

**STATE OF NEBRASKA**  
**FY2021-22 / FY2022-23**  
**BIENNIAL BUDGET**

**As Enacted in the**  
**107th Legislature-First Session**

**August 2021**

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# Introduction

This report contains a summary of the initial appropriations and budget actions for the FY2021-22 and FY2022-23 biennium as enacted during the 2021 Legislative Session. These are not the final appropriations as both fiscal years numbers can be changed during the 2022 Legislative Session, and FY2022-23 can further be changed during the 2023 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 2021 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 FY22/FY23 Biennium and projected for the FY24/FY25 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 2021 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 2021 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.

**FY2020-21 Deficit Appropriations** This section provides a detailed listing of all FY2020-21 deficiency appropriations. Also included is a chronology of FY2020-21 appropriations from when first enacted in the 2019 Session, changed during 2020 Session, and the final appropriations after the 2021 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 FY2021-22 and FY2022-23 biennial budget as enacted in the 2021 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.

## General Fund Financial Status

At Sine Die of the 2021 legislative session, the enacted budget resulted in an unobligated ending balance at the end of the FY22/FY23 Biennial Budget \$27.3 above the minimum 3% reserve. This projected status is based on the April 2020 forecasts from the Nebraska Economic Forecast Advisory Board (NEFAB) plus revenue bills and the budget as enacted by the 2021 Legislature. The mainline budget bills contained an average annual budget growth of 2% per which left a total of \$247 million for legislation.

Since that time, FY2020-21 has been completed with actual revenues and expenditures now known not estimates. Although actual receipts were substantially above forecast (\$379 million) with a record high adjusted revenue growth, and an estimated \$70 million lapse of unexpended FY21 appropriations, the financial situation declined from being \$27 million **above** the minimum reserve to \$101 million **below**.

The reason was the interaction of the LB1107 income tax credit for property taxes paid. Under the provisions of LB1107, the \$379 million above forecast revenues were split with half going into the Cash Reserve Fund and half increasing the LB1107 credit, in essence not net change in the General Fund financial status. However, when the LB1107 credit was increased by \$189 million and established a credit level of \$548 million, under LB1107 that becomes the "floor" credit amount for the following year. This higher credit level continued into FY22-23 is what causes the reduction in the balance above the statutory minimum reserve.

## General Fund Revenues

At the end of the 2021 legislative session, revenue estimates for FY2020-21, FY2021-22 and FY2022-23 were the April 2021 forecasts from the Nebraska Economic Forecast Advisory Board (NEFAB). Rate and base adjusted revenue growth implied by the forecasts for the FY22/FY23 biennium average 2.5% (1.2% in FY21-22 and 3.9% in FY22-23). When including the 8.0% growth in the FY20-21 forecast, there is an average growth of 4.4% over the three years that affect the financial status for the upcoming biennium. This reflects growth at the 4.4% historical 39 year average when adjusting for indexing.

Since that point, actual receipts for FY2020-21 were \$5.959 billion which was \$379 million above the forecast used at Sine Die of the 2021 Session.

Notwithstanding the FY21 actual results, the current status is still based on the existing April 2021 revenue forecasts for FY2021-22 and FY2022-23. How these current forecasts may be impacted by the FY2020-21 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.

Until that time with the higher adjusted growth in FY20-21 actual receipts (14.6% vs 8.0% growth), and no change in the FY21-22 forecast, calculated growth for FY21-22 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>FY20-21</u>	<u>FY21-22</u>	<u>FY22-23</u>	<u>FY23-24</u>	<u>FY24-25</u>
Sine Die 2021 Session	8.0%	1.0%	3.2%	3.8%	3.8%
With FY21 actual, no change in other forecasts	14.6%	-4.8%	4.0%	4.8%	4.1%

## General Fund Spending Growth

Budget growth in the enacted budget is 0.7% in FY22 and 3.3% in FY23 for a two year average of 2.0%. This is the second lowest average biennial budget growth of the last six biennial budgets.

	Enacted Budget		
	<u>FY21-22</u>	<u>FY22-23</u>	<u>2 Yr Avg</u>
Operations	2.5%	2.4%	2.4%
State Aid to Individuals	2.4%	5.8%	4.0%
State Aid to Local Govt	-3.2%	2.3%	-0.5%
Construction	7.5%	-8.1%	-0.6%
Annual % Change	0.7%	3.3%	2.0%

## Cash Reserve Fund

The Cash Reserve Fund (CRF) unobligated balance is projected at \$997 million based on current forecasts, actions taken in prior legislative sessions, and the enacted budget. This is a \$585 million increase over the \$412 million projected balance at the end of the 2020 legislative session.

Automatic transfers due to receipts above certified forecasts accounts for \$535.2 million of this increase. This amount accumulated each time forecasts were updated: \$198.7 million (October 2020 forecasts), \$102 million (February 2021 forecasts) \$45 million (April 2021 forecasts), and \$189.4 million (FY21 actual above April forecast).

The budget included a transfer of \$50 million to the United States Space Command Headquarters Assistance Fund which will be utilized to contribute to the cost of constructing the United States Space Command Headquarters (Spacecom) should Nebraska be selected as the site of this installation. The United States Department of the Air Force anticipates making a final location decision in the spring of 2023. Funds will lapse back if not needed.

Lastly, the budget included a \$100 million transfer from the General Fund to the CRF over the next two years. This helps replenish the fund, achieving a balance at \$997 million which is 15.9% of FY22 forecast revenues. This is almost equal to a 16% target of what the balance should be at the end of a positive growth revenue cycle.

## Property Tax Incentive Act (LB 1107)

The Nebraska Property Tax Incentive Act was included as part of LB1107 enacted in August 2020. The act provides a refundable income tax credit or credit against franchise tax for any taxpayer who pays school district taxes, which is property taxes levied by a school district or school system,

excluding property taxes levied for bonded indebtedness and property taxes levied as a result of an override of limits on property tax levies approved by voters. The following shows the calculation of

Fiscal Yr Impact	Income Tax	Property Tax	Calculation of credit amount
	Year	Year	
FY 2020-21	2020	2019	Fixed amount at \$125 million
FY 2021-22	2021	2020	Prior Yr + growth over 3.5% *
FY 2022-23	2022	2021	Prior Yr max + growth over 3.5% *
FY 2023-24	2023	2022	Prior Yr max + growth over 3.5% *
FY 2024-25	2024	2023	Fixed amount at \$375 million

the credit amount under the bill by year.

If the Cash Reserve Fund (CRF) is below \$500 million, 50% of the growth over 3.5% is distributed to increasing the credit. If the CRF is above \$500 million, the growth over 3.5% is distributed 100% to increasing the credit.

The following figure shows the credit amount by year going from the estimate as originally passed and then revised subsequent to revisions in the revenue forecasts.

Estimated LB1107					
Credit Amounts	FY2020-21	FY2021-22	FY2022-23	FY2023-24	FY2024-25
Sine Die 2020 est	125,000,000	125,000,000	144,895,000	309,479,000	375,000,000
Oct 2020 est	125,000,000	211,672,849	211,672,849	394,472,849	375,000,000
Feb 2021 est	125,000,000	313,672,849	313,672,849	418,697,848	375,000,000
April 2021 est	125,000,000	358,672,848	358,672,848	468,872,848	375,000,000
June 30 2021	125,000,000	548,194,463	548,194,463	625,155,454	375,000,000

## Property Tax Credit

The enacted budget increases the transfer to the Property Tax Credit Fund by \$25 million in FY21-22 and \$38 million in FY22-23. This amount provides enough funds that starting in FY19-20, the amount of credit per \$100,000 would increase by 2% per year similar to what has been provided for state employee salaries and DHHS providers.

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	FY2019-20	\$275,000,000	51,000,000	22.8%	\$124.98	\$104.15	6.3%
2020	FY2020-21	\$275,000,000	0	0.0%	\$122.64	\$102.21	6.1%
2021 est	FY2021-22	\$300,000,000	25,000,000	9.1%	\$130.73	\$108.95	?
2022 est	FY2022-23	\$313,000,000	13,000,000	4.3%	\$135.86	\$110.95	?



## Prison Overcrowding

With respect to prison overcrowding, the Governor had included funding for a new multi-custody level correctional facility with capacity to house approximately 1,512 inmates. This \$230 million project was proposed to be financed mostly by transfers from the Cash Reserve Fund to the Nebraska Capital Construction Fund (NCCF) over the next five years.

The budget as enacted transfers \$115 million from the General Fund to two different funds to set aside funds to address the issue. This amount equals the amount in the first two years of the Governor's plan.

First \$100 million is transferred to the Nebraska Capital Construction Fund (NCCF) for facility planning and construction. Of this amount, a total of \$33.7 million is actually appropriated as noted below while the remaining \$66.3 million remains in the NCCF for future use. The appropriated projects include:

- \* \$350,000 is to update the 2014 Master Plan Report,
- \* \$500,000 for preparation of a program statement and site selection for a new 26 halfway back-community corrections center in Omaha,
- \* \$14,917,000 to prepare designs and plans for a new multi-custody-level correctional facility (as proposed by the Governor), and
- \* \$18,000,000 for design, planning, and construction of three specialty units, to be used for additional mental health, geriatric and special needs patients, that would add at least an additional ninety-six-bed capacity at the reception and treatment center.

The second transfer of \$15 million is transferred to a new fund called the Prison Overcrowding Contingency Fund. It was the intent of the Legislature that these funds remain in the Prison Overcrowding Contingency Fund until sufficient details are provided to the Legislature regarding plans to reduce prison overcrowding. The fund was also authorized to be used for the purposes of a study of inmate classification and \$200,000 of the transferred funds were appropriated for that purpose.

## Health Care Cash Fund

A problem virtually from the time the Health Care Cash Fund was created is that the use of the fund exceeds the combined contributions and earning on the fund. Currently the amount of spending out of the Health Care Cash Fund (HCCF) exceeds the amount of funds generated by \$11.4 million. The gap is projected to grow to \$15 million by FY2035. To alleviate this drawdown of the fund requires a reduction in the usage of the HCCF. When the HCCF was established in 2001, \$10.1 million was provided for behavioral rate increases. As the HCCF amount remained static the General Fund has been picking up the inflationary costs on this \$10.1 million since that time. The enacted budget shifted funding of this \$10.1 million to General Funds to help keep the fund sustainable. At the same time the statutory transfer to the HCCF is reduced by the same amount so this remains a shift of funding NOT freeing up HCCF funds for use for other things.

Program 38 Behavioral Health	\$2,599,660
Program 348 Medicaid	4,765,896
Program 354 Child Welfare	2,734,444
Total shift to Gen Funds	<u>10,100,000</u>

## TEEOSA School Aid

The budget includes funding for state aid to schools at the amount calculated under the current law. The FY2021-22 is based on the calculation prepared by the Dept. of Education in January 21 and reflects the certification amount. The FY22-23 estimate is based on Fiscal Office calculations. Overall change in total TEEOSA aid is a \$5.8 million (-0.6%) reduction in FY21-22 in FY2021-22 and a \$24.2 million (3.2%) increase in FY2022-23. The decline in TEEOSA state aid in FY2021-22 can be attributed to the growth in valuation being higher than the growth in school disbursements. In this case growth in valuation means not the overall growth in assessed valuation which only averaged 2.2% but the growth in valuation used in the formula (ie.. equalized districts) which averaged 4%. This difference can be seen in the two year average growth in residential property (6.5%) versus agricultural land (-3.9%) and growth in disbursements averaging 2.3% over the two years.

## Service 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 and extended to providers for community corrections and juvenile services. The budget includes funding equal to a 2% per increase.

<u>Program</u>	<u>FY2021-22</u>	<u>FY2022-23</u>	<u>Two Yr total</u>
38 - Behavioral Health aid	1,707,915	3,449,990	5,157,905
344 - SCHIP	742,840	1,474,202	2,217,042
347 - Public Assistance	1,193,905	2,399,748	3,593,653
348 - Medicaid	18,320,068	37,449,260	55,769,328
354 - Child Welfare	3,096,100	6,691,543	9,787,643
424 - Develop Disabilities	3,174,621	6,362,975	9,537,596
DHHS Provider Rates - aid	28,235,449	57,827,718	86,063,167
435 - Community Corrections	470,000	949,400	1,419,400
437 - Juvenile Services	1,440,000	2,908,800	4,348,800
All Provider Rates	30,145,449	61,685,918	91,831,367

## Legislation Enacted

Over the two years of the biennium, legislation enacted utilized a total of \$224 million. This consisted of increased appropriations and revenue reductions.

<u>Total Enacted</u>	<u>FY2021-22</u>	<u>FY2022-23</u>	<u>FY2023-24</u>	<u>FY2024-25</u>
Revenue Reduction	63,164,823	95,417,085	125,207,044	159,409,252
Appropriations increase	33,567,922	32,479,254	30,104,427	31,003,810
Annual Total	96,732,745	127,896,339	155,311,471	190,413,062
2 yr and 4 yr total		224,629,084		570,353,617

### **Revenue Impact:**

Bills with revenue impacts resulted in a net reduction of \$63.2 million in FY21-22 and \$95 million in FY22-23 for a two year total of \$158.6 million. The annual impact increases to \$125 million in FY23-24 and \$159 million in FY24-25. The largest of these was LB 64 a phase-out of social security inclusion in taxable income. The bill statutorily exempts 50% over a five year period (tax years 2021

through 2025) with intent that the remaining 50% be excluded from tax year 2022 through 2030. The second largest was LB 387 which exempted military retirement from state income taxes.

<u>Revenue Bills</u>	<u>FY2021-22</u>	<u>FY2022-23</u>	<u>FY2023-24</u>	<u>FY2024-25</u>
LB 64 Change taxation of social security benefits	(15,098,000)	(28,602,000)	(42,403,000)	(57,448,000)
LB 387 Changes, taxation of military retirement	(7,976,000)	(19,576,000)	(20,638,000)	(21,758,000)
LB 595 Sales tax exemption, ethyl, internet, equip	(7,335,000)	(15,308,000)	(16,933,000)	(17,656,000)
LB 566 Shovel-Ready Capital Recovery & Investment	(15,000,000)	0	0	0
LB 432 Income tax changes, corporate rate	(1,901,000)	(9,148,000)	(19,762,000)	(26,005,000)
LB 26 Sales tax exemption, residential water service	(4,586,000)	(7,839,000)	(8,574,000)	(9,175,000)
LB 664 Change distribution, Mutual Finance Assistance	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)
LB 156 Adopt the Municipal Inland Port Authority Act	0	(5,000,000)	(5,000,000)	0
LB 544 Urban Redevelopment Act	(1,400,000)	(3,500,000)	(3,700,000)	(3,900,000)
LB 131 Municipal related changes, gas emergency ac*	(4,000,000)	0	0	0
LB 682 Change, New Markets Job Growth Investment Act	0	0	0	(15,000,000)
All Other	(1,868,823)	(2,444,085)	(4,197,044)	(4,467,252)
Total Revenue Impact	<u>(63,164,823)</u>	<u>(95,417,085)</u>	<u>(125,207,044)</u>	<u>(159,409,252)</u>

***Appropriations Impact:***

Bills with increased appropriations amounted to \$33.6 million in FY21-22 and \$32.5 million in FY22-23 for a two year total of \$66.0 million. The largest bill accounting for 60% of the total is LB 388 the Nebraska Broadband Bridge Act which provides \$20 million per year for grants to develop broadband capabilities in unserved and underserved areas of Nebraska.

<u>Appropriations Bills</u>	<u>FY2021-22</u>	<u>FY2022-23</u>	<u>FY2023-24</u>	<u>FY2024-25</u>
LB 388 Nebr Broadband Bridge Act	20,000,000	20,000,000	20,000,000	20,000,000
LB 40 Adopt the Nebraska Rural Projects Act	5,000,000	5,000,000	5,000,000	5,000,000
LB 103 Aid counties to pay certain federal judgments	2,000,000	2,000,000	0	0
LB 100 Medicaid billing practices, foster care rates	840,108	1,697,019	1,697,019	1,697,019
LB 386 Change judges' salaries	777,027	1,576,038	1,576,038	1,576,038
LB 406 Tourism/Rec Water Access/Resource Sustainability	2,000,000	0	0	0
LB 185 Aid, tribally owned, federally qualified health center	531,000	531,000	531,000	531,000
LB 544 Urban Redevelopment Act	545,160	397,010	398,410	398,410
All Other	1,874,627	1,278,187	901,960	1,801,343
Total Appropriations – A Bills	<u>33,567,922</u>	<u>32,479,254</u>	<u>30,104,427</u>	<u>31,003,810</u>

