Program (FMAP) is increasing from 52.58% to 54.72%. The higher FMAP allows for a reduction in General Fund appropriations of \$5,005,683 in FY19-20 with a fully annualized savings of \$ 6,709,778 in FY18-19. Also FFY2021 FMAP calculations done by Federal Funds Information for States (FFIS) based on preliminary state personal income data shows the

FMAP to increase to 56.06%. This allows for an additional General Fund savings of \$4,216,232 in FY20-21.

Provider Rates The Center for Medicare and Medicaid Services (CMS) requires states to conduct rate studies every five years and rebase rates, if necessary. The last rebase study was in 2011. The rate methodology from that study was implemented in 2014. DDD has been working with an actuarial firm to study the rates for the two waivers (Adult Day Services & Comprehensive) administered by the state. The study produced a revised rate/reimbursement model based upon actual costs of providers. Implementation of the model rates would increase costs to the state by about 6.6%. The enacted budget provides for a 4% increase in rates in FY19-20 amounting to \$5.8 million each year. Over the two year biennium this is a 2% average similar to other DHHS provider rates.

Children’s Health Insurance (SCHIP)

For the upcoming biennium, the projected budget includes no increase in eligibility and utilization (based on the agency request) and a reduction due to an increase in the basic federal match rate (FMAP). This proposed budget includes a 2.0% per year increase in provider rates.

Table 19 Childrens Health Insurance (SCHIP)

SCHIP (General Funds)	Previous Biennium		Biennial Budget	
	FY2017-18	FY2018-19	FY2019-20	FY2020-21
Base Year appropriation	6,440,394	6,440,394	6,178,073	6,178,073
Fed Medicaid match rate	(444,796)	(570,621)	(1,051,695)	(2,309,631)
Utilization	168,342	339,098	0	0
Cost Increases / Provider Rates	0	0	1,087,033	2,477,687
2013 ACA Implementation (enhanced match)	0	0	8,103,686	19,181,115
Total - New Appropriation	6,163,940	6,178,073	14,317,097	25,527,244
Annual \$ Change (excluding deficits)	(276,454)	14,133	8,139,024	11,210,147
Annual % Change (excluding deficits)	-4.3%	0.2%	131.7%	78.3%

Expiration of the enhanced Federal match rate There is a large increase in General Funds due to the expiration of the enhanced Federal match rate. The Affordable Care Act included an additional 23% enhanced match rate which was added to the basic match rate. In the ACA this was to expire Sept 2019 (end of FFY2019). The SCHIP extension bill passed in January 2018 extended the enhanced FMAP to FFY2020 only, at an 11.5% rate. Additional General Funds to replace the expired enhanced FMAP amount to \$8.1 million in FY19-20 and \$19.1 million in FY20-21.

Provider Rates rates are the same as for the Medicaid program.

Public Assistance

For the upcoming biennium, the Committee proposed budget includes a base reduction of \$3.4 million due to lower than projected spending in several areas. Also included is a reduction of

\$834,549 in FY21 for savings in state disability due to Medicaid Expansion. There are no other adjustments for eligibility, utilization, or rate increases.

The projected budget includes no General Funds for provider rate increases but includes \$2.1 million of federal child care block grant funds for child care market rate increases.

Table 20 Public Assistance by Program (General Funds Only)

(General Funds only)	Biennial Budget			\$ Change vs FY19 base	
	Approp. FY2018-19	FY2019-20	FY2020-21	FY2019-20	FY2020-21
Birth Certificates	0	0	0	0	0
Tribal/TANF/MOE	456,000	456,000	456,000	0	0
Food stamp employment	10,181	10,181	10,181	0	0
Medically handicapped children	703,514	703,514	703,514	0	0
Disabled persons/family support	85,003	85,003	85,003	0	0
State Disability-Medical	1,824,683	1,824,683	990,134	0	(834,549)
State Disability-Maintenance	287,621	287,621	287,621	0	0
Title XX Social Services	6,793,076	6,793,076	6,793,076	0	0
State supplement (AABD)	8,591,784	8,591,784	8,591,784	0	0
AFDC / TANF	6,480,000	6,480,000	6,480,000	0	0
Title IV-D Child Care	66,386,802	63,002,087	62,983,565	(3,384,715)	(3,403,237)
Emergency Assistance	480,000	480,000	480,000	0	0
Employment First	2,895,378	2,895,378	2,895,378	0	0
Total Public Assistance (General Funds)	94,994,042	91,609,327	90,756,256	(3,384,715)	(4,237,789)
Child care provider rates (net) (to 60th percentile)				Federal	Federal
Other provider rates				0	0
Utilization/Eligibility/Cost Increases				0	0
Base Adjustment				(3,384,715)	(3,403,237)
Medicaid Expansion - offsets State Disability				0	(834,549)
Total Public Assistance (General Funds)				(3,384,715)	(4,237,789)

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 proposed budget reflects virtually no change in FY2019-20 and 1.0% increase in FY20-21.

Like Public Assistance for the upcoming biennium, the agency request includes no increase for eligibility, utilization, or rate increases. Also like public assistance, a base reduction of \$1.1 million per year is included based on year to date expenditure levels. The Committee proposed budget includes no change in eligibility or utilization but does include a 2.0% per year provider rate increase costing \$2.7 million in FY20 and \$5.6 million in FY21. The budget also reflects savings due to the higher federal FMAP amounting to \$1.1 million in FY20 and \$2.0 million in FY21.

Table 21 Child Welfare by Program (General Funds Only)

(General Funds only)	Approp.	Biennial Budget		\$ Change vs FY19 base	
	FY2018-19	FY2019-20	FY2020-21	FY2019-20	FY2020-21
Juvenile predisposition detention	0	0	0	0	0
Post-adoption & post-guardianship services	1,584,837	1,584,837	1,584,837	0	0
Protection and Safety of Children	2,394,060	2,394,060	2,394,060	0	0
Title IV-E Foster Care	7,972,073	7,506,005	7,117,014	(466,068)	(855,059)
Title IV-E Adoption	15,746,007	15,102,429	14,565,210	(643,578)	(1,180,797)
Title IV-E Guardianship	136,408	136,408	136,408	0	0
State subsidized adoption	8,208,304	8,208,304	8,208,304	0	0
Domestic Violence	1,511,818	1,511,818	1,511,818	0	0
Education Assistance, State Wards	15,052,590	15,052,590	15,052,590	0	0
Child Welfare Services	144,465,291	145,536,028	148,354,589	1,070,737	3,889,298
Total Child Welfare aid (General Funds)	197,071,388	197,032,479	198,924,830	(38,909)	1,853,442
Base reduction				(1,125,000)	(1,125,000)
Provider rates				2,763,296	5,581,857
Utilization/Eligibility/Cost Increases				0	0
Federal match rate change (FMAP)				(1,109,646)	(2,035,856)
Expiring pilot project, family finding services				(567,559)	(567,559)
Total Child Welfare aid (General Funds)				(38,909)	1,853,442

Medicaid

For the FY19-20/FY20-21 biennium the proposed budget reflects an average increase in General Fund appropriations for Medicaid of 3.9% per year. Significant dollar increases in eligibility and utilization, provider rates, health insurance provider fees and Medicaid expansion were partially offset by savings from a higher federal Medicaid match rate in FFY2020 and projected in FFY2021.

Eligibility and Utilization Increases relating to eligibility and utilization result in additional General Fund dollars of \$16.3 million in FY19-20 and \$31.2 million in FY20-21. These increases are based on the agency request for eligibility and utilization increases. Projected increases in utilization by eligibility category based on historical utilization patterns are Aged 1.25%, Disabled 1.0%, Adults 3.5%, and Children 2.5%. The overall increase is 2.28%.

Provider Rates The committee proposal includes General Funds of \$17.9 million in FY19-20 and \$36.4 million in FY20-21 for provider rate increases of 2.0% per year. These were not included in the agency request and the Governor included a 2% per year increase but only for long-term care providers. The committee did incorporate in the mainline budget bill the concept of LB403 relating to the calculation of rates for nursing homes.

Although not specifically reflected as provider rate increases, the base adjustment in the long term care portion of Medicaid as noted in the description of LB403 allows for additional rate adjustments.

The budget also included \$1.2 million in FY19-20 and \$2.8 million in FY20-21 for behavioral health provider rates as originally contained in LB 327. The bill as introduced stated Legislative

intent to increase behavioral health rates by 5% utilizing data from a multi-year cost model study conducted by the Division of Behavioral Health. The Committee proposal increased the rates by 2% in Medicaid, the Children’s Health Insurance Program and Juvenile and Adult Probation to a total of 4% per year..

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%.

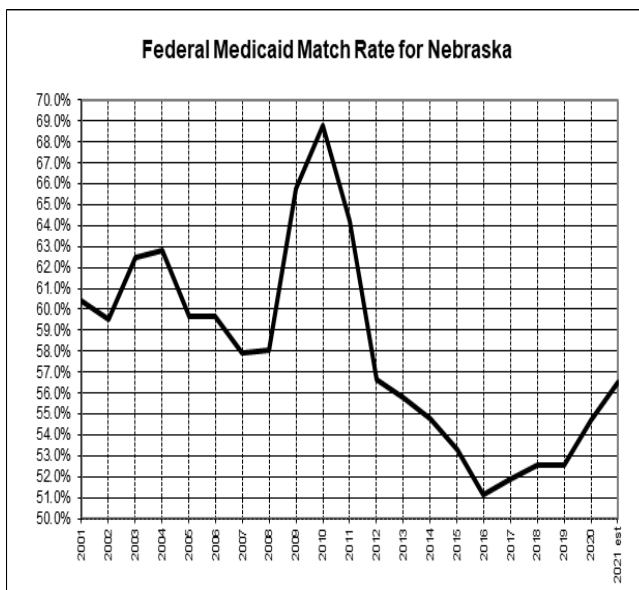
The final published FMAP for FFY2019 is relatively flat, only increasing by .03% from 52.55% in FFY2018 to 52.58% in FFY2019. The FMAP for FFY2020 will be 54.72% which is a substantial increase of 2.14% which affects nine months of FY2019-20 and a full twelve months of FY2020-21. General Fund savings due to the higher FMAP amount to \$30,840,497 in FY20 and \$42,376,698 in FY21. Also FFY2021 FMAP calculations done by Federal Funds Information for States (FFIS) based on preliminary state personal income data shows the FMAP to increase to 56.06%. This allows for an additional General Fund savings of \$24,916,548 in FY20-21.

Clawback payments are mandatory payments to the federal government to make up for a portion of the savings the Medicaid Program experienced when Medicare Part D coverage was implemented. The formula is intended to return approximately 75% of the savings to Medicaid Programs. The current budgeted amount for the clawback is short by approximately \$4 million. In the next biennium, enrollment is project to increase by a half a percent and the rate increase is projected to by 1.94%.

Health Insurance Provider Fee. The committee proposed budget includes \$15.5 million General Funds and \$18.7 million Federal Funds for health insurance provider fee costs in FY2020-21. The Affordable Care Act (ACA) mandated the Health Insurance Provider Fee (HIPF) be paid as a tax to the IRS from companies that provide government sponsored health care. The Centers for Medicaid and Medicare Services (CMS) requires states operating managed care programs to include this tax liability amount as part of either prospective estimated capitation rates which are then retro settled to the final actual tax liability. Nebraska (and other states paid tax liabilities for the tax years of 2013 and 2014 prior to a moratorium on this tax effective for the tax years of 2015 and 2016. That moratorium expired for tax year 2017. The Continuing

MEDICAID FMAP (Federal Fiscal Year FFY)

Federal Match Rate	Regular FMAP	Enhanced FMAP	Total FMAP
FFY 2001	60.38%	--	60.38%
FFY 2002	59.55%	--	59.55%
FFY 2003	59.52%	2.98%	62.50%
FFY 2004	59.89%	2.95%	62.84%
FFY 2005	59.64%	--	59.64%
FFY 2006	59.68%	--	59.68%
FFY 2007	57.93%	--	57.93%
FFY 2008	58.02%	--	58.02%
FFY 2009	59.54%	6.20%	65.74%
FFY 2010	60.56%	8.20%	68.76%
FFY 2011	58.44%	5.80%	64.24%
FFY 2012	56.64%	--	56.64%
FFY 2013	55.76%	--	55.76%
FFY 2014	54.74%	--	54.74%
FFY 2015	53.27%	--	53.27%
FFY 2016	51.16%	--	51.16%
FFY 2017	51.85%	--	51.85%
FFY 2018	52.55%	--	52.55%
FFY 2019	52.58%	--	52.58%
FFY 2020	54.72%	--	54.72%
FFY 2021 est	56.51%	--	56.51%



Resolution passed January 22, 2018 reinstated a moratorium on this tax for calendar year 2018 only and at this time, it's unclear whether the moratorium will be extended. As a result, MLTC expects to increase capitation rates to reimburse the Managed Care organizations in their July – December 2020 capitation payments for the HIPF tax liability for CY 2019. Additionally this is the subject of lawsuit the state won. The federal government is expected to appeal. Lawsuit applies to FY 2014 to FY 2016. If the State prevails, it would litigate the tax issue for the following years. At this time, it's unclear whether the moratorium will be extended

Calculation of Nursing Home Rates (LB 403) This bill requires the Department of Health and Human Services to not include the application of an inflation factor as defined in the Nebraska Administrative Code Title 471, Chapter 12 when calculating Medicaid nursing facility rates beginning in FY 2019-20 and every year thereafter. The bill as introduced required the department to use the amounts appropriated by the Legislature in setting the rates.

Per the rules and regulations, one element of the inflation factor is "budget directives from the Nebraska Legislature." The inflation factor in the regulations have recently been applied as a deflation factor in spite of increases provided by the Legislature. Recently a -7% deflation was applied. The concept of the bill is incorporated into the mainline budget bill. A payment adjustment of \$7,400,000 (\$3,389,940 GF and \$4,010,060 FF) in FY 2019-20 is provided to make up for the recent negative inflation factors that have been applied. Language in the budget bill also provides specific legislative directives on the amounts to be used in the inflation factor calculation.

Therapeutic Foster Care Services The budget includes General Funds of \$2,259,715 in FY19-20 and \$2,278,237 in FY20-21 to cover therapeutic foster care services (ThFC). In the agency request for this issue, DHHS had also included a base reduction in Public Assistance to cover the costs of this program.

The ThFC is an intensive treatment service for children with serious emotional and mental health issues and includes placement with trained and therapeutically supported foster parent(s). ThFC requires frequent contact between the foster parents, the recipient, the PCP, the psychiatrist, and the therapist. It is intended to provide a high degree of structure, support, supervision, and clinical intervention, and is intended to meet the behavioral health needs of children who are out of home as a result of complex psychiatric, psychosocial, and familial issues and enable the child to manage and work toward resolution of emotional, behavioral, or psychiatric problems in a highly supportive, individualized, flexible home setting.

ThFC is currently included as a covered Service in the Nebraska Medicaid Chapter 32 regulations, and as such has received pressure from Nebraska Appleseed regarding not covering the service as required in regulations. DHHS legal has advised that Appleseed has grounds for winning a legal battle around this issue

Medicaid Expansion Also included is a net increase of \$19.3 million related to the Medicaid expansion initiative which passed November 6, 2018. Based on the latest DHHIS update, the expanded program will not be operative until October 2020 so the impact of increased aid will only occur for nine months of FY2020-21. A more detailed review can be found on page 51.

Medicaid	Previous Biennium		Biennial Budget	
	FY2017-18	FY2018-19	FY2019-20	FY2020-21
Base Year appropriation	850,259,344	850,259,344	849,628,184	849,628,184
Federal match rate (FMAP)	(12,716,384)	(29,492,945)	(29,788,498)	(39,717,998)
Utilization	17,029,722	34,427,687	16,319,271	31,206,745
Cost Increases / Provider Rates	(24,215,008)	(24,215,009)	16,733,144	33,613,684
Increase base of PPS hospitals	2,600,000	2,600,000	0	0
Medicare Part B Premiums (annualize deficit)	5,761,146	5,539,296	0	0
Federal Clawback Increase (annualize defici)	4,399,059	8,228,279	0	0
Fiscal agent for home care	(819,185)	(819,185)	0	0
Terminate the Telligon Contract	(119,648)	(119,648)	0	0
Reduce aid to cover cost of financial auditor contract	(220,000)	(290,000)	0	0
Managed Care Savings, Episodes of Care	(6,114,252)	(6,114,252)	0	0
Increased Medicaid Drug Rebates	(2,300,000)	(2,300,000)	0	0
Rural Health Clinics	(76,160)	(76,160)	0	0
Cap the maximum payment for adult dental at \$750.	(403,374)	(403,374)	0	0
LB 268 Change notification provisions, Medicaid	0	(384,000)	0	0
Clawback (Phased-Down State Contribution)	0	0	1,458,514	2,690,851
Health Insurance Provider Fee	0	0	0	15,478,738
Therapeutic foster care	0	0	2,259,715	2,278,237
DHHS calculating Nursing rates (LB 403)	0	0	3,535,538	3,644,524
Medicaid expansion - new eligibles and woodwork	0	0	0	43,863,305
Medicaid expansion - savings, women with cancer	0	0	0	(802,953)
Total – New Appropriation	833,065,260	836,840,033	860,304,131	917,144,136
Annual \$ Change (excluding deficits)	(17,194,084)	16,562,924	10,675,947	56,840,005
Annual % Change (excluding deficits)	-2.0%	2.0%	1.3%	6.6%

Medicaid Expansion

Initiative 427 was a proposal to expand the Medicaid program to cover low income parents and childless adults, 19 to 64 years of age, under the provisions of the Affordable Care Act (ACA). This ballot initiative was similar to several bills that have been proposed over the past six years. This initiative was adopted on November 6, 2018.

The budget includes the costs of Medicaid expansion as revised and updated by the Dept. of Health and Human Services (DHHS) on April 11, 2019. A copy of the detailed information provided can be found on the DHHS website at: <http://dhhs.ne.gov/Pages/Medicaid-Expansion.aspx>.

Relative to their prior estimates which were included in the Governors recommendation, this revision delayed the operative date for expansion until October 2020 and included a higher amount for administrative costs due to implementation changes and a Section 1115 requested waiver. However with the delay in aid amounts the overall cost estimate over the two years of the biennium did not vary.

The enacted budget makes two changes to that April revision. First, although the operative date for aid was delayed to October 2020, the estimated aid amount still reflected a full 12 months payment. The enacted budget removed three months of estimated aid. The second

adjustment was that the higher General Fund administrative costs had included a \$750,000 per year contingency. That contingency was removed in the enacted budget.

The following table provides a summary of the estimated costs included in the committee proposed budget.

Medicaid Expansion Costs		FY2019-20*	FY2020-21	FY2021-22	FY2022-23
Gross Expansion Costs					
Additional Enrollees		57,592	70,882	88,602	89,223
Match Rate (Aid)		90.0%	90.0%	90.0%	90.0%
Per Member Per Month Cost		\$489.59	\$495.26	\$500.91	\$516.69
Operative # of months		0	9	12	12
New Eligibles and Woodwork (aid)					
General	-	0	43,863,305	62,416,513	64,833,312
Federal	-	0	373,260,870	470,170,776	488,376,023
Total	-	0	417,124,175	532,587,289	553,209,335
Administrative Costs					
General	-	5,979,812	5,772,769	5,772,769	5,772,769
Federal	-	8,583,992	6,372,769	6,372,769	6,372,769
Total	-	14,563,804	12,145,538	12,145,538	12,145,538
General	Gross Total	5,979,812	49,636,074	68,189,282	70,606,081
Federal	Gross Total	8,583,992	379,633,639	476,543,545	494,748,792
Total	Gross Total	14,563,804	429,269,713	544,732,827	565,354,873
General Fund Offsets & Savings					
		0	(834,549)	(1,134,987)	(1,157,686)
		0	(4,350,000)	(5,800,000)	(5,916,000)
		0	(802,953)	(1,092,016)	(1,113,856)
		0	0	0	0
		0	0	0	0
		0	0	0	0
General	Savings Total	0	(5,987,502)	(8,027,003)	(8,187,542)
Federal	Savings Total	0	0	0	0
Total	Savings Total	0	(5,987,502)	(8,027,003)	(8,187,542)
Net Expansion Costs					
General	Net Total	5,979,812	43,648,572	60,162,279	62,418,539
Federal	Net Total	8,583,992	379,633,639	476,543,545	494,748,792
Total	Net Total	14,563,804	423,282,211	536,705,824	557,167,331

Aid to Local Governments

State Aid to K-12 Schools

Table 22 shows the total amount of General Fund state aid to K-12 schools from the various aid programs, the average percent change over the two year period is a positive 3.6%.

TEEOSA aid is based on the current law including the provisions of LB 675 and Special Education reimbursement is increased by 1% per year. For other K-12 General Fund aid programs, the budget includes restoration of the 2018 across the board cut and a return to the FY18 level. A description of the various programs follows the table.