# **GENERAL FUND FINANCIAL STATUS**

# General Fund Financial Status

## End of 2021 Session (Sine Die May 27, 2021)

	Actual FY2020-21	Biennial Budget FY2021-22	Biennial Budget FY2022-23	Following Biennium FY2023-24	Following Biennium FY2024-25
<b><u>BEGINNING BALANCE</u></b>					
1 Beginning Cash Balance	710,599,887	974,690,723	372,380,785	322,223,434	289,389,180
2 Cash Reserve transfers-above certified prior yr	(10,655,528)	(345,738,000)	0	0	0
3 Unexpended FY20-21 obligations	(279,927,220)	0	0	0	0
4 Est lapse FY21 carryover obligations	0	0	0	0	0
5 Allocation for potential deficits	0	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)
6 Unobligated Beginning Balance	420,017,139	623,952,723	367,380,785	317,223,434	284,389,180
<b><u>REVENUES</u></b>					
7 Net Receipts (Actual and Sine Die Adjusted)	5,577,750,000	5,069,131,134	5,316,878,872	5,449,792,956	5,766,590,748
8 General Fund transfers-out	(310,600,000)	(455,330,000)	(335,830,000)	(327,010,000)	(322,010,000)
9 General Fund transfers-in	in actual	in forecast	in forecast	0	0
10 Cash Reserve transfers-legislative	30,000,000	(50,000,000)	(50,000,000)	0	0
11 Accounting adjustment	0	0	0	0	0
12 General Fund Net Revenues	5,297,150,000	4,563,801,134	4,931,048,872	5,122,782,956	5,444,580,748
<b><u>APPROPRIATIONS</u></b>					
13 Expenditures/Appropriations	4,742,476,416	4,815,373,072	4,976,206,223	4,976,206,223	4,976,206,223
14 Projected budget increase, following biennium	--	--	--	174,410,987	357,786,405
15 Mainline budget adjustments (2022 Session)	0	0	0	0	0
16 "A" Bills (2022 Session)	0	0	0	0	0
17 General Fund Appropriations	4,742,476,416	4,815,373,072	4,976,206,223	5,150,617,210	5,333,992,628
<b><u>ENDING BALANCE</u></b>					
18 \$ Ending balance (Financial Status as shown)	974,690,723	372,380,785	322,223,434	289,389,180	394,977,300
19 \$ Ending balance (at 3% Min Reserve)			294,868,041	--	317,172,441
20 Excess (shortfall) from Minimum Reserve			27,355,393	--	77,804,859
21 Biennial Reserve (%)			3.3%	--	3.8%
<b><u>General Fund Budget</u></b>					
22 Annual % Change	3.4%	0.7%	3.3%	3.5%	3.6%
23 Two Year Average % Change	3.6%	--	2.0%	--	3.5%
<b><u>General Fund Revenues:</u></b>					
24 Adjusted Growth	8.0%	1.0%	3.2%	3.8%	3.8%
25 Two Year Average	6.4%	--	2.1%	--	3.8%
26 Five Year Average	4.7%	--	4.3%	--	4.0%
27 Unadjusted % change	12.9%	-9.1%	4.9%	2.5%	5.8%
28 <u>On-Going Revenues vs Appropriations</u>	203,383,102	(201,571,938)	4,842,649	(27,834,254)	110,588,120
<b><u>CASH RESERVE FUND</u></b>					
29 Beginning Balance	426,307,702	412,263,230	808,001,230	808,001,230	808,001,230
30 Excess of certified forecasts (line 3 in Status)	10,655,528	345,738,000	0	0	0
31 To/from Gen Fund per current law	(30,000,000)	50,000,000	50,000,000	0	0
32 To Nebr Capital Construction Fund (NCCF)	(54,700,000)	0	0	0	0
33 From Gov Emergency Fund (LB1009-2020)	60,000,000	0	0	0	0
34 To US Spacecom fund (LBxxx-2021)	0	0	(50,000,000)	0	0
Ending Balance - Current Status	412,263,230	808,001,230	808,001,230	808,001,230	808,001,230

# General Fund Financial Status

## Tax Rate Review Committee (July 22, 2021)

	Actual FY2020-21	Biennial Budget FY2021-22	Biennial Budget FY2022-23	Following Biennium FY2023-24	Following Biennium FY2024-25
<b><u>BEGINNING BALANCE</u></b>					
1 Beginning Cash Balance	710,599,887	1,848,977,997	441,832,513	202,153,947	10,865,186
2 Cash Reserve transfers-above certified prior yr	(10,655,528)	(535,259,366)	0	0	0
3 Unexpended FY20-21 obligations	0	(495,792,965)	0	0	0
4 Est lapse FY21 carryover obligations	0	70,000,000	0	0	0
5 Allocation for potential deficits	0	0	(5,000,000)	(5,000,000)	(5,000,000)
6 Unobligated Beginning Balance	699,944,359	887,925,666	436,832,513	197,153,947	5,865,186
<b><u>REVENUES</u></b>					
7 Net Receipts (Actual and Sine Die Adjusted)	5,959,042,428	4,879,609,919	5,127,357,657	5,293,510,351	5,766,590,748
8 General Fund transfers-out	(310,600,000)	(455,330,000)	(335,830,000)	(327,010,000)	(322,010,000)
9 General Fund transfers-in	in actual	in forecast	in forecast	0	0
10 Cash Reserve transfers-legislative	30,000,000	(50,000,000)	(50,000,000)	0	0
11 Accounting adjustment	(3,377,489)	0	0	0	0
12 General Fund Net Revenues	5,675,064,939	4,374,279,919	4,741,527,657	4,966,500,351	5,444,580,748
<b><u>APPROPRIATIONS</u></b>					
13 Expenditures/Appropriations	4,526,031,301	4,815,373,072	4,976,206,223	4,976,206,223	4,976,206,223
14 Projected budget increase, following biennium	--	--	--	176,582,889	360,136,033
15 Mainline budget adjustments (2022 Session)	--	5,000,000	0	0	0
16 "A" Bills (2022 Session)	--	0	0	0	0
17 General Fund Appropriations	4,526,031,301	4,820,373,072	4,976,206,223	5,152,789,112	5,336,342,256
<b><u>ENDING BALANCE</u></b>					
18 \$ Ending balance (Financial Status as shown)	1,848,977,997	441,832,513	202,153,947	10,865,186	114,103,678
19 \$ Ending balance (at 3% Min Reserve)	--	--	303,772,608	--	309,123,351
20 Excess (shortfall) from Minimum Reserve	--	--	(101,618,661)	--	(195,019,673)
21 Biennial Reserve (%)	--	--	2.0%	--	1.1%
<b><u>General Fund Budget</u></b>					
22 Annual % Change	3.4%	0.7%	3.3%	3.5%	3.6%
23 Two Year Average % Change	3.6%	--	2.0%	--	3.5%
<b><u>General Fund Revenues:</u></b>					
24 Adjusted Growth	14.6%	-4.8%	4.0%	4.8%	4.1%
25 Two Year Average	9.7%	--	-0.4%	--	4.4%
26 Five Year Average	5.6%	--	4.6%	--	4.5%
27 Unadjusted % change	20.6%	-18.1%	5.1%	3.2%	8.9%
28 <u>On-Going Revenues vs Appropriations</u>	581,298,041	(396,093,153)	(184,678,566)	(186,288,761)	108,238,492
<b><u>CASH RESERVE FUND</u></b>					
	FY2020-21	FY2021-22	FY2022-23	FY2023-24	FY2024-25
Beginning Balance	426,307,702	412,263,230	997,522,596	997,522,596	997,522,596
Excess of certified forecasts (line 3 in Status)	10,655,528	535,259,366	0	0	0
To/from Gen Fund per current law	(30,000,000)	50,000,000	50,000,000	0	0
To Nebr Capital Construction Fund (NCCF)	(54,700,000)	0	0	0	0
From Gov Emergency Fund (LB1009-2020)	60,000,000	0	0	0	0
To US Spacecom fund (LBxxx-2021)	0	0	(50,000,000)	0	0
Ending Balance - Current Status	412,263,230	997,522,596	997,522,596	997,522,596	997,522,596

# Chronology of the Financial Status

## End of 2020 Session

At Sine Die 2020, the projected financial status for the FY22/FY23 biennium was \$787.5 million BELOW the minimum reserve. At that point, FY22/FY23 was the “out year” in the five year financial status and there was no projection for FY24/FY25 biennium

## 2020 Interim

The financial status improved significantly in November 2020 when the TRR committee met. The variance from the minimum reserve went from a negative \$787.5 million to a shortfall of \$275.7 million due to revenue forecasts. Original NEFAB forecasts for FY22 and FY23 were a combined \$425 million above the previously used preliminary LFO revenue estimates. The NEFAB increased their FY20-21 forecast by \$285.4 million. Historically all that would have gone into the Cash Reserve Fund (CRF) however LB1107 adjusted that so revenues over 3.5% increase were split between the CRF and the new income tax credit for property taxes paid. The net result was that \$198.7 million went into the CRF.

There was also significantly lower spending projections with the receipt of agency requests. And 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 2020 TRR Committee			
	FY21	FY22	FY23	Total
Revenue Forecasts (October 2020)	285.4	118.0	307.0	710.5
Automatic transfer to CRF	0.0	(198.7)	0.0	(198.7)
Change in Minimum Reserve	0.0	0.0	(6.6)	(14.8)
Subtotal - Revenue	285.4	(80.7)	300.4	496.9
Education - Revised TEEOSA estimates (Nov 2020 Joint Meeting)	0.0	(9.2)	4.2	(5.0)
Revenue - Homestead exemption	0.0	(2.0)	(4.2)	(6.2)
Retirement - defined benefit plans	0.0	(1.9)	(2.5)	(4.3)
DHHS - DD client increases (waiver, transition, etc..)	0.0	(3.6)	(3.6)	(7.1)
DHHS - FMAP	0.0	24.7	29.5	54.3
DHHS - Medicaid (eligibility, utilization, specific items)	0.0	(1.1)	(1.5)	(2.7)
DHHS - Medicaid (HIPF provider fee)	0.0	15.5	15.5	31.0
DHHS - Medicaid (expansion)	0.0	16.6	17.2	33.8
DHHS - Child Welfare (eligibility, utilization)	0.0	4.6	9.5	14.1
All - Health insurance (4%/year vs 6%/yr)	0.0	3.3	6.9	10.2
Revised estimate of budget increases, all other	0.0	(1.3)	3.5	2.2
Deficit requests vs \$5M allocation	0.0	0.0	0.0	0.0
Change in Minimum Reserve	0.0	0.0	0.0	0.0
Subtotal - Appropriations	0.0	45.7	74.6	120.3
Total Change – November TRR Committee	285.4	(35.0)	(375.1)	617.3

# Appropriations Committee Preliminary Budget

The Appropriations Committee Preliminary Budget turned the \$170.1 million “shortfall” into a balanced budget \$48.9 million above the minimum reserve.

This \$219 million swing was accomplished mostly through appropriation levels below the November Tax Rate Review Committee meeting estimate including TEEOSA school aid (\$109.5 million) and DHHS provider rates (\$112.5 million). Another \$22.7 million was reduced to the FMAP being higher than had been included in the agency request and the Nov TRR report.

Another large impact was lapsing excess funds carried forward from FY20 into FY21 (\$61 million) and reducing FY20-21 new appropriations (\$42.2 million) mostly related to use of Coronavirus Relief Fund monies (\$49.9 million) to offset General Funds in the State Patrol and Dept. of Correctional Services.

A \$65.7 million increase in revenues due to cash fund transfers was also included.

With these various savings and reductions, the Committee included a \$130 million per year (\$260 million total) allocation for adjustments and legislation subject to use after the budget hearings have been completed. At that time funding could be allocated to the Governors priorities, he had recommended \$235.6 million of initiatives, or utilized for other Committee and/or legislative priorities

Impact on Variance from Min Reserve (Millions of Dollars)	Committee Preliminary Budget			
	FY21	FY22	FY23	Total
General Fund transfers-in	(2.3)	33.6	39.6	70.9
Update out year revenue estimates	0.0	0.0	0.0	0.0
Change in Minimum Reserve	0.0	0.0	(5.3)	(5.3)
<b>Subtotal - Revenue</b>	<b>(2.3)</b>	<b>33.6</b>	<b>34.3</b>	<b>65.7</b>
Lapse FY20 reappropriations	61.3	0.0	0.0	61.3
Deficits vs \$5M allocation	47.2	0.0	0.0	47.2
Claims Bill	(0.4)	0.0	0.0	(0.4)
Aid to K-12 Schools (TEEOSA GF only) vs Nov TRR	0.0	40.4	69.1	109.5
Medicaid vs Nov TRR	0.0	50.6	57.5	108.1
University/Colleges increased funding vs Nov TRR	0.0	9.8	19.0	28.8
Juvenile Services - Courts vs Nov TRR	0.0	8.5	8.5	17.0
Developmental Disability aid vs Nov TRR	0.0	9.0	6.7	15.8
Special Education vs Nov TRR	0.0	3.5	7.1	10.5
Child Welfare Aid vs Nov TRR	0.0	3.9	8.5	12.4
Employee Salaries - State Agencies vs Nov TRR	0.0	2.4	7.3	9.7
Homestead Exemption vs Nov TRR	0.0	(2.6)	(2.8)	(5.4)
Nebraska Career Scholarships vs Nov TRR	0.0	(1.0)	(2.0)	(3.0)
All Other appropriations vs Nov TRR	0.0	0.2	1.7	1.9
Allocation for Post Hearing Adjustments	0.0	(130.0)	(130.0)	(260.0)
<b>Subtotal - Appropriations</b>	<b>108.1</b>	<b>(5.3)</b>	<b>50.6</b>	<b>153.4</b>
<b>Total Change – Appropriations Committee Prelim Budget</b>	<b>105.8</b>	<b>28.3</b>	<b>84.9</b>	<b>219.0</b>



## February 2021 Revised Revenue Forecasts

In February the Nebraska Economic Forecasting Advisory Board (NEFAB) made significant revisions to their previous forecasts, increasing the forecast for FY20-21 by \$204 million and \$165 million in FY22-23 and \$93 million in FY22-23 for a cumulative reduction of \$462 million over the three fiscal years.

Under the current law, half of the extra forecasted money in FY20-21 would be required to increase the income tax credit for property taxes paid under LB1107-2020 while the other half would be required to be transferred to the Cash Reserve Fund.

Impact on Variance from Min Reserve (Millions of Dollars)	Revised Revenue Forecast			
	FY21	FY22	FY23	Total
Revenue Forecasts (February 2021)	204.0	165.0	93.0	462.0
Automatic transfer to CRF	0.0	(102.0)	0.0	(102.0)
Change in Minimum Reserve	0.0	0.0	(10.5)	(10.5)
<b>Total Change – February 2021 Forecast Revision</b>	<b>204.0</b>	<b>63.0</b>	<b>82.5</b>	<b>349.5</b>

## 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 was \$184.6 million adjusting out the allocation for post hearing adjustments. The remaining \$164.9 million of the revised February forecast funds was added to the \$46.3 million available for bills preliminary to provide a total of \$211.3 million for bills on the floor.

Impact on Variance from Min Reserve (Millions of Dollars)	Committee Proposed Budget			
	FY21	FY22	FY23	Total
Transfer to Cash Reserve Fund	0.0	(50.0)	(50.0)	(100.0)
Transfer to NCCF (prison overcrowding purposes)	0.0	(115.0)	0.0	(115.0)
Transfer to Property Tax Credit	0.0	(25.0)	(38.0)	(63.0)
Transfer to Nebraska Revolving Loan Fund	0.0	(5.0)	(5.0)	(10.0)
Other fund transfers	0.0	(4.3)	(0.8)	(5.1)
Change in Minimum Reserve	0.0	0.0	0.0	8.2
<b>Subtotal - Revenue</b>	<b>0.0</b>	<b>(199.3)</b>	<b>(93.8)</b>	<b>(285.0)</b>
Preliminary budget corrections	0.0	(0.0)	(0.1)	(0.1)
Provider rate increase (2%) includes Courts	0.0	(29.3)	(60.0)	(89.3)
Shift Health Care Cash Fund to Gen Fund, rate increase items	0.0	(10.1)	(10.1)	(20.2)
LB 141 Appropriate funds UNK, aid Museum of Nebr Art project	0.0	0.0	(7.5)	(7.5)
LB 526 Increase funding, Business Innovation Act	0.0	(4.0)	(5.0)	(9.0)
LB 585 Appropriate funds, local public health departments	0.0	(1.5)	(3.0)	(4.5)
LB 588 Extend University and state colleges facilities programs	0.0	(2.5)	(2.5)	(5.0)
LB 342 Early Childhood Education Endowment funding.	0.0	(2.5)	(2.5)	(5.0)
Dual Credit Enrollment - Community Colleges	0.0	(1.0)	(2.1)	(3.1)
ACT Test Funding	0.0	(1.5)	(1.5)	(3.0)
LB 421 Repay qualified educational debt, health professionals	0.0	(1.5)	(1.5)	(3.0)
LB 493 Developmental disability waiting list	0.0	(1.0)	(1.0)	(2.0)
All other appropriation items	0.0	(3.8)	(4.1)	(7.9)
<b>Subtotal - Appropriations</b>	<b>0</b>	<b>(58.8)</b>	<b>(100.8)</b>	<b>(159.6)</b>
<b>Total Change – Appropriations Committee Proposed Budget</b>	<b>0.0</b>	<b>(258.1)</b>	<b>(194.6)</b>	<b>(444.6)</b>
Eliminate allocation for post hearing adjustments	0.0	130.0	130.0	260.0
<b>Net Use of February forecast changes</b>	<b>0.0</b>	<b>(128.1)</b>	<b>(64.6)</b>	<b>(184.6)</b>

## Floor Actions – 2021 Session

Budget actions from the time the Appropriations Committee submitted their recommendations to final enactment of the budget consist of (1) April revised forecasts, (2) floor amendments, (3) Governor vetoes and overrides, and (4) enactment of revenue and spending legislation.

After the Appropriations Committee submitted their budget recommendations the Nebraska Economic Forecasting Advisory Board (NEFAB) held their statutory required April meeting. Normally this would have occurred prior to the committee budget but the budget process was accelerated in the 2021 session due to COVID-19 concerns. The net change in forecasts amounted to \$85 million over the three year period of which half of the FY21 amount was transferred to the Cash Reserve Fund.

There were very few floor amendments to the mainline budget bills that were adopted amount to a total of \$2.8 million over the two year biennial budget.

There were no Governor budget vetoes in 2021.

A total of \$224.6 million was utilized over the two year period for new revenue and spending bills that were enacted. The largest being LB64 which utilized \$43.7 million for the first two years of phase out of taxing social security and LB387 (\$27.6 million) to phase out taxation of military retirement.

Impact on Variance from Min Reserve (Millions of Dollars)	Floor Action & Revised Forecast			
	FY21	FY22	FY23	Total
Revenue Forecasts (April 2021)	90.0	(5.0)	0.0	85.0
Automatic transfer to CRF	0.0	(45.0)	0.0	(45.0)
Floor amendments - appropriations	0.0	(0.9)	(0.9)	(1.8)
Floor amendments - transfer out	0.0	(0.5)	(0.5)	(1.0)
Governor vetoes	0.0	0.0	0.0	0.0
A Bills enacted	0.0	(63.2)	(95.4)	(158.6)
Revenue Bills enacted	0.0	(33.6)	(32.5)	(66.0)
Change in Minimum Reserve	0.0	0.0	3.5	3.5
Total Change – 2021 Floor Actions	90.0	(148.2)	(125.8)	(184.0)

## FY2020-21 Actual Data (June 30, 2021)

Receipts for FY2020-21 were \$379 million above the forecast used at the end of the 2021 Legislative Session. Under the provisions of LB1107, the \$379 million above forecast revenues were split with half going into the Cash Reserve Fund and half increasing the LB1107 credit, in essence not net change in the General Fund financial status. However, when the LB1107 credit was increased by \$189 million and established a credit level of \$548 million, under LB1107 that becomes the "floor" credit amount for the following year. This higher credit level continued into FY22-23 is what causes the reduction in the balance above the statutory minimum reserve.

The amount of the minimum reserve increases by \$8.9 million due to a technical change in the calculation of the reserve attributed to assuming 100% expenditure of funds in FY21 at Sine Die versus less than 100% expenditure with FY21 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 \$8.9 million difference.

With respect to the unexpended FY21 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 \$70 million of lapsed unexpended appropriations is used. This is a relatively conservative number after a review of unexpended balances by individual budget programs.

<u>Impact on Variance from Min Reserve (Millions of Dollars)</u>	<u>FY2020-21 Actual Data</u>			
	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>Total</u>
FY21 Actual vs Est General Fund Net Receipts	379.0	0.0	0.0	379.0
FY21 Actual vs Est Transfers-In	2.3	0.0	0.0	2.3
FY21 Actual vs Est CRF transfers-automatic	0.0	(189.5)	0.0	(189.5)
FY21 Actual vs Est Accounting adjustment	0.0	(3.4)	0.0	(3.4)
FY22 Actual vs Est LB1107 credit	0.0	(189.5)	(189.5)	(379.0)
Rounding on revenue numbers	0.0	0.0	0.0	0.0
Update appropriation estimates	0.0	0.6	0.0	0.6
Assumed lapse, FY21 unexpended	0.0	70.0	0.0	70.0
Change in Minimum Reserve	0.0	0.0	(8.9)	(8.9)
<b>Total Change – FY2020-21 Actual Data</b>	<b>381.3</b>	<b>(311.8)</b>	<b>(198.4)</b>	<b>(129.0)</b>

Table 1 Chronology of the Financial Status

(millions of dollars)	FY22 / FY23 Biennium	FY24 / FY25 Biennium
<b>Sine Die 2020 Session</b>	<b>(787.4)</b>	<b>NA</b>
Revenue Forecasts (October 2020)	710.5	--
Automatic transfer to CRF	(198.7)	--
Education - Revised TEEOSA estimates (Nov 2020 Joint Meeting)	(5.0)	--
Revenue - Homestead exemption	(6.2)	--
Retirement - defined benefit plans	(4.3)	--
DHHS - DD client increases (waiver, transition, etc..)	(7.1)	--
DHHS - FMAP	54.3	--
DHHS - Medicaid (eligibility, utilization, specific items)	(2.7)	--
DHHS - Medicaid (HIPF provider fee)	31.0	--
DHHS - Medicaid (expansion)	33.8	--
DHHS - Child Welfare (eligibility, utilization)	14.1	--
All - Health insurance (4%/year vs 6%/yr)	10.2	--
Revised estimate of budget increases, all other	2.2	--
Deficit requests vs \$5M allocation	0.0	--
Change in Minimum Reserve	(14.8)	--
<b>November 2020 Tax Rate Review Committee</b>	<b>(170.1)</b>	<b>124.2</b>
General Fund transfers-in	70.9	70.9
Update out year revenue estimates	0.0	(93.0)
Change in Minimum Reserve	(5.3)	(1.4)
Aid to K-12 Schools (TEEOSA GF only) vs Nov TRR	109.5	267.3
Medicaid vs Nov TRR	108.1	230.9
University/Colleges increased funding vs Nov TRR	28.8	67.8
Juvenile Services - Courts vs Nov TRR	17.0	34.6
Child Welfare Aid vs Nov TRR	12.4	30.6
Developmental Disability aid vs Nov TRR	15.8	30.1
Special Education vs Nov TRR	10.5	25.2
Employee Salaries - State Agencies vs Nov TRR	9.7	24.9
Homestead Exemption vs Nov TRR	(5.4)	(11.2)
Nebraska Career Scholarships vs Nov TRR	(3.0)	(7.0)
All Other appropriations vs Nov TRR	1.9	4.4
Corrections to original preliminary budget	(2.4)	(5.8)
Lapse FY20 reappropriations	61.3	61.3
Deficits vs \$5M allocation	47.2	47.2
Claims Bill	(0.4)	(0.4)
Allocation for Post Hearing Adjustments	(260.0)	(520.0)
<b>Committee Preliminary Budget - 2021</b>	<b>46.3</b>	<b>379.9</b>
Revenue Forecasts (February 2021)	462.0	535.0
Automatic transfer to CRF	(102.0)	(102.0)
Transfer to CRF	(100.0)	(100.0)
Transfer to NCCF	(115.0)	(115.0)
Transfer to Property Tax Credit	(63.0)	(139.0)

(millions of dollars)	FY22 / FY23 Biennium	FY24 / FY25 Biennium
Transfer to Nebraska Revolving Loan Fund	(10.0)	(20.0)
Other fund transfers	(5.1)	(6.7)
Provider rate increase (2%) includes Courts	(89.3)	(209.3)
Shift Health Care Cash Fund to Gen Fund, rate increase items	(20.2)	(40.4)
LB 141 Appropriate funds UNK, aid Museum of Nebr Art project	(7.5)	(7.5)
LB 526 Increase funding, Business Innovation Act	(9.0)	(19.0)
LB 585 Appropriate funds, local public health departments	(4.5)	(10.5)
LB 588 Extend University of Nebraska and state colleges facilities programs	(5.0)	(10.0)
LB 342 Appropriate funds, Early Childhood Education Endowment Cash Fund.	(5.0)	(10.0)
Dual Credit Enrollment - Community Colleges	(3.1)	(7.2)
ACT Test Funding	(3.0)	(6.0)
LB 421 Repay qualified educational debt, certain health professionals	(3.0)	(6.0)
LB 493 Appropriate funds to DHHS, developmental disability waiting list	(2.0)	(4.0)
Preliminary budget corrections	(0.1)	(0.3)
All other appropriation items	(7.9)	(17.0)
Update out year estimates	0.0	(12.8)
Eliminate allocation for post hearing adjustments	260.0	520.0
Change in Minimum Reserve	(2.3)	(6.8)
<b>Committee Proposed Budget</b>	<b>211.3</b>	<b>599.1</b>
Revenue Forecasts (April 2021)	85.0	85.0
Automatic transfer to CRF	(45.0)	(45.0)
Floor amendments - appropriations	(1.8)	(3.6)
Floor amendments - transfer out	(1.0)	(1.0)
Governor vetoes	0.0	0.0
A Bills enacted	(158.6)	(443.2)
Revenue Bills enacted	(66.0)	(127.2)
Change in Minimum Reserve	3.5	13.7
<b>Sine Die 2021 Session 5/27/21</b>	<b>27.3</b>	<b>77.8</b>
FY21 Actual vs Est General Fund Net Receipts	379.0	379.0
FY21 Actual vs Est Transfers-In	2.3	2.3
FY21 Actual vs Est CRF transfers-automatic	(189.5)	(189.5)
FY21 Actual vs Est Accounting adjustment	(3.4)	(3.4)
FY22 Actual vs Est LB1107 credit	(379.0)	(535.3)
Rounding on revenue numbers	0.0	0.0
Update appropriation estimates	0.6	(3.9)
Assumed lapse, FY21 unexpended	70.0	70.0
Change in Minimum Reserve	(8.9)	8.0
<b>July 2021 Tax Rate Review Committee</b>	<b>(101.7)</b>	<b>(195.0)</b>

# Estimated Financial Status - Following Biennium

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

## 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 (FY23-24 and FY24-25) 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 (FY21 to FY25)

roughly equal to the 39 year historical average (5.1%) 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 27.

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

Table 2 Projected Budget Increases-Following Biennium

Numbers are annual increases	Two Yr Average	Est for Following Biennium	
		FY2023-24	FY2024-25
Aid to K-12 Schools (TEEOSA GF only)	4.0%	44,599,154	40,900,328
Special Education	2.5%	5,893,112	6,040,440
Community Colleges	3.5%	3,843,152	3,977,662
Homestead Exemption	3.0%	3,288,000	3,386,640
Aid to ESU's	2.5%	353,980	362,829
Other (Aid-Local)	--	(2,000,000)	0
Medicaid	4.5%	40,858,749	42,697,393
Public Assistance	3.5%	3,036,469	3,142,745
Child Welfare Aid	4.5%	8,167,957	8,535,515
Developmental Disability aid	4.0%	6,709,400	6,977,776
Behavioral Health aid	2.5%	2,012,630	2,062,946
Children's Health Insurance (SCHIP)	5.3%	1,414,497	1,478,149
Nebraska Career Scholarships	21.4%	6,000,000	0
All Other (Aid-Ind)	#DIV/0!	293,064	300,391
Employee Salaries - State Agencies	3.0%	17,791,129	18,235,907
Employee Health Insurance - State Agencies	6.0%	6,116,753	6,483,758
University/Colleges increased funding	3.8%	26,616,397	27,475,824
Operations increase - State Agencies	2.0%	3,144,636	3,207,529
Juvenile Services - Courts	2.5%	1,223,585	1,254,175
Inmate per diem costs (Corrections)	3.0%	1,384,455	1,425,989
Staffing / population / medical (Corrections)	--	3,722,530	3,722,530
Retirement (defined benefit plans)	--	322,947	1,777,053
All Other (Oper)		(374,827)	899,383
Capital Construction	Reaff	(7,834,881)	(791,818)
Net Annual \$ Increase		176,582,889	183,553,145
Annual % Increase	3.5%	3.54%	3.6%

lower than the "below average" growth years. Over the past 39 years, there were 15 years in which revenue growth was "below average" (1.4% average) and 25 years in which revenue growth was above average (7.6% average).

Because the revenue growth in the FY21 actual and FY22/FY23 NEFAB forecasts is above average, the revenue growth needed to yield a 4.5% five year average is an average of 4.4% for FY23-24 and FY24-25.

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## **Appropriations**

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For the "following biennium" (FY23-24 and FY24-25), the mainline budget numbers reflect the annualized impact of the current budget actions plus an estimate of future year increases in entitlement programs, salary and health insurance increases, and other funding requirements that are normally not optional. Obviously the actual funding needs in these areas will not be known until the biennial budget process starts again in two years. However for planning purposes, some level of funding for these items must be acknowledged and shown as likely funding commitments

### **Aid to Local Governments**

**State Aid to Schools (TEEOSA)** The estimates for FY24 and FY25 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 4.2% in FY24 and 3.7% in FY25. The above average growth reflects a 3.5% per year estimate in school spending and a valuation growth of 2.4% 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 \$3.9 million per year increase.

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

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

### **Aid to Individuals**

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

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

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

**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.

**Nebraska Career Scholarships.** In the 2020 session, the Governor's budget recommendation included funding and distribution language for the Nebraska Career Scholarship Program through the University of Nebraska, State Colleges, and Community Colleges (through Dept. of Economic Development). The enacted budget included this proposal with funding provided for the current biennium at \$8 million in FY22, \$12 million in FY23 with intent to increase to \$16 million in FY24. In the 2021 session funds were included under DED for students attending a private, not for profit university or college in the state; \$1 million in FY22, \$2 million in FY23, and intent to increase to \$4 million in FY24.

## 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. In addition \$3 million is added each year to cover the costs of the Protective Services 2020 contract which provides for a \$1 per hour increase step plan, employees can move up a step each year for seven years.

**Employee Health Insurance** For planning purposes, an 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 food, clothing, and medical care. A 3% per year increase is included to reflect both

**DCS Staffing and Operations** The amount shown in FY24-25 is the projected amounts to fully annualize the operating costs of the two new high security housing units at the Reception and Treatment Center in Lincoln.

**Defined Benefit Retirement Plans** The increase in funding for the defined benefit retirement plans for FY24 and FY25 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 FY22/FY23 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 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 Nebraska Economic Forecast Advisory Board (NEFAB) forecast for FY2018-19 being above the certified amount. The projected unobligated balance increased to \$455.2 million when FY2018-19 actual receipts were \$132.9 million above the April forecast. The balance was projected to increase to \$731 with the revised forecasts in October 2020 (+\$160.9 million) and February 2020 (+115.0 million) and then decline back to \$647.5 million due to using \$83.6 million to help cover costs related to the COVID-19 pandemic.

During the break in the legislative session, FY19-20 was completed and the actual receipts were \$265 million **below** the prior forecast which had been projected to be \$275 million above the certified forecast. For FY19-20 most of this was due to the extension of the income tax filing date from April to July which shifted an estimated \$280 million from FY19-20 into FY20-21. The final changes were a transfer of \$60 million of unused COVID-19 funds back to the CRF and then \$30 million back to the General Fund to assist in covering the first year costs of LB1107. This left the projected balance at \$412.3 million.

Based on the revised October 2020, February 2021, and April 2021 forecasts and the calculation of CRF transfers in LB1107, the balance was projected to increase by \$345.7 million to an unobligated balance of \$808 million at the end of the 2021 legislative session.

Actual receipts for FY2020-21 were \$379 million above the April forecast with \$189 million of this amount by law to be transferred to the Cash Reserve Fund bringing the total transfer amount to \$535 million and the current estimated unobligated balance of \$997.5 million.

Table 3 - Cash Reserve Fund Cash Flow

	Actual FY2020-21	Estimated FY2021-22	Estimated FY2022-23	Estimated FY2023-24	Estimated FY2024-25
Beginning Balance	426,307,702	412,263,230	997,522,596	997,522,596	997,522,596
Excess of certified forecasts (line 3 in Status)	10,655,528	535,259,366	0	0	0
To/from Gen Fund per current law	(30,000,000)	0	0	0	0
To Nebr. Capital Construction Fund (NCCF)	(54,700,000)	0	0	0	0
From Gov Emergency Fund (LB 1009)	60,000,000	0	0	0	0
2021 – From General Fund	0	50,000,000	50,000,000	0	0
2021 - To US Spacecom fund	0	0	(50,000,000)	0	0
Ending Balance	412,263,230	997,522,596	997,522,596	997,522,596	997,522,596
Ending Balance as % of Revenues	6.9%	20.4%	19.5%	18.8%	17.3%

## 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 FY2019-20 (\$4,939,762,611) were \$10,655,528 above the certified forecast of \$4,929,107,083. However actual receipts were over \$265 million below the last forecast due to the extension of the income tax filing deadline from April 2020 to July 2020. The latest estimate was that \$280 million shifted from FY2019-20 to FY2020-21 due to this filing change.

The provisions of LB1107 enacted in the 2020 session created a new calculation for purposes of automatic transfers to the Cash Reserve Fund for the next three years. Normally the amount above certified would all go to the CRF. However under the provisions of LB1107 the amount above certified less any allocated to the income tax credit for property taxes is transferred to the CRF.

Since the level of credit and CRF transfer is based on FY20-21 revenues, the amounts have kept changing as the forecasts changed. In October the provisions of LB1107 resulted in a \$86.7 million increase in the credit. Therefore the CRF transfer is \$198.7 or the \$285.4 million above certified revenues less the \$86.7 million increase in the credit. The same happened with the February 2021 and April 2021 increase in the revenue forecast.

The final FY20-21 actual receipts were \$958.4 million above the certified forecast from August 2020. Under the LB1107 calculation \$535.3 million goes to the CRF and the other \$423.2 million is added to the prior year credit amount of \$125 million increasing the credit to \$548.2 million. A more detailed description of income tax credit under LB1107 can be found on page 29.

<b>LB1107 Calculation</b>							
<b>Cash Reserve</b>	GF Revenue		\$ Amount	Less:\$	\$ Amount	CRF balance	
<b>Fund Transfer</b>	Forecast	Certified	> Certified	to Credit	to CRF	(after transfer)	
			(prior yr)				
FY2020-21	5,959,042,429	5,000,589,000	--	--	--	412,263,230	
FY2021-22	4,879,609,919	4,879,609,919	958,453,429	423,194,063	<b>535,259,366</b>	997,522,596	
FY2022-23	5,127,357,657	5,127,357,657	0	0	<b>0</b>	997,522,596	
FY2023-24	5,293,510,350	5,293,510,350	0	76,961,391	<b>0</b>	997,522,596	
FY2024-25	5,766,590,748	5,766,590,748	0	--	<b>0</b>	997,522,596	

## 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.

In the 2020 session LB1107 which contained the ImagiNE Nebraska Act, Nebraska Transformational Projects Act, and Nebraska Property Tax Incentive Act included a \$30 million transfer from the CRF to the General Fund to help pay for the first year \$125 million cost of Property Tax Incentive Act

## Transfers To & From Other Funds

In the 2019 session, 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.

In the 2020 session, LB 1198 was enacted March 25, 2020 to provide funding to help cover the costs related to the COVID-19 outbreak. After this bill was enacted the Legislature suspended the session until July 20. The bill transferred \$83,619,600 from the Cash Reserve Fund to Governor’s Emergency Cash Fund for FY2019-20. The original allocation was as follows: Local response efforts (\$38,156,700), DHHS staffing (\$4,004,000), Surge staffing for veterans hospitals & DHHS care facilities (\$13,000,000), COVID-19 Lab Testing (\$515,000), UNMC lab equipment, software programming and personnel (\$2,500,000), UNMC UV light boxes (\$100,000), and UNMC knowledge center (\$343,900). This left an available reserve of \$25,000,000

On March 27, 2020 the Coronavirus Aid, Relief, and Economic Security Act, P.L.116-136 (CARES Act) was enacted. In that law, Nebraska was allocated \$1.25 billion through the Coronavirus Relief Fund. Of this amount, \$166 million went directly to Douglas County and the remaining \$1.083 billion to the State of Nebraska. The Governor credited these funds to the Governor’s Emergency Program-COVID19. These federal funds could be used for basically the same things that were authorized under LB1198. Because of this only \$19.2 million had been expended through FY19-20. LB1009 enacted in August transferred \$60 million of the unused funds back to the Cash Reserve Fund.

## 2021 Session Transfers

Actions in the enacted budget resulted in a net increase of \$50 million in the CRF balance.

The budget included a \$50,000,000 transfer in FY23 from the CRF to a newly created cash fund - The United States Space Command Headquarters Assistance Fund. The transfer is subject the State of Nebraska being selected as the site of the United States Space Command Headquarters. The newly created fund is to be administered by the Adjutant General of the Nebraska Military Department and will be utilized to contribute to the cost of constructing the United States Space Command Headquarters, should Nebraska be selected as the site of this installation. The United States Department of the Air Force anticipates making a final decision for the location of the United States Space Command Headquarters in the spring of 2023.