Table 22 Total General Fund State Aid to K-12 Schools

	Approp FY2016-17	Approp FY2017-18	Approp FY2018-19	Biennial Budget	
				FY2019-20	FY2020-21
State Aid to Education (TEEOSA)	952,153,581	970,011,577	974,507,975	1,039,314,856	1,045,031,781
Special Education	222,063,117	224,283,748	226,526,585	228,791,851	231,079,770
High ability learner programs	2,342,962	2,342,962	2,202,384	2,342,962	2,342,962
Early Childhood program	3,770,164	3,619,357	3,474,583	3,619,357	3,619,357
Early Childhood Endowment	5,000,000	5,000,000	4,800,000	5,000,000	5,000,000
Nurturing Healthy Behaviors	400,000	400,000	384,000	400,000	400,000
School Lunch	392,032	392,032	376,351	392,032	392,032
Textbook loan program	465,500	465,500	446,880	465,500	465,500
School Breakfast reimbursement	561,042	561,042	617,898	617,898	617,898
Adult Education	214,664	214,664	206,077	214,664	214,664
Learning Communities Aid	500,000	500,000	470,000	470,000	470,000
Summer Food Service grants	130,000	90,000	86,400	90,000	90,000
High School Equivalency Assist	750,000	750,000	720,000	750,000	750,000
Quality Child Care – Scholarships	100,000	100,000	96,000	100,000	100,000
Quality Child Care – Bonuses	69,000	69,000	66,240	69,000	69,000
Master Teacher Program	470,000	0	0	0	0
Total Gen Fund Aid - K-12 Districts	1,189,382,062	1,208,799,882	1,214,981,373	1,279,561,030	1,288,467,881
General Funds:					
\$ Change over Prior Yr	9,764,322	19,417,820	6,181,491	64,579,657	73,486,508
% Change over Prior Yr	0.8%	1.6%	0.5%	5.3%	0.7%

Special Education The agency request included a 10% increase for both FY19-20 and FY20-21 which is the maximum authorized by statute. Statute provides for a 10% cap on increases in Special Education reimbursement starting in FY14-15 as amended by LB974-2014. The previous cap was 5%. The enacted budget for FY20 and FY21 includes a 1.0% per year increase.

Special Education (General Funds only)	FY16/FY17 Biennium		FY18/FY19 Biennium		Biennial Budget	
	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
Base Year Appropriation	213,767,961	213,767,961	222,063,117	222,063,117	226,526,585	226,526,585
Cost/Client increases	5,344,199	10,822,003	2,220,631	4,463,468	2,265,266	4,553,185
Shift GF from Spec Ed to Medicaid, LB276	0	(2,526,847)	0	0	0	0
Total - New Appropriation	219,112,160	222,063,117	224,283,748	226,526,585	228,791,851	231,079,770
\$ Change over Prior Yr	5,344,199	2,950,957	2,220,631	2,242,837	2,265,266	2,287,919
% Change over Prior Yr	2.5%	1.3%	1.0%	1.0%	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. In the 2018 session, a 6% reduction was enacted to balance the budget.

The budget for FY2019-20 and FY2020-21 restores funding to the level prior to that cut.

High Ability Learners	FY16/FY17 Biennium		FY18/FY19 Biennium		Biennial Budget	
	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
Base Year Appropriation	0	0	2,342,962	2,342,962	2,202,384	2,202,384
Restore GF, lottery earmark expires	0	2,342,962	0	0	0	0
6% base reduction in aid	0	0	0	(140,578)	0	0
Restore 6% base reduction in aid	0	0	0	0	140,578	140,578
Total - New Appropriation GF	0	2,342,962	2,342,962	2,202,384	2,342,962	2,342,962
Education Innovation Fund (lottery)	2,342,962	0	0	0	0	0
Total Funding	2,342,962	2,342,962	2,342,962	2,202,384	2,342,962	2,342,962

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.

In the 2017 session, the budget for FY2017-18 and FY2018-19 was reduced by 4% in essence extending the one-time reduction in LB22 enacted that session. In the 2018 session the FY19 budget was reduced by an additional 4%.

The budget for FY2019-20 and FY2020-21 restores funding of that 4% cut.

Early Childhood Grant Program	FY16/FY17 Biennium		FY18/FY19 Biennium		Biennial Budget	
	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
Base Year Appropriation	5,235,164	5,235,164	3,770,164	3,770,164	3,474,583	3,474,583
One-time funds to be used over 3 yrs	(3,415,000)	(3,415,000)	0	0	0	0
Restore GF, lottery earmark expires	0	1,950,000	0	0	0	0
Extend LB22 4% cut	0	0	(150,807)	(150,807)	0	0
4% base reduction in aid	0	0	deficit	(144,774)	0	0
Restore 4% base reduction in aid	0	0	0	0	144,774	144,774
Total - New Appropriation GF	1,820,164	3,770,164	3,619,357	3,474,583	3,619,357	3,619,357
Education Innovation Fund (lottery)	1,950,000	0	0	0	0	0
Total Funding	3,770,164	3,770,164	3,619,357	3,474,583	3,619,357	3,619,357

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 included an additional \$1,000,000 General Funds in FY2016-17 to replace the expiration of the Education Innovation Fund earmark. The budget for FY2017-18 and FY2018-19 continued funding at the FY17 level for General Funds. In the 2018 session the FY19 budget was reduced by an additional 4%.

The budget for FY2019-20 and FY2020-21 restores funding of that 4% cut.

Early Childhood Endowment	FY16/FY17 Biennium		FY18/FY19 Biennium		Biennial Budget	
	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
Base Year Appropriation	4,000,000	4,000,000	5,000,000	5,000,000	4,800,000	4,800,000
Replace use of lottery monies	0	1,000,000	0	0	0	0
4% base reduction in aid	0	0	deficit	(200,000)	0	0
Restore 4% base reduction in aid	0	0	0	0	200,000	200,000
Total - New Appropriation GF	4,000,000	5,000,000	5,000,000	4,800,000	5,000,000	5,000,000
Education Innovation Fund (lottery)	1,000,000	0	0	0	0	0
Endowment Fund income	1,580,440	1,580,440	2,080,440	2,080,440	1,580,440	1,580,440
Federal Funds	1,306,152	1,741,536	1,741,536	1,741,536	1,741,536	1,741,536
Total Funding	7,886,592	8,321,976	8,821,976	8,621,976	8,321,976	8,321,976

Other K-12 Aid Programs The budget includes restoration of the 2018 across the board cut for these programs: School Lunch (\$15,081), Nurturing Health Behaviors (\$16,000), Adult Education (\$8,587), textbook loan (\$18,620), Summer Food Service grants (\$3,600), High School Equivalency Assistance (\$30,000), Step Up to Quality Child Care Scholarships (\$4,000) and Step Up to Quality Child Care Bonuses (\$2,760).

TEEOSA State Aid to Schools The enacted budget includes funding for state aid to schools (TEEOSA) based on the previous law and the revision to the FY19-20 allowable growth rate as contained in LB 675. LB675 reduced the FY19-20 allowable growth rate from 2.5% to 2.0% which lowers the cost growth factor for both FY19-20 and FY20-21 resulting in savings of \$11.7 million in FY19-20 and \$12.9 million in FY20-21 for a two year total of \$24.6 million.

The overall net change in total TEEOSA aid is an increase of \$65.9 million (6.6%) in FY2019-20 followed by a \$6.2 million (0.6%) increase in FY2020-21. The General Fund amounts (excluding the amount financed by allocated Insurance Premium Tax monies) reflect a \$65.5 million (6.5%) increase in FY19-20 followed by a \$6.6 million (0.6%) increase in FY20-21.

Table 23 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.

Table 23 TEEOSA Aid

	Certified FY2018-19	Enacted FY2019-20	Enacted FY2020-21	LFO Est FY2021-22	LFO Est FY2022-23
Key Assumptions					
Legislation	--	LB 675	LB 675	--	--
School Disbursements	3.4%	4.2%	2.8%	4.0%	4.0%
Gen Fund Operating Expenditures (GFOE)	3.1%	4.3%	2.8%	4.0%	4.0%
Property Valuation (assessed)	2.9%	1.7%	2.2%	1.7%	1.8%
Property Valuations (used in formula)	4.0%	4.7%	4.4%	2.9%	3.0%
% of Valuation used in formula	80.73%	83.08%	84.86%	85.86%	86.86%
Cost Growth Factor	3.00%	4.00%	5.00%	5.00%	5.00%
Local Effort Rate	\$1.0203	\$1.0000	\$1.0000	\$1.0000	\$1.0000
Certified / Estimated					
State General Funds	974,507,975	1,036,237,766	1,042,856,698	1,126,965,864	1,198,941,305
Insurance Premium Tax	25,000,000	29,675,083	29,675,083	30,120,209	30,873,215
Lottery funds, reorg incentives	906,222	--	--	--	--
Total TEEOSA Aid	1,000,414,197	1,065,912,849	1,072,531,781	1,157,086,073	1,229,814,520
General Funds - Change over Prior Yr					
Dollar Change	4,496,398	61,729,791	6,618,932	84,109,166	71,975,441
Percent Change	0.5%	6.3%	0.6%	8.1%	6.4%
All Funds - Change over Prior Yr					
Dollar Change	1,672,443	65,498,652	6,618,932	84,554,292	72,728,447
Percent Change	0.2%	6.5%	0.6%	7.9%	6.3%

The overall change in TEEOSA aid in FY20 and FY21 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 24 shows the impact in total dollars of those components and those amounts as the equivalent of an annual percent change.

Most of the growth in TEEOSA aid over the next biennium is attributed to the expiration of two formula changes enacted two years ago to lower aid at that time; increasing the local effort rate and lowering the allowable growth rate which lowered the cost growth factor to 3% and then 4%. As can be seen in the following table, the data elements in the formula actually resulted in lower state aid especially in FY2020-21 primarily due to higher valuation growth for residential and commercial/industrial properties coupled with a 2.8% spending growth.

Table 24 Components of Change in TEEOSA Aid

	Change over FY19 Base		Annual % Change Equivalent	
	FY2019-20	FY2020-21	FY2019-20	FY2020-21
LER back to \$1.00 from \$1.023	29,971,209	31,683,114	3.0%	0.2%
Cost Growth factor from 3% to 4% to 5%	23,064,748	50,776,599	2.3%	2.6%
All Other data elements	24,127,131	2,556,678	2.4%	-2.0%
Total Change in TEEOSA Aid	77,163,088	85,016,391	7.7%	0.7%
LB 675 Lower FY20 allowable growth rate to 2%	(11,664,436)	(12,898,807)	-1.2%	-0.1%
Total Change in TEEOSA Aid	65,498,652	72,117,584	6.5%	0.6%

Table 25 Historical TEEOSA Aid

Fiscal Yr	General Funds	Insurance Premium	ARRA & EDJOBS	TEEOSA (Total Aid)	Dollar Change	Pct Change
FY1988-89	133,716,100	0	0	133,716,100	11,035,386	9.0%
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%

Fiscal Yr	General Funds	Insurance Premium	ARRA & EDJOBS	TEEOOSA (Total Aid)	Dollar Change	Pct Change
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	973,666,433	24,601,976	473,345	998,741,754	19,428,785	2.0%
FY2018-19	974,507,975	25,000,000	906,222	1,000,414,197	1,672,443	0.2%
FY2019-20 Certified	1,036,237,766	29,675,083	0	1,065,912,849	65,498,651	6.5%
FY2020-21 LFO est	1,042,856,698	29,675,083	0	1,072,531,781	6,618,932	0.6%
FY2021-22 LFO est	1,126,965,864	30,120,209	0	1,157,086,073	84,554,292	7.9%
FY2022-23 LFO est	1,198,941,306	30,873,215	0	1,229,814,521	72,728,447	6.3%
<u>Avg % Chsnge</u>						
FY70 to FY80 (10 Yr)	1.3%	--	--	4.6%		
FY80 to FY90 (10 Yr)	12.8%	--	--	9.3%		
FY90 to FY00 (10 Yr)	15.8%	--	--	16.1%		
FY00 to FY10 (10 Yr)	3.6%	--	--	4.6%		
FY10 to FY20 (10 Yr)	2.3%	--	--	1.3%		
First 12 Yrs of TEEOSA	4.8%			5.0%		
Last 16 Yrs of TEEOSA	3.2%			3.2%		
All 28 Years	3.9%			4.0%		

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. The agency request included a percentage growth amount based on the allowable growth rate plus the percentage growth in fall membership for member districts, approximately 3.6% per year increase. The enacted budget does not restore the 4% cut enacted in the 2018 session but does include an increase of 2.0% per year.

Aid to ESU's	FY16/FY17 Biennium		FY18/FY19 Biennium		Biennial Budget	
	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
Base Year Appropriation	14,051,761	14,051,761	14,051,761	14,051,761	13,085,000	13,085,000
Cost increases-core services	0	0	0	0	267,558	528,976
3% base reduction in aid	0	0	(421,553)	(421,553)	0	0
4% base reduction in aid	0	0	deficit	(545,208)		
Total - New Appropriation	14,051,761	14,051,761	13,630,208	13,085,000	13,352,558	13,613,976
\$ Change over Prior Yr	0	0	(421,553)	(545,208)	267,558	261,418
% Change over Prior Yr	0.0%	0.0%	-3.0%	-4.0%	2.0%	2.0%

Homestead Exemption

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.

This program is projected to increase by 3.9% in FY20 and 3.7% in FY21 based FY18-19 actual reimbursements and the Dept of Revenue best estimate for the next two years.

Homestead Exemption - Prog 108	FY16/FY17 Biennium		FY18/FY19 Biennium		Committee Proposal	
	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
Base Year appropriation	73,521,000	73,521,000	72,515,000	72,515,000	84,100,000	84,100,000
Base adjustment per base yr actual data	(6,121,000)	(6,121,000)	2,235,000	2,235,000	0	0
Change due to eligibility, valuation, and tax rates	2,347,000	4,204,000	3,411,900	6,206,400	4,600,000	7,900,000
Midbiennium Changes	0	1,200,000	0	3,100,000	0	0
LB 683 (2016) Change homestead exemptions, surviving spouses	0	0	38,100	43,600	0	0
LB 591 (2015) Achieving a Better Life Experience (ABLE)	0	(1,685,000)	0	0	0	0
LB 986 (2014) Change income limitations	847,000	980,000	0	0	0	0
LB 1087 (2014) Disabled veterans provisions	406,000	416,000	0	0	0	0
Total General Funds (without deficits)	71,000,000	72,515,000	78,200,000	84,100,000	88,700,000	92,000,000
Deficit	600,000	2,235,000	3,100,000	1,300,000	?	?
Total General Funds (with deficits)	71,600,000	74,750,000	81,300,000	85,400,000	88,700,000	92,000,000
\$ Change (including deficits)	4,200,000	3,150,000	6,550,000	4,100,000	3,300,000	3,300,000
% Change (including deficits)	6.2%	4.4%	8.8%	5.0%	3.9%	3.7%

Personal Property Tax Relief Act

LB 259 enacted in the 2015 session, adopted the Personal Property Tax Relief Act. The bill provides 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.

Because agricultural personal property valuation has been relatively flat, the agency request (and projected budget) for FY20 reflects a 1.4% increase with a 2.8% increase in FY21.

Personal Property Tax Relief Act - Prog 109	FY16/FY17 Biennium		FY18/FY19 Biennium		Committee Proposal	
	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
Base Year appropriation	--	0	19,600,000	19,600,000	14,200,000	14,200,000
Base reduction per base yr actual data	--	0	(5,400,000)	(5,400,000)	0	0
Change due to eligibility, valuation, and tax rates	--	0	1,000,000	2,000,000	200,000	600,000
Midbiennium	--	0	0	(2,000,000)	0	0
LB 259 Adopt the Personal Property Tax Relief Act	--	19,600,000	0	0	0	0
Total General Funds (without deficits)	--	19,600,000	15,200,000	14,200,000	14,400,000	14,800,000
Deficit	--	(5,800,000)	(1,300,000)	0	0	0
Total General Funds (with deficits)	--	13,800,000	13,900,000	14,200,000	14,400,000	14,800,000
\$ Change (including deficits)	--	--	100,000	300,000	200,000	400,000
% Change (including deficits)	--	--	0.7%	2.2%	1.4%	2.8%

Governors Emergency Program

The Governor's Emergency Program (GEP) was created to assist the state and its political subdivisions in responding to and recovering from natural and man-made disasters/emergencies. State Funding for the Governors Emergency Program is primarily provided by a direct General Fund appropriation with a secondary source of revenue being the Governors Emergency Cash Fund (revenue from donations and miscellaneous receipts). Federal disaster assistance receipts also flow through this program. The amount included in the enacted budget includes a total of \$6,000,000 General Funds for FY19-20 and \$5,000,000 GF for FY20-21.

Of the \$6,000,000 for FY19-20, \$5,000,000 is intended to restore the program to its historical unobligated balance to assure an adequate level of funding is available for a response to any future disaster/emergency event(s). The other \$1,000,000 for FY19-20 is intended to provide funding for the known estimated obligations for the non-federal share of Federal Emergency Management Agency (FEMA) Individual Assistance. The non-federal of FEMA assistance is no more than 25 percent of eligible costs. The known estimated obligations used to arrive at a recommendation for FY20 are based on the most recent estimates available from FEMA and Nebraska Emergency Management Agency that attempt to account for the non-federal share of FEMA Individual Assistance that has been approved. At this point in time, the FEMA Public Assistance non-federal share of cost is unknown

The FY20-21 amount of \$5,000,000 consists of \$1.0 million included in the mainline budget bill plus \$4,000,000 General Funds appropriated to the GEP by LB334A. This total amount was determined by reviewing previous deficit requests as well as expenditures from the flood of 2011 in an effort to anticipate a portion of the non-federal share of costs that may be attributed to the GEP.

Aid to Community Colleges

A 2.0% per year annual increase is included in the enacted budget reflecting increased state aid to support operations budget increases. This increase amounts to about a \$2.0 million per year increase.

State Agency Operations

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. 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. Costs are projected to increase over the following two years as more offenders are applicable to the bill provisions. The budget for FY19-20 includes \$1,168,373 as the last year of the five year phase-in for additional probation and court staff.

Expand Capacity, Problem Solving Courts During the 2019 session, the Appropriations and Judiciary Committees met with the Supreme Court Administrator to explore options for diverting individuals from the state's overcrowded prisons. Problem-solving courts have this potential by offering an alternative to incarceration. The enacted budget includes \$2,481,993 in both FY20 and FY21 to expand capacity at several problem-solving courts across the state: Adult Drug Courts in Wilbur, Papillion, York, and Norfolk, and Veterans Treatment Courts in Grand Island and Omaha. Problem-solving courts were created to interrupt the cycle of addiction and criminal behavior through a model designed to be a proactive, cost effective alternative to traditional court procedures. Problem-solving courts operate under a team approach where a judge, prosecutor, defense counsel, coordinator, community supervision officer, law enforcement, and treatment provider(s) work together to design an individualized program. Compliance with treatment and court orders is verified by frequent alcohol/drug testing, close community supervision, and interaction with a Judge in non-adversarial court review hearings. Problem-solving courts enhance close monitoring of participants using home and field visits.

Complete NCSC Recommended Salary Adjustments In 2013, the Supreme Court contracted with the National Center for State Courts (NCSC) to conduct a salary survey and make recommendations on appropriate pay rates for court and probation employees. The NCSC salary survey found that many positions were paying 5% to 25% below the market rate. Salary increases given in August 2014 were approximately equal to 75% of the survey's financial impact. The enacted budget includes \$1,850,000 General Funds for both FY19-20 and FY20-21 to implement the remaining 25% of the NCSC salary survey. They will also use some of the transferred funds to sustain the 75% that was given in 2014 instead of relying entirely on vacancy savings.

Juvenile Justice, Lapse and Base Adjustment Over the past several years the base appropriation for the juvenile justice program has consistently exceeded funding needs. This allows for two adjustments. First is a lapse of \$12 million from the FY18-19 budget which contained the accumulation of the aforementioned annual savings due to reappropriation of unexpended balances. This also allows for the second adjustment which is to reduce the annual base funding by \$2.5 million and reallocate that amount to Program 52 to fund the NCSC salary adjustment (\$1,850,000) and Program 420 to supplement funding for problem solving courts (\$650,000)

Juvenile Justice Rate Increase As part of the LB561 juvenile justice system changes, funds were shifted from child welfare aid to the courts budget. When this funding/programs were under DHHS, some level of price adjustments were historically provided. The budget includes a 2% per year rate increase amounting to \$264,661 in FY20 and to \$531,614 in FY21.

Annualize LB 259 (2017) In the 2017 session, LB259 was enacted related to competency and financial ability provisions relating to court proceedings but the bill had a delayed operative date of July 1, 2019. The budget includes \$359,493 to cover these costs.

Dept. of Education

Vocational Rehabilitation The federal Workforce Innovation and Opportunity Act of 2014 requires that 15% of the basic grant for vocational rehabilitation services is to be set-aside to provide pre-employment transition services to students with disabilities beginning in October of 2016. The set-aside resulted in an increase in students with disabilities receiving services and a decrease in rehabilitation services for adults. The Legislature also authorized a transfer of about \$1.7 million of general funds from the Department of Health and Human Services (HHS) to the Division of Vocational Rehabilitation (DVR) in May of 2017 to provide services to eligible persons with developmental disabilities. The funds were used to provide services and to draw down additional federal dollars re-allotted from other states. The rate is \$3.69 of federal funds for every \$1 of state funds. The state was able to draw an additional \$908,000, but this was substantially short of expectations based on past re-allotment awards. A federal decision to send the bulk of re-allotment funds to Texas due to a hurricane greatly impacted states expecting and relying on re-allotment funds.

The reduction in the amount of re-allotment funds received by the state caused DVR to begin operating under an Order of Selection on December 11, 2017, serving only individuals in Priority Group 1. These individuals have the most significant disabilities. On April 23, 2018, DVR closed all priority groups in order to continue to serve individuals who already had a plan in place. All others were placed on a waiting list.

The Department of Education made a decision to use \$2.2 million of federal indirect cost funds in FY2016-17 to continue to serve individuals with a plan and to allow 15% of the federal VR grant to be spent on services to students with disabilities. This increased funding coupled with the increase in funds transferred from DHHS increased the maintenance of effort for the program, two years later. So, the state is facing a maintenance of effort penalty of \$3.9 million in FY2018-19.

The enacted budget provides an additional \$1,200,000 of general funds in each year of the next biennium to help offset part of the maintenance of effort penalty in the current fiscal year and to begin to serve adults waiting for services.

Nebraska Information Technology Initiative This item includes the provisions of LB 292 to provide funding for a Nebraska Technology Initiative. The technology initiative provides funds to the State Department of Education to be allocated to participating public schools and community colleges. The funds enable teachers and students to receive software training, online resources and industry certification. Courses and certifications are offered in four paths: IT Infrastructure, Computer Science, Data Science and Productivity.

The Legislature appropriated \$250,000 of General Funds in FY2014-15 as a pilot project for the initiative. The appropriation was increased to \$500,000 General Funds in FY2015-16 and FY2016-17. The funding was eliminated in FY2017-18 due to budget constraints. The enacted budget restores funding at \$300,000 of General Funds for the initiative in each year of the next biennium.

Increased funds, Nebraska Center for the Education of Children Who Are Blind or Visually Impaired The budget increases General Funds by \$250,000 in FY2019-20 and \$300,000 in FY2020-21 for the Nebraska Center for the Education of Children Who Are Blind or Visually Impaired. The state facility is located in Nebraska City and provides residential and outreach services to children with visual impairments. The program is operated per a contract with ESU #4.

The contract with the ESU has remained relatively constant over the last four years at about \$2.1 million. Since salaries, benefits and operating expenses have increased during this time period and the contract amount has not appreciably changed, there has been a shortfall in funding from the state to operate the program in the last two fiscal years. Expenditures exceeded revenue provided by the state by about \$158,000 in FY2016-17 and \$202,300 in FY2017-18. The educational service unit has picked up the deficit in funding with its resources. The recommended increase in funding is intended to alleviate the deficit situation so that adequate funding is available from the state to operate the center.

Dept. of Health and Human Services

Economic eligibility system suspension The federal government required Medicaid eligibility to be a stand-alone system. The department contracted with Wipro to develop the Medicaid eligibility system. The work was suspended and the contract has been canceled due to concerns about the contractor's ability to complete the project. Therefore, the enacted budget includes a \$5.9 million reduction in DHHS operations to remove the funding from the base. State staff continue to work on the system and a new RFP is anticipated to be released with contractual work beginning in about none months. The work is expected to take 18 – 24 months. The department informed the federal government of the activity through verbal communications. No written information is available on the federal government's position.

Medicaid Expansion The budget includes \$5,979,812 General funds in FY2019-20 and \$5,772,769 in FY2020-21 to implement Medicaid expansion with the adoption of Initiative 427 last November.

A more detailed review can be found on page 51. . A copy of the detailed information provided by the Dept. of Health and Human Services with respect to their latest implementation plan can be found on the DHHS website at: <http://dhhs.ne.gov/Pages/Medicaid-Expansion.aspx>

Correctional Services

In 2017 the Governor recommended staffing increases funded over two years of the FY18 / FY19 biennial budget. The Legislature enacted the same staffing increases but phased-in over a three year period. The FY2019-20 request and enacted budget basically includes those additional staff. Other specific items are shown below.

Description	FY2019-20	FY2020-219
One-Time Cash Fund Appropriation, reduce Gen Funds	(4,200,000)	0
Additional staff per staffing analysis	1,867,979	3,729,546
Electronic Health Records System (EHRS)	1,346,927	97,425
Lease/purchase, new power plant	450,000	450,000
Inmate Programming	250,000	250,000
Facility Staffing – 4.0 Unit Case Managers	231,995	236,625
Kronos Upgrade (Prog. 200)	83,333	41,667
OCIO IT Consolidation (net)	975,330	975,330
Total Issues	1,005,564	5,780,593

Additional Staff per Staffing Analysis The Department of Correctional Services (DCS) conducted a staffing analysis after receiving training from the National Institute of Corrections. The final report was submitted in July 2016 and identified the need for an additional 138 custody staff, divided among the ten DCS facilities.

To date, 48 positions have been funded. Phase 2 of the Staffing Analysis would add 24 FTE in FY2019-20 and an additional 24 FTE (48 FTE total) in FY2020-21. Phase 3 would address the remaining 42 custody positions from the staffing analysis and would be requested in the 2021 – 2023 Biennium Budget Request.

New Power Plant - Nebraska State Penitentiary This provides funds for a new District Energy Corporation owned central utility plant to provide heating and cooling for the Nebraska State Penitentiary. The District Energy Corporation specializes in providing heating and cooling needs to governmental agencies. They operate plants for the State Capitol, the Nebraska State Office Building, the Lancaster County Jail, as well as other facilities. The new power plant will be operational in FY2020, and it will replace the obsolete coal operations currently used by the Nebraska State Penitentiary.

Electronic Health Records System (EHRS) In 2017, the Department of Correctional Services (DCS) received funds for a one-time consultant fee of \$150,000 to develop a planning engagement document for this item. EHRS systems are becoming standard in the health community today. These systems provide the ability to exchange health care information electronically. EHRS systems enable increased coordinated care. It assists medical providers to provide for an increased quality of care and reduces medical errors. The EHRS will integrate with the implemented electronic medical administration records/pharmacy system to enhance its benefits..

Lapse Unexpended FY18 and FY19 General Funds The enacted budget included a \$12 million reduction from currently available FY2018-19 General Funds appropriations thus reducing the amount to reappropriate to the upcoming biennium. The agency's unexpended General Fund appropriation balance (carryover funds) has been increasing in recent years and is estimated to be over \$22 million on June 30, 2019. The source of these unexpended funds is

mostly from vacancy savings and the department uses these savings to cover overtime costs at the correctional facilities and contracting with county jails to house inmates. Even then the unexpended balance is still growing.

Even with this lapse, the enacted budget leaves an estimated \$10 million that will be reappropriated to the next biennium and does not reduce the on-going base appropriation.

University of Nebraska

In the past several biennium, a general overall budget increase has been provided to the University of Nebraska and State Colleges. In the enacted budget, these general increases are included at a level to cover estimates of salary and health insurance increased costs. Increase funds for salary were based on 2.0% increase bargaining units at UNO and UNK faculty and the equivalent of 2.2% for all other employees with a General Fund cost of \$ 16,016,626 in FY20 and \$32,363,569 in FY21. For health insurance, the University is anticipating increases of 3.2% on January 1, 2020 and 8.7% on Jan 1, 2021 with costs \$502,400 in FY20 and \$5,025,900 in FY21.

The budget also includes funding for a 2% per year increase in utility costs totaling \$941,800 in FY20 and \$1,902,436 FY21.

State Colleges

In the past several biennium, a general overall budget increase has been provided to the University of Nebraska and State Colleges. In the enacted budget, these general increases are included at a level to cover estimates of salary and health insurance increased costs. For salary, a 2.5% increase was included based on faculty bargaining agreements a cost of \$1,418,841 in FY20 and \$2,871,732 in FY21. For health insurance, the state colleges project increases of 4.99% each year with costs \$438,107 in FY20 and \$898,163 in FY21.

The budget also includes funding for a 2% per year increase in utility costs totaling \$64,180 in FY20 and \$129,644 in FY21.

Blind and Visually Impaired

The Commission for the Blind and Visually Impaired provides vocational rehabilitation services for persons who are blind or visually impaired. Due to the Workforce Innovation and Opportunity Act, the Commission was also required to expend 15% of its funds on pre-employment transition services. The federal re-allotment funds were also reduced for the agency. So, the agency reduced staff by 20%, closed four rural offices and implemented an Order of Selection which limited services to only open cases.

The enacted budget funds salary and benefit increases for employees entirely with general funds rather than assuming a federal match. This increased funds for the agency by \$77,320 in FY2019-20 and \$138,797 in FY2020-21. The budget also includes an increase in general funds of \$541,949 in FY2019-20 and \$552,876 in FY2020-21 to provide services and aid for senior

blind and visually impaired persons to enable them to be more independent. Services for the senior blind are provided entirely with general funds because federal matching funds are not available for these services.

Defined Benefit Retirement Plans

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 both FY2019-20 and FY20-21. The Judges retirement plan also had a small reduction in the additional state contribution amount in both FY2019-20 and FY20-21.

Table 26 shows the projected actuarial shortfalls by plan, the additional funds included in the budget bill and the net change between the two.

Table 26 State Costs - Defined Benefit / Cash Balance Plan

Retirement Plans	Base Yr	Biennial Budget		Increase - Biennial Basis		
	FY2018-19	FY2019-20	FY2020-21	FY2019-20	FY2020-21	2 Yr Total
Components						
School - 2% of Salary State	39,339,378	40,543,609	41,400,000	1,204,231	2,060,622	3,264,853
School - 2% Salary Omaha	7,110,576	7,420,302	7,600,000	309,726	489,424	799,150
School - Omaha Service Annuity	1,243,169	1,248,297	1,000,000	5,128	(243,169)	(238,041)
School - Additional State Contribution	0	0	0	0	0	0
Judges - Additional State Contribution	667,613	442,599	509,000	(225,014)	(158,613)	(383,627)
Patrol - Additional State Contribution	4,337,435	3,983,698	4,200,000	(353,737)	(137,435)	(491,172)
Total	52,698,171	53,638,505	54,709,000	940,334	2,010,829	2,951,163
By Plan						
School	47,693,123	49,212,208	50,000,000	1,519,085	2,306,877	3,825,962
Judges	667,613	442,599	509,000	(225,014)	(158,613)	(383,627)
Patrol	4,337,435	3,983,698	4,200,000	(353,737)	(137,435)	(491,172)
Total	52,698,171	53,638,505	54,709,000	940,334	2,010,829	2,951,163

Employee Salary Increases (State Agencies)

The budget instructions had state agencies include a 2% per year increase as a “placeholder”, and in the absence of collective bargaining agreements the Governors recommendation included the same 2% per year increase. Since that time, collective bargaining agreements have been negotiated with the various bargaining units and are described in the following narrative. Table 27 shows the General Fund amount funded in the enacted budget.

Table 27 Funded Salary Increases

General Funds Only	FY2019-20	FY2020-21
State Agencies	14,891,486	27,341,269
Annualize FY19 increase	4,028,478	4,028,478
Total – State Agencies	18,919,964	31,369,747
University of Nebraska	16,016,626	32,363,569
State Colleges	1,418,841	2,871,732
Grand Total – Salary Increases	36,355,431	66,605,048

Table 28 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 FY11 to FY21, employee salary increases averaged 1.8% per year.

Table 28 Historical NAPE Master Contracts

Fiscal Year	General Salary Policy	FY basis % Chnge
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%
FY2019-20	2.0% July 1, 0.3% discretionary	3.06%
FY2020-21	2.0% July 1, 0.3% discretionary	2.30%
Ten Year Average (FY11 to FY21)		1.80%

*additional amounts for specific units

Nebraska Association of Public Employees (NAPE-AFSCME)

Collective bargaining agreements have been reached with NAPE-AFSCME on a labor contract for FY2019-20 and FY2020-21 which calls for the equivalent of 2.3% per year increase. This is 2% on July 1 of each year and the equivalent of 0.3% for other discretionary pay adjustments.

State Law Enforcement Bargaining Council (SLEBEC) also reached agreement where the pay increase is the equivalent of 3.8% in FY20 and 4.2% in FY21.

Protective Service Workers (Fraternal Order of Police FOP) This unit crosses 5 state agencies and 13 job titles but basically bargains for correctional services worker. The state reached an impasse with this unit and they went to the CIR and then subsequently, the state and FOP reached an agreement.

Protective Service Unit employees in the Department of Administrative Services (DAS), the Department of Health and Human Services (DHHS), the Military Department, and the State Patrol are to receive salary increases as ordered by the Commission of Industrial Relations (CIR) February 28, 2019. The salary increases range from 0% to 27.8% over the 2 years of the biennium.

For the Protective Service Unit employees in the Department of Correctional Services (DCS) the CIR ordered no salary increase, no step plan and no elimination of mandatory overtime. Subsequent to the CIR order the administration and the FOP resumed negotiations. The result of those negotiations is a tiered system for salary increases based on longevity and merit.

For FY2019-20 the salary increases based on years of service. 1-2 years, (2.5%), 3-4 years (5.0%), 5-6 years (7.5%), 7-10 years (10.0%), and 10+ years (12.0%).

For FY2020-21, DCS employees who move from one tier to the next will receive a 2.5% increase. Employees who do not move from one tier to the next will receive 0%. Salary increases for DCS employees range from 6.6% to 15.4% over the 2 years of the biennium.

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 budget includes funding for the same increase as the NAPE/AFSCME Master Contract as noted above, 2.3% per year

Annualize FY19 Salary Increase In addition to the salary increases, \$4.2 million was added in each year to annualize (full 12 months funding) for the 1.5% January 1, 2019 increase which was only partially funded in the FY19 base year.

Employee Health Insurance (State Agencies)

Although final rates have not yet been set, the Governors' budget was based on a 3.0% increase in both FY2019-20 and FY2020-21. The committee budget also includes these projected increases. Overall general fund costs for state agencies amount to \$2.8 million in FY2019-20 and \$5.8 million in FY2020-21

Table 29 Health Insurance Cost Increases

General Funds Only	FY2019-20	FY2020-21
State Employees	2,840,499	5,766,926
State Colleges	438,107	898,163
University of Nebraska	502,400	5,025,900
Total General Fund costs	3,781,006	11,690,989

For health insurance, the University is anticipating increases of 3.2% on January 1, 2020 and 8.7% on Jan 1, 2021 with costs \$502,400 in FY20 and \$5,025,900 in FY21.

For health insurance, the state colleges project increases of 4.99% each year with costs \$438,107 in FY20 and \$898,163 in FY21.

Table 30 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 30 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)	6,317.52	23,766.00	30,083.52	6.5%	21.0%	79.0%	100.0%
FY2018-19 (Regular Plan)	6,526.80	24,553.92	31,080.72	3.3%	21.0%	79.0%	100.0%
FY2019-20 (Regular Plan) est	6,722.60	25,290.54	32,013.14	3.0%	21.0%	79.0%	100.0%
FY2020-21 (Regular Plan) est	6,924.28	26,049.25	32,973.54	3.0%	21.0%	79.0%	100.0%
<u>Average Annual Change</u>							
FY09 to FY19 (10 Yr)	3.5%	3.5%	3.5%				

Operations Costs

The enacted budget does not include any general inflationary increases for agency operating budgets. The largest increases in operating costs for the FY20/FY21 biennium related to DAS rate charges in a variety of agencies. At a statewide level, these amounted to about a \$3.1 million in FY19-20 and \$3.6 million in FY20-21.

General Fund Appropriations By Agency

FY20 / FY21 Biennial Budget as Enacted in the 2019 Legislative Session

	Type	Current Yr FY2018-19	Enacted FY2019-20	Enacted FY2020-21	FY20 vs Prior Yr \$ Chnge % Chnge	FY21 vs Prior Yr \$ Chnge% Chnge
#03 Legislative Council	Oper	20,618,873	21,233,246	21,692,920	614,373 3.0%	459,674 2.2%
#03 Legislative Council	Total	20,618,873	21,233,246	21,692,920	614,373 3.0%	459,674 2.2%
#05 Supreme Court	Aid	300,000	500,000	500,000	200,000 66.7%	0 0.0%
#05 Supreme Court	Oper	187,043,520	195,447,322	199,189,998	8,403,802 4.5%	3,742,676 1.9%
#05 Supreme Court	Total	187,343,520	195,947,322	199,689,998	8,603,802 4.6%	3,742,676 1.9%
#07 Governor	Oper	2,151,585	2,058,577	2,102,805	(93,008) -4.3%	44,228 2.1%
#07 Governor	Total	2,151,585	2,058,577	2,102,805	(93,008) -4.3%	44,228 2.1%
#08 Lt. Governor	Oper	149,768	151,135	152,437	1,367 0.9%	1,302 0.9%
#08 Lt. Governor	Total	149,768	151,135	152,437	1,367 0.9%	1,302 0.9%
#09 Secretary of State	Oper	2,264,183	6,596,103	2,316,283	4,331,920 191.3%	(4,279,820) -64.9%
#09 Secretary of State	Total	2,264,183	6,596,103	2,316,283	4,331,920 191.3%	(4,279,820) -64.9%
#10 State Auditor	Oper	2,485,756	2,579,272	2,641,806	93,516 3.8%	62,534 2.4%
#10 State Auditor	Total	2,485,756	2,579,272	2,641,806	93,516 3.8%	62,534 2.4%
#11 Attorney General	Oper	6,551,897	6,475,924	6,606,854	(75,973) -1.2%	130,930 2.0%
#11 Attorney General	Total	6,551,897	6,475,924	6,606,854	(75,973) -1.2%	130,930 2.0%
#12 State Treasurer	Oper	1,157,357	1,154,310	1,171,439	(3,047) -0.3%	17,129 1.5%
#12 State Treasurer	Total	1,157,357	1,154,310	1,171,439	(3,047) -0.3%	17,129 1.5%
#13 Education	Aid	1,228,115,662	1,294,162,877	1,303,331,146	66,047,215 5.4%	9,168,269 0.7%
#13 Education	Oper	24,847,544	25,744,791	26,076,673	897,247 3.6%	331,882 1.3%
#13 Education	Total	1,252,963,206	1,319,907,668	1,329,407,819	66,944,462 5.3%	9,500,151 0.7%
#14 Public Service Comm	Oper	2,325,823	2,233,960	2,269,242	(91,863) -3.9%	35,282 1.6%
#14 Public Service Comm	Total	2,325,823	2,233,960	2,269,242	(91,863) -3.9%	35,282 1.6%
#15 Parole Board	Oper	7,534,270	7,891,768	8,124,998	357,498 4.7%	233,230 3.0%
#15 Parole Board	Total	7,534,270	7,891,768	8,124,998	357,498 4.7%	233,230 3.0%
#16 Revenue	Aid	98,300,000	103,100,000	106,800,000	4,800,000 4.9%	3,700,000 3.6%
#16 Revenue	Oper	26,728,444	27,417,676	27,674,896	689,232 2.6%	257,220 0.9%
#16 Revenue	Total	125,028,444	130,517,676	134,474,896	5,489,232 4.4%	3,957,220 3.0%
#18 Agriculture	Aid	456,000	456,000	456,000	0 0.0%	0 0.0%
#18 Agriculture	Oper	5,608,564	5,698,913	5,799,169	90,349 1.6%	100,256 1.8%
#18 Agriculture	Total	6,064,564	6,154,913	6,255,169	90,349 1.5%	100,256 1.6%
#21 Fire Marshal	Oper	4,172,967	4,231,522	4,345,277	58,555 1.4%	113,755 2.7%
#21 Fire Marshal	Total	4,172,967	4,231,522	4,345,277	58,555 1.4%	113,755 2.7%
#23 Labor	Oper	621,982	641,042	657,218	19,060 3.1%	16,176 2.5%
#23 Labor	Total	621,982	641,042	657,218	19,060 3.1%	16,176 2.5%
#25 DHHS	Aid	1,392,485,181	1,411,956,587	1,472,279,303	19,471,406 1.4%	60,322,716 4.3%
#25 DHHS *	Oper	236,687,805	243,004,720	247,444,292	6,316,915 2.7%	4,439,572 1.8%
#25 DHHS	Total	1,629,172,986	1,654,961,307	1,719,723,595	25,788,321 1.6%	64,762,288 3.9%
#27 Transportation	Oper	0	100,000	0	100,000 na	(100,000) -100%
#27 Transportation	Total	0	100,000	0	100,000 na	(100,000) -100%