Second, the budget included a \$50 million transfer from the General Fund in both FY21-22 and FY22-23 to help replenish the fund. At the time of enacting the budget, this would have achieved a balance at \$763 million which is 14.2% of revenues. The final balance was higher than that with actual receipts being well above forecast.

Table 4 Cash Reserve Fund – Historical Balances

Fiscal Yr	Beginning Balance	Direct Deposit and Interest	Automatic Transfers	Legislative Transfers	Cash Flow	Ending Balance	Balance as % of revenue
FY1983-84	0	37,046,760	na	0	0	37,046,760	4.7%
FY1984-85	37,046,760	(1,472,551)	na	0	0	35,574,209	4.5%
FY1985-86	35,574,209	227,855	na	(13,500,000)	0	22,302,064	2.7%
FY1986-87	22,302,064	1,428,021	na	0	0	23,730,085	2.7%
FY1987-88	23,730,085	1,654,844	na	(7,700,000)	0	17,684,929	1.7%

Fiscal Yr	Beginning Balance	Direct Deposit and Interest	Automatic Transfers	Legislative Transfers	Cash Flow	Ending Balance	Balance as % of revenue
FY1988-89	17,684,929	139,000	na	32,600,000	0	50,423,929	4.4%
FY1989-90	50,423,929	113,114	na	(10,500,000)	0	40,037,043	3.5%
FY1990-91	40,037,043	0	na	(8,100,000)	0	31,937,043	2.3%
FY1991-92	31,937,043	0	na	(5,000,000)	0	26,937,043	1.8%
FY1992-93	26,937,043	0	na	(9,500,000)	0	17,437,043	1.1%
FY1993-94	17,437,043	0	3,063,462	7,250,000	0	27,750,505	1.7%
FY1994-95	27,750,505	0	(8,518,701)	1,250,000	0	20,481,804	1.2%
FY1995-96	20,481,804	0	(20,481,804)	18,189,565	0	18,189,565	1.0%
FY1996-97	18,189,565	0	19,740,786	3,032,333	0	40,962,684	2.0%
FY1997-98	40,962,684	0	91,621,018	0	0	132,583,702	6.3%
FY1998-99	132,583,702	0	111,616,422	(98,500,000)	0	145,700,124	6.9%
FY1999-00	145,700,124	0	20,959,305	(24,500,000)	0	142,159,429	5.9%
FY2000-01	142,159,429	0	77,576,670	(49,500,000)	0	170,236,099	6.9%
FY2001-02	170,236,099	0	0	(60,170,000)	0	110,066,099	4.7%
FY2002-03	110,066,099	66,476,446	0	(87,400,000)	(30,000,000)	59,142,545	2.4%
FY2003-04	59,142,545	59,463,461	0	(61,577,669)	30,000,000	87,028,337	3.2%
FY2004-05	87,028,337	8,170,556	108,727,007	(26,758,180)	0	177,167,720	5.8%
FY2005-06	177,167,720	0	261,715,297	(165,266,227)	0	273,616,790	8.2%
FY2006-07	273,616,790	0	259,929,524	(17,458,523)	0	516,087,791	15.1%
FY2007-08	516,087,791	0	191,436,773	(161,978,767)	0	545,545,797	15.6%
FY2008-09	545,545,797	0	116,976,571	(84,330,505)	0	578,191,863	17.2%
FY2009-10	578,191,863	0	0	(110,990,237)	0	467,201,626	14.6%
FY2010-11	467,201,626	0	0	(154,000,000)	0	313,201,626	8.9%
FY2011-12	313,201,626	8,422,528	145,155,092	(33,439,198)	(4,461,676)	428,878,372	11.6%
FY2012-13	428,878,372	0	104,789,781	(154,008,427)	4,461,676	384,121,402	9.5%
FY2013-14	384,121,402	0	285,292,610	49,651,294	0	719,065,306	17.5%
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	333,549,124	0	176,378,521	(83,619,600)	0	426,307,702	8.6%
FY2020-21	426,307,702	0	10,655,528	(24,700,000)	0	412,263,230	6.9%
FY2021-22 Est	412,263,230	0	535,259,365	50,000,000	0	997,522,595	20.4%
FY2022-23 Est	997,522,595	0	0	0	0	997,522,595	19.5%
FY2023-24 Est	997,522,595	0	0	0	0	997,522,595	18.8%
FY2024-25 Est	997,522,595	0	0	0	0	997,522,595	17.3%

# ***GENERAL FUND REVENUES***

# General Fund Revenue Forecasts

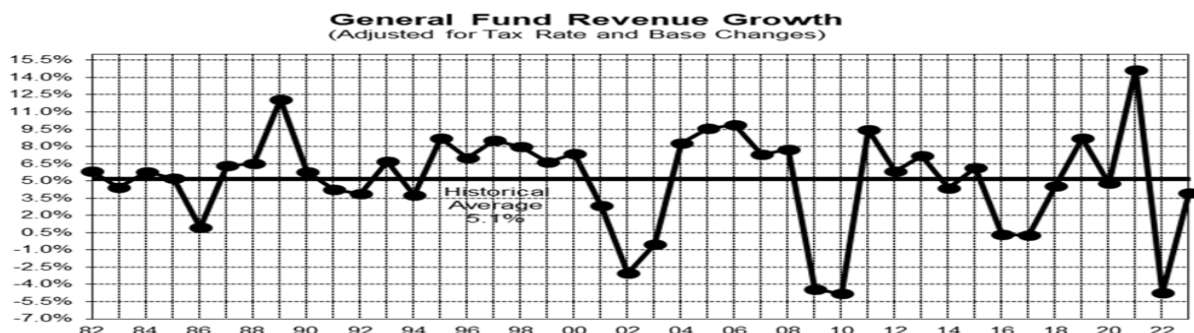
Amounts shown for FY2020-21 are the actual tax receipts for the year and were \$379.0 million above the April 2021 forecasts from the Nebraska Economic Forecast Advisory Board (NEFAB). Tax rate and base adjusted revenue growth for FY2020-21 actual receipts is 14.6% compared to the 8.0% growth calculated per the April forecast.

Revenue estimates for FY2021-22 and FY2022-23 remain at the April 2020 forecasts from the Nebraska Economic Forecast Advisory Board (NEFAB) plus revenue legislation enacted in the 2021 legislative session and changes in the LB1107 tax credit based on recalculation using the FY21 actual receipts. How these current forecasts may be impacted by the FY2020-21 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 FY22/FY23 biennium average -0.4% (-4.8% in FY21-22 and 4.0% in FY22-23). When including the 14.6% growth in the FY20-21 forecast, there is an average growth of 4.6% over the three years that affect the financial status for the upcoming biennium. This reflects growth below the 5.1% historical 40 year average.

Table 5 General Fund Revenue Forecasts

	Actual FY2020-21	NEFAB FY2021-22	NEFAB FY2022-23	LFO Prelim FY2023-24	LFO Prelim FY2024-25
<b>Actual/Forecast</b>					
Sales and Use Tax	2,009,748,270	1,992,687,000	2,119,794,320	2,181,297,680	2,240,905,920
Individual Income Tax	3,130,599,324	2,314,067,089	2,477,629,119	2,621,310,516	2,986,762,930
Corporate Income Tax	571,220,324	350,228,696	310,601,346	295,130,199	352,378,150
Miscellaneous receipts	247,474,510	222,627,134	219,332,872	195,771,956	186,543,748
Total Forecast	5,490,000,000	5,085,000,000	5,368,000,000	5,570,000,000	5,926,000,000
<b>Adjusted Growth</b>					
Sales and Use Tax	7.9%	3.6%	3.7%	2.9%	2.9%
Individual Income Tax	18.1%	-9.3%	5.8%	6.6%	5.7%
Corporate Income Tax	27.1%	-10.2%	-6.0%	4.9%	0.5%
Miscellaneous receipts	4.1%	-3.5%	6.8%	-3.2%	1.9%
Total GF Receipts	14.6%	-4.8%	4.0%	4.8%	4.1%
Two Yr Average	9.7%	--	-0.4%		4.4%
Five Yr Average	6.7%	--	5.5%		4.6%



It's very difficult to look at the current revenue forecasts for the five year financial status and compare one year to the next because there are so many large items that affect each year differently. These are the types of adjustments that are made for purposes of calculating rate and base adjusted revenue growth.

A perfect example is the first item on the following table. The shift of \$280 million of income tax from FY20 to FY21 due to the extension of the income tax filing deadline until July 2020. This single item causes a \$560 million (10%) difference in comparing one year to the next.

<b>Major Items Affecting Yearly Comparisons</b>	Actual FY2019-20	Est FY2020-21	Est FY2021-22	Est FY2022-23	LFO Prelim FY2023-24	LFO Prelim FY2024-25
COVID-19 related tax filing deadline extension	(280,000,000)	280,000,000	0	0	0	0
Flood related tax filing deadline extension	20,000,000	0	0	0	0	0
2020 Fed Tax Changes (CARES Act)	0	(125,593,000)	(67,123,000)	(57,361,000)	(30,475,000)	(10,000,000)
2021 Fed Tax Changes (American Rescue Plan)	0	(29,253,000)	(33,442,000)	(1,229,000)	(14,087,000)	(14,870,000)
Property Tax Relief Credit (LB 1107-2020)	0	(125,000,000)	(548,194,463)	(548,194,463)	(625,155,454)	(375,000,000)
Legislative enacted cash fund transfers	65,416,628	53,795,957	33,295,957	39,295,957	(452,000)	0
Tax incentive sales tax refunds (state only)	(78,252,000)	74,184,490	(132,214,000)	(82,380,000)	(83,990,000)	(86,400,000)
Taxation of military retirement (LB 153-2020 & LB 387-20)	0	0	(13,407,000)	(32,915,000)	(34,725,000)	(36,628,000)
Taxation of social security benefits (LB 64-2021)		0	(15,098,000)	(28,602,000)	(42,403,000)	(57,448,000)
Income tax changes, corporate rate (LB 432-2021)		0	(1,901,000)	(8,695,000)	(19,305,000)	(25,543,000)
Total of Items Shown	(272,835,372)	128,134,447	(778,083,506)	(720,080,506)	(850,592,454)	(605,889,000)

## **Following Biennium (FY2023-24 and FY2024-25)**

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 (FY23-24 and FY24-25) 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 (FY21 to FY25) roughly equal to the 40 year historical average (5.1%) less .25% which is the projected impact of indexing the tax brackets as enacted in 20104 (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 40 years, there were 15 years in which revenue growth was "below average" (1.4% average) and 25 years in which revenue growth was above average (7.6% average). Because the revenue growth in the NEFAB forecasts is slightly above average, the revenue growth needed to yield a 4.4% five year average is 4.1% in FY23-24 and 4.8% in FY24-25 for a 4.4% average.

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 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 4<sup>th</sup> and 5<sup>th</sup> year. In other words, they have difficulty picking up changes in the trend. The historical average methodology has been used since 1991 and the "smoothing" technique used for the most part relies on the trend changes.

As shown in Table 6, the preliminary estimates for the two "out years" arrived at using the historical average concept (as used in the Financial Status) are very similar to the unofficial estimates prepared by the Nebraska Dept. of Revenue (NDR) and Legislative Fiscal Office (LFO) using IHS Economics forecasting information but significantly lower using Moody's Analytics. A cautionary note is that it's unknown if the historical cyclical trend will prove applicable in the current COVID 19 pandemic environment.

**Table 6 Comparison of "Out Year" Forecasts**

Based on April 2020 Revenue Forecasts	Current Status	Average (IHS Econ)	Average (All Forecasts)	High Est LFO-IHS	Low Est NDR-Moody
<b><u>Dollar Forecast (thousands of \$)</u></b>					
FY2023-24 Prelim	5,570,000	5,573,110	5,520,578	5,654,709	5,394,762
FY2024-25 Prelim	5,926,000	5,872,424	5,805,720	5,885,977	5,715,631
<b><u>Calculated Growth (rate and base adjusted)</u></b>					
FY2023-24 Prelim	4.9%	5.4%	5.7%	8.2%	3.1%
FY2024-25 Prelim	4.3%	3.4%	3.2%	2.3%	3.9%
Two Year Average	4.6%	4.4%	4.4%	5.2%	3.5%
Five Year Average	4.5%	4.3%	4.1%	4.4%	3.8%
<b><u>\$ Difference from Status</u></b>					
FY2023-24	0	3,110	(49,422)	84,709	(175,238)
FY2024-25	0	(53,577)	(120,280)	(40,023)	(210,369)
Cumulative Total	0	(50,467)	(169,702)	44,686	(385,607)

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## Nebraska Property Tax Incentive Act (LB 1107)

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The Nebraska Property Tax Incentive Act was included as part of LB1107 enacted in the 2020 legislative session. The act provides a refundable income tax credit or credit against franchise tax for any taxpayer who pays school district taxes, which is property taxes levied by a school district or school system, excluding property taxes levied for bonded indebtedness and property taxes levied as a result of an override of limits on property tax levies approved by voters. The following shows the calculation of the credit amount under the bill by year.

Fiscal Yr Impact	Income Tax	Property Tax	Growth
	Year	Year	
FY 2020-21	2020	2019	Fixed amount at \$125 million
FY 2021-22	2021	2020	\$125 million + growth over 3.5%
FY 2022-23	2022	2021	Prior Yr max + growth over 3.5%
FY 2023-24	2023	2022	Prior Yr max + growth over 3.5%
FY 2024-25	2024	2023	Fixed amount at \$375 million
FY 2025-26	2025	2024	Prior Yr + valuation growth
FY 2026-27	2026	2025	Prior Yr + valuation growth

If the Cash Reserve Fund (CRF) is below \$500 million, 50% of the growth over 3.5% is distributed to increasing the credit. If the CRF is above \$500 million, the growth over 3.5% is distributed 100% to increasing the credit.

The figure below shows the calculation of dollar amounts relative to the 3.5% increase threshold (columns 1, 2, & 3) and the distribution of the amount above 3.5% to the credit (column 4). Column 5 and 6 then show the prior year credit amount and then the estimated total credit amount after adding in any amounts coming from revenue growth. NOTE THAT *THE 3.5% THRESHOLD IS THE GROSS INCREASE OVER THE PRIOR YEAR AND NOT A RATE OR BASE ADJUSTED GROWTH RATE.*

Calculation of Credit Amount	(1) Gen Fund Actual / Est	(2) % Change over Prior Yr	(3) \$ above 3.5% growth	(4) \$ Amt To Credit	(5) Prior Year Credit	(6) Estimated Credit Amt
FY2019-20 Actual	4,939,762,611	--	--	--	--	--
FY2020-21 Actual	<b>5,959,042,429</b>	20.6%	--	--	--	125,000,000
FY2021-22 NEFAB Adjust	4,879,609,919	-18.1%	846,388,127	423,194,063	125,000,000	<b>548,194,063</b>
FY2022-23 NEFAB Adjust	5,127,357,657	5.1%	0	0	548,194,063	548,194,063
FY2023-24 LFO Adjuster	5,293,510,350	3.2%	76,961,391	76,961,391	548,194,063	625,155,454
FY2024-25 LFO Adjuster	5,766,590,748	8.9%	0	(250,155,454)	625,155,454	375,000,000

The following figure shows the credit amount by year going from the estimate as originally passed, the estimate based on the October 2020, February 2021 and April 2021 forecasts and the latest calculation based on actual FY21 receipts.

Estimated LB1107 Credit Amounts	Estimated Sine Die 2020	October 2020	February 2021	April 2021	June 30 2021
FY2020-21	125,000,000	125,000,000	125,000,000	125,000,000	125,000,000
FY2021-22	125,000,000	211,672,849	313,672,849	358,672,848	548,194,463
FY2022-23	144,895,000	211,672,849	313,672,849	358,672,848	548,194,463
FY2023-24	309,479,000	394,472,849	418,697,848	468,872,848	625,155,454
FY2024-25	375,000,000	375,000,000	375,000,000	375,000,000	375,000,000

As noted earlier, the 3.5% threshold is the increase over the prior year not a rate and base adjusted growth rate. The first year this trigger is operative is FY20-21 which had a 20.6% increase in revenue based on actual receipts. About half of this "increase" is attributed to a shift of \$280 million of income tax from FY19-20 to FY20-21 due to an extension of the income tax filing deadline from April 2020 to July 2020 due to the COVID 19 outbreak. This quirk in cash flow caused a substantial increase in the LB1107 credit amount which became the floor for three years. The following illustrates the current estimate of the credit and what it would have been without the income tax cash flow shift due to the extended filing date in 2020..

Impact of Income Tax Filing Date Shift	Credit w/o Filing Shift	Current Credit Estimate	Credit due to filing date shift
FY2020-21	125,000,000	125,000,000	0
FY2021-22	263,294,063	548,194,463	284,900,400
FY2022-23	263,294,063	548,194,463	284,900,400
FY2023-24	340,255,454	625,155,454	284,900,000
FY2024-25	375,000,000	375,000,000	0

# Chronology of Revenue Forecasts

Table 7 contains a chronology of the revenue forecasts for FY2020-21 through FY2022-23. 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, with the remaining amount simply a change in the revenue expectations (base). For FY22 and FY23, the column for "Other" changes also includes revisions in the LB1107 tax credit attributed to the prior year actual receipts level versus the last forecast.