	Type	Current Yr FY2018-19	Enacted FY2019-20	Enacted FY2020-21	FY20 vs Prior Yr \$ Chnge % Chnge	FY21 vs Prior Yr \$ Chnge% Chnge
#28 Veterans Affairs *	Oper	25,901,529	26,582,179	27,182,314	680,650 2.6%	600,135 2.3%
#28 Veterans Affairs	Total	25,901,529	26,582,179	27,182,314	680,650 2.6%	600,135 2.3%
#29 Natural Resources	Aid	4,820,824	1,806,112	1,806,112	(3,014,712) -62.5%	0 0.0%
#29 Natural Resources	Oper	10,169,740	10,388,164	10,577,369	218,424 2.1%	189,205 1.8%
#29 Natural Resources	Total	14,990,564	12,194,276	12,383,481	(2,796,288) -18.7%	189,205 1.6%
#31 Military Dept	Aid	584,424	6,584,424	5,584,424	6,000,000 1026.7%	(1,000,000) -15.2%
#31 Military Dept	Oper	4,292,338	4,493,524	4,549,812	201,186 4.7%	56,288 1.3%
#31 Military Dept	Total	4,876,762	11,077,948	10,134,236	6,201,186 127.2%	(943,712) -8.5%
#32 Ed Lands & Funds	Oper	345,999	368,003	376,041	22,004 6.4%	8,038 2.2%
#32 Ed Lands & Funds	Total	345,999	368,003	376,041	22,004 6.4%	8,038 2.2%
#33 Game & Parks	Aid	42,011	42,011	42,011	0 0.0%	0 0.0%
#33 Game & Parks	Oper	11,410,487	11,674,040	11,864,115	263,553 2.3%	190,075 1.6%
#33 Game & Parks	Total	11,452,498	11,716,051	11,906,126	263,553 2.3%	190,075 1.6%
#34 Library Commission	Aid	1,243,282	1,262,369	1,281,837	19,087 1.5%	19,468 1.5%
#34 Library Commission	Oper	2,566,631	2,623,236	2,668,610	56,605 2.2%	45,374 1.7%
#34 Library Commission	Total	3,809,913	3,885,605	3,950,447	75,692 2.0%	64,842 1.7%
#35 Liquor Control	Oper	1,273,897	1,333,267	1,395,509	59,370 4.7%	62,242 4.7%
#35 Liquor Control	Total	1,273,897	1,333,267	1,395,509	59,370 4.7%	62,242 4.7%
#36 Racing Commission	Oper	0	60,000	0	60,000 na	(60,000) -100%
#36 Racing Commission	Total	0	60,000	0	60,000 na	(60,000) -100%
#46 Correctional Services	Aid	3,500,000	3,500,000	3,500,000	0 0.0%	0 0.0%
#46 Correctional Services	Oper	211,920,240	219,851,700	227,927,994	7,931,460 3.7%	8,076,294 3.7%
#46 Correctional Services	Total	215,420,240	223,351,700	231,427,994	7,931,460 3.7%	8,076,294 3.6%
#47 NETC	Oper	9,967,401	10,163,451	10,338,327	196,050 2.0%	174,876 1.7%
#47 NETC	Total	9,967,401	10,163,451	10,338,327	196,050 2.0%	174,876 1.7%
#48 Coordinating Comm	Aid	7,539,030	7,693,430	7,693,430	154,400 2.0%	0 0.0%
#48 Coordinating Comm	Oper	1,280,270	1,332,299	1,357,959	52,029 4.1%	25,660 1.9%
#48 Coordinating Comm	Total	8,819,300	9,025,729	9,051,389	206,429 2.3%	25,660 0.3%
#50 State Colleges	Oper	51,620,804	53,548,946	55,527,357	1,928,142 3.7%	1,978,411 3.7%
#50 State Colleges	Total	51,620,804	53,548,946	55,527,357	1,928,142 3.7%	1,978,411 3.7%
#51 University of Nebraska	Oper	574,745,874	592,104,554	613,935,633	17,358,680 3.0%	21,831,079 3.7%
#51 University of Nebraska	Total	574,745,874	592,104,554	613,935,633	17,358,680 3.0%	21,831,079 3.7%
#54 Historical Society	Oper	4,312,111	4,465,781	4,536,363	153,670 3.6%	70,582 1.6%
#54 Historical Society	Total	4,312,111	4,465,781	4,536,363	153,670 3.6%	70,582 1.6%
#64 State Patrol	Oper	60,309,294	62,871,629	64,198,023	2,562,335 4.2%	1,326,394 2.1%
#64 State Patrol	Total	60,309,294	62,871,629	64,198,023	2,562,335 4.2%	1,326,394 2.1%
#65 Admin Services (DAS)	Oper	8,551,907	8,902,707	8,772,731	350,800 4.1%	(129,976) -1.5%
#65 Admin Services (DAS)	Total	8,551,907	8,902,707	8,772,731	350,800 4.1%	(129,976) -1.5%
#67 Equal Opportunity	Oper	1,260,357	1,261,453	1,287,346	1,096 0.1%	25,893 2.1%
#67 Equal Opportunity	Total	1,260,357	1,261,453	1,287,346	1,096 0.1%	25,893 2.1%
#68 Latino American Comm.	Oper	211,023	256,904	262,746	45,881 21.7%	5,842 2.3%
#68 Latino American Comm.	Total	211,023	256,904	262,746	45,881 21.7%	5,842 2.3%
#69 Arts Council	Aid	905,346	905,346	905,346	0 0.0%	0 0.0%
#69 Arts Council	Oper	578,240	603,506	619,017	25,266 4.4%	15,511 2.6%
#69 Arts Council	Total	1,483,586	1,508,852	1,524,363	25,266 1.7%	15,511 1.0%

	Type	Current Yr FY2018-19	Enacted FY2019-20	Enacted FY2020-21	FY20 vs Prior Yr \$ Chnge	% Chnge	FY21 vs Prior Yr \$ Chnge	% Chnge
#70 Foster Care Review	Oper	2,081,930	1,941,852	1,981,200	(140,078)	-6.7%	39,348	2.0%
#70 Foster Care Review	Total	2,081,930	1,941,852	1,981,200	(140,078)	-6.7%	39,348	2.0%
#72 Economic Development	Aid	6,490,352	6,690,352	6,490,352	200,000	3.1%	(200,000)	-3.0%
#72 Economic Development	Oper	4,850,408	4,844,761	4,928,918	(5,647)	-0.1%	84,157	1.7%
#72 Economic Development	Total	11,340,760	11,535,113	11,419,270	194,353	1.7%	(115,843)	-1.0%
#76 Indian Affairs Comm	Oper	230,128	236,225	241,161	6,097	2.6%	4,936	2.1%
#76 Indian Affairs Comm	Total	230,128	236,225	241,161	6,097	2.6%	4,936	2.1%
#77 Industrial Relations	Oper	320,917	298,176	309,318	(22,741)	-7.1%	11,142	3.7%
#77 Industrial Relations	Total	320,917	298,176	309,318	(22,741)	-7.1%	11,142	3.7%
#78 Crime Commission	Aid	7,510,876	7,746,420	7,766,036	235,544	3.1%	19,616	0.3%
#78 Crime Commission	Oper	4,621,432	5,010,824	5,103,302	389,392	8.4%	92,478	1.8%
#78 Crime Commission	Total	12,132,308	12,757,244	12,869,338	624,936	5.2%	112,094	0.9%
#81 Blind & Visually Impaired	Aid	216,890	286,890	311,790	70,000	32.3%	24,900	8.7%
#81 Blind & Visually Impaired	Oper	1,000,058	1,570,253	1,634,396	570,195	57.0%	64,143	4.1%
#81 Blind & Visually Impaired	Total	1,216,948	1,857,143	1,946,186	640,195	52.6%	89,043	4.8%
#82 Deaf & Hard of Hearing	Oper	1,003,151	1,030,129	1,051,593	26,978	2.7%	21,464	2.1%
#82 Deaf & Hard of Hearing	Total	1,003,151	1,030,129	1,051,593	26,978	2.7%	21,464	2.1%
#83 Community Colleges	Aid	98,575,874	100,547,391	102,558,339	1,971,517	2.0%	2,010,948	2.0%
#83 Community Colleges	Total	98,575,874	100,547,391	102,558,339	1,971,517	2.0%	2,010,948	2.0%
#84 Environmental Quality	Aid	0	0	0	0	na	0	na
#84 Environmental Quality	Oper	3,652,217	3,680,094	3,716,744	27,877	0.8%	36,650	1.0%
#84 Environmental Quality	Total	3,652,217	3,680,094	3,716,744	27,877	0.8%	36,650	1.0%
#85 Retirement Board	Oper	52,698,171	53,638,505	54,709,000	940,334	1.8%	1,070,495	2.0%
#85 Retirement Board	Total	52,698,171	53,638,505	54,709,000	940,334	1.8%	1,070,495	2.0%
#87 Account/Disclosure	Oper	476,323	489,547	500,170	13,224	2.8%	10,623	2.2%
#87 Account/Disclosure	Total	476,323	489,547	500,170	13,224	2.8%	10,623	2.2%
#93 Tax Equal/Review Comm	Oper	855,648	879,848	899,242	24,200	2.8%	19,394	2.2%
#93 Tax Equal/Review Comm	Total	855,648	879,848	899,242	24,200	2.8%	19,394	2.2%
Construction-Total	Total	21,739,000	38,265,811	27,489,461	16,526,811	76.0%	(10,776,350)	-28.2%
OPERATIONS		1,583,458,863	1,639,165,838	1,680,718,617	55,706,975	3.5%	41,552,779	2.5%
STATE AID		2,851,085,752	2,947,240,209	3,021,306,126	96,154,457	3.4%	74,065,917	2.5%
CONSTRUCTION		21,739,000	38,265,811	27,489,461	16,526,811	76.0%	(10,776,350)	-28.2%
TOTAL GENERAL FUNDS		4,456,283,615	4,624,671,858	4,729,514,204	168,388,243	3.8%	104,842,346	2.3%

General Fund State Aid by Aid Program

FY20 / FY21 Biennial Budget as Enacted in the 2019 Legislative Session

Type	Current Yr FY2018-19	Enacted FY2019-20	Enacted FY2020-21	FY20 vs Prior Yr \$ Chnge % Chnge	FY21 vs Prior Yr \$ Chnge% Chnge
#05 Court Appointed Special Advocate	300,000	500,000	500,000	200,000 66.7%	0 0.0%
#13 TEEOSA State Aid to Education	974,507,975	1,036,237,766	1,042,856,698	61,729,791 6.3%	6,618,932 0.6%
#13 Special Education	226,526,585	228,791,851	231,079,770	2,265,266 1.0%	2,287,919 1.0%
#13 Aid to ESU's	13,085,000	13,352,558	13,613,976	267,558 2.0%	261,418 2.0%
#13 High ability learner programs	2,202,384	2,342,962	2,342,962	140,578 6.4%	0 0.0%
#13 Early Childhood grant program	3,474,583	3,619,357	3,619,357	144,774 4.2%	0 0.0%
#13 Early Childhood Endowment	4,800,000	5,000,000	5,000,000	200,000 4.2%	0 0.0%
#13 Nurturing Healthy Behaviors	384,000	400,000	400,000	16,000 4.2%	0 0.0%
#13 School Lunch	376,351	392,032	392,032	15,681 4.2%	0 0.0%
#13 Textbook loan program	446,880	465,500	465,500	18,620 4.2%	0 0.0%
#13 School Breakfast reimbursement	617,898	617,898	617,898	0 0.0%	0 0.0%
#13 Adult Education	206,077	214,664	214,664	8,587 4.2%	0 0.0%
#13 Learning Communities Aid	470,000	470,000	470,000	0 0.0%	0 0.0%
#13 Summer Food Service grants	86,400	90,000	90,000	3,600 4.2%	0 0.0%
#13 High School Equivalency Assistance	720,000	750,000	750,000	30,000 4.2%	0 0.0%
#13 Step Up to Quality Child Care - Scholarships	96,000	100,000	100,000	4,000 4.2%	0 0.0%
#13 Step Up to Quality Child Care - Bonuses	66,240	69,000	69,000	2,760 4.2%	0 0.0%
#13 Vocational Rehabilitation	49,289	1,249,289	1,249,289	1,200,000 2434.6%	0 0.0%
#16 Homestead Exemption	84,100,000	88,700,000	92,000,000	4,600,000 5.5%	3,300,000 3.7%
#16 Personal Property Tax Relief Act	14,200,000	14,400,000	14,800,000	200,000 1.4%	400,000 2.8%
#18 Riparian Vegetation grants	456,000	456,000	456,000	0 0.0%	0 0.0%
#25 Behavioral Health Aid	71,872,571	75,388,670	71,995,541	3,516,099 4.9%	(3,393,129) -4.5%
#25 Medical student assistance/RHOP	680,723	680,723	680,723	0 0.0%	0 0.0%
#25 Children's Health Insurance (SCHIP)	6,178,073	14,317,097	25,527,244	8,139,024 131.7%	11,210,147 78.3%
#25 Public Assistance	94,994,043	91,609,328	90,756,257	(3,384,715) -3.6%	(853,071) -0.9%
#25 Medicaid	849,628,184	860,304,131	917,144,136	10,675,947 1.3%	56,840,005 6.6%
#25 Child Welfare aid	197,071,388	197,032,479	198,924,830	(38,909) 0.0%	1,892,351 1.0%
#25 Developmental disabilities aid	150,279,443	150,880,903	144,893,404	601,460 0.4%	(5,987,499) -4.0%
#25 Community health centers	5,783,060	5,783,060	5,783,060	0 0.0%	0 0.0%
#25 Health Aid	6,151,907	6,114,407	6,114,407	(37,500) -0.6%	0 0.0%
#25 Care Management	2,315,560	2,315,560	2,315,560	0 0.0%	0 0.0%
#25 Area agencies on aging	7,530,229	7,530,229	8,144,141	0 0.0%	613,912 8.2%
#29 Nebr Water Conservation Fund	1,806,112	1,806,112	1,806,112	0 0.0%	0 0.0%
#29 Resources Development Fund	3,014,712	0	0	(3,014,712) -100.0%	0 na
#31 Governors Emergency Program	0	6,000,000	5,000,000	6,000,000 na	(1,000,000) -16.7%
#31 Guard tuition assistance	584,424	584,424	584,424	0 0.0%	0 0.0%
#33 Niobrara Council	42,011	42,011	42,011	0 0.0%	0 0.0%

Type	Current Yr FY2018-19	Enacted FY2019-20	Enacted FY2020-21	FY20 vs Prior Yr		FY21 vs Prior Yr	
				\$ Chnge	% Chnge	\$ Chnge	% Chnge
#34 Local libraries	1,243,282	1,262,369	1,281,837	19,087	1.5%	19,468	1.5%
#46 Vocational and Life Skills Program	3,500,000	3,500,000	3,500,000	0	0.0%	0	0.0%
#48 Nebr Opportunity Grant Program	6,593,430	6,593,430	6,593,430	0	0.0%	0	0.0%
#48 Access College Early Scholarship	945,600	1,100,000	1,100,000	154,400	16.3%	0	0.0%
#69 Aid to arts programs	905,346	905,346	905,346	0	0.0%	0	0.0%
#72 State aid to development districts	470,000	670,000	470,000	200,000	42.6%	(200,000)	-29.9%
#72 Business Innovation Act	6,020,352	6,020,352	6,020,352	0	0.0%	0	0.0%
#78 Juvenile services grants	564,300	564,300	564,300	0	0.0%	0	0.0%
#78 Community Based Juvenile Services	6,048,000	6,048,000	6,048,000	0	0.0%	0	0.0%
#78 Crimestoppers program	12,919	12,919	12,919	0	0.0%	0	0.0%
#78 County Justice Reinvestment Grants	480,000	480,000	480,000	0	0.0%	0	0.0%
#78 Victim Witness assistance	50,457	50,457	50,457	0	0.0%	0	0.0%
#78 Crime Victims reparations	19,200	19,200	19,200	0	0.0%	0	0.0%
#78 Violence Prevention Grants	336,000	571,544	591,160	235,544	70.1%	19,616	3.4%
#81 Blind rehabilitation	216,890	286,890	311,790	70,000	32.3%	24,900	8.7%
#83 Aid to Community Colleges	98,575,874	100,547,391	102,558,339	1,971,517	2.0%	2,010,948	2.0%
Individuals/Other	1,415,580,493	1,437,130,930	1,497,317,630	21,550,437	1.5%	60,186,700	4.2%
Local Government	1,435,505,259	1,510,109,279	1,523,988,496	74,604,020	5.2%	13,879,217	0.9%
Total State Aid	2,851,085,752	2,947,240,209	3,021,306,126	96,154,457	3.4%	74,065,917	2.5%

Governors Vetoes and Overrides

In the 2019 legislative session there were no Governor vetoes in the mainline budget bill and therefore no overrides.

APPROPRIATIONS ALL FUND SOURCES

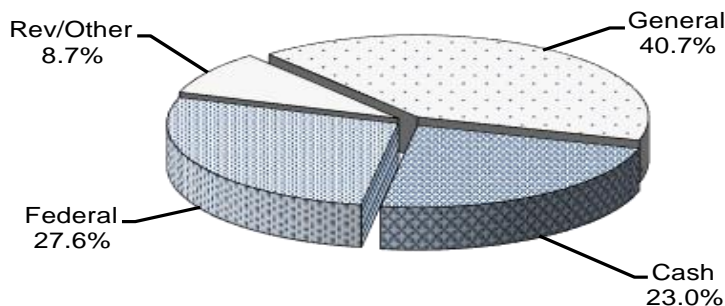
Appropriations - All Fund Sources

This section of the report reflects the enacted budget for all funds sources, not just General Funds. Table 31 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 31 Biennial Budget as Enacted - All Fund Sources

	General	Cash	Federal	Rev/Other	Total
<u>FY2018-19 (without deficits)</u>					
Agency Operations	1,583,458,863	1,782,192,983	934,363,873	929,881,552	5,229,897,271
State Aid	2,851,085,752	596,272,748	2,059,921,300	2,367,412	5,509,647,212
Capital Construction	21,739,000	40,080,930	2,015,000	59,594,015	123,428,945
FY2018-19 Total	4,456,283,615	2,418,546,661	2,996,300,173	991,842,979	10,862,973,428
<u>FY2019-20</u>					
Agency Operations	1,639,165,838	1,884,364,905	938,700,963	936,664,110	5,398,895,816
State Aid	2,947,240,209	665,694,248	2,163,378,353	2,367,412	5,778,680,222
Capital Construction	38,265,811	57,799,484	37,930,946	51,442,673	185,438,914
FY2019-20 Total	4,624,671,858	2,607,858,637	3,140,010,262	990,474,195	11,363,014,952
Change over prior year					
Dollar	168,388,243	189,311,976	143,710,089	(1,368,784)	500,041,524
Percent	3.8%	7.8%	4.8%	-0.1%	4.6%
<u>FY2020-21</u>					
Agency Operations	1,680,718,617	1,848,349,049	941,540,956	939,642,655	5,410,251,277
State Aid	3,021,306,126	647,597,491	2,582,331,951	2,367,412	6,253,602,980
Capital Construction	27,489,461	55,505,308	14,683,000	38,526,000	136,203,769
FY2020-21 Total	4,729,514,204	2,551,451,848	3,538,555,907	980,536,067	11,800,058,026
Change over prior year					
Dollar	104,842,346	(56,406,789)	398,545,645	(9,938,128)	437,043,074
Percent	2.3%	-2.2%	12.7%	-1.0%	3.8%
Two Year Average					
	3.0%	2.7%	8.7%	-0.6%	4.2%

FY2019-20 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 \$275 million and moves the Dept. of Revenue to the third highest in cash fund appropriations.

CASH FUNDS	FY2018-19	Biennial Budget		% of Total
		FY2019-20	FY2020-21	
Transportation	904,771,262	997,081,404	964,814,006	38.2%
University of Nebraska	477,168,449	477,168,449	477,168,449	18.3%
Revenue	252,850,137	306,200,282	306,678,022	11.7%
Health & Human Services (DHHS)	169,208,806	170,990,017	169,905,453	6.6%
Public Service Comm	90,770,318	91,183,529	91,263,555	3.5%
Game and Parks	81,850,208	84,804,856	85,783,452	3.3%
Construction	40,080,930	57,799,484	55,505,308	2.2%
State Colleges	39,009,170	39,009,170	39,009,170	1.5%
Environmental Quality	36,633,904	38,145,133	38,377,655	1.5%
Motor Vehicles	34,951,669	36,893,441	27,737,395	1.4%
All Other	291,251,808	308,582,872	295,209,383	11.8%
Total - Cash Funds	2,418,546,661	2,607,858,637	2,551,451,848	100.0%
\$ Change	44,374,674	189,311,976	(56,406,789)	
% Change	1.9%	7.8%	-2.2%	

The Dept of Transportation accounts for 38% of cash fund revenues and expenditures while the University of Nebraska accounts for 18%. The Dept of Revenue accounts for 17.7% of the total as the \$275 million property tax credits are expended as cash funds.

The budget for FY19-20 reflects a 7.8% growth in cash fund appropriations. About 28% of the increase is from the \$51 million increase in the Property Tax Credit. Other significant increases include \$6.3 for replacement of election equipment.

Secretary of State – Replace Election Equipment

The budget includes \$6,321,639 to replace aging election equipment throughout the state. Voter tabulation equipment is over 15 years old and is nearing the end of its life cycle. This was considered a priority as it's important that election equipment function properly to ensure secure and accurate voting. The funding is provided through a transfer of funds from the Accounting Division Cash Fund to the Election Division Cash Fund. These monies were originally planned for the Fuzion project, which has subsequently been halted.

Department of Transportation

The budget utilizes revenue projections to set the total fuel tax at an anticipated average of 29.6¢ per gallon for both FY20 and FY21. This tax rate mirrors the request in the Department of Transportation's budget request, as well as the Governor's budget recommendation and equals the tax rate currently in effect.

The total fuel tax is set and controlled by the amount of the Highway Cash Fund appropriation to the department. Current budget projections require an appropriation of \$453,000,000 in FY20 and \$459,000,000 in FY21 to sustain the 29.6¢ total fuel tax for the next biennium. In FY19 the Highway Cash Fund appropriation was \$446,500,000 which results in the FY20 appropriation being a 1.45 percent increase over FY19, and the FY21 appropriation being a 1.32 percent increase over FY20.

With regard to public transit aid, the department is maintaining the FY19 appropriation amount (\$6,312,705) for each fiscal year (FY20 & FY21) with the possibility of increased expenditures within the appropriation which revolve around inter-city bus transportation.

The budget also includes a shift of 23 FTE's to the Office of the Chief Information Officer (OCIO) as part of a centralization project that results in a \$1,808,799 reduction of the base without any corresponding request for an increase in appropriation for OCIO expenses.

Projected expenditures for construction found within the overall budget reflect an increase of \$75,628,658 in FY20, for a total of \$741,041,380. In FY21, the budget reflects an increase of \$54,898,678, for a total of \$725,910,029.

The department also projects a continued increase in revenue allocated to the State Highway Capital Improvement Fund due to projected increases in receipts from the one-quarter ($\frac{1}{4}$) of one (1) percent sales tax being remitted (85 percent share) to this fund. This projected increase assists in supporting the increase in appropriation for construction.

Overall federal reimbursements/grants (reflected as cash fund expenditures) that will flow into the Division of Roads are projected to be \$400,900,000 for FY20 and \$376,800,000 for FY21. For FY18, the total was \$312,762,988 and the best estimate for FY19 is \$336,000,000. The projected amounts for FY20 and FY21 reflect a 19 percent and 12 percent increase over the best estimate for FY19.

The ***Division of Aeronautics*** receives federal reimbursements through the Airport Improvement Program which are reflected as cash fund expenditures. The budget includes \$33,409,800 for FY20 and in FY21, \$19,459,800. Due to the reimbursements being on the federal fiscal year, these are the best estimates of expenditures when taking into consideration the states construction season.

The enacted budget also includes funding for six (6) projects among the three (3) state-owned airfields in Fairmont, Harvard, and Scribner. These projects total \$1,599,982 in FY20 and \$273,497 in FY21. Funding would be provided through the revenue generated by the operation of the state-owned airfields, the Aviation Trust Account, and federal Airport Improvement Program grants.

Colorado Settlement Funds - Natural Resources

Legislation adopted in 2018 directed that funds received from a settlement regarding Colorado's past use of water under the Republican River Compact would be deposited in the Water Resources Cash Fund. The Department of Natural Resources requested that \$4,000,000 be appropriated in FY19-20 to allow for the funds to be used in the Republican River Basin. The agency is working cooperatively with surface water users in the Republican River basin to develop projects that would receive grant funding from the Water Resources Cash Fund. The enacted budget approved the use of the fund as requested by the department.

Volkswagen Settlement Fund - DEQ

The budget establishes the Volkswagen Settlement Cash Fund in the Department of Environmental Quality. The fund will receive revenue allocated to Nebraska from Volkswagen settlement trust fund, and will be used by the department to carry out the state use plan. It is estimated that approximately \$12,200,000 will be allocated to Nebraska over the life of the program. The state use plan as developed by the Department of Environmental Quality would allocate grant funding to 1) school bus diesel and alternative fuel replacements; 2) zero emission vehicle charging infrastructure and 3) activities authorized under the Diesel Emissions Reduction Act. The agency request for an annual \$2,500,000 cash fund appropriation was approved for both FY19-20 and FY20-21.

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.

The enacted budget increases the property tax credit by \$51 million to a total of \$275 million.

Table 32 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. The 2019 figures shown are estimates based on calculations using the 2019 estimated valuations used for TEEOSA calculations at the October 2018 joint meeting as 2019 valuations are not yet set.

Table 32 Property Tax Credit Allocations

Tax Year	Fiscal Yr	State Total	\$ Change	% Change	Credit Per \$100,000 Ag Land	Credit Per \$100,000 Non-Ag Land	Credit as % of Taxes Levied
2007	FY2007-08	\$105,000,000	--	--	\$83.22	\$83.22	4.1%
2008	FY2008-09	\$115,000,000	10,000,000	9.5%	\$86.13	\$86.13	4.2%
2009	FY2009-10	\$115,000,000	0	0.0%	\$82.22	\$82.22	4.0%
2010	FY2010-11	\$115,000,000	0	0.0%	\$78.91	\$78.91	3.8%
2011	FY2011-12	\$115,000,000	0	0.0%	\$75.31	\$75.31	3.7%
2012	FY2012-13	\$115,000,000	0	0.0%	\$71.50	\$71.50	3.6%
2013	FY2013-14	\$115,000,000	0	0.0%	\$65.97	\$65.97	3.4%
2014	FY2014-15	\$140,000,000	25,000,000	21.7%	\$71.54	\$71.54	3.9%
2015	FY2015-16	\$204,000,000	64,000,000	45.7%	\$94.09	\$94.09	5.4%
2016	FY2016-17	\$204,000,000	0	0.0%	\$89.57	\$89.57	5.2%
2017	FY2017-18	\$224,000,000	20,000,000	9.8%	\$109.70	\$87.95	5.5%
2018	FY2018-19	\$224,000,000	0	0.0%	\$103.81	\$86.50	5.4%
2019 est *	FY2019-20	\$275,000,000	51,000,000	22.8%	\$124.43	\$104.31	6.3%

* based on 2019 estimated valuations used for TEEOSA calculations at the October 2018 joint meeting

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 33. Since the property tax credit is distributed solely based on valuation, the agricultural sector has seen a significant increase in its portion of the total due to high growth in agricultural land values and flat valuation in residential. However, in the last three years valuation growth has switched with agricultural land valuation declining and residential increasing and a reversal of the prior trend. Note again that at this point in time 2019 numbers are estimates.

Table 33 Property Tax Credit by Sector

Tax Year	Agricultural	% of Total Property Tax Credit		PS/RR
		Residential	Comm/Indust	
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	45.0%	37.9%	15.1%	1.9%
2017	48.0%	35.9%	14.3%	1.8%
2018	46.0%	37.2%	14.9%	1.9%
2019 est *	43.7%	39.0%	15.4%	1.9%

Health Care Cash Fund

The Health Care Cash Fund receives funding from the Medicaid Intergovernmental Trust Fund and the Tobacco Settlement Trust Fund. The revenue source for the Medicaid Intergovernmental Trust Fund was a previously allowable intergovernmental transfer of extra Medicaid reimbursements to the state from publicly-owned nursing facilities. The source of the Tobacco Settlement Trust Fund is payments from tobacco companies pursuant to a nationwide settlement entered into several years ago. Each year the state investment officer determines the amount of the transfer from each of these respective funds totaling the amount required by statute.

The chart below shows the program appropriations from the Health Care Cash Fund for the current biennium and enacted for FY 2019-20 and FY2020-21.

Table 34 Health Care Cash Fund

Agency	Prog	Activity	FY2017-18	FY2018-19	Budgeted FY2019-20	Budgeted FY2020-21
3	Leg Council	122 Human Service Studies	75,000	75,000	75,000	75,000
11	Attorney Gen	507 Attorney General Settlement Enforcement	595,807	595,807	595,807	595,807
14	PSC	64 211 Information and Referral Network (LB 641)	0	0	0	300,000
16	Revenue	102 Revenue Auditor/Settlement Enforcement	316,482	316,482	316,482	316,482
16	Revenue	164 Gamblers Assistance	250,000	250,000	250,000	250,000
25	DHHS	30 Tobacco Prevention and Control	2,570,000	2,570,000	2,570,000	2,570,000
25	DHHS	30 One-time, Tobacco Prevention and Control	500,000	0	0	
25	DHHS	33 Respite Care Regions Staff and Operating	1,214,643	1,214,643	1,214,643	1,214,643
25	DHHS	33 EMS Technicians Regulation	13,688	13,688	13,688	13,688
25	DHHS	33 Parkinson's Disease Registry	26,000	26,000	26,000	26,000
25	DHHS	33 LB 439 Inspection Staff (two years)		23,204	29,680	0
25	DHHS	33 Continue the ADRCs (two years)		321,182	321,182	0
25	DHHS	38 Behavioral Health Rate Increase	10,100,000	10,100,000	10,100,000	10,100,000
25	DHHS	38 MH/SA Regions Service Capacity	6,500,000	6,500,000	6,500,000	6,500,000
25	DHHS	38 Emergency Protective Service Funding	1,500,000	1,500,000	1,500,000	1,500,000
25	DHHS	179 Public Health	5,705,000	5,705,000	5,705,000	5,705,000
25	DHHS	250 Mental Health Service Capacity	1,000,000	1,000,000	1,000,000	1,000,000
25	DHHS	344 Children's Health Insurance Aid	6,835,700	6,835,700	6,835,700	6,835,700
25	DHHS	348 Medicaid Smoking Cessation	450,000	450,000	450,000	450,000
25	DHHS	424 Developmental Disability Aid	5,000,000	5,000,000	5,000,000	5,000,000
25	DHHS	502 Minority Health	3,095,000	3,095,000	3,095,000	3,095,000
25	DHHS	502 FQHC patient counts	750,000	750,000	750,000	750,000
25	DHHS	514 Poison Control Center	200,000	200,000	200,000	200,000
25	DHHS	514 Cannabidiol Study	250,000	250,000	0	
25	DHHS	514 Brain Injury Trust (LB 481)	0	0	0	500,000
25	DHHS	571 Continue the ADRCs (two years from HCCF)	0	613,912	631,912	0
25	DHHS	621 Stem Cell Research	450,000	450,000	450,000	450,000
25	DHHS	623 Biomedical Research	15,000,000	15,000,000	15,000,000	15,000,000
Total - Use of Health Care Cash Fund			62,397,320	62,855,618	62,630,094	62,147,320

Two additions in the use of Health Care Cash Fund monies are LB 481 which creates the Brain Injury Trust Fund and allocates \$500,000 each year beginning in FY 2021 and LB 641 which provides a one-time allocation of \$300,000 in FY20-21 to cover the first year costs of the 211 Information and Referral Network.

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. Of the 77 state agencies, 34 receive some level of federal funds.

The large increase in FY2020-21 can be largely attributed to the Medicaid expansion aid starting in October 2020.

FEDERAL FUNDS	FY2018-19	Biennial Budget		% of Total
		FY2019-20	FY2020-21	
DHHS	1,829,577,329	1,926,241,966	2,347,015,984	61.3%
University of Nebraska	530,551,594	530,551,594	530,551,594	16.9%
Education	375,110,099	386,504,278	387,197,081	12.3%
State Colleges	46,739,698	46,739,698	46,739,698	1.5%
Labor	47,502,185	40,923,996	41,327,520	1.3%
Environmental Quality	32,242,681	40,217,572	40,361,571	1.3%
Veterans Affairs	24,898,861	25,414,794	25,870,637	0.8%
Military Dept	24,680,684	25,073,400	25,270,173	0.8%
Economic Development	21,239,453	24,268,830	24,293,299	0.8%
Crime Commission	19,825,031	20,110,576	20,132,980	0.6%
All Other	43,932,558	73,963,558	49,795,370	2.4%
Total - Federal Funds	2,996,300,173	3,140,010,262	3,538,555,907	100.0%
\$ Change	37,888,106	143,710,089	398,545,645	
% Change	1.3%	4.8%	12.7%	

Revolving / Other Funds

Revolving funds account for transactions where one agency provides goods or services to another agency. For example, the Dept. of Education pays Dept. of Administrative Services (DAS) Building Division rent for the State Office Building. The expenditure is charged against the Dept. of Education budget (be it General, Cash, or Federal). DAS then receives these funds which are credited to a revolving fund from which DAS then 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 90% of all revolving funds. The Dept. of Correctional Services (through Cornhusker State Industries) accounts for another 7.7%.

About 67% 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 FY19-20 there is \$34.9 in reaffirmations related to the Dept of Correctional Services Reception and Treatment Center (RTC) construction project and \$2.1 million for initial funding for the new high security units at the RTC. In FY20-21 there is \$31.2 million for the second year costs of those new high security housing units.

REVOLVING / OTHER	FY2018-19	Biennial Budget		% of Total
		FY2019-20	FY2020-21	
University of Nebraska	662,750,000	662,750,000	662,750,000	66.9%
Admin Services	235,426,089	241,639,062	244,390,551	24.4%
Corrections	19,949,835	20,115,066	20,249,883	2.0%
State Colleges	9,428,071	9,428,071	9,428,071	1.0%
Attorney General	1,589,787	1,627,300	1,665,666	0.2%
All Other	32,935,896	20,777,394	16,719,633	2.1%
Subtotal - Revolving Funds Only	951,061,820	945,281,522	944,110,067	95.4%
Nebr Capital Const Fund (NCCF)	40,781,159	45,192,673	36,426,000	4.6%
Total - Revolving/Other Funds	991,842,979	990,474,195	980,536,067	100.0%
\$ Change	50,352,425	(1,368,784)	(9,938,128)	
% Change	5.3%	-0.1%	-1.0%	

Appropriations by Bill – All Funds

Table 35 Breakdown by Mainline Bills and A Bills

	General	Cash	Federal	Rev/Other	Total
<u>FY2019-20 All Funds by Bill</u>					
LB 294 Mainline Budget Bill	4,555,511,682	2,546,276,572	3,090,502,728	939,031,522	11,131,322,504
LB 295 Legislator Salaries	632,982	0	0	0	632,982
LB 296 Constitutional Officers Salaries	28,781,790	1,539,819	0	0	30,321,609
LB 297 Capital Construction	38,265,811	57,799,484	46,924,946	51,442,673	194,432,914
Mainline Bills	4,623,192,265	2,605,615,875	3,137,427,674	990,474,195	11,356,710,009
"A" Bills	1,479,593	2,242,762	2,582,588	0	6,304,943
Total per 2019 Session	4,624,671,858	2,607,858,637	3,140,010,262	990,474,195	11,363,014,952
<u>FY2020-21 All Funds by Bill</u>					
LB 327 Mainline Budget Bill	4,666,776,774	2,491,729,077	3,528,890,999	942,010,067	11,629,406,917
LB 328 Legislator Salaries	632,982	0	0	0	632,982
LB 329 Constitutional Officers Salaries	28,888,584	1,545,720	0	0	30,434,304
LB 330 Capital Construction	27,489,461	55,505,308	7,524,000	38,526,000	129,044,769
Mainline Bills	4,723,787,801	2,548,780,105	3,536,414,999	980,536,067	11,789,518,972
"A" Bills	5,726,403	2,671,743	2,140,908	0	10,539,054
Total per 2019 Session	4,729,514,204	2,551,451,848	3,538,555,907	980,536,067	11,800,058,026

Table 36 "A" Bills Enacted – 2019 Session

Description	Fund	FY2019-20	FY2020-21
LB 25 Additional fees, create Patient Safety Cash Fund	Cash	0	187,500
LB 31 Work plan, state PERB manage Omaha retirement plan	Cash	73,810	0
LB 33 Various changes, Invest Council and Retirement Board	Cash	3,500	3,500
LB 86 Changes, Affordable Housing Fund, documentary stamp tax	General	58,188	0
LB 112 Waiver of certain occupational and licensing fees	Cash	102,382	100,382
LB 130 Adopt radon resistant new construction requirements	Cash	66,647	89,695
LB 186 Adopt the Online Notary Public Act	General	82,167	27,682
LB 192 Changes, veteran designations on drivers licenses and ID cards	Cash	55,000	0
LB 237 Change county collection fee, sales tax on motor vehicles	Cash	15,000	0
LB 300 Change judges' salaries	General	729,685	1,492,868
LB 300 Change judges' salaries	Cash	36,956	75,606
LB 309 Increase, district court judges in Douglas County	General	0	0
LB 309 Increase, district court judges in Douglas County	Cash	0	0
LB 334 Eliminate Angel Invest, funds to Business Innovation, Gov Emerg	General	100,000	4,000,000
LB 354 Change provisions, sealing of juvenile records	Cash	75,000	0
LB 447 Exempt certain Hist Society positions from State Personnel	Cash	182,355	182,355
LB 460 Change criminal background check, residential child care	General	509,553	205,853
LB 460 Change criminal background check, residential child care	Cash	637,016	624,295
LB 460 Change criminal background check, residential child care	Federal	1,469,893	1,972,338
LB 481 Create the Brain Injury Trust Fund	Cash	0	500,000
LB 532 Change provisions relating to protection orders	Cash	75,000	0
LB 538 Change provisions, Mechanical Amusement Device Tax Act	Cash	126,900	113,700
LB 556 Changes, prescription drug monitoring program	Federal	1,069,125	125,000
LB 570 Changes, strategic plan for services for persons with disabilities	Cash	43,570	43,570
LB 570 Changes, strategic plan for services for persons with disabilities	Federal	43,570	43,570
LB 571 Data base of grievance procedures from assisted-living facilities	Cash	16,471	0
LB 600 Continue childrens commission, expand Bridge to Independence	Cash	179,779	181,437
LB 610 - Scholarships, Meadowlark, Employer and Low-Income Matching	Cash	7,500	0
LB 610 - Scholarships, Meadowlark, Employer and Low-Income Matching	Cash	7,500	0
LB 641 Provide grants, 211 Information and Referral Network	General	0	0
LB 641 Provide grants, 211 Information and Referral Network	Cash	300,000	300,000
LB 657 Adopt the Nebraska Hemp Act	Cash	50,000	110,000
LB 660 Changes, Brand Committee exec director and chief investigator	Cash	119,376	124,703
LB 675 Change various education provisions, FY20 base limitation to 2%	General	savings	savings
LB 686 Change provisions, criminal justice and corrections	General	0	0
LB 719 Provide for reporting, motor vehicle wreckers and salvage dealers	Cash	69,000	35,000
General		1,479,593	5,726,403
Cash		2,242,762	2,671,743
Federal		2,582,588	2,140,908
Revolving		0	0
Total		6,304,943	10,539,054

Historical Appropriations-All Funds

Table 37 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 37 Historical Appropriations-All Funds

	General Funds	Cash Funds	Federal Funds	Revolving/Other	Total Funds
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 Approp	4,398,012,616	2,374,171,987	2,958,412,067	941,490,554	10,672,087,224
FY2018-19 Approp	4,456,283,615	2,418,546,661	2,996,300,173	991,842,979	10,862,973,428
FY2017-18 Enacted	4,624,671,858	2,607,858,637	3,140,010,262	990,474,195	11,363,014,952
FY2018-19 Enacted	4,729,514,204	2,551,451,848	3,538,555,907	980,536,067	11,800,058,026
Average Annual Growth					
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%
FY18 / FY19 Biennium	0.5%	2.1%	-0.1%	4.1%	1.0%
FY19 / FY20 Biennium	3.0%	2.7%	8.7%	-0.6%	4.2%
Avg FY00 to FY10 (10 yr)	3.3%	4.7%	6.2%	4.5%	4.5%
Avg FY10 to FY20 (10 yr)	3.3%	3.6%	2.4%	2.9%	3.1%
Avg FY00 to FY20 (20 yr)	3.3%	4.2%	4.3%	3.7%	3.8%

Appropriations by Agency - All Funds

FY20 / FY21 Biennial Budget as Enacted in the 2019 Legislative Session

	Fund	w/o Deficits FY2018-19	Enacted FY2019-20	Enacted FY2020-21	FY20 vs Prior Year		FY21 vs Prior Year		
					\$ Chnge	% Chnge	\$ Chnge	% Chnge	
3	Legislative Council	Gen	20,618,873	21,233,246	21,692,920	614,373	3.0%	459,674	2.2%
		Cash	193,000	238,440	238,440	45,440	23.5%	0	0.0%
		Fed	39,270	39,270	39,270	0	0.0%	0	0.0%
		Rev	0	0	0	0	na	0	na
	Total	20,851,143	21,510,956	21,970,630	659,813	3.2%	459,674	2.1%	
5	Supreme Court	Gen	187,343,520	195,947,322	199,689,998	8,603,802	4.6%	3,742,676	1.9%
		Cash	16,816,644	17,091,551	16,995,842	274,907	1.6%	(95,709)	-0.6%
		Fed	712,959	735,051	748,008	22,092	3.1%	12,957	1.8%
		Rev	0	0	0	0	na	0	na
	Total	204,873,123	213,773,924	217,433,848	8,900,801	4.3%	3,659,924	1.7%	
7	Governor	Gen	2,151,585	2,058,577	2,102,805	(93,008)	-4.3%	44,228	2.1%
		Cash	0	0	0	0	na	0	na
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
	Total	2,151,585	2,058,577	2,102,805	(93,008)	-4.3%	44,228	2.1%	
8	Lt. Governor	Gen	149,768	151,135	152,437	1,367	0.9%	1,302	0.9%
		Cash	0	0	0	0	na	0	na
		Fed	0	0	0	0	na	0	na
		Total	149,768	151,135	152,437	1,367	0.9%	1,302	0.9%
9	Secretary of State	Gen	2,264,183	6,596,103	2,316,283	4,331,920	191.3%	(4,279,820)	-64.9%
		Cash	6,254,623	13,376,483	6,388,234	7,121,860	113.9%	(6,988,249)	-52.2%
		Fed	0	1,878,000	638,000	1,878,000	na	(1,240,000)	-66.0%
		Rev	941,184	954,645	965,930	13,461	1.4%	11,285	1.2%
	Total	9,459,990	22,805,231	10,308,447	13,345,241	141.1%	(12,496,784)	-54.8%	
10	Auditor	Gen	2,485,756	2,579,272	2,641,806	93,516	3.8%	62,534	2.4%
		Cash	2,125,582	2,191,001	2,257,529	65,419	3.1%	66,528	3.0%
		Fed	0	0	0	0	na	0	na
		Total	4,611,338	4,770,273	4,899,335	158,935	3.4%	129,062	2.7%
11	Attorney General	Gen	6,551,897	6,475,924	6,606,854	(75,973)	-1.2%	130,930	2.0%
		Cash	2,861,824	2,920,641	2,980,813	58,817	2.1%	60,172	2.1%
		Fed	1,705,646	1,726,186	1,747,208	20,540	1.2%	21,022	1.2%
		Rev	1,589,787	1,627,300	1,665,666	37,513	2.4%	38,366	2.4%
	Total	12,709,154	12,750,051	13,000,541	40,897	0.3%	250,490	2.0%	