Table 7 Chronology of Revenue Forecasts

	Total	Change in Forecast due to:			
		Base	Bills	Other	Total
<b>FY2019-20</b>					
<b>Board Est-October 2018</b>	4,890,000				
Board Est-February 2019	4,870,000	(20,000)	0	0	(20,000)
Board Est-April 2019	4,880,000	10,000	0	0	10,000
Sine Die-2019 Session	4,929,107	0	49,107	0	49,107
Board Est-Oct 2019	5,090,000	160,893	0	0	160,893
Board Est-Feb 2020	5,205,000	115,000	0	0	115,000
Board Est-Feb 2020 adjusted	4,950,000	0	0	(255,000)	(255,000)
Actual Receipts FY2019-20	4,939,763	(10,237)	0	0	(10,237)
<b>FY2020-21</b>					
<b>Board Est-October 2018</b>	5,000,000				
Board Est-February 2019	4,990,000	(10,000)	0	0	(10,000)
Board Est-April 2019	4,990,000	0	0	0	0
Sine Die-2019 Session	5,044,919	0	54,919	0	54,919
Board Est-Oct 2019	5,150,000	105,081	0	0	105,081
Board Est-Feb 2020	5,175,000	25,000	0	0	25,000
Board Est-July 2020	5,125,000	(196,036)	0	146,036	(50,000)
Sine Die-2020 Session	5,000,589	(0)	(124,411)	0	(124,411)
Board Est-Oct 2020	5,286,000	285,411	0	0	285,411
Board Est-Feb 2021	5,490,000	204,000	0	0	204,000
Board Est-April 2021	5,580,000	90,000	0	0	90,000
Sine Die-2021 Session	5,580,000	0	0	0	0
Actual Receipts FY2020-21	5,959,042	379,042	0	0	379,042
<b>FY2021-22</b>					
Board Est-Oct 2020	4,920,000				
Board Est-Feb 2021	5,085,000	165,000	0	0	165,000
Board Est-April 2021	5,080,000	40,000	0	(45,000)	(5,000)
Sine Die-2021 Session	4,879,610	(0)	(10,869)	(189,521)	(200,390)
<b>FY2022-23</b>					
Board Est-Oct 2020	5,000,000				
Board Est-Feb 2021	4,990,000	280,432	(187,432)	0	93,000
Board Est-April 2021	5,368,000	45,000	0	(45,000)	0
Sine Die-2021 Session	5,127,358	0	(51,121)	(189,522)	(240,642)

# 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.

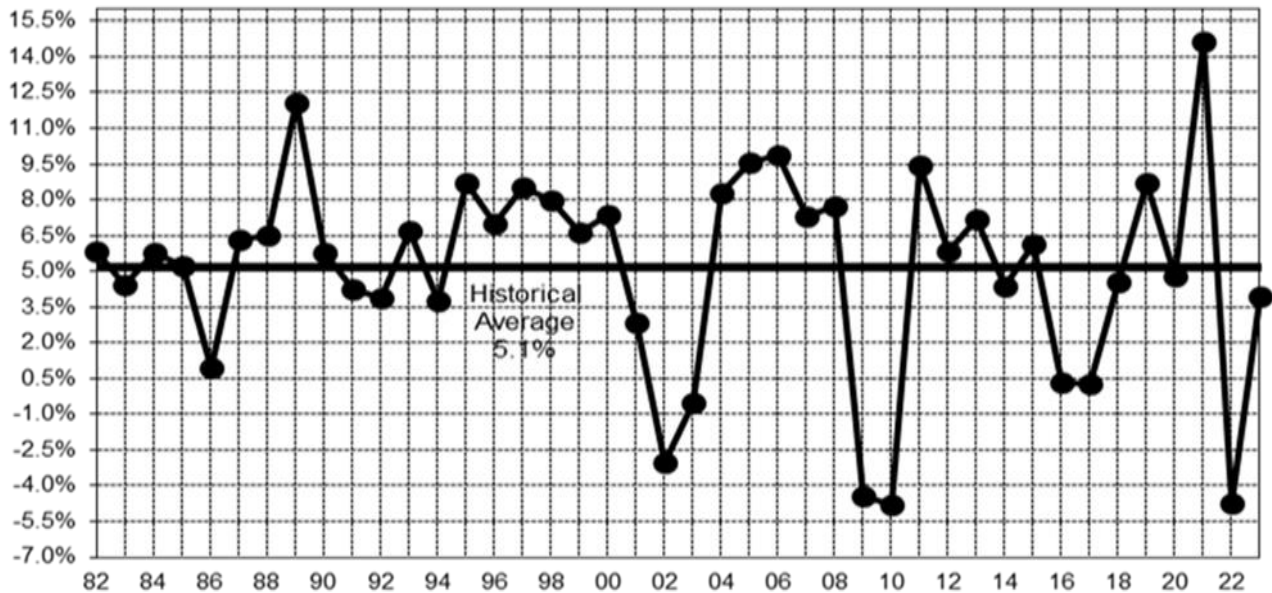
The average growth over the past 40 years is 5.1%. This revenue growth over time reflects the ebb and flow of economic activity and economic cycles. It reflects new businesses created and existing businesses that close. It reflects new products and services added to the tax base and existing products 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 5.1% 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 1990-91	547,372,735	609,430,580	81,947,961	128,325,622	1,367,076,898	4.3%
FY 1991-92	592,441,836	658,634,300	103,617,106	135,716,137	1,490,409,379	3.9%
FY 1992-93	586,355,271	690,350,753	102,754,927	145,200,908	1,524,661,859	6.7%
FY 1993-94	648,846,708	722,360,866	113,142,771	169,401,912	1,653,752,257	3.7%
FY 1994-95	683,852,397	746,717,579	123,923,674	150,995,891	1,705,489,541	8.7%
FY 1995-96	711,008,684	846,550,249	126,801,468	152,380,385	1,836,740,786	7.0%
FY 1996-97	755,907,807	944,117,130	137,337,967	172,241,113	2,009,604,017	8.5%
FY 1997-98	803,805,374	981,643,795	142,150,133	177,852,119	2,105,451,422	8.0%
FY 1998-99	744,650,752	1,078,522,994	135,033,658	165,661,901	2,123,869,305	6.7%
FY 1999-00	900,427,469	1,180,363,301	140,021,942	183,111,959	2,403,924,670	7.4%
FY 2000-01	905,023,176	1,233,363,553	138,040,082	180,435,044	2,456,861,855	2.9%
FY 2001-02	918,889,782	1,159,810,647	107,628,074	179,180,246	2,365,508,749	-3.0%
FY 2002-03	1,028,931,065	1,129,421,651	111,597,405	186,449,714	2,456,399,835	-0.5%
FY 2003-04	1,114,374,321	1,249,890,025	167,429,431	187,033,230	2,718,727,007	8.3%
FY 2004-05	1,231,011,089	1,400,076,680	198,380,442	207,726,086	3,037,194,297	9.5%
FY 2005-06	1,263,678,691	1,545,338,061	262,295,456	280,875,316	3,352,187,524	9.9%
FY 2006-07	1,303,826,416	1,650,895,394	213,027,010	240,582,953	3,408,331,773	7.3%
FY 2007-08	1,321,867,139	1,726,145,405	232,851,654	225,298,373	3,506,162,571	7.7%
FY 2008-09	1,326,161,017	1,600,418,236	198,483,786	232,405,148	3,357,468,187	-4.4%
FY 2009-10	1,289,796,877	1,514,830,114	154,332,137	245,720,545	3,204,679,673	-4.8%
FY 2010-11	1,372,784,033	1,735,208,600	154,944,966	236,717,493	3,499,655,092	9.4%
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%

Fiscal Year	Sales and Use Tax	Individual Income Tax	Corporate Income Tax	Miscellaneous Taxes and	Total Net Receipts	Adjusted Growth
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	1,848,235,959	2,445,647,485	391,163,752	254,715,415	4,939,762,611	4.8%
FY 2020-21	2,009,748,270	3,130,599,324	571,220,324	247,474,510	5,959,042,428	14.6%
FY 2021-22 NEFAB	1,992,687,000	2,314,067,089	350,228,696	222,627,134	4,879,609,919	-4.8%
FY 2022-23 NEFAB	2,119,794,320	2,477,629,119	310,601,346	219,332,872	5,127,357,657	4.0%
FY 2023-24 LFO Prelim	2,181,297,680	2,621,310,516	295,130,199	195,771,956	5,293,510,351	4.8%
FY 2024-25 LFO Prelim	2,240,905,920	2,986,762,930	352,378,150	186,543,748	5,766,590,748	4.1%
<b>Avg Growth (adjusted)</b>						
Current 5 Year Status	4.2%	4.9%	3.3%	1.2%	4.4%	
Above Avg Years (25)	5.6%	9.5%	13.1%	3.6%	7.6%	
Below Avg Years (15)	1.9%	2.3%	-4.2%	0.4%	1.4%	
Hist Average (40 yrs)	4.3%	6.1%	5.5%	1.4%	5.1%	

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



# General Fund Transfers-Out

This area tabulates funds that are transferred from the General Fund to another fund within the state treasury. These items have the same effect as an appropriation 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	Biennial Budget		Following Biennium	
	FY2020-21	FY2021-22	FY2022-23	FY2023-24	FY2024-25
Property Tax Credit Fund	(272,000,000)	(297,000,000)	(310,000,000)	(310,000,000)	(310,000,000)
Water Resources Cash Fund	(3,300,000)	(3,300,000)	(3,300,000)	0	0
Cultural Preservation Endowment Fund	(500,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
Water Sustainability Fund	(11,000,000)	(11,000,000)	(11,000,000)	(11,000,000)	(11,000,000)
Critical Infrastructure Fund	(3,800,000)	0	0	0	0
Rural Workforce Housing Investment	(10,000,000)	0	0	0	0
Middle Income Workforce Housing Investment	(10,000,000)	0	0	0	0
NCCF- Corrections overcrowding	0	(100,000,000)	0	0	0
Prison Overcrowding Contingency Fund	0	(15,000,000)	0	0	0
Nebraska Revolving Loan Fund	0	(5,000,000)	(5,000,000)	0	(0)
Hall of Fame Trust Fund	0	(10,000)	(10,000)	(10,000)	(10,000)
Customized Job Training Cash Fund LB391	0	(2,500,000)	0	0	0
Nebraska Film Office Cash Fund	0	(1,000,000)	0	0	0
Public Advocacy Cash Fund	0	(520,000)	(520,000)	0	0
Municipal gas emergency act (LB131-2021)	0	(4,000,000)	0	0	0
Municipal Inland Port Authority (LB156-2021)	0	0	(5,000,000)	(5,000,000)	0
Shovel-Ready Capital Recovery/Investt Act (LB566-2021)	0	(15,000,000)	0	0	0
<i>General Fund Transfers-Out</i>	<i>(310,600,000)</i>	<i>(435,810,000)</i>	<i>(330,310,000)</i>	<i>(322,010,000)</i>	<i>(322,010,000)</i>

## 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. LB958 provided language that the credit amount should be increased by \$20 million to a total of \$224 million as a hold harmless for residential and commercial & industrial property.

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

In the 2021 session, the enacted budget increases the transfer to the Property Tax Credit Fund by \$25 million in FY21-22 and \$38 million in FY22-23. This amount provides enough funds that starting in FY19-20, the amount of credit per #100,000 would increase by 2% per year similar to what has been provided for state employee salaries and DHHS providers.

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.

The enacted budget in LB384 incorporated the provisions of LB142 which increased the transfer from \$500,000 per year to \$1,000,000 starting in FY2021-22 and extends the transfers from 2028 to 2030.

## **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.

## **Critical Infrastructure Facilities Cash Fund**

In the 2020 session, \$3.8 million transfer to the Critical Infrastructure Facilities Cash Fund to provide financial assistance to the Gering - Fort Laramie Irrigation District related to temporary repair costs for two tunnels and related canal infrastructure. The funding is intended to reimburse the irrigation district for their portion of temporary repairs.

## **Rural Workforce Housing Investment Fund**

In the 2020 session a \$10 million transfer to the Rural Workforce Housing Investment Fund was provided. LB518 (2017) created a rural workforce housing grant program intended to address housing shortages in rural communities. The grant program initially received funding through a one-time transfer of \$7 million of unallocated funds from the Affordable Housing Trust Fund to the Rural Workforce Housing Investment Fund in 2017 and the funds have been allocated.

## **Middle Income Workforce Housing Investment Fund**

In the 2020 session a \$10 million transfer to the Middle Income Workforce Housing Investment Fund was enacted through LB866. The fund will be used by the Dept. of Economic Development to provide grants to nonprofit development organizations. Grants would require a one-to-one match. Grants would be awarded through FY22-23 or until grant funds are no longer available. If funds remained in the Middle Income Workforce Housing Trust Fund on July 1, 2025, the remaining amount would be transferred to the Affordable Housing Trust Fund.

## **Hall of Fame Trust Fund (LB384-2021)**

The budget bill includes the provisions of LB42 which calls for the transfer of \$10,000 from the General Fund to the Hall of Fame Trust Fund starting in FY21-22. The Hall of Fame Trust Fund is administratively supported by the Nebraska State Historical Society and is utilized for the creation, design, size, configuration, and placement of busts or other appropriate objects in the State Capitol or other location approved by the Hall of Fame Commission.

## **Nebraska Revolving Loan Fund (LB380-2021)**

The Nebraska Revolving Loan Fund was created in LB1107-2020 to carry out workforce training and infrastructure development related to the ImagiNE Nebraska Act. LB1107 stated intent to provide \$5 million for FY22-23 and FY23-24 however the bill did not actually appropriate or transfer the funds when passed.

The enacted budget includes the transfer of \$5 million for two years, FY21-22 and FY22-23 rather than a year later as stated in the original intent.

## **Customized Job Training Cash Fund (LB380-2021)**

The Customized Job Training Cash Fund was created in LB1107-2020 for administrative costs associated with awarding job training reimbursement grants under the Customized Job Training Act and the actual awarding of Customized Job Training grants. The Customized Job Training Act is designed to defray the costs associated with internships and training employees in qualifying industries. Though the fund was created, no monies were appropriated or transferred. The enacted budget includes a one-time \$2.5 million transfer to the fund

## **Nebraska Film Office Cash Fund (LB380-2021)**

The enacted budget includes a \$1,000,000 transfer from the General Fund to the Nebraska Film Office Cash Fund to award grants for a newly created grant program for Nebraska-based films. Grants will be awarded based on the following criteria:

- (a) The film will prominently be shot on and prominently feature Nebraska locations;
- (b) The film production will tell a Nebraska story; and
- (c) The film production maintains a 50% Nebraska workforce.



It is the intent that any unobligated or unexpended balance in the Nebraska Film Office Fund existing as of June 30, 2025 is transferred to the General Fund.

## **Prison Overcrowding (LB384-2021)**

With respect to prison overcrowding, the Governor had included funding for a new multi-custody level correctional facility with capacity to house approximately 1,512 inmates. This \$230 million project was proposed to be financed mostly by transfers from the Cash Reserve Fund to the Nebraska Capital Construction Fund (NCCF) over the next five years.

The budget as enacted transfers \$115 million from the General Fund to two different funds to set aside funds to address the issue. This amount equals the amount in the first two years of the Governor's plan.

First \$100 million is transferred to the Nebraska Capital Construction Fund (NCCF) for facility planning and construction. Of this amount, a total of \$33.7 million is actually appropriated as noted below while the remaining \$66.3 million remains in the NCCF for future use. The appropriated projects include:

- \* \$350,000 is to update the 2014 Master Plan Report,
- \* \$500,000 for preparation of a program statement and site selection for a new 26 halfway back-community corrections center in Omaha,
- \* \$14,917,000 to prepare designs and plans for a new multi-custody-level correctional facility (as proposed by the Governor), and
- \* \$18,000,000 for design, planning, and construction of three specialty units, to be used for additional mental health, geriatric and special needs patients, that would add at least an additional ninety-six-bed capacity at the reception and treatment center.

The second transfer of \$15 million is transferred to a new fund called the Prison Overcrowding Contingency Fund. It was the intent of the Legislature that these funds remain in the Prison Overcrowding Contingency Fund until sufficient details are provided to the Legislature regarding plans to reduce prison overcrowding. The fund was also authorized to be used for the purposes of a study of inmate classification and \$200,000 of the transferred funds were appropriated for that purpose.

## **Municipal Natural Gas System Emergency Act (LB131-2021)**

LB 131 creates the Municipal Natural Gas System Emergency Assistance Act which is to provide state aid to municipalities in the form of grants to pay for infrastructure projects. The Act is to be administered by the State Treasurer. Municipalities may apply for a grant by submitting an application to the State Treasurer for a grant to cover up to 80% of the extraordinary costs incurred as a result of an extreme weather event. Extraordinary cost is defined as a cost that exceed the usual, average, or budgeted costs related to procuring and delivering natural gas. An extreme weather event means a weather event occurring on or after January 1, 2021, including, but not limited to, snow, rain, drought, flood, storm, extreme heat, or extreme cold. The bill transfers \$4 million from the General Fund to the created Municipal Natural Gas System Emergency Assistance Fund for purpose of distributing grants.

## **Municipal Inland Port Authority Act (LB156-2021)**

LB156 Establishes the Municipal Inland Port Authority Act. The bill details the powers and duties of an Inland Port Authority as well as the processes and requirements related to establishing and operating an authority. The Department of Economic Development (DED) would have the responsibility to review proposed inland port authorities and determine if certain criteria are met that to enable the

formal creation of the inland port authority. Additionally, the DED may adopt and promulgate rules and regulations relating to their responsibilities. The bill provides a \$5 million transfer from the General Fund to the DED administered Site and Building Development Fund in FY23, with intent for an additional \$5 million transfer in FY24. The transferred funds would be earmarked for use by DED to provide financial assistance to large shovel-ready commercial and industrial sites developed under the act

## **Shovel-Ready Capital Recovery/Investment Act (LB566-2021)**

LB 566 creates the Shovel-Ready Capital Recovery and Investment Act. The functions of this act administered by the Department of Economic Development (DED), provides grants to nonprofit organizations to assist with capital projects that have been delayed as a result of COVID-19. The grant application period shall be from July 1, 2021 to July 15, 2021 and nonprofit organizations must be 501(c)(3) organizations in order to be considered qualified. The application must include: a description of the qualified nonprofit's capital project; the estimated cost of the project; the date the project was delayed and the date in which the project is expected to begin; and documentation on the amount of funds which have been received or will be received from private sources. Projects must be expected to begin no later than June 30, 2022. The Department may approve applications within the limits of available appropriations. The grant shall be equal to the amount of funds the nonprofit has received from the private sector. The grant schedule is defined as such: (1) Less than \$5 million, a grant shall not exceed \$1.5 million; (2) \$5 - \$25 million, a grant shall not exceed \$5 million; (3) \$25 - \$50, a grant shall not exceed \$10 million; and (4) greater than \$50 million, a grant shall not exceed \$15 million.

LB 566 creates the Shovel-Ready Capital Recovery and Investment Fund, which is to be administered by DED and transfers \$15 million from the General Fund to this new fund for grants. The bill also includes intent to allocate Federal Funds as permitted under section 9901 of the American Rescue Plan Act of 2021 up to the amount needed to fully fund all approved grants.

## **General Fund Transfers In**

Cash funds are funds which contain earmarked revenue sources and monies in those funds can only be used for the purposes authorized by statute. In many instances (since the 2009 special session) an authorized use of monies in a cash fund is transfers to the General Fund at the discretion of the Legislature. For accounting purposes, these are shown as "Transfers in" and are included as General Fund revenues.

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. 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. These transfers are included in the FY2018-19 actual General Fund receipts.

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 amounted to \$48.8 million in FY2019-20 and \$50.8 million in FY2020-21. The FY2019-20 amounts are included in the actual receipts and the FY2020-21 amounts are already incorporated into the "Net Receipts" figures of the NEFAB forecast.

The enacted budget includes transfers-in of \$33.3 million in FY2021-22 and \$39.3 million in FY2022-23. Also included is cancellation of a \$2.25 million of the \$28 million FY21 transfer of Securities Act funds due to lack of adequate cash flow.

The transfer-in amounts are lower than the past few years as heavy transfers from these funds in prior years have drawn down the balances to the point where a higher transfer is not sustainable.

**Table 10 General Fund Transfers In**

	FY2020-21	FY2021-22	FY2022-23	FY2023-24	FY2024-25
Securities Act Cash Fund	28,000,000	18,000,000	24,000,000	0	0
Dept of Insurance Cash Fund	13,500,000	8,000,000	8,000,000	0	0
Tobacco Products Admin Cash Fund	9,000,000	7,000,000	7,000,000	0	0
State Settlement Cash Fund	295,957	295,597	295,597	0	0
Water Sustainability Fund (LB1009)	500,000	0	0	0	0
<b>Total General Fund Transfers-In</b>	<b>51,295,957</b>	<b>33,295,597</b>	<b>39,295,597</b>	<b>0</b>	<b>0</b>

# Revenue Legislation – 2021 Session

Table 11 Revenue Bills Enacted – 2021 Session

	FY2021-22	FY2022-23	FY2023-24	FY2024-25
<b>Revenue Bills:</b>				
LB 18 ImagiNE NE Act, employees and qualified locations	0	(281,000)	(569,000)	(611,000)
LB 26 Sales tax exemption, residential water service	(4,586,000)	(7,839,000)	(8,574,000)	(9,175,000)
LB 39 Change, Sports Arena Facility Financing Assistance Act	0	(1,000,000)	(2,000,000)	(3,000,000)
LB 64 Change taxation of social security benefits	(15,098,000)	(28,602,000)	(42,403,000)	(57,448,000)
LB 84 Redefine terms performance audits and the ImagiNE Act	future loss	future loss	future loss	future loss
LB 274 Promotional farmers market special designated license	(1,659,823)	(954,085)	(219,044)	552,748
LB 302 Changes, admin license revocation DMV	(9,000)	(9,000)	(9,000)	(9,000)
LB 366 Change, Nebr Advantage Microenterprise Tax Credit	(200,000)	(200,000)	(1,400,000)	(1,400,000)
LB 387 Changes, taxation of military retirement	(7,976,000)	(19,576,000)	(20,638,000)	(21,758,000)
LB 432 Income tax changes, corporate rate	(1,901,000)	(9,148,000)	(19,762,000)	(26,005,000)
LB 544 Urban Redevelopment Act	(1,400,000)	(3,500,000)	(3,700,000)	(3,900,000)
LB 595 Sales tax exemption, manufacturing ethyl alcohol	(7,335,000)	(15,308,000)	(16,933,000)	(17,656,000)
LB 664 Change distribution, Mutual Finance Assistance Fund	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)
LB 682 Changes, New Markets Job Growth Investment Act	0	0	0	(15,000,000)
<b>General Fund Transfer Out Bills:</b>				
LB 131 Municipal related changes, gas emergency act	(4,000,000)	0	0	0
LB 156 Adopt the Municipal Inland Port Authority Act	0	(5,000,000)	(5,000,000)	0
LB 566 Shovel-Ready Capital Recovery and Investment Act	(15,000,000)	0	0	0
Subtotal – Revenue Bills	311,126	4,123,453	4,096,771	4,097,771
LB 380 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 26** creates a sales and use tax exemption for residential water services. Specifically, it exempts the gross receipts received from the sale, lease, or rental of and the storage, use, or consumption of residential water services. LB 26 would become operative October 1, 2022

**LB 39** changes various provisions of the Sports Arena Facility Financing Assistance Act. Most notably, the bill introduces the classification of sports complexes into the Act. LB 39 redefines “new revenue” for eligible sports arena facilities that are not complexes, and introduces a new revenue definition for facilities that are sports complexes. Furthermore, LB 39 redefines project completion date, differentiating between projects involving the acquisition or construction of an eligible facility and all other projects. Of the turnback tax collected, 70% goes back to support the sports complex while 30% will be remitted to the Support the Arts Cash Fund to be administered by the Nebraska Arts Council. Of this 30%, 83% will be remitted to the Support the Arts Cash Fund, and the remaining 17% will be remitted to the Convention Center Support Fund, to be distributed to cities of

the metropolitan class for applications for state assistance under the Convention Center Facility Financing Assistance Act. Further intent is given to have this portion be equally distributed to areas with high poverty.

**LB 64** changes provisions related to social security benefits and federal adjusted gross income. Beginning January 1, 2021, federal adjusted gross income would be reduced by a percentage of the social security benefits received in the federal adjusted gross income. The percentage is set to increase each year until 50% of social security benefits can be deducted as shown below by year the fiscal year affected and the estimated dollar loss:

Jan 1, 2021 to Jan 1, 2022: 5%	FY21-22: (\$15,098,000)
Jan 1, 2022 to Jan 1, 2023: 20%	FY22-23: (\$28,602,000)
Jan 1, 2023 to Jan 1, 2024: 30%	FY23-24: (\$42,403,000)
Jan 1, 2024 to Jan 1, 2025: 40%	FY24-25: (\$57,448,000)
Jan 1, 2025 to Jan 1, 2026: 50%	FY25-26: (\$73,798,000)

The bill also includes intent that the Legislature enact legislation within five years after the effective date of this act to increase the exception percentage to 100% in the following manner:

Jan 1, 2026 to Jan 1, 2027: 60%	FY26-27: (\$91,511,000)
Jan 1, 2027 to Jan 1, 2028: 70%	FY27-28: (\$110,649,000)
Jan 1, 2028 to Jan 1, 2029: 80%	FY28-29: (\$131,279,000)
Jan 1, 2029 to Jan 1, 2030: 90%	FY29-30: (\$153,482,000)
Jan 1, 2030 and after: 100%	FY30-31: (\$168,027,000)

**LB 387** increases from 50% to 100% the amount of military retirement benefit that can be excluded by a recipient from their federal adjusted gross income for state tax purposes for tax years starting on or after January 1, 2022. The current 50% exemption was enacted in LB153 passed in 2020 also operative for tax years starting on or after January 1, 2022. The bill also allows military retirees to provide a form 1099 from either the Department of Defense or the Office of Personnel Management to claim the exemption for military retirement benefits.

	FY2021-22	FY2022-23	FY2023-24	FY2024-25
Taxation of military retirement, 50% (LB 153-2020)	(5,431,000)	(13,339,000)	(14,087,000)	(14,870,000)
Taxation of military retirement, to 100% (LB 387-2021)	(7,976,000)	(19,576,000)	(20,638,000)	(21,758,000)
Total Exemption	(13,407,000)	(32,915,000)	(34,725,000)	(36,628,000)

**LB 432** combines the provisions of four different bills relating to income tax as follows:

- (1) LB 254, which extends the sunset date for the Beginning Farmer Tax Credit from Dec 31, 2022 to Dec 31, 2025.
- (2) LB 597 to provide for a \$2000 income tax credit to the parents of a stillborn child. The stillbirth must have occurred after the twentieth week of gestation, and must be considered a future dependent of the parent claiming the credit.
- (3) Amended LB 299 to adopt the Firefighter Cancer Benefits Act.
- (4) LB680 to reduce the top marginal corporate income tax rate from 7.81% to 7.5% for Tax Year 20220 and 7.25% for Tax Year 2023. The bill also includes intent language that the Legislature reduce the tax rate to 7.00% for Tax Year 2024 and 6.84% for Tax Year 2025 and thereafter.

Breakdown of LB 432 Impact	FY2021-22	FY2022-23	FY2023-24	FY2024-25
Extend applications, Beginning Farmer Tax Credit Act (LB 254)	0	0	(1,159,000)	(1,188,000)
Firefighter Cancer Benefits Act (LB 299)	0	(153,000)	(157,000)	(162,000)
Redefine term, educational savings plan trust (LB 564)	0	0	0	0
Provide a tax credit for the parents of stillborn children (LB 597)	0	(300,000)	(300,000)	(300,000)
Change corporate income tax rates (LB 680)	(1,901,000)	(8,695,000)	(18,146,000)	(24,355,000)
LB 432 Total	(1,901,000)	(9,148,000)	(19,762,000)	(26,005,000)

**LB 544** enacts the Urban Redevelopment Act. The act provides tax incentives to taxpayers who increase cumulative investment and employment at a business located in an area that is both located in an economic redevelopment area and in a city of the metropolitan class or city of the primary class. Economic redevelopment area is defined as an area in the State which (1) the average rate of unemployment is at least 150% of the State average, and (2) the average poverty rate is 20% or more.

To earn benefits the taxpayer must meet the minimum requirements of one of two options. To earn benefits under option one, taxpayers must invest \$150,000 and hire 5 new equivalent employees. To earn benefits under option two, taxpayers must invest \$50,000. Taxpayers may not earn benefits under both options.

If a taxpayer reaches the minimum employment and investment levels within 2 years of the date of application they are entitled to receive tax benefits. Taxpayers with an option 1 agreement will earn a credit equal to \$3,000 for each new equivalent employee (an additional \$1,000 is earned for each equivalent employee who resides in an economic development area) and \$2,750 for each \$50,000 increase in investment. Taxpayers with an option 2 agreement will earn a credit equal to 5% of investment. These credits may be earned for each year of the performance period where they have maintained levels. No taxpayer can earn a credit greater than \$50,000 under this program.

DED may not continue to accept applications once expected credits for approved projects total \$8 million. No new applications may be accepted after December 31, 2031.

**LB 595** combines the provisions of four different bills relating to sales tax distribution and exemptions as follows:

- (1) LB 595 exempts the gross receipts received from the sale, lease, or rental of and the storage, use, or other consumption in Nebraska of enzymes, yeast, and related products used in the process of manufacturing ethyl alcohol
- (2) LB 182 as amended, exempts sales and use taxes from the gross receipts on the lease or use of towers or structures for the furnishing of Internet access service.
- (3) LB 350 as amended, extends the sunset date relating to the diversion of sales and use tax proceeds on the sale/lease of motorboats, personal watercraft, all-terrain vehicles and utility type vehicles to the Game and Parks Capital Maintenance Fund from October 1, 2022 to October 1, 2027. As such, the General Fund, the State Highway Capital Improvement Fund, and the Highway Allocation Fund will see a continued revenue loss from October 1, 2022 to October 1, 2027.

(4) LB 672 amends the definition of depreciable agricultural machinery and equipment as it relates to the sales and use tax exemption allowed for the gross receipts from the sale, lease, or rental of such property. LB 672 defines agricultural machinery and equipment to be tangible personal property fulfilling one of the following purposes: cultivating or harvesting of a crop; raising or caring for animal life; protecting the health and welfare of animal life; and collecting or processing an agricultural product on a farm or ranch. LB 672 provides examples of such property, which includes header trailers, head haulers, header transports, and seed tender trailers, but is not limited to this list.

Breakdown of LB 595 Impact	FY2021-22	FY2022-23	FY2023-24	FY2024-25
Exclude income, furnishing internet connection (LB 182)	(2,746,000)	(4,325,000)	(4,541,000)	(4,768,000)
Extend sales tax to Game/Parks Capital Maintenance (LB 350)	0	(3,691,000)	(4,927,000)	(5,051,000)
Sales tax exemption, manufacturing ethyl alcohol (LB 595)	(593,000)	(898,000)	(907,000)	(917,000)
Change sales tax exemption, ag machinery / equipment (LB 672)	(3,996,000)	(6,394,000)	(6,558,000)	(6,920,000)
LB 595 Total	(7,335,000)	(15,308,000)	(16,933,000)	(17,656,000)

**LB 664** amends Neb. Rev. Stat. § 35-1206, dealing with aid provided to cities, villages and rural and suburban fire protection districts to require each qualifying city, village, or rural or suburban fire protection district to receive a minimum of \$10,000 in aid. The bill further provides that this minimum applies to a rural or suburban fire protection district that is not a member of the mutual finance organization.

Currently, the Mutual Finance Assistance program (housed in agency 12 – State Treasurer) receives approximately \$10,000,000 per year from Insurance Premium Tax under section 77-912. Of this amount, \$4,000,000 per year is currently distributed through the Mutual Finance Assistance program while the unexpended dollars (approximately \$6,000,000 per year) lapse back to the General Fund. The changes in this bill will increase the use of the MFA funds by \$4 million thus reducing the General Fund lapse by the same amount.

**LB 682** makes various changes to the New Markets Job Growth Investment Act (Act). LB 682 changes the timeline for which new applications can be accepted to utilize the 2021 federal notice, rather than the 2020 federal notice. Furthermore, the new deadline is between 30 and 45 days after the 2021 federal notice, rather than between 30 days and 1 year after the 2020 federal notice. The bill also harmonizes language in the bill to the federal statutes and removes a provision relating to the certification of qualified equity investments by the Tax Commissioner.

The General Fund impact of the bill is created with extension of the deadline for new applications for designation as a qualified equity investment from December 31, 2022 to December 31, 2029. The Department of Revenue estimates the following impact to General Fund Revenues:

FY21-22: \$0  
 FY22-23: \$0  
 FY23-24: \$0  
 FY24-25: (\$15,000,000)  
 FY25-26: (\$15,000,000)  
 FY26-27: (\$15,000,000)

# ***GENERAL FUND APPROPRIATIONS***



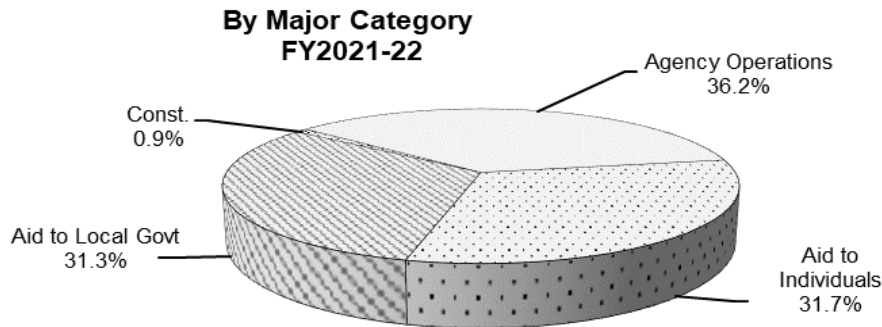
# General Fund Appropriations

Table 12 contains a summary of the General Fund budget for the FY2021-22 and FY2022-23 biennium as enacted in the 2021 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.

Table 12 - General Fund Budget as Enacted in the 2021 Session

	w/o Deficits FY2020-21	Per 2021 Session		Change vs Prior Yr FY21-22 (w/o deficits)		Change vs Prior Yr FY22-23 (w/o deficits)		2 Yr Avg % Change	% Total FY21-22
		Enacted FY2021-22	Enacted FY2022-23	\$	%	\$	%		
<b>Agency Operations</b>									
University & State /Colleges	669,962,990	685,481,715	699,985,544	15,518,725	2.3%	14,503,829	2.1%	2.2%	14.2%
Health & Human Services	251,533,219	252,746,312	255,796,626	1,213,093	0.5%	3,050,314	1.2%	0.8%	5.2%
Correctional Services	236,451,459	245,026,442	256,062,253	8,574,983	3.6%	11,035,811	4.5%	4.1%	5.1%
Courts	200,285,673	195,926,634	201,236,223	(4,359,039)	-2.2%	5,309,589	2.7%	0.2%	4.1%
State Patrol	64,448,023	67,522,904	69,750,430	3,074,881	4.8%	2,227,526	3.3%	4.0%	1.4%
Retirement Board	54,839,932	57,053,947	58,831,000	2,214,015	4.0%	1,777,053	3.1%	3.6%	1.2%
Revenue	28,992,188	28,723,541	29,046,325	(268,647)	-0.9%	322,784	1.1%	0.1%	0.6%
Other 39 Agencies	193,273,413	209,986,089	213,090,686	16,712,676	8.6%	3,104,597	1.5%	5.0%	4.4%
Total-GF Operations	1,699,786,897	1,742,467,584	1,783,799,087	42,680,687	2.5%	41,331,503	2.4%	2.4%	36.2%
<b>State Aid to Individuals/Others</b>									
Medicaid	921,250,222	899,933,133	951,835,510	(21,317,089)	-2.3%	51,902,377	5.8%	1.6%	18.7%
Child Welfare Aid	172,174,830	178,071,265	181,510,159	5,896,435	3.4%	3,438,894	1.9%	2.7%	3.7%
Developmental disabilities aid	157,255,751	157,634,528	167,735,010	378,777	0.2%	10,100,482	6.4%	3.3%	3.3%
Public Assistance	86,756,257	87,950,162	89,156,005	1,193,905	1.4%	1,205,843	1.4%	1.4%	1.8%
Behavioral Health aid	72,206,614	77,956,716	80,505,211	5,750,102	8.0%	2,548,495	3.3%	5.6%	1.6%
Childrens Health Insurance (SCHIP)	23,778,754	23,275,936	26,433,262	(502,818)	-2.1%	3,157,326	13.6%	5.4%	0.5%
Nebr Broadband Bridge Act	0	19,782,208	19,795,788	19,782,208	-	13,580	100.0%	na	0.4%
Business Innovation Act	6,020,352	14,020,352	15,020,352	8,000,000	132.9%	1,000,000	7.1%	58.0%	0.3%
Aging Programs	11,722,579	11,722,579	11,722,579	0	0.0%	0	0.0%	0.0%	0.2%
Community health centers	7,783,060	9,814,060	11,314,060	2,031,000	26.1%	1,500,000	15.3%	20.6%	0.2%
Nebraska Career Scholarships	4,000,000	9,000,000	14,000,000	5,000,000	125.0%	5,000,000	55.6%	87.1%	0.2%
Higher Ed Student Aid programs	8,693,430	8,843,430	9,093,430	150,000	1.7%	250,000	2.8%	2.3%	0.2%
Public Health Aid	6,364,407	6,877,196	6,877,196	512,789	8.1%	0	0.0%	4.0%	0.1%
Nebraska Rural Projects Act	0	4,715,630	4,896,460	4,715,630	-	180,830	3.8%	na	0.1%
All Other Aid to Individuals/Other	12,869,453	16,336,995	23,878,052	3,467,542	26.9%	7,541,057	46.2%	36.2%	0.3%
Total-GF Aid to Individuals/Other	1,490,875,709	1,525,934,190	1,613,773,074	35,058,481	2.4%	87,838,884	5.8%	4.0%	31.7%
<b>State Aid to Local Govts</b>									
State Aid to Schools (TEEOSA)	1,022,555,859	1,014,915,776	1,039,139,959	(7,640,083)	-0.7%	24,224,183	2.4%	0.8%	21.1%
Property Tax Credit	Transfer	Transfer	Transfer	-	-	-	-	-	-
Special Education	231,079,770	233,390,568	235,724,474	2,310,798	1.0%	2,333,906	1.0%	1.0%	4.8%
Aid to Community Colleges	103,558,339	106,645,089	109,804,330	3,086,750	3.0%	3,159,241	3.0%	3.0%	2.2%
Homestead Exemption	101,100,000	104,300,000	109,600,000	3,200,000	3.2%	5,300,000	5.1%	4.1%	2.2%
Aid to ESU's	13,613,976	13,613,976	13,613,976	0	0.0%	0	0.0%	0.0%	0.3%
Aid to Counties programs	0	2,000,000	2,000,000	2,000,000	#DIV/0!	0	0.0%	na	0.0%
High ability learner programs	2,342,962	2,342,962	2,342,962	0	0.0%	0	0.0%	0.0%	0.0%
Early Childhood programs	8,619,357	11,119,357	11,119,357	2,500,000	29.0%	0	0.0%	13.6%	0.2%
Community Based Juvenile Service	6,048,000	5,798,000	5,798,000	(250,000)	-4.1%	0	0.0%	-2.1%	0.1%
Governors Emergency Program	60,240,974	5,000,000	5,000,000	(55,240,974)	-91.7%	0	0.0%	-71.2%	0.1%
Other Aid to Local Govt	5,319,394	6,319,394	6,319,394	1,000,000	18.8%	0	0.0%	9.0%	0.1%
Total-GF Aid to Local Govt	1,554,478,631	1,505,445,122	1,540,462,452	(49,033,509)	-3.2%	35,017,330	2.3%	-0.5%	31.3%
<b>Capital Construction</b>	38,625,661	41,526,176	38,171,610	2,900,515	7.5%	(3,354,566)	-8.1%	-0.6%	0.9%
<b>TOTAL APPROPRIATIONS</b>	4,783,766,898	4,815,373,072	4,976,206,223	31,606,174	0.7%	160,833,151	3.3%	2.0%	100.0%