Fund	w/o Deficits FY2018-19	Enacted FY2019-20	Enacted FY2020-21	FY20 vs Prior Year		FY21 vs Prior Year		
				\$ Chnge	% Chnge	\$ Chnge	% Chnge	
12 Treasurer	Gen	1,157,357	1,154,310	1,171,439	(3,047)	-0.3%	17,129	1.5%
	Cash	12,176,205	13,719,408	13,609,432	1,543,203	12.7%	(109,976)	-0.8%
	Fed	1,708,371	1,657,284	1,683,125	(51,087)	-3.0%	25,841	1.6%
	Rev	0	0	0	0	na	0	na
	Total	15,041,933	16,531,002	16,463,996	1,489,069	9.9%	(67,006)	-0.4%
13 Education	Gen	1,252,963,206	1,319,907,668	1,329,407,819	66,944,462	5.3%	9,500,151	0.7%
	Cash	12,371,584	12,393,543	12,411,456	21,959	0.2%	17,913	0.1%
	Fed	375,110,099	386,504,278	387,197,081	11,394,179	3.0%	692,803	0.2%
	Rev	204,728	500,000	500,000	295,272	144.2%	0	0.0%
	Total	1,640,649,617	1,719,305,489	1,729,516,356	78,655,872	4.8%	10,210,867	0.6%
14 Public Service Commission	Gen	2,325,823	2,233,960	2,269,242	(91,863)	-3.9%	35,282	1.6%
	Cash	90,770,318	91,183,529	91,263,555	413,211	0.5%	80,026	0.1%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	93,096,141	93,417,489	93,532,797	321,348	0.3%	115,308	0.1%
15 Parole Board	Gen	7,534,270	7,891,768	8,124,998	357,498	4.7%	233,230	3.0%
	Cash	455,873	455,873	455,873	0	0.0%	0	0.0%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	7,990,143	8,347,641	8,580,871	357,498	4.5%	233,230	2.8%
16 Revenue	Gen	125,028,444	130,517,676	134,474,896	5,489,232	4.4%	3,957,220	3.0%
	Cash	252,850,137	306,200,282	306,678,022	53,350,145	21.1%	477,740	0.2%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	377,878,581	436,717,958	441,152,918	58,839,377	15.6%	4,434,960	1.0%
17 Aeronautics (merged into #27)	Gen	0	0	0	0	na	0	na
	Cash	0	0	0	0	na	0	na
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	0	0	0	0	#DIV/0!	0	na
18 Agriculture	Gen	6,064,564	6,154,913	6,255,169	90,349	1.5%	100,256	1.6%
	Cash	7,966,565	8,160,149	8,357,923	193,584	2.4%	197,774	2.4%
	Fed	4,282,715	4,344,628	4,425,215	61,913	1.4%	80,587	1.9%
	Rev	671,278	675,081	691,145	3,803	0.6%	16,064	2.4%
	Total	18,985,122	19,334,771	19,729,452	349,649	1.8%	394,681	2.0%

Fund	w/o Deficits FY2018-19	Enacted FY2019-20	Enacted FY2020-21	FY20 vs Prior Year		FY21 vs Prior Year		
				\$ Chnge	% Chnge	\$ Chnge	% Chnge	
19 Banking	Gen	0	0	0	na	0	na	
	Cash	7,382,369	7,384,133	7,526,915	1,764	0.0%	142,782	1.9%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	7,382,369	7,384,133	7,526,915	1,764	0.0%	142,782	1.9%
21 Fire Marshal	Gen	4,172,967	4,231,522	4,345,277	58,555	1.4%	113,755	2.7%
	Cash	2,005,421	2,061,693	2,108,546	56,272	2.8%	46,853	2.3%
	Fed	445,344	457,650	464,623	12,306	2.8%	6,973	1.5%
	Rev	0	0	0	0	na	0	na
	Total	6,623,732	6,750,865	6,918,446	127,133	1.9%	167,581	2.5%
22 Insurance	Gen	0	0	0	0	na	0	na
	Cash	12,267,155	12,237,358	12,396,420	(29,797)	-0.2%	159,062	1.3%
	Fed	2,157,529	2,135,580	2,148,643	(21,949)	-1.0%	13,063	0.6%
	Rev	0	0	0	0	na	0	na
	Total	14,424,684	14,372,938	14,545,063	(51,746)	-0.4%	172,125	1.2%
23 Labor	Gen	621,982	641,042	657,218	19,060	3.1%	16,176	2.5%
	Cash	4,627,902	4,662,432	4,841,663	34,530	0.7%	179,231	3.8%
	Fed	47,502,185	40,923,996	41,327,520	(6,578,189)	-13.8%	403,524	1.0%
	Rev	0	0	0	0	na	0	na
	Total	52,752,069	46,227,470	46,826,401	(6,524,599)	-12.4%	598,931	1.3%
24 Motor Vehicles	Gen	0	0	0	0	na	0	na
	Cash	34,951,669	36,893,441	27,737,395	1,941,772	5.6%	(9,156,046)	-24.8%
	Fed	205,293	205,293	205,293	0	0.0%	0	0.0%
	Rev	0	0	0	0	na	0	na
	Total	35,156,962	37,098,734	27,942,688	1,941,772	5.5%	(9,156,046)	-24.7%
25 DHHS System	Gen	1,629,172,986	1,654,961,307	1,719,723,595	25,788,321	1.6%	64,762,288	3.9%
	Cash	169,208,806	170,990,017	169,905,453	1,781,211	1.1%	(1,084,564)	-0.6%
	Fed	1,829,577,329	1,926,241,966	2,347,015,984	96,664,637	5.3%	420,774,018	21.8%
	Rev	0	0	0	0	na	0	na
	Total	3,627,959,121	3,752,193,290	4,236,645,032	124,234,169	3.4%	484,451,742	12.9%
27 Transportation	Gen	0	100,000	0	100,000	na	(100,000)	-100.0%
	Cash	904,771,262	997,081,404	964,814,006	92,310,142	10.2%	(32,267,398)	-3.2%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	904,771,262	997,181,404	964,814,006	92,410,142	10.2%	(32,367,398)	-3.2%

	Fund	w/o Deficits FY2018-19	Enacted FY2019-20	Enacted FY2020-21	FY20 vs Prior Year		FY21 vs Prior Year	
					\$ Chnge	% Chnge	\$ Chnge	% Chnge
28 Veterans Affairs	Gen	25,901,529	26,582,179	27,182,314	680,650	2.6%	600,135	2.3%
	Cash	15,888,622	16,254,758	16,578,388	366,136	2.3%	323,630	2.0%
	Fed	24,898,861	25,414,794	25,870,637	515,933	2.1%	455,843	1.8%
	Rev	0	0	0	0	na	0	na
	Total	66,689,012	68,251,731	69,631,339	1,562,719	2.3%	1,379,608	2.0%
29 Natural Resources	Gen	14,990,564	12,194,276	12,383,481	(2,796,288)	-18.7%	189,205	1.6%
	Cash	19,587,178	23,595,535	19,601,452	4,008,357	20.5%	(3,994,083)	-16.9%
	Fed	794,606	815,984	833,429	21,378	2.7%	17,445	2.1%
	Rev	0	0	0	0	na	0	na
	Total	35,372,348	36,605,795	32,818,362	1,233,447	3.5%	(3,787,433)	-10.3%
30 Electrical Board	Gen	0	0	0	0	na	0	na
	Cash	1,777,584	1,973,403	1,854,994	195,819	11.0%	(118,409)	-6.0%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	1,777,584	1,973,403	1,854,994	195,819	11.0%	(118,409)	-6.0%
31 Military Dept	Gen	4,876,762	11,077,948	10,134,236	6,201,186	127.2%	(943,712)	-8.5%
	Cash	1,210,260	1,219,464	1,226,837	9,204	0.8%	7,373	0.6%
	Fed	24,680,684	25,073,400	25,270,173	392,716	1.6%	196,773	0.8%
	Rev	0	0	0	0	na	0	na
	Total	30,767,706	37,370,812	36,631,246	6,603,106	21.5%	(739,566)	-2.0%
32 Ed Lands & Funds	Gen	345,999	368,003	376,041	22,004	6.4%	8,038	2.2%
	Cash	20,845,339	20,982,900	20,998,274	137,561	0.7%	15,374	0.1%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	21,191,338	21,350,903	21,374,315	159,565	0.8%	23,412	0.1%
33 Game and Parks	Gen	11,452,498	11,716,051	11,906,126	263,553	2.3%	190,075	1.6%
	Cash	81,850,208	84,804,856	85,783,452	2,954,648	3.6%	978,596	1.2%
	Fed	7,915,699	7,944,116	7,967,306	28,417	0.4%	23,190	0.3%
	Rev	0	0	0	0	na	0	na
	Total	101,218,405	104,465,023	105,656,884	3,246,618	3.2%	1,191,861	1.1%
34 Library Commission	Gen	3,809,913	3,885,605	3,950,447	75,692	2.0%	64,842	1.7%
	Cash	94,085	45,484	45,484	(48,601)	-51.7%	0	0.0%
	Fed	1,512,225	1,493,750	1,457,192	(18,475)	-1.2%	(36,558)	-2.4%
	Rev	0	0	0	0	na	0	na
	Total	5,416,223	5,424,839	5,453,123	8,616	0.2%	28,284	0.5%

	Fund	w/o Deficits FY2018-19	Enacted FY2019-20	Enacted FY2020-21	FY20 vs Prior Year		FY21 vs Prior Year	
					\$ Chnge	% Chnge	\$ Chnge	% Chnge
35 Liquor Commission	Gen	1,273,897	1,333,267	1,395,509	59,370	4.7%	62,242	4.7%
	Cash	70,719	85,719	70,719	15,000	21.2%	(15,000)	-17.5%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	1,344,616	1,418,986	1,466,228	74,370	5.5%	47,242	3.3%
36 Racing Commission	Gen	0	60,000	0	60,000	na	(60,000)	-100.0%
	Cash	986,712	620,951	586,409	(365,761)	-37.1%	(34,542)	-5.6%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	986,712	680,951	586,409	(305,761)	-31.0%	(94,542)	-13.9%
37 Workers Compensation Court	Gen	0	0	0	0	na	0	na
	Cash	6,300,153	6,417,172	6,534,331	117,019	1.9%	117,159	1.8%
	Fed	52,674	55,233	57,221	2,559	4.9%	1,988	3.6%
	Rev	0	0	0	0	na	0	na
	Total	6,352,827	6,472,405	6,591,552	119,578	1.9%	119,147	1.8%
39 Brand Committee	Gen	0	0	0	0	na	0	na
	Cash	5,048,502	5,794,231	5,386,898	745,729	14.8%	(407,333)	-7.0%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	5,048,502	5,794,231	5,386,898	745,729	14.8%	(407,333)	-7.0%
40 Motor Vehicle Dealers	Gen	0	0	0	0	na	0	na
	Cash	776,404	874,871	809,264	98,467	12.7%	(65,607)	-7.5%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	776,404	874,871	809,264	98,467	12.7%	(65,607)	-7.5%
41 Real Estate Commission	Gen	0	0	0	0	na	0	na
	Cash	1,595,493	1,375,451	1,395,101	(220,042)	-13.8%	19,650	1.4%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	1,595,493	1,375,451	1,395,101	(220,042)	-13.8%	19,650	1.4%
45 Barber Examiners	Gen	0	0	0	0	na	0	na
	Cash	167,454	170,936	174,124	3,482	2.1%	3,188	1.9%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	167,454	170,936	174,124	3,482	2.1%	3,188	1.9%

Fund	w/o Deficits FY2018-19	Enacted FY2019-20	Enacted FY2020-21	FY20 vs Prior Year		FY21 vs Prior Year		
				\$ Chnge	% Chnge	\$ Chnge	% Chnge	
46 Correctional Services	Gen	215,420,240	223,351,700	231,427,994	7,931,460	3.7%	8,076,294	3.6%
	Cash	2,126,000	6,326,000	2,126,000	4,200,000	197.6%	(4,200,000)	-66.4%
	Fed	1,762,858	1,762,858	1,762,858	0	0.0%	0	0.0%
	Rev	19,949,835	20,115,066	20,249,883	165,231	0.8%	134,817	0.7%
	Total	239,258,933	251,555,624	255,566,735	12,296,691	5.1%	4,011,111	1.6%
47 Educational Telecomm.	Gen	9,967,401	10,163,451	10,338,327	196,050	2.0%	174,876	1.7%
	Cash	337,755	337,755	337,755	0	0.0%	0	0.0%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	10,305,156	10,501,206	10,676,082	196,050	1.9%	174,876	1.7%
48 Postsecondary Coord Comm	Gen	8,819,300	9,025,729	9,051,389	206,429	2.3%	25,660	0.3%
	Cash	12,856,162	13,862,864	14,865,580	1,006,702	7.8%	1,002,716	7.2%
	Fed	407,556	6,023	6,023	(401,533)	-98.5%	0	0.0%
	Rev	0	0	0	0	na	0	na
	Total	22,083,018	22,894,616	23,922,992	811,598	3.7%	1,028,376	4.5%
50 Nebraska State Colleges	Gen	51,620,804	53,548,946	55,527,357	1,928,142	3.7%	1,978,411	3.7%
	Cash	39,009,170	39,009,170	39,009,170	0	0.0%	0	0.0%
	Fed	46,739,698	46,739,698	46,739,698	0	0.0%	0	0.0%
	Rev	9,428,071	9,428,071	9,428,071	0	0.0%	0	0.0%
	Total	146,797,743	148,725,885	150,704,296	1,928,142	1.3%	1,978,411	1.3%
51 University of Nebraska	Gen	574,745,874	592,104,554	613,935,633	17,358,680	3.0%	21,831,079	3.7%
	Cash	477,168,449	477,168,449	477,168,449	0	0.0%	0	0.0%
	Fed	530,551,594	530,551,594	530,551,594	0	0.0%	0	0.0%
	Rev	662,750,000	662,750,000	662,750,000	0	0.0%	0	0.0%
	Total	2,245,215,917	2,262,574,597	2,284,405,676	17,358,680	0.8%	21,831,079	1.0%
52 Board of Agriculture	Gen	0	0	0	0	na	0	na
	Cash	4,250,000	4,500,000	4,500,000	250,000	5.9%	0	0.0%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	4,250,000	4,500,000	4,500,000	250,000	5.9%	0	0.0%
53 Real Property Appraiser Brd	Gen	0	0	0	0	na	0	na
	Cash	383,056	397,401	402,427	14,345	3.7%	5,026	1.3%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	383,056	397,401	402,427	14,345	3.7%	5,026	1.3%

Fund	w/o Deficits FY2018-19	Enacted FY2019-20	Enacted FY2020-21	FY20 vs Prior Year		FY21 vs Prior Year		
				\$ Chnge	% Chnge	\$ Chnge	% Chnge	
54 Historical Society	Gen	4,312,111	4,465,781	4,536,363	153,670	3.6%	70,582	1.6%
	Cash	3,112,778	2,652,047	2,702,219	(460,731)	-14.8%	50,172	1.9%
	Fed	827,799	841,427	853,158	13,628	1.6%	11,731	1.4%
	Rev	0	0	0	0	na	0	na
	Total	8,252,688	7,959,255	8,091,740	(293,433)	-3.6%	132,485	1.7%
56 Nebraska Wheat Board	Gen	0	0	0	0	na	0	na
	Cash	1,614,103	1,620,852	1,627,752	6,749	0.4%	6,900	0.4%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	1,614,103	1,620,852	1,627,752	6,749	0.4%	6,900	0.4%
57 Oil & Gas Commission	Gen	0	0	0	0	na	0	na
	Cash	890,488	1,138,768	1,154,783	248,280	27.9%	16,015	1.4%
	Fed	81,500	73,192	74,923	(8,308)	-10.2%	1,731	2.4%
	Rev	0	0	0	0	na	0	na
	Total	971,988	1,211,960	1,229,706	239,972	24.7%	17,746	1.5%
58 Engineers Architects	Gen	0	0	0	0	na	0	na
	Cash	837,430	822,244	807,152	(15,186)	-1.8%	(15,092)	-1.8%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	837,430	822,244	807,152	(15,186)	-1.8%	(15,092)	-1.8%
59 Geologists Board	Gen	0	0	0	0	na	0	na
	Cash	31,843	32,903	33,692	1,060	3.3%	789	2.4%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	31,843	32,903	33,692	1,060	3.3%	789	2.4%
60 Ethanol Board	Gen	0	0	0	0	na	0	na
	Cash	735,507	750,842	767,312	15,335	2.1%	16,470	2.2%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	735,507	750,842	767,312	15,335	2.1%	16,470	2.2%
61 Dairy Board	Gen	0	0	0	0	na	0	na
	Cash	1,560,000	1,600,000	1,640,000	40,000	2.6%	40,000	2.5%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	1,560,000	1,600,000	1,640,000	40,000	2.6%	40,000	2.5%

Fund	w/o Deficits FY2018-19	Enacted FY2019-20	Enacted FY2020-21	FY20 vs Prior Year		FY21 vs Prior Year		
				\$ Chnge	% Chnge	\$ Chnge	% Chnge	
62 Land Surveyors	Gen	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
	Rev	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	423,948	430,690	436,083	6,742	1.6%	5,393	1.3%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	423,948	430,690	436,083	6,742	1.6%	5,393	1.3%
64 State Patrol	Gen	60,309,294	62,871,629	64,198,023	2,562,335	4.2%	1,326,394	2.1%
	Cash	21,136,645	22,587,253	22,932,982	1,450,608	6.9%	345,729	1.5%
	Fed	2,997,343	3,262,750	3,377,770	265,407	8.9%	115,020	3.5%
	Rev	1,287,992	1,342,297	1,368,821	54,305	4.2%	26,524	2.0%
	Total	85,731,274	90,063,929	91,877,596	4,332,655	5.1%	1,813,667	2.0%
65 Admin Services (DAS)	Gen	8,551,907	8,902,707	8,772,731	350,800	4.1%	(129,976)	-1.5%
	Cash	9,739,902	3,019,587	2,774,394	(6,720,315)	-69.0%	(245,193)	-8.1%
	Fed	0	0	0	0	na	0	na
	Rev	235,426,089	241,639,062	244,390,551	6,212,973	2.6%	2,751,489	1.1%
	Total	253,717,898	253,561,356	255,937,676	(156,542)	-0.1%	2,376,320	0.9%
66 Abstracter's Board	Gen	0	0	0	0	na	0	na
	Cash	50,681	51,204	51,608	523	1.0%	404	0.8%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	50,681	51,204	51,608	523	1.0%	404	0.8%
67 Equal Opportunity Commission	Gen	1,260,357	1,261,453	1,287,346	1,096	0.1%	25,893	2.1%
	Cash	0	0	0	0	na	0	na
	Fed	836,991	911,005	926,544	74,014	8.8%	15,539	1.7%
	Rev	0	0	0	0	na	0	na
	Total	2,097,348	2,172,458	2,213,890	75,110	3.6%	41,432	1.9%
68 Latino American Commission	Gen	211,023	256,904	262,746	45,881	21.7%	5,842	2.3%
	Cash	5,000	5,000	5,000	0	0.0%	0	0.0%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	216,023	261,904	267,746	45,881	21.2%	5,842	2.2%

	Fund	w/o Deficits FY2018-19	Enacted FY2019-20	Enacted FY2020-21	FY20 vs Prior Year		FY21 vs Prior Year		
					\$ Chnge	% Chnge	\$ Chnge	% Chnge	
69	Arts Council	Gen	1,483,586	1,508,852	1,524,363	25,266	1.7%	15,511	1.0%
		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	3,707,633	3,732,899	3,748,410	25,266	0.7%	15,511	0.4%
70	Foster Care Review Board	Gen	2,081,930	1,941,852	1,981,200	(140,078)	-6.7%	39,348	2.0%
		Cash	5,700	185,479	187,137	179,779	3154.0%	1,658	0.9%
		Fed	441,607	450,093	459,322	8,486	1.9%	9,229	2.1%
		Rev	0	0	0	0	na	0	na
		Total	2,529,237	2,577,424	2,627,659	48,187	1.9%	50,235	1.9%
71	Energy Office (merged into #84)	Gen	0	0	0	0	na	0	na
		Cash	1,009,645	0	0	(1,009,645)	-100.0%	0	na
		Fed	7,792,334	0	0	(7,792,334)	-100.0%	0	na
		Rev	0	0	0	0	na	0	na
		Total	8,801,979	0	0	(8,801,979)	-100.0%	0	na
72	Economic Development	Gen	11,340,760	11,535,113	11,419,270	194,353	1.7%	(115,843)	-1.0%
		Cash	32,811,663	35,334,263	35,353,010	2,522,600	7.7%	18,747	0.1%
		Fed	21,239,453	24,268,830	24,293,299	3,029,377	14.3%	24,469	0.1%
		Rev	0	0	0	0	na	0	na
		Total	65,391,876	71,138,206	71,065,579	5,746,330	8.8%	(72,627)	-0.1%
73	Landscape Architects	Gen	0	0	0	0	na	0	na
		Cash	29,057	27,312	27,857	(1,745)	-6.0%	545	2.0%
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
		Total	29,057	27,312	27,857	(1,745)	-6.0%	545	2.0%
74	Power Review Board	Gen	0	0	0	0	na	0	na
		Cash	667,982	677,646	686,255	9,664	1.4%	8,609	1.3%
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
		Total	667,982	677,646	686,255	9,664	1.4%	8,609	1.3%
75	Investment Council	Gen	0	0	0	0	na	0	na
		Cash	2,908,193	2,783,480	2,874,395	(124,713)	-4.3%	90,915	3.3%
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
		Total	2,908,193	2,783,480	2,874,395	(124,713)	-4.3%	90,915	3.3%