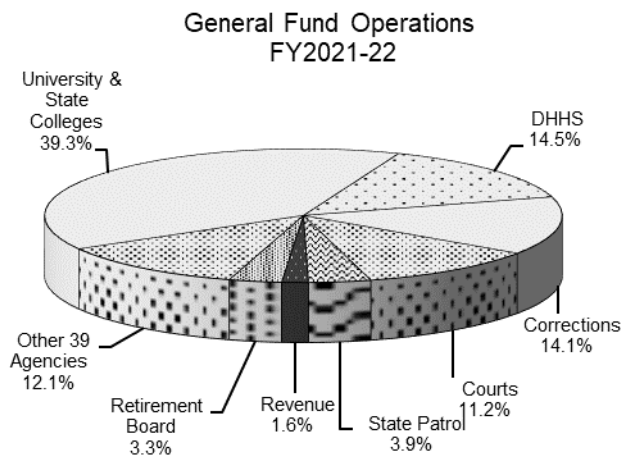
The numbers in the enacted budget are the net result of about 200 individual issues which reflect both increases to and reductions from the current year appropriation. A listing of the most significant individual issues starts on page 51. The following highlights some major changes in each category.



## 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 FY2021-22 budget, 36.2% 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 88% of state operations. Note that all of the General Funds for the Retirement Board are actually state contributions for the K-12 School employee retirement plan. They are not shown under aid to local governments as the monies are placed directly into the retirement fund and are not actually paid to a school district.



General Funds for agency operations shows a net \$42.7 million increase (2.5%) in FY21-22 and a \$41.3 million increase (2.4%) in FY22-23. The most significant increases in operations in FY21-22 are salary and health insurance increases for state employees and the University of Nebraska and State Colleges. Funding for the University salary and health insurance costs was limited to a 2% increase in their overall budget. Salary increases, which basically range from 1.0% to 2.0%, amount to \$24.6 million while health insurance cost increases is estimated at 4% per year amounts to \$7.2 million.

Other FY22 increases include \$4.9 million for additional staffing and programming in the Dept. of Correctional Services, \$3.5 million to replace lower cash & federal fund revenues at the Veterans Homes, and \$4.7 million for DAS charges largely Office of Chief Information Officer (OCIO).

These increases were offset by several reductions including an \$8.5 million base adjustment to juvenile justice costs in the Supreme Court.

The increase in FY22-23 mostly is the result of second year salary and health insurance costs, an additional \$25.9 million and \$3.9 million respectively.

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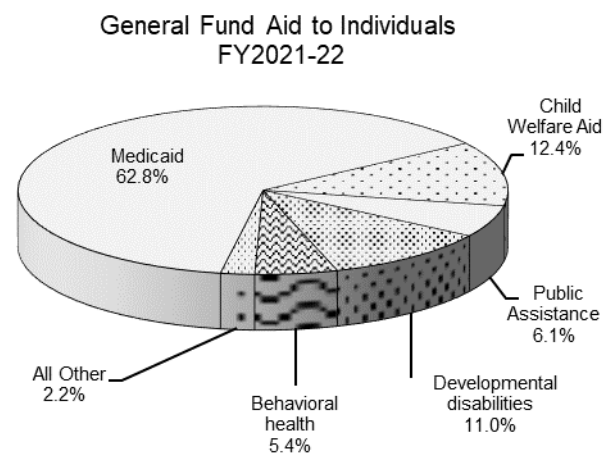
## State Aid to Individuals / Others

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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 2.4% increase in FY2021-22 (\$35.1 million) and a 5.8% increase (\$87.8 million) in FY22-23. The large reduction in FY22 was led by a \$33.8 million savings due to an increase in the Federal Medical Assistance Percentage (FMAP). There was also a \$15.5 million reduction in Medicaid due to no longer need to budget for the Health Insurance Provider Fee (HIPF).

Furthermore, funding for eligibility and utilization increases in Medicaid, SCHIP, and developmental disability aid in FY21-22 were covered one-time by a reappropriation of unexpended funds.



The enacted budget includes a 2% per year provider rate increase for Medicaid, child welfare, public assistance, children's health Insurance, behavioral health and developmental disability providers. This amounts to \$27.5 million in FY21-22 and \$56.1 million in FY22-23 making this the single largest increase in the budget.

LB388 created the Broadband Bridge program with the purpose of facilitating and funding the development of broadband networks in unserved and underserved areas of Nebraska. Grant funding of \$19.8 million per year was provided.

The FY2022-23 increase is higher due to funding of eligibility and utilization increases in Medicaid, SCHIP, and developmental disability aid with new appropriations.

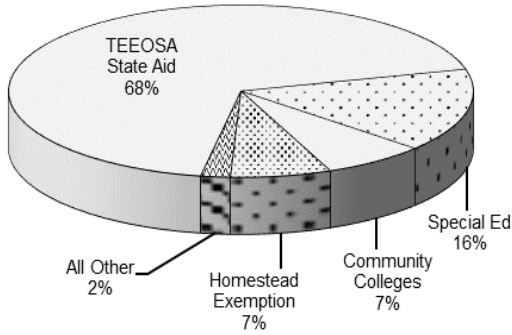
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## State Aid to Local Governments

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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).

General Fund Aid to Local Govt  
FY2021-22



Aid to local governments declined by \$49.0 million (-3.2%) in FY2021-22 but a \$35.0 million (2.3%) increase in FY2022-23.

The primary reason for the reduction in aid in FY21-22 is the Governors Emergency Fund. The FY20-21 base appropriation included \$55.2 million which was funded to cover costs associated with the spring 2019 flooding. This \$55.2 million would normally have been a FY19-20 deficit. However because the legislative session was suspended to July, FY19-20 had been completed and the funds had to be added to the FY20-21 appropriation. As a one-time item, this \$55 million is reduced from the baseline budget in FY21-22.

There also is a \$7.6 million reduction in TEEOSA school aid as calculated under existing law due to lower spending and higher property valuations.

Homestead Exemption reimbursement increases by 5% in FY21-22 partially offset by reducing the base appropriation due to a deficit being added to FY20-21 similar to the flood damage in the Governors Emergency Fund.

The budget also provides for a 1% per year increase in Special Education (\$2.2 million each year), a 2% per year increase in funding for Community College (about \$2.0 million each year) plus a \$1.1 million increase each year for expanded funding for the dual credit enrollment program. Other significant increases include a \$1 million increase in the school textbook loan program and a \$2.5 million increased support for the Early Childhood Endowment program.

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## Capital Construction

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Of the General Funds included in the enacted budget for capital construction, 81% is to cover the dollar amounts needed to complete funding of projects approved in previous sessions, commonly referred to as reaffirmations. There is a relatively small change in the overall amount relative to the current FY2020-21 level.

Although not affecting FY22 and FY23, the construction bill included the provisions of LB588 extending existing appropriations for deferred maintenance under the University of Nebraska Facilities Program until 2062 and the State College Facilities Program until 2040. The bill would increase the annual appropriation to the University by \$2.5 million to renew, renovate, replace, or repair existing facilities.

# Historical General Fund Appropriations

While the previous sections provide an overview of the FY2021-22 and FY2022-23 General Fund biennial budget, Table 13 provides an historical perspective showing appropriations for the twenty year period FY2001-02 through the enacted budget for FY2021-22 by major area. Average spending growth over the 20 year period is 3.1%. 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

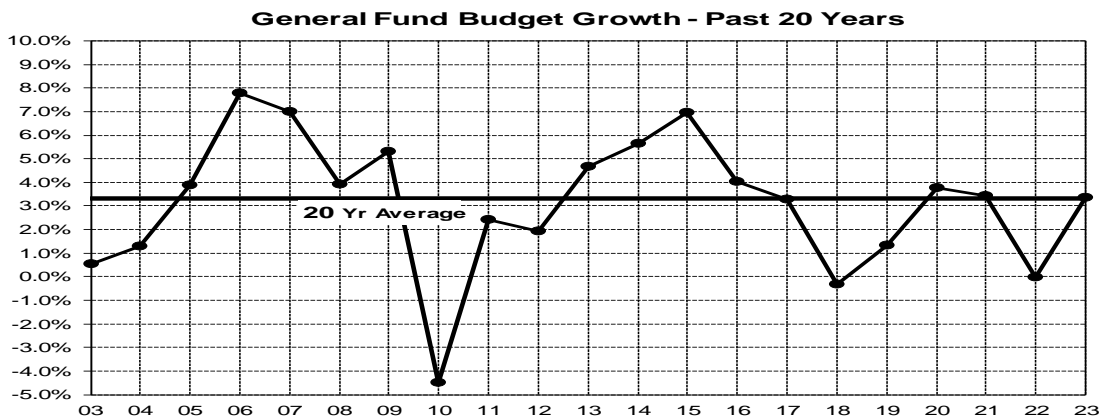
	New Approp FY2001-02	New Approp FY2011-12	2021 Session FY2021-22	Avg % 20 Yr 02 to 22
<b><u>AGENCY OPERATIONS</u></b>				
University + Colleges (w/o aid)	442,899,064	536,124,386	685,481,715	2.2%
Health & Human Services	186,446,260	219,347,008	252,746,312	1.5%
Correctional Services	108,056,932	156,102,931	245,026,442	4.2%
Court System (includes probation)	53,981,584	74,874,064	195,926,634	6.7%
State Patrol	38,152,179	53,690,860	67,522,904	2.9%
Retirement Board	14,872,630	28,344,698	57,053,947	7.0%
Revenue	24,327,480	25,792,617	28,723,541	0.8%
Other 39 Agencies	120,469,794	131,000,097	209,986,089	2.8%
Total-GF Operations	989,205,923	1,225,276,661	1,742,467,584	2.9%
<b><u>AID TO INDIVIDUALS</u></b>				
Medicaid	395,219,339	599,909,134	899,933,133	4.2%
Child Welfare aid	85,982,860	149,259,315	178,071,265	3.7%
Developmental disabilities	51,012,023	94,652,981	157,634,528	5.8%
Public Assistance	58,833,625	90,263,621	87,950,162	2.0%
Behavioral Health aid	28,150,497	74,810,767	77,956,716	5.2%
Childrens Health Insurance (SCHIP)	0	9,932,192	23,275,936	na
Public Health Aid and health centers	2,911,406	8,558,006	16,691,256	9.1%
Aging programs	5,446,975	7,999,438	11,722,579	3.9%
Higher Ed Student Aid	6,949,026	6,918,156	8,843,430	1.2%
Business Innovation Act	0	7,000,000	14,020,352	na
Other Aid to Individuals/Other	11,827,337	7,980,123	49,834,833	7.5%
Total-State Aid to Ind/Other	646,333,088	1,057,283,733	1,525,934,190	4.4%
<b><u>AID TO LOCAL GOVT</u></b>				
State Aid to Education (TEEOSA)	631,828,496	804,689,087	1,014,915,776	2.4%
Property Tax Credit (transfer)	0	\$115M	\$300M	--
Special Education	146,164,827	184,893,842	233,390,568	2.4%
Aid to Community Colleges	65,487,424	86,758,025	106,645,089	2.5%
Homestead Exemption	36,000,000	72,300,000	104,300,000	5.5%
Governors Emergency Program	0	500,000	5,000,000	na
Aid to ESU's	13,094,375	14,051,761	13,613,976	0.2%
Aid to Cities	16,830,240	0	0	na
Aid to Counties (all programs)	17,185,221	0	2,000,000	-10.3%
Early Childhood+High Ability Learner	4,828,821	0	13,462,319	5.3%
Community Based Juvenile Services	0	1,477,575	5,798,000	na
Other Aid to Local Govt	12,608,069	9,274,012	6,319,394	-3.4%
Total-GF State Aid to Local Govt	944,027,473	1,173,944,302	1,505,445,122	2.4%
<b><u>CAPITAL CONSTRUCTION</u></b>				
	27,384,852	14,027,233	41,526,176	2.1%
<b><u>GENERAL FUND TOTAL</u></b>				
	2,606,951,336	3,470,531,929	4,815,373,072	3.1%

Table 14 Historical General Fund Appropriations

<i>Excludes Deficits</i>	Agency Operations	Aid to Ind/Other	Aid to Local Govt	Construction	Total	% Change
FY2001-02 Approp	989,205,923	646,333,088	944,027,473	27,384,852	2,606,951,336	6.0%
FY2002-03 Approp	1,003,728,744	647,793,727	951,729,511	18,044,257	2,621,296,239	0.6%
FY2003-04 Approp	999,655,261	705,616,238	929,503,078	20,515,031	2,655,289,608	1.3%
FY2004-05 Approp	1,018,017,210	785,572,536	935,446,662	19,046,316	2,758,082,724	3.9%
FY2005-06 Approp	1,079,894,592	850,904,771	1,018,289,225	23,350,481	2,972,439,069	7.8%
FY2006-07 Approp	1,151,463,639	938,524,594	1,058,983,563	31,878,981	3,180,850,777	7.0%
FY2007-08 Approp	1,172,764,317	978,026,675	1,146,759,149	8,150,822	3,305,700,963	3.9%
FY2008-09 Approp	1,221,557,978	1,015,815,632	1,236,048,810	8,238,322	3,481,660,742	5.3%
FY2009-10 Approp	1,210,527,988	880,256,943	1,220,339,540	14,172,233	3,325,296,704	-4.5%
FY2010-11 Approp	1,253,663,584	946,598,966	1,191,036,509	13,802,233	3,405,101,292	2.4%
FY2011-12 Approp	1,225,276,661	1,057,283,733	1,173,944,302	14,027,233	3,470,531,929	1.9%
FY2012-13 Approp	1,259,610,962	1,135,669,688	1,216,370,872	20,772,233	3,632,423,755	4.7%
FY2013-14 Approp	1,315,231,996	1,212,891,823	1,284,215,064	25,830,024	3,838,168,907	5.7%
FY2014-15 Approp	1,429,479,091	1,304,901,886	1,345,007,109	26,437,444	4,105,825,530	7.0%
FY2015-16 Approp	1,521,595,794	1,348,844,879	1,374,980,396	26,382,800	4,271,803,869	4.0%
FY2016-17 Approp	1,580,659,703	1,398,520,670	1,410,271,464	22,239,000	4,411,690,837	3.3%
FY2017-18 Approp	1,570,199,266	1,378,600,757	1,427,473,593	21,739,000	4,398,012,616	-0.3%
FY2018-19 Approp	1,583,458,863	1,415,580,493	1,435,505,259	21,739,000	4,456,283,615	1.3%
FY2019-20 Approp	1,639,165,838	1,437,130,930	1,510,109,279	38,265,811	4,624,671,858	3.8%
FY2020-21 Approp	1,699,786,897	1,490,875,709	1,554,478,631	38,625,661	4,783,766,898	3.4%
FY2021-22 Enacted	1,742,467,584	1,525,934,190	1,505,445,122	41,526,176	4,815,373,072	0.7%
FY2022-23 Enacted	1,783,799,087	1,613,773,074	1,540,462,452	38,171,610	4,976,206,223	3.3%

Average Annual Growth

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	3.6%	2.6%	4.1%	33.3%	3.6%
<b>FY21 / FY22 Biennium</b>	<b>2.4%</b>	<b>4.0%</b>	<b>-0.5%</b>	<b>-0.6%</b>	<b>2.0%</b>
Avg FY03 to FY13 (10 yr)	2.3%	5.8%	2.5%	1.4%	3.3%
Avg FY13 to FY23 (10 yr)	3.5%	3.6%	2.4%	6.3%	3.2%
Avg F03 to FY23 (20 yr)	2.9%	4.7%	2.4%	3.8%	3.3%



# Significant General Fund Increases and Reductions

The FY2021-22 / FY2022-23 enacted budget represents the result of numerous areas where the budget was increased, offset to some extent by areas that were reduced.