Fund	w/o Deficits FY2018-19	Enacted FY2019-20	Enacted FY2020-21	FY20 vs Prior Year		FY21 vs Prior Year		
				\$ Chnge	% Chnge	\$ Chnge	% Chnge	
76 Indian Affairs	Gen	230,128	236,225	241,161	6,097	2.6%	4,936	2.1%
	Cash	520,000	20,000	20,000	(500,000)	-96.2%	0	0.0%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	750,128	256,225	261,161	(493,903)	-65.8%	4,936	1.9%
77 Industrial Relations	Gen	320,917	298,176	309,318	(22,741)	-7.1%	11,142	3.7%
	Cash	0	0	0	0	na	0	na
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	320,917	298,176	309,318	(22,741)	-7.1%	11,142	3.7%
78 Crime Commission	Gen	12,132,308	12,757,244	12,869,338	624,936	5.2%	112,094	0.9%
	Cash	1,885,518	1,739,933	1,684,812	(145,585)	-7.7%	(55,121)	-3.2%
	Fed	19,825,031	20,110,576	20,132,980	285,545	1.4%	22,404	0.1%
	Rev	0	0	0	0	na	0	na
	Total	33,842,857	34,607,753	34,687,130	764,896	2.3%	79,377	0.2%
81 Blind and Visually Impaired	Gen	1,216,948	1,857,143	1,946,186	640,195	52.6%	89,043	4.8%
	Cash	148,746	148,746	148,746	0	0.0%	0	0.0%
	Fed	4,498,192	4,498,192	4,498,192	0	0.0%	0	0.0%
	Rev	0	0	0	0	na	0	na
	Total	5,863,886	6,504,081	6,593,124	640,195	10.9%	89,043	1.4%
82 Deaf and Hard of Hearing	Gen	1,003,151	1,030,129	1,051,593	26,978	2.7%	21,464	2.1%
	Cash	16,600	36,600	36,600	20,000	120.5%	0	0.0%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	1,019,751	1,066,729	1,088,193	46,978	4.6%	21,464	2.0%
83 Community Colleges	Gen	98,575,874	100,547,391	102,558,339	1,971,517	2.0%	2,010,948	2.0%
	Cash	0	0	0	0	na	0	na
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	98,575,874	100,547,391	102,558,339	1,971,517	2.0%	2,010,948	2.0%
84 Environmental Quality (DEQ)	Gen	3,652,217	3,680,094	3,716,744	27,877	0.8%	36,650	1.0%
	Cash	36,633,904	38,145,133	38,377,655	1,511,229	4.1%	232,522	0.6%
	Fed	32,242,681	40,217,572	40,361,571	7,974,891	24.7%	143,999	0.4%
	Rev	0	0	0	0	na	0	na
	Total	72,528,802	82,042,799	82,455,970	9,513,997	13.1%	413,171	0.5%

	Fund	w/o Deficits FY2018-19	Enacted FY2019-20	Enacted FY2020-21	FY20 vs Prior Year		FY21 vs Prior Year	
					\$ Chnge	% Chnge	\$ Chnge	% Chnge
85 Retirement Board	Gen	52,698,171	53,638,505	54,709,000	940,334	1.8%	1,070,495	2.0%
	Cash	5,649,177	6,100,641	5,913,228	451,464	8.0%	(187,413)	-3.1%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	58,347,348	59,739,146	60,622,228	1,391,798	2.4%	883,082	1.5%
86 Dry Bean Board	Gen	0	0	0	0	na	0	na
	Cash	648,224	649,770	651,352	1,546	0.2%	1,582	0.2%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	648,224	649,770	651,352	1,546	0.2%	1,582	0.2%
87 Accountability & Disclosure	Gen	476,323	489,547	500,170	13,224	2.8%	10,623	2.2%
	Cash	245,102	251,164	256,145	6,062	2.5%	4,981	2.0%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	721,425	740,711	756,315	19,286	2.7%	15,604	2.1%
88 Nebraska Corn Board	Gen	0	0	0	0	na	0	na
	Cash	9,112,885	9,900,971	9,902,776	788,086	8.6%	1,805	0.0%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	9,112,885	9,900,971	9,902,776	788,086	8.6%	1,805	0.0%
91 Nebraska Tourism Commission	Gen	0	0	0	0	na	0	na
	Cash	6,622,765	7,228,003	7,386,785	605,238	9.1%	158,782	2.2%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	6,622,765	7,228,003	7,386,785	605,238	9.1%	158,782	2.2%
92 Grain Sorghum Board	Gen	0	0	0	0	na	0	na
	Cash	297,921	299,590	300,832	1,669	0.6%	1,242	0.4%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	297,921	299,590	300,832	1,669	0.6%	1,242	0.4%
93 Tax Equalization & Review (TERC)	Gen	855,648	879,848	899,242	24,200	2.8%	19,394	2.2%
	Cash	45,000	45,000	45,000	0	0.0%	0	0.0%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	900,648	924,848	944,242	24,200	2.7%	19,394	2.1%

	Fund	w/o Deficits FY2018-19	Enacted FY2019-20	Enacted FY2020-21	FY20 vs Prior Year		FY21 vs Prior Year		
					\$ Chnge	% Chnge	\$ Chnge	% Chnge	
94	Public	Gen	0	0	0	na	0	na	
	Advocacy	Cash	5,169,706	5,201,910	5,224,979	32,204	0.6%	23,069	0.4%
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
		Total	5,169,706	5,201,910	5,224,979	32,204	0.6%	23,069	0.4%
99	Capital	Gen	21,739,000	38,265,811	27,489,461	16,526,811	76.0%	(10,776,350)	-28.2%
	Construction	Cash	40,080,930	57,799,484	55,505,308	17,718,554	44.2%	(2,294,176)	-4.0%
		Fed	2,015,000	37,930,946	14,683,000	35,915,946	1782.4%	(23,247,946)	-61.3%
		Rev	59,594,015	51,442,673	38,526,000	(8,151,342)	-13.7%	(12,916,673)	-25.1%
		Total	123,428,945	185,438,914	136,203,769	62,009,969	50.2%	(49,235,145)	-26.6%
	STATE	Gen	4,456,283,615	4,624,671,858	4,729,514,204	168,388,243	3.8%	104,842,346	2.3%
	TOTALS	Cash	2,418,546,661	2,607,858,637	2,551,451,848	189,311,976	7.8%	(56,406,789)	-2.2%
		Fed	2,996,300,173	3,140,010,262	3,538,555,907	143,710,089	4.8%	398,545,645	12.7%
		Rev	991,842,979	990,474,195	980,536,067	(1,368,784)	-0.1%	(9,938,128)	-1.0%
		Total	10,862,973,428	11,363,014,952	11,800,058,026	500,041,524	4.6%	437,043,074	3.8%

CAPITAL CONSTRUCTION

Capital Construction Summary

New Construction refers to projects initiated in the 2019 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 FY20/FY21 biennium are derived from excess from completed projects, investment income generated on the invested NCCF balance, and a \$54.7 million transfer from the Cash Reserve Fund.

Table 38 Capital Construction by Fund and Year

	Reaffirmations	New Projects	Total
FY2019-20			
General Funds	38,130,811	135,000	38,265,811
Cash Funds	32,573,930	25,225,554	57,799,484
Federal Funds	0	37,930,946	37,930,946
Revolving/Other Funds	2,100,000	4,150,000	6,250,000
Nebr Capital Const Fund (NCCF)	34,882,173	10,310,500	45,192,673
Total FY2019-20	107,686,914	77,752,000	185,438,914
FY2020-21			
General Funds	27,461,461	28,000	27,489,461
Cash Funds	32,573,930	22,931,378	55,505,308
Federal Funds	0	14,683,000	14,683,000
Revolving/Other Funds	2,100,000	0	2,100,000
Nebr Capital Const Fund (NCCF)	0	36,426,000	36,426,000
Total FY2020-21	62,135,391	74,068,378	136,203,769
FY2021-22			
General Funds	28,922,000	4,381,928	33,303,928
Cash Funds	32,573,930	0	32,573,930
Federal Funds	0	2,335,000	2,335,000
Revolving/Other Funds	2,100,000	0	2,100,000
Nebr Capital Const Fund (NCCF)	0	15,391,000	15,391,000
Total FY2021-22	63,595,930	22,107,928	85,703,858
FY2022-23			
General Funds	24,310,327	4,381,928	28,692,255
Cash Funds	32,573,930	0	32,573,930
Federal Funds	0	36,000	36,000
Revolving/Other Funds	2,100,000	0	2,100,000
Nebr Capital Const Fund (NCCF)	0	0	0
Total FY2022-23	58,984,257	4,417,928	63,402,185

About 68% of the General Funds and NCCF funds for capital construction are reaffirmations of projects initiated in prior sessions. This includes \$12.1 million in 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), \$24.5 million over the two years for the

State Capitol HVAC project, and \$34.9 million for the last year of the corrections Reception and Treatment Center project.

Table 39 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.

Table 39 General Fund and NCCF Listing-Capital Construction Projects

	Fund	2019-20	2020-21	2021-22	2022-23	Future Yrs
REAFFIRMATIONS						
#46-Corrections	Reception and Treatment Center - DEC & LCC	NCCF	34,882,173	0	0	0
#50-Colleges	Deferred maintenance/repair (LB605-2006 and LB957-2016)	General	1,125,000	1,125,000	1,125,000	7,875,000
#50-St Colleges	WSC Conn Library & CSC Rangeland Center (bond payment)	General	2,216,000	2,216,000	0	0
#51-University	UNMC College of Nursing Lincoln Facility (bond payment)	General	1,477,000	1,477,000	1,477,000	103,327
#51-University	Deferred maintenance/repair (LB605-2006 and LB957-2016)	General	11,000,000	11,000,000	11,000,000	77,000,000
#51-University	NCTA Education Center	General	820,000	820,000	820,000	582,000
#51-University	IANR Veterinary Diagnostic Center (bond payment)	General	5,101,000	2,733,600	0	0
#65-DAS	State Capitol HVAC system replacement	General	16,391,811	8,089,861	15,624,369	15,459,563
#65-DAS	State Capitol HVAC system replacement	NCCF	0	0	0	0
#65-DAS	State Capitol improvements	General	0	0	0	0
NEW CONSTRUCTION						
#28-Vet Affairs	Eastern Nebraska Veterans Home addition	NCCF	3,308,000			
#31-Military Dept	Penterman Readiness Center Medical Addition (Lincoln)	NCCF	687,500	0	0	0
#31-Military Dept	1776 Readiness Center Remodel / HVAC Replacement (Lincoln)	NCCF	100,000	500,000	500,000	0
#46-Corrections	High Security Housing Units - RTC (LCC)	NCCF	2,080,000	31,989,000	14,891,000	0
#46-Corrections	Security System Upgrades	NCCF	1,250,000	1,250,000	0	0
#46-Corrections	Infrastructure and Maintenance	NCCF	2,000,000	2,000,000	0	0
#46-Corrections	State Penitentiary Dormitory project	NCCF	0	0	0	0
#47-NETC	Radio Transmission Equipment Replacement	NCCF	270,000	120,000	0	0
#47-NETC	KLNE Lexington Transmitter	NCCF	480,000	0	0	0
#47-NETC	Tower Lighting Projects	General	135,000	28,000	0	0
#47-NETC	Tower Lighting Projects	NCCF	135,000	140,000	0	0
#47-NETC	KXNE Norfolk Transmitter	NCCF	0	427,000	0	0
#50-St Colleges	CSC - Math/Science Building Project (bond payment)	General	0	0	2,216,000	2,216,000
#51-University	Renewal, renovations, or repair existing buildings (LB 562)	General	0	0	2,165,928	2,165,928

Eastern Nebraska Veterans Home addition (Veterans Affairs)

The budget includes funding for a skilled nursing addition to the Eastern Nebraska Veterans Home in Omaha. Subsequent to the move of the Grand Island Veterans Home to Kearney, the agency has the opportunity to use 25-30 of the skilled bed licenses issued to the state to expand the Eastern Nebraska Veterans Home to address the waiting list for the facility. Land was acquired when the home was designed to accommodate an expansion to a facility of 150 beds. The licensed capacity is 120 beds now and operating capacity is 115 beds.

The agency is compiling information to submit a project application by April 15. Certification of state matching funds is due to the federal government on August 1 in order to be prioritized for the next federal fiscal year.

FY2019-20	NCCF	3,308,000
FY2019-20	Federal	6,144,000
Project Total		9,452,000

Reception and Treatment Center High Security Expansion (Correctional Services)

The budget includes funding for additional high security housing units for the Dept. of Correctional Services. This \$49 million project, financed with a Cash Reserve Fund transfer to the Nebraska Capital Construction Fund, is for 384 beds capable of housing maximum security male inmates. It consists of two housing units, one housing unit is for 128 beds (single occupancy cells), and the other housing unit is for 256 beds (double occupancy cells). The Single Occupancy cells are sized to have the ability to accommodate 128 additional inmate bunks in the future should the need arise. If the Single Occupancy cells are turned into Double Occupancy cells, this would increase the total beds from 384 to 512. Also included are support components providing educational and rehabilitative programming and adjoining outdoor recreation areas.

The new inmate beds will be housed in two new buildings placed on the grounds of Lincoln Correctional Center (LCC) and connected either by exterior walkways or enclosed corridors. The new housing units will utilize services of the existing LCC and the newly created Reception and Treatment Center (RTC) for support functions such as food service, medical, visitation, and administration.

Completion of construction is estimated for November 2021 with projected operating costs estimated at \$3,722,530 per year.

FY2019-20	NCCF	2,080,000
FY2020-21	NCCF	31,989,000
FY2021-22	NCCF	14,891,000
Project Total		48,960,000

Lincoln Penterman Readiness Center Medical Addition (Military Dept)

The project will alter 4,000 SF of existing space and add 6,200 SF to support the requirements of the NEARNG medical detachment. The current space does not have sufficient waiting and queuing areas, exam rooms, lab space, or records space to meet the mission of providing routine health, dental, and vision exams and monitoring. This project will result in increased readiness of all soldiers due to faster and higher quality care. Less time will be spent on drill weekends and pre/post deployments completing medical requirements. One unit (Army Band) will vacate space and move to the East Campus Readiness Center.

FY2019-20	NCCF	687,500
FY2019-20	Federal	2,062,500
Project Total		2,750,000

Lincoln 1776 Readiness Center Remodel / HVAC (Military Dept)

This project has two phases. Design funds of \$200,000 are requested in FY19-20, and phase 1 construction of \$1,000,000 is requested in FY20-21. Phase 2 construction funding of \$1,000,000 will be requested in a future biennium (FY21-22) to complete the project. All funding is 50/50 state/federal.

Work will include the replacement of four different HVAC systems with one system, and will address issues with interior walls, finishes, ceilings and the electrical system. This readiness center is a state-owned building that was constructed in 1957.

2019-20	NCCF	100,000
2019-20	Federal	100,000
2020-21	NCCF	500,000
2020-21	Federal	500,000
2021-22	NCCF	500,000
2021-22	Federal	500,000
Project Total		2,200,000

Chadron State College Math Science Building Renovation and Addition (State Colleges)

LB198 [2013] authorizes the Board of Trustees of the Nebraska State Colleges to construct a Rangeland Center at Chadron State College and renovate the U.S. Conn Library at Wayne State College. The bill authorizes the Board to enter into agreements to finance the projects over a term not to extend beyond June 30, 2021 and provided that \$2,216,000 (General Funds) be appropriated annually for 2013-14 through 2020-21 to retire related bonds issued by the Nebraska State Colleges Facilities Corporation. The Nebraska State College System requested that the annual appropriation of \$2,216,000 (General Fund) be extended so as to facilitate debt financing to support renovation of and construction of an addition to the Math Science Building at Chadron State College.

The enacted budget includes provisions to extend annual appropriations of \$2,216,000 (General Fund) through 2034-35 to accommodate debt financing for the project.

FY2019-20	General	0
FY2020-21	General	0
FY2021-22	General	2,216,000
FY2022-23	General	2,216,000
Future	General	26,592,000
Project Total		31,024,000

Renewal, renovations, or repair existing buildings (University)

LB 562 provided language that it was the intent of the Legislature, after the terms of the long-term financing contracts for three University of Nebraska capital construction projects have been met, continue the annual General Fund appropriation be continued through 2050. The annual General Fund appropriation is to be used for renewal, renovation, or repair of existing university facilities. The enacted budget includes this provision.

The three capital construction projects and the associated annual General Fund appropriation are the Education Center - College of Technical Agriculture (\$820,000), Veterinary Diagnostic Center – IANR (\$2,165,928), and College of Nursing Building – Lincoln Division –UNMC (\$1,477,000). Total annual amount starting in FY2023-24 when all three projects are completed is \$4,462,928.

The Board of Regents may enter into long-term financing contracts with any person, firm, or corporation to finance the university renewal, renovation or repair projects. The repayment of the costs of these projects may occur over a contract period not to extend beyond June 30, 2050.

The cost of continuing the annual General Fund appropriation through 2050, after the terms of the long-term financing contracts for the 3 projects have been met, is estimated at \$124,830,912.

FY2019-20	General	0
FY2020-21	General	0
FY2021-22	General	2,165,928
FY2022-23	General	2,165,928
Future	General	120,499,056
Project Total		124,830,912

Planning funds for office / parking structure at 17th & 'K' Street (geothermal well field) site (DAS)

The enacted budget includes \$4,000,000 (Revolving Fund) appropriated to the Department of Administrative Services as requested by the agency to support project planning documents for construction of a combination office / parking structure proposed to be located at the 17th and 'K' Street geothermal well field site for the ongoing Capitol HVAC system replacement project. The appropriation is intended to support planning documents which include a program statement as well schematic design, design development, and construction documents for the project.

Financing to meet construction costs for the office / parking structure is proposed to be supported by a lease-purchase mechanism under which the state will retain ownership of the project site with state ownership of the structure to occur upon satisfaction of terms of a lease-purchase agreement. Office and parking rental charges would be the source of operating costs of the facility as well as any payments under the lease-purchase agreement

Study and Analysis of State Capitol parking (DAS)

LB171 referenced to the Appropriations Committee provided \$150,000 Revolving Funds for FY 2019-20 to contract with a parking consultant for a professional analysis of existing parking and future parking needs around the State Capitol. Funds and language for this study are included in the mainline capital construction bill, LB297.

Project Listing - Reaffirmations

Reaffirmations		Fiscal Yr	Dollar Amt	Fund
#46-Corrections	Reception and Treatment Center - DEC & LCC	2019-20	34,882,173	NCCF
#50-State Colleges	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)	2021-22	1,125,000	Gen
	State Colleges Facilities Program (LB 957 - 2016)	2021-22	1,440,000	Rev
	State Colleges Facilities Program (LB 957 - 2016)	2022-23	1,125,000	Gen
	State Colleges Facilities Program (LB 957 - 2016)	2022-23	1,440,000	Rev
	State Colleges Facilities Program (LB 957 - 2016)	Future	7,875,000	Gen
	State Colleges Facilities Program (LB 957 - 2016)	Future	10,080,000	Rev
#50-State Colleges	Board facilities fee fund projects	2019-20	900,000	Rev
	Board facilities fee fund projects	2020-21	660,000	Rev
	Board facilities fee fund projects	2021-22	660,000	Rev
	Board facilities fee fund projects	2022-23	660,000	Rev
	Board facilities fee fund projects	Future	5,280,000	Rev
#50-State Colleges	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	2021-22	300,000	Cash
	State Colleges Sport Facilities Cash Fund	2022-23	300,000	Cash
	State Colleges Sport Facilities Cash Fund	Future	no limit	Cash
#50-State Colleges	WSC Conn Library and CSC Rangeland Center (bond payment)	2019-20	2,216,000	Gen
	WSC Conn Library and CSC Rangeland Center (bond payment)	2020-21	2,216,000	Gen
	WSC Conn Library and CSC Rangeland Center (bond payment)	Future	0	Gen
#51-University	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)	2021-22	1,477,000	Gen
	UNMC College of Nursing Lincoln Facility (bond payment)	2022-23	103,327	Gen
	UNMC College of Nursing Lincoln Facility (bond payment)	Future	0	Gen
#51-University	University Facilities Program (LB 605 - 2006)	2019-20	11,000,000	Gen
	University Facilities Program (LB 605 - 2006)	2019-20	11,000,000	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)	2021-22	11,000,000	Gen
	University Facilities Program (LB 957 - 2016)	2021-22	11,000,000	Cash
	University Facilities Program (LB 957 - 2016)	2022-23	11,000,000	Gen
	University Facilities Program (LB 957 - 2016)	2022-23	11,000,000	Cash
	University Facilities Program (LB 957 - 2016)	Future	77,000,000	Gen
	University Facilities Program (LB 957 - 2016)	Future	67,025,950	Cash
#51-University	NCTA Education Center	2019-20	820,000	Gen
	NCTA Education Center	2020-21	820,000	Gen
	NCTA Education Center	2021-22	820,000	Gen
	NCTA Education Center	2022-23	582,000	Gen
	NCTA Education Center	Future	0	Gen

Reaffirmations (continued) Fiscal Yr		Dollar Amt	Fund	
#51-University	IANR Veterinary Diagnostic Center (bond payment)	2019-20	5,101,000	Gen
	IANR Veterinary Diagnostic Center (bond payment)	2020-21	2,733,600	Gen
	IANR Veterinary Diagnostic Center (bond payment)	Future	0	Gen
#65-DAS	State Capitol HVAC system replacement	2019-20	16,391,811	Gen
	State Capitol HVAC system replacement	2020-21	8,089,861	Gen
	State Capitol HVAC system replacement	2021-22	14,500,000	Gen
	State Capitol HVAC system replacement	2022-23	11,500,000	Gen
	State Capitol HVAC system replacement	Future	15,374,174	Gen
#65-DAS	Taskforce for Building Renewal Projects	2019-20	21,273,930	Cash
	Taskforce for Building Renewal Projects	2020-21	21,273,930	Cash
	Taskforce for Building Renewal Projects	2021-22	21,273,930	Cash
	Taskforce for Building Renewal Projects	2022-23	21,273,930	Cash
	Taskforce for Building Renewal Projects	Future	no limit	Cash
#65-DAS	State Capitol Improvements	2019-20	0	Gen
	State Capitol Improvements	2020-21	0	Gen
	State Capitol Improvements	2021-22	0	Gen
	State Capitol Improvements	2022-23	0	Gen
	State Capitol Improvements	Future	0	Gen

Project Listing – New Construction Projects

New Construction		Fiscal Yr	Dollar Amt	Fund
#23 - Labor	Department of Labor HVAC System	2019-20	1,675,554	Cash
	Department of Labor HVAC System	2019-20	624,446	Fed
	Department of Labor HVAC System	2020-21	1,781,378	Cash
	Department of Labor HVAC System	2020-21	3,150,000	Fed
#27-Roads	South Sioux City - New maintenance yard	2019-20	5,807,000	Cash
#27-Roads	Atkinson - Maintenance facility remodel and addition	2019-20	1,848,000	Cash
#27-Roads	Burwell - New office, shop, storage building	2019-20	1,423,000	Cash
	Burwell - New office, shop, storage building	2020-21	2,269,000	Cash
#27-Roads	Valentine - New maintenance yard	2020-21	7,731,000	Cash
#27-Roads	Facility Improvements - Statewide Projects	2019-20	922,000	Cash
#27-Roads	Facility Improvements - Statewide Projects	2020-21	0	Cash
#28-Veterans Affairs	Eastern Nebraska Veterans Home addition	2019-20	3,308,000	NCCF
	Eastern Nebraska Veterans Home addition	2019-20	6,144,000	Fed
#31-Military Dept	Penterman Readiness Center Medical Addition (Lincoln)	2019-20	687,500	NCCF
	Penterman Readiness Center Medical Addition (Lincoln)	2019-20	2,062,500	Fed
#31-Military Dept	Bellevue Readiness Center Construction	2019-20	29,000,000	Fed
	Bellevue Readiness Center Construction	2020-21	0	Gen
	Bellevue Readiness Center Construction	2020-21	1,554,000	Fed
#31-Military Dept	1776 Readiness Center Remodel / HVAC Replacement (Lincoln)	2019-20	100,000	NCCF
	1776 Readiness Center Remodel / HVAC Replacement (Lincoln)	2019-20	100,000	Fed
	1776 Readiness Center Remodel / HVAC Replacement (Lincoln)	2020-21	500,000	NCCF
	1776 Readiness Center Remodel / HVAC Replacement (Lincoln)	2020-21	500,000	Fed
	1776 Readiness Center Remodel / HVAC Replacement (Lincoln)	2021-22	500,000	NCCF
	1776 Readiness Center Remodel / HVAC Replacement (Lincoln)	2021-22	500,000	Fed
#31-Military Dept	Field Maintenance Shop #3	2019-20	0	Fed
	Field Maintenance Shop #3	2020-21	8,994,000	Fed
	Field Maintenance Shop #3	2021-22	1,835,000	Fed
	Field Maintenance Shop #3	2022-23	36,000	Fed
#31-Military Dept	Broken Bow Readiness Center Paving	2020-21	0	Gen
	Broken Bow Readiness Center Paving	2020-21	180,000	Fed
#31-Military Dept	Scottsbluff Readiness Center Paving	2020-21	0	Gen
	Scottsbluff Readiness Center Paving	2020-21	150,000	Fed
#31-Military Dept	Sidney Readiness Center Paving	2020-21	0	Gen
	Sidney Readiness Center Paving	2020-21	155,000	Fed
#33-Game & Parks	State Parks - Deferred maintenance, replacement, upgrades	2019-20	5,800,000	Cash
	State Parks - Deferred maintenance, replacement, upgrades	2020-21	5,800,000	Cash

New Construction (continued)		Fiscal Yr	Dollar Amt	Fund
#33-Game & Parks	State Parks - Emergency Repairs	2019-20	950,000	Cash
	State Parks - Emergency Repairs	2020-21	950,000	Cash
#33-Game & Parks	Cowboy Trail - Emergency and deferred maintenance	2019-20	100,000	Cash
#33-Game & Parks	Fish production facilities - upgrades, repair and maintenance	2019-20	1,800,000	Cash
#33-Game & Parks	Aquatic habitat enhancement and restoration	2019-20	3,000,000	Cash
	Aquatic habitat enhancement and restoration	2020-21	2,500,000	Cash
#33-Game & Parks	State Recreation Areas	2019-20	500,000	Cash
	State Recreation Areas	2020-21	500,000	Cash
#33-Game & Parks	State recreation trails	2019-20	100,000	Cash
	State recreation trails	2020-21	100,000	Cash
#33-Game & Parks	Wildlife land acquisition and improvements - Statewide	2019-20	1,000,000	Cash
	Wildlife land acquisition and improvements - Statewide	2020-21	1,000,000	Cash
#33-Game & Parks	Wildlife Areas - Emergency Repairs	2019-20	300,000	Cash
	Wildlife Areas - Emergency Repairs	2020-21	300,000	Cash
#33-Game & Parks	Park land acquisition and improvements - Statewide	2019-20	0	Cash
	Park land acquisition and improvements - Statewide	2020-21	0	Cash
#46-Corrections	High Security Housing Units - RTC (LCC)	2019-20	2,080,000	NCCF
	High Security Housing Units - RTC (LCC)	2020-21	31,989,000	NCCF
	High Security Housing Units - RTC (LCC)	2021-22	14,891,000	NCCF
#46-Corrections	Security System Upgrades	2019-20	1,250,000	NCCF
	Security System Upgrades	2020-21	1,250,000	NCCF
#46-Corrections	Infrastructure and Maintenance	2019-20	2,000,000	NCCF
	Infrastructure and Maintenance	2020-21	2,000,000	NCCF
#47-NETC	Radio Transmission Equipment Replacement	2019-20	270,000	NCCF
	Radio Transmission Equipment Replacement	2020-21	120,000	NCCF
#47-NETC	KLNE Lexington Transmitter	2019-20	480,000	NCCF
#47-NETC	Tower Lighting Projects	2019-20	135,000	Gen
	Tower Lighting Projects	2019-20	135,000	NCCF
	Tower Lighting Projects	2020-21	28,000	Gen
	Tower Lighting Projects	2020-21	140,000	NCCF
#47-NETC	KXNE Norfolk Transmitter	2020-21	427,000	NCCF
#50-State Colleges	Chadron State College - Math / Science Building Project	2019-20	0	Gen
	Chadron State College - Math / Science Building Project	2020-21	0	Gen
	Chadron State College - Math / Science Building Project	2021-22	2,216,000	Gen
	Chadron State College - Math / Science Building Project	2021-22	0	Cash
	Chadron State College - Math / Science Building Project	2022-23	2,216,000	Gen
	Chadron State College - Math / Science Building Project	Future	26,592,000	Gen

New Construction (continued)		Fiscal Yr	Dollar Amt	Fund
#51-University	Renewal, renovations, or repair existing buildings (LB 562)	2019-20	0	Gen
	Renewal, renovations, or repair existing buildings (LB 562)	2020-21	0	Gen
	Renewal, renovations, or repair existing buildings (LB 562)	2021-22	2,165,928	Gen
	Renewal, renovations, or repair existing buildings (LB 562)	2022-23	2,165,928	Gen
	Renewal, renovations, or repair existing buildings (LB 562)	Future	120,499,056	Gen
#65-DAS	Planning funds, office/parking structure at 17th & 'K' (well field) site.	2019-20	4,000,000	Rev
#65-DAS	Study and analysis of State Capitol parking (LB 171)	2019-20	150,000	Rev

**ADJUSTMENT OF
CURRENT YEAR
(FY2018-19)
APPROPRIATIONS**

Narrative Description of Major Deficits

When the new appropriation amount for the current fiscal year is revised, this is commonly referred to as a "deficit". The General Fund total for FY18-19 amounts to a reduction of \$2,557,266.

The table below highlights all the General Fund deficit appropriation changes as proposed by the Appropriations Committee followed by a table that lists lapses of reappropriated balances. A complete listing of all FY2018-19 items starts on page 114.

TEEOSA Aid, Revised Insurance Premium Tax TEEOSA certified aid is paid first using insurance premium tax earmarked for schools and then General Funds for the remainder. When the budget is originally enacted only an estimate of insurance premium tax is available. This adjustment reconciles the General Fund amounts based on the actual Insurance Tax amounts. In FY2018-19 insurance premium tax amounts were higher allowing for a \$1.9 million reduction in the General Fund amount.

Homestead Exemption: Total certificates for FY18-19 reimbursements are \$85,316,693 which is higher than the current appropriation of \$85.4 million requiring a \$1.3 million increase from the current appropriation.

Lapse Excess Funds; Courts, Corrections, and DHH As part of the budget review process, current year spending of the various operations and aid programs was evaluated based on actual expenditures through March and estimates for the remaining three months. Based on these estimated spending levels, and an allowance for encumbrances, there will be an excess of General Fund appropriations in these three programs which is comprised of both FY19 new appropriations and reappropriations from prior years. Rather than allowing the unused funds to "lapse" at the end of the fiscal year, the committee budget reduces the appropriation to recapture these funds.

These are NOT cuts in the programs but simply eliminating an accumulation of unexpended funds in all three instances. Total savings amounts to \$27 million as shown below:

Courts	Prog 437 Juvenile Justice	(12,000,000)
DHHS	Prog 250 Juvenile Services	(3,000,000)
Corrections	Prog 200 Adult Services	(12,000,000)

Develop disability provider payment, weekends & holidays LB 202 provided that the FY2018-19 appropriation to DHHS for Program 424 – Developmental Disability Aid include \$2,699,569 General Funds for state aid for services rendered on or after October 1, 2018 for which no federal funds were used in the rates paid to providers.

In the process of revising the federal Medicaid waivers a discrepancy in definitions and billing rates was found. There was duplicated billing for day programming beyond 35 hours per week for residential service providers. The Centers for Medicare and Medicaid Services (CMS) indicated the unallowable payments needed to cease and desist and all previous claims for these services should be reviewed for overpayments. The amount of overbilling had to be paid back to CMS.

Beginning October 1, 2016, in response to the directive by CMS, the payments to developmental disability providers for these services only included the state share of funding for over 35 hours per week of service. The Legislature provided funding in 2017 to replace the federal funds that were not received by providers for a five month period from October 2016

through February 2017. An additional \$4,663,144 plus an unobligated balance of \$1,636,856 was appropriated in LB 22 (2017). However, a delay in approving the federal Medicaid waiver meant funds were lost through April 2017. The Legislature appropriated \$2.7 million of general funds in FY2017-18 to reimburse providers for about 50% of the \$5,399,138 that was not for received for FY2016-17 services.

The remaining \$2,699,569 has not been reimbursed to providers and is included in the deficits in LB293.

FY2018-19 Appropriations General Fund Adjustments

5	Courts	Reduce reappropriation - Juvenile Justice (\$12,000,000)	Oper	YES \$12M
13	Education	TEEOSA Aid; revised Insurance Premium tax	Aid	(1,901,294)
14	PSC	Commissioner Health Insurance	Oper	8,185
16	Revenue	Homestead exemption deficit	Aid	1,300,000
25	DHHS	Reduce reappropriation - Juvenile Services (\$3,000,000)	Oper	YES \$3M
25	DHHS	Shift funds to Medicaid to cover encumbrances	Aid	(3,000,000)
25	DHHS	Shift funds to Medicaid to cover encumbrances	Aid	(8,000,000)
25	DHHS	Shift funds to Medicaid to cover encumbrances	Aid	19,000,000
25	DHHS	Shift funds to Medicaid to cover encumbrances	Aid	(8,000,000)
25	DHHS	Develop disability provider payment, weekends & holidays (LB 202)	Aid	2,699,569
46	Corrections	Reduce reappropriation - Adult Services (\$12,000,000)	Oper	YES \$12M
47	NETC	Increase the appropriation for KHNE (Hastings) tower lighting project	Const	86,000
47	NETC	Increase the appropriation for KHNE (Hastings) TV transmitter	Const	100,000
65	DAS	State Claims (LB 464)	Oper	233,313
87	Account/Disclosure	Leave payouts, retiring employee (\$27,680 PSL)	Oper	31,843
		Operations		273,341
		State Aid		2,098,275
		Construction		186,000
		Total General Fund Deficits		2,557,616

Lapse of Prior Year General Fund Reappropriations			Fund	Amount
	Courts	Prog 437 Juvenile Justice	Oper	(12,000,000)
	DHHS	Prog 250 Juvenile Services	Oper	(3,000,000)
	Corrections	Prog 200 Adult Services	Oper	(12,000,000)
		Total Lapsed Appropriations	Gen	(27,000,000)

Adjustments to FY2018-19 Appropriations - All Funds

Agency / Issue	Fund	Type	Enacted
#05 Supreme Court			
Reduce reappropriation - Juvenile Justice (\$12,000,000)	Gen	Oper	YES \$12M
#09-Secretary of State			
45 HAVA Grant State Match	Cash	Oper	174,847
#12 State Treasurer			
505 RFP for Program Manager	Cash	Oper	80,000
512 Increase PSL for Unclaimed property \$(20,000)	PSL	Oper	0
#13 Dept of Education			
25 Reading Specialist (\$64,019 PSL)	Gen	Oper	0
158 TEEOSA Aid; revised Insurance Premium tax	Gen	Aid	(1,901,294)
#14 Public Service Commission			
14 Commissioner Health Insurance	Gen	Oper	8,185
#16 Dept of Revenue			
108 Homestead exemption deficit	Gen	Aid	1,300,000
109 Personal Property Tax Relief Act deficit	Gen	Aid	0
#25-Health & Human Services			
250 Reduce reappropriation - Juvenile Services (\$3,000,000)	Gen	Oper	YES \$3M
344 Shift funds to Medicaid to cover encumbrances	Gen	Aid	(3,000,000)
347 Shift funds to Medicaid to cover encumbrances	Gen	Aid	(8,000,000)
348 Shift funds to Medicaid to cover encumbrances	Gen	Aid	19,000,000
354 Shift funds to Medicaid to cover encumbrances	Gen	Aid	(8,000,000)
424 Develop disability provider payment, weekends & holidays (LB 202)	Gen	Aid	2,699,569
#28 Veterans Affairs			
36 Install Internet Network Access	Cash	Oper	102,000
#30 Electrical Board			
197 Hiring additional SOS staffing inspectors, flood inspections	Cash	Oper	100,000
#37 Workers Comp Court			
-- Eliminate/reduce scheduled \$1.5 million transfer to GF	Gen	Oper	0
#39 Brand Committee			
75 Reorganization of Full Time & Intermittant Staff (\$422,694 PSL)	Cash	Oper	435,000
75 Retirement Sick Leave, Comp & Vacation Payouts (\$75,000 PSL)	Cash	Oper	75,000
#46 Correctional Services			
200 Reduce reappropriation - Adjust Services (\$12,000,000)	Gen	Oper	YES \$12M

<u>Agency / Issue</u>	<u>Fund</u>	<u>Type</u>	<u>Enacted</u>
<u>#47 Nebr Educational Telecommunications</u>			
900 Increase appropriation for KHNE (Hastings) tower lighting project	Gen	Const	86,000
900 Increase appropriation for KHNE (Hastings) TV transmitter	Gen	Const	100,000
<u>#65 Administrative Services</u>			
101 Rural Broadband Task Force Cash Appropriation	Cash	Oper	25,000
536 State Claims (LB 464)	Gen	Oper	233,313
536 State Claims (LB 464)	Cash	Oper	0
536 State Claims (LB 464)	Rev	Oper	1,393,850
<u>#82 Deaf and Hard of Hearing</u>			
578 Increase Cash Appropriations	Cash	Oper	15,000
<u>#87 Accountability and Disclosure</u>			
94 Leave payouts, retiring employee (\$27,680 PSL)	Gen	Oper	31,843
<u>#92 Grain Sorghum Board</u>			
406 Director Retirement Payoff (\$27,943 PSL)	PSL	Oper	0
406 Staffing (\$15,479 PSL)	PSL	Oper	0
General Funds			2,557,616
Cash Funds			1,006,847
Federal Funds			0
Revolving Funds			1,393,850
Total			4,958,313

Chronology of FY2018-19 Appropriations

GENERAL FUNDS	Operations	State Aid	Construction	Total
Total Per 2017 Session	1,601,110,898	2,840,565,879	21,739,000	4,463,415,777
2018 Session-Committee Proposed	(17,640,437)	10,519,873	0	(7,120,564)
2018 Session-Floor Actions	0	0	0	0
2018 Session-Mainline Governor Vetoes	0	0	0	0
2018 Session-Mainline Veto Overrides	0	0	0	0
2018 Session "A" bills	(11,598)	0	0	(11,598)
Post 2018 Session	0	0	0	0
2018 Session - Midbiennium Adjustments	(17,652,035)	10,519,873	0	(7,132,162)
Total Per 2018 Session	1,583,458,863	2,851,085,752	21,739,000	4,456,283,615
2019 Session Deficits	40,028	2,098,275	186,000	2,324,303
2019 Session State Claims	233,313	0	0	233,313
2019 Session "A" bills	0	0	0	0
2019 Session - Deficits	273,341	2,098,275	186,000	2,557,616
Final per 2019 Session	1,583,732,204	2,853,184,027	21,925,000	4,458,841,231

ALL FUNDS	General	Cash	Federal	Rev/Other	Total
Total Per 2017 Session	4,463,415,777	2,369,035,973	2,998,567,135	948,049,295	10,779,068,180
2018 Session Mainline Changes	(7,120,564)	3,361,154	(14,711,690)	18,502,020	30,920
2018 Session Vetoes	0	0	0	0	0
2018 Session Overrides	0	0	0	0	0
2018 Session "A" bills	(11,598)	5,714,417	23,014	0	5,725,833
Post 2018 Session	0	0	0	0	0
2018 Session Midbiennium	(7,132,162)	9,075,571	(14,688,676)	18,502,020	5,756,753
Total Per 2018 Session	4,456,283,615	2,378,111,544	2,983,878,459	966,551,315	10,784,824,933
Update cash/federal estimates	0	40,435,117	12,421,714	25,291,664	78,148,495
Adjusted Per 2018 Session	4,456,283,615	2,418,546,661	2,996,300,173	991,842,979	10,862,973,428
2019 Session Deficits	2,324,303	1,006,847	0	0	3,331,150
2019 Session State Claims	233,313	0	0	1,393,850	1,627,163
2019 Session "A" bills	0	0	0	0	0
2019 Deficits	2,557,616	1,006,847	0	1,393,850	4,958,313
Final per 2019 Session	4,458,841,231	2,419,553,508	2,996,300,173	993,236,829	10,867,931,741

DEFINITION OF TERMS

State Biennial Budget

A biennium is the time period for which the same Legislature exists. For example, the 106th Legislature will exist for two years, with the first session held in 2019, the second session in 2020. Although the State Constitution prohibits one Legislature from enacting appropriations that are binding on a future Legislature, the first session of the 106th Legislature can bind the second session of the same 106th Legislature. Therefore the 106th Legislature, meeting in 2019, can enact appropriations for FY2019-20 and FY2020-21 without binding the 107th 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 2019 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.

Fiscal Year

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, 2019 through June 30, 2020 is referred to as FY2019-20, FY19-20, or simply FY20. Within this 12-month period, agencies are limited to only those appropriations made for FY2019-20. The fiscal year covering the period July 1, 2020 through June 30, 2021 is referred to as FY2020-21, FY20-21, or simply FY21.

Fund Types

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.

Operations, State Aid, Construction

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.

Agency and Program Structure

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.

Budget Process and Chronology

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 and Preliminary Budget From the middle of January to mid to late February, the Appropriations Committee reviews agency requests and develops a preliminary budget. This preliminary budget 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 FY19-20 and FY20-21 biennial budget was enacted in the 2019 Session. Both years can be changed during the 2020 Session, even though at that time, the state will be nine months into FY19-20. The second year of the biennial budget (FY2020-21) can also be subject to change prospectively during the 2020 Session and again during the 2021 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	Keisha Patent
<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	Scott Danigole
#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	Sam Malson
#28 Dept of Veterans Affairs	Sandy Sostad
#29 Dept of Natural Resources	Jeanne Glenn
#30 State Electrical Board	Scott Danigole
#31 Military Department	Sam Malson
#32 Board of Educational Lands and Funds	Sandy Sostad
#33 Game and Parks Commission	Sam Malson
#34 Library Commission	Phil Hovis
#35 Liquor Control Commission	Keisha Patent
#36 Racing Commission	Keisha Patent
#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	Sam Malson
#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	Sam Malson
#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	Keisha Patent
#59 Board of Geologists	Keisha Patent
#60 Ethanol Board	Jeanne Glenn
#61 Dairy Industry Development Board	Jeanne Glenn
#62 Board of Examiners for Land Surveyors	Keisha Patent
#63 Board of Public Accountancy	Sam Malson
#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	Keisha Patent
#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	Merged into #84
#72 Dept of Economic Development	Jeanne Glenn
#73 Bd of Examiners for Landscape Architects	Keisha Patent
#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

Agency	Analyst
#78 Crime Commission	Doug Nichols
#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	Keisha Patent
#94 Commission on Public Advocacy	Doug Nichols

Legislative Fiscal Office Staff

Name	Phone	Email	Responsibilities
Bergquist, Tom	471-0062	Tbergquist@leg.ne.gov	Director Property Tax, Historical Data
Lovelace, Mike	471-0050	Mlovelace@leg.ne.gov	Deputy Director Fiscal Note Coordinator
McNally, Wanda	471-2263	Wmcnally@leg.ne.gov	Fiscal Assistance
Diarrassouba, Malik	471-0061	Mdiarrassouba@leg.ne.gov	Economic and Tax Research Analyst, Revenue Forecasting
Danigole, Scott	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, Labor, State Electrical Board, Historical Society, Oil & Gas Conservation Commission, DAS Administrative Services, Energy Office, Power Review Board, Accountability & Disclosure Commission
Glenn, Jeanne	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

Hovis, Phil	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
Hruska, Liz	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
Malson, Sam	471-0051	SMalson@leg.ne.gov	Transportation (includes Aeronautics), Military Department, Game & Parks Commission, Real Estate Commission, Real Property Appraisers Board, Public Accountancy Board
Nichols, Doug	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
Patent, Keisha	471-0059	KPatent@leg.ne.gov	Revenue, 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
Sostad, Sandy	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
Tenopir, Kathy	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