In terms of using available General Funds, one of the single largest items is not on the list. The budget included additional funds for the for the Property Tax Credit program; \$25 million in FY22 and \$38 million in FY23, \$63 million two year total. For accounting purposes this is shown as a transfer-out not a General Fund expenditure.

Table 15 Significant Increases and Reductions

<i>Amounts shown are \$ change from FY21 base year</i>	<b>Per 2021 Session</b>		
	FY2021-22	FY2022-23	Two Yr total
<b>1 <u>SIGNIFICANT INCREASES:</u></b>			
2 Provider rates, DHHS aid programs	28,235,449	57,827,718	86,063,167
3 Property Tax Credit program *	transfer	transfer	transfer
4 Salaries & Health Insurance (Agencies)	17,808,823	33,617,436	51,426,259
5 Salaries & Health Insurance (University+Colleges)	13,979,351	28,483,180	42,462,531
6 Nebr Broadband Bridge Act (LB 388)	20,000,000	20,000,000	40,000,000
7 Medicaid (other than FMAP, provider rates, expansion)	(1,659,315)	37,431,370	35,772,055
8 Shift from Health Care Cash to General, DHHS	10,100,000	10,100,000	20,200,000
9 Business Innovation Act	8,000,000	9,000,000	17,000,000
10 Staffing, programs, equipment (Corrections)	4,887,515	10,702,751	15,590,266
11 Nebraska Career Scholarships	5,000,000	10,000,000	15,000,000
12 Developmental Disability aid (other than FMAP, provider r	2,083,156	10,125,784	12,208,940
13 Homestead Exemption	3,200,000	8,500,000	11,700,000
14 Nebr Rural Projects Act (LB 40)	5,000,000	5,000,000	10,000,000
15 Operating inflation+DAS rates (State Agencies)	4,748,381	5,059,428	9,807,809
16 Fund source mix (Vets Affairs)	3,481,128	5,900,000	9,381,128
17 Community Colleges	3,086,750	6,245,991	9,332,741
18 TEEOSA Aid to Schools (General Funds only)	(7,640,083)	16,584,100	8,944,017
19 Aid to the arts programs	100,000	7,600,000	7,700,000
20 Retirement, K-12 School / Judges / Patrol	2,214,015	3,991,068	6,205,083
21 Special Education	2,310,798	4,644,704	6,955,502
22 Juvenile & community programs, 2% rate increase (Courts	1,910,000	3,858,200	5,768,200
23 Public/Community Health Aid	2,543,789	4,043,789	6,587,578
24 Early Childhood Endowment	2,500,000	2,500,000	5,000,000
25 Aid to Counties, certain federal judgments	2,000,000	2,000,000	4,000,000
26 Behavioral Health aid (other than FMAP, provider rates,)	1,442,527	2,248,947	3,691,474
27 ACT test funding (Education)	1,500,000	1,500,000	3,000,000
28 Medical Student Assistance	1,500,000	1,500,000	3,000,000
29 SCHIP extra FMAP expires	0	2,714,139	2,714,139
30 Capital Construction	2,900,515	(454,051)	2,446,464
31 Textbook loan program	1,000,000	1,000,000	2,000,000
32 Subtotal-Increases Listed	143,489,826	313,780,592	457,270,418
<b>33 <u>SIGNIFICANT REDUCTIONS:</u></b>			
34 Governors Emergency Program	(55,240,974)	(55,240,974)	(110,481,948)
35 Federal Medicaid Match rate (FMAP, op & aid)	(34,483,957)	(42,534,286)	(77,018,243)
36 Health Insurance Provider Fee (HIPF)	(15,478,738)	(15,478,738)	(30,957,476)
37 Base Reductions (Courts - Juvenile Justice)	(8,500,000)	(8,500,000)	(17,000,000)
38 Base adjustment, deficit (Corrections)	(2,300,000)	(2,300,000)	(4,600,000)
39 Base adjustment, deficit (DHHS)	(1,600,000)	(1,600,000)	(3,200,000)
40 Base Reductions (Courts - Community Corrections)	(1,500,000)	(1,500,000)	(3,000,000)
41 Subtotal-Reductions Listed	(119,103,669)	(127,153,998)	(246,257,667)
42 <b><u>OTHER NOT LISTED (NET)</u></b>	7,220,017	5,812,731	13,032,748
43 <b><u>TOTAL GENERAL FUND CHANGE</u></b>	31,606,174	192,439,325	224,045,499

Table 16 Significant General Fund Increases / Reductions by Budget Category

	<i>Amounts shown are \$ change from FY21 base year</i>	<b>Biennial Budget - 2021 Session</b>		
		FY2021-22	FY2022-23	Two Yr total
1	TEEOSA Aid to Schools	(7,640,083)	16,584,100	8,944,017
2	Special Education	2,310,798	4,644,704	6,955,502
3	Early Childhood Endowment	2,500,000	2,500,000	5,000,000
4	Textbook loan program	1,000,000	1,000,000	2,000,000
5	Homestead Exemption	3,200,000	8,500,000	11,700,000
6	Community Colleges	3,086,750	6,245,991	9,332,741
7	Governors Emergency Program	(55,240,974)	(55,240,974)	(110,481,948)
8	Aid to Counties, certain federal judgments	2,000,000	2,000,000	4,000,000
9	Other Not Listed (net)	(250,000)	(250,000)	(500,000)
10	<b>AID TO LOCAL GOVERNMENTS</b>	<b>(49,033,509)</b>	<b>(14,016,179)</b>	<b>(63,049,688)</b>
11	Medicaid (with expansion)	(21,317,089)	30,585,288	9,268,199
12	Public Assistance	1,193,905	2,399,748	3,593,653
13	Child Welfare aid	5,896,435	9,335,329	15,231,764
14	Developmental Disability aid	378,777	10,479,259	10,858,036
15	Behavioral health aid	5,750,102	8,298,597	14,048,699
16	Childrens Health Insurance (SCHIP)	(502,818)	2,654,508	2,151,690
17	Public/Community Health Aid	2,543,789	4,043,789	6,587,578
17	Medical Student Assistance	1,500,000	1,500,000	3,000,000
18	Nebr Broadband Bridge Act (LB 388)	19,782,208	19,795,788	39,577,996
19	Nebr Rural Projects Act (LB 40)	4,715,630	4,896,460	9,612,090
20	Higher Ed Student aid programs	150,000	400,000	550,000
21	Nebraska Career Scholarships	5,000,000	10,000,000	15,000,000
22	Vocational and Life Skills Program (DCS)	(250,000)	(250,000)	(500,000)
23	State aid to development districts	300,000	300,000	600,000
24	Business Innovation Act	8,000,000	9,000,000	17,000,000
25	Aid to the arts programs	100,000	7,600,000	7,700,000
26	Other Not Listed (net)	1,817,542	1,858,599	3,676,141
27	<b>AID TO INDIVIDUALS / OTHER</b>	<b>35,058,481</b>	<b>122,897,365</b>	<b>157,955,846</b>
28	Salaries (State Agencies) (include DCS step)	14,265,185	26,388,412	40,653,597
29	Salaries (University+Colleges)	10,310,300	24,331,148	34,641,448
30	Health Insurance (State Agencies)	3,543,638	7,229,024	10,772,662
31	Health Insurance (University+Colleges)	3,669,051	4,152,032	7,821,083
32	DAS related rates (State Agencies)	4,748,381	5,059,428	9,807,809
33	Base Reductions (Courts - Community Corrections)	(1,500,000)	(1,500,000)	(3,000,000)
34	Base Reductions (Courts - Juvenile Justice)	(8,500,000)	(8,500,000)	(17,000,000)
35	LB 406 STAR WARS (Tourism/Rec Water Access/Sustainab	2,000,000	0	2,000,000
36	Juvenile & community programs, 2% rate increase (Courts)	1,910,000	3,858,200	5,768,200
37	Judges salaries (Courts)	777,027	1,576,038	2,353,065
38	Interstate Water Litigation (Attorney General)	300,000	300,000	600,000
39	ACT test funding (Education)	1,500,000	1,500,000	3,000,000
40	Nebraska AgrAbility program (Agriculture)	300,000	300,000	600,000
41	Nebr Broadband Bridge Act	217,792	204,212	422,004
42	FMAP-operations related (DHHS)	(680,190)	(837,795)	(1,517,985)
43	Base adjustment, deficit (DHHS)	(1,600,000)	(1,600,000)	(3,200,000)
44	Medicaid Expansion operations (DHHS)	(1,073,813)	(1,073,813)	(2,147,626)
45	Fund source mix (Vets Affairs)	3,481,128	5,900,000	9,381,128
46	Staffing, security, programming and health services (Correct	4,887,515	10,702,751	15,590,266
47	Base adjustment, deficit (Corrections)	(2,300,000)	(2,300,000)	(4,600,000)
49	Historical sites, markers, grants (Historical Society)	1,000,000	500,000	1,500,000
50	Salary adjustments (Patrol)	593,871	675,552	1,269,423
51	Nebr Rural Projects Act (LB 40)	284,370	103,540	387,910
52	Retirement, K-12 School / Judges / Patrol	2,214,015	3,991,068	6,205,083
53	State Claims (2020 claims shifted to FY21)	(1,292,243)	(1,292,243)	(2,584,486)
54	Other Not Listed (net)	3,624,660	4,344,636	7,969,296
55	<b>AGENCY OPERATIONS</b>	<b>42,680,687</b>	<b>84,012,190</b>	<b>126,692,877</b>
56	Capital Construction	2,900,515	(454,051)	2,446,464
57	<b>CAPITAL CONSTRUCTION</b>	<b>2,900,515</b>	<b>(454,051)</b>	<b>2,446,464</b>
58	<b>TOTAL GENERAL FUND CHANGE (without deficits)</b>	<b>31,606,174</b>	<b>192,439,325</b>	<b>224,045,499</b>



# Aid to Local Governments

## Aid to Counties (LB 103)

LB 103 appropriates \$2,000,000 from the General Fund for FY2021-22 and FY2022-23 for aid to any county that has a judgement in excess of twenty-five million dollars rendered by a federal court for a violation of federal law if the total cost of the judgement is equal to twenty percent or more of the county's annual budget. Although this bill is applicable to any county, Gage County is the only one that currently meets this criteria which has a federal judgment against it in the amount of \$28.2 million plus lawyer fees and interest that will bring the total to over \$31 million related to the case known as the Beatrice Six.

## State Aid to K-12 Schools

Table 17 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 1.0%.

TEEOSA aid is based on the current law and Special Education reimbursement is increased by 1% per year. For other K-12 General Fund aid programs, the budget remains basically the same except for a \$2.5 million increase in Early Childhood Endowment and \$1 million increase in the textbook loan program. A description of the various programs follows the table.

Table 17 Total General Fund State Aid to K-12 Schools

	Approp FY2018-19	Approp FY2019-20	Approp FY2020-21	Budget FY2021-22	Budget FY2022-23
State Aid to Education (TEEOSA)	974,507,975	1,036,237,766	1,022,555,859	1,014,915,776	1,039,139,959
Special Education	226,526,585	228,791,851	231,079,770	233,390,568	235,724,474
High ability learner programs	2,202,384	2,342,962	2,342,962	2,342,962	2,342,962
Early Childhood program	3,474,583	3,619,357	3,619,357	3,619,357	3,619,357
Early Childhood Endowment	4,800,000	5,000,000	5,000,000	7,500,000	7,500,000
Nurturing Healthy Behaviors	384,000	400,000	400,000	400,000	400,000
School Lunch	376,351	392,032	392,032	392,032	392,032
Textbook loan program	446,880	465,500	465,500	1,465,500	1,465,500
School Breakfast reimbursement	617,898	617,898	617,898	617,898	617,898
Adult Education	206,077	214,664	214,664	214,664	214,664
Learning Communities Aid	470,000	470,000	470,000	470,000	470,000
Summer Food Service grants	86,400	90,000	90,000	90,000	90,000
High School Equivalency Assist	720,000	750,000	750,000	750,000	750,000
Quality Child Care – Scholarships	96,000	100,000	100,000	100,000	100,000
Quality Child Care – Bonuses	66,240	69,000	69,000	69,000	69,000
Total Gen Fund Aid - K-12 Dist.	1,214,981,373	1,279,561,030	1,268,167,042	1,266,337,757	1,292,895,846
\$ Change over Prior Yr	6,181,491	64,579,657	(11,393,988)	(1,829,285)	26,558,089
% Change over Prior Yr	0.5%	5.3%	-0.9%	-0.1%	2.1%

**Special Education** 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 FY22 and FY23 includes a 1.0% per year increase, the same as the last two biennial budgets.

Special Education (General Funds only)	FY18/FY19 Biennium		FY19/FY20 Biennium		Biennial Budget	
	FY2017-18	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
Base Year Appropriation	222,063,117	222,063,117	226,526,585	226,526,585	231,079,770	231,079,770
Cost/Client increases	2,220,631	4,463,468	2,265,266	4,553,185	2,310,798	4,644,704
Shift GF from Spec Ed to Medicaid, LB276	0	0	0	0	0	0
Total - New Appropriation	224,283,748	226,526,585	228,791,851	231,079,770	233,390,568	235,724,474
\$ Change over Prior Yr	2,220,631	2,242,837	2,265,266	2,287,919	2,310,798	2,333,906
% Change over Prior Yr	1.0%	1.0%	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. In 2019 budget for FY2019-20 and FY2020-21 restores funding to the level prior to that cut. The enacted budget has no changes in funding.

High Ability Learners	FY18/FY19 Biennium		FY19/FY20 Biennium		Biennial Budget	
	FY2017-18	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
Base Year Appropriation	2,342,962	2,342,962	2,202,384	2,202,384	2,342,962	2,342,962
6% base reduction in aid	0	(140,578)	0	0	0	0
Restore 6% base reduction in aid	0	0	140,578	140,578	0	0
Total - New Appropriation GF	2,342,962	2,202,384	2,342,962	2,342,962	2,342,962	2,342,962
Education Innovation Fund (lottery)	0	0	0	0	0	0
Total Funding	2,342,962	2,202,384	2,342,962	2,342,962	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

Early Childhood Grant Program	FY18/FY19 Biennium		FY19/FY20 Biennium		Biennial Budget	
	FY2017-18	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
Base Year Appropriation	3,770,164	3,770,164	3,474,583	3,474,583	3,619,357	3,619,357
Extend LB22 4% cut	(150,807)	(150,807)	0	0	0	0
4% base reduction in aid	deficit	(144,774)	0	0	0	0
Restore 4% base reduction in aid	0	0	144,774	144,774	0	0
Total - New Appropriation GF	3,619,357	3,474,583	3,619,357	3,619,357	3,619,357	3,619,357

FY2019-20 and FY2020-21 restored funding of that 4% cut. The enacted budget has no changes in funding.

**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 e 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.

The enacted mainline budget incorporated the contents of LB142 by including an additional \$2.5 million each year.

Early Childhood Endowment	FY18/FY19 Biennium		FY19/FY20 Biennium		Biennial Budget	
	FY2017-18	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
Base Year Appropriation	5,000,000	5,000,000	4,800,000	4,800,000	5,000,000	5,000,000
Increase state funding (proposed in LB 342)	0	0	0	0	2,500,000	2,500,000
4% base reduction in aid	deficit	(200,000)	0	0	0	0
Restore 4% base reduction in aid	0	0	200,000	200,000	0	0
<b>Total - New Appropriation GF</b>	<b>5,000,000</b>	<b>4,800,000</b>	<b>5,000,000</b>	<b>5,000,000</b>	<b>7,500,000</b>	<b>7,500,000</b>
Education Innovation Fund (lottery)	0	0	0	0	0	0
Endowment Fund income	2,506,460	2,506,460	2,506,460	2,506,460	2,506,460	2,506,460
Federal Funds	3,109,874	3,109,874	3,109,874	3,109,874	3,109,874	3,109,874
<b>Total Funding</b>	<b>10,616,334</b>	<b>10,416,334</b>	<b>10,616,334</b>	<b>10,616,334</b>	<b>13,116,334</b>	<b>13,116,334</b>

**Textbook Loan Program** State statute provides for an appropriation for monies for the purchase of textbooks for loan to students attending private approved or accredited schools. Rule 4 ("Regulations for Textbook Loans to Children Enrolled in Private Schools in Nebraska") is the applicable rule for the textbook loan process and the disbursement of the monies. The Governor recommended increasing the current \$465,000 amount by \$1,000,000 to a total of \$1,465,000. The

Legislature concurred and also includes that increase. This would be the first increase in funding for the program since FY2009-10.

**TEEOSA State Aid to Schools** The enacted budget includes funding for state aid to schools at the amount calculated under the current law. The FY2021-22 is based on the calculation prepared by the Dept of Education in January 21 and reflects the certification amount. The FY22-23 estimate is based on Fiscal Office calculations. Overall change in total TEEOSA aid is a \$5.8 million (-0.6%) reduction in FY21-22 in FY2021-22 and a \$24.2 million (3.2%) increase in FY2022-23

Table 18 TEEOSA Aid

<b>TEEOSA – Current Law</b>	All Funds FY2020-21	All Funds FY2021-22	All Funds FY2022-23	All Funds FY2023-24	All Funds FY2024-25
School Disbursements	1.61%	2.94%	4.07%	3.50%	3.50%
Property Valuations (assessed)	2.13%	2.21%	2.99%	2.31%	2.40%
Property Valuations (used in formula)	3.88%	4.16%	4.45%	3.50%	3.56%
Cost Growth Factor	4.50%	5.00%	5.00%	5.00%	5.00%
Local Effort Rate	\$1.000	\$1.000	\$1.000	\$1.000	\$1.000
<b>Total Formula Need</b>	3,743,010,300	3,837,808,271	3,977,475,799	4,120,138,799	4,264,343,657
Effective Yield from Local Effort Rate	2,163,481,367	2,253,581,694	2,353,808,195	2,436,235,219	2,522,997,506
Net Option Funding	116,432,806	120,316,416	123,963,022	127,314,704	131,770,718
Allocated Income Tax	49,403,946	50,639,955	52,159,154	53,723,928	57,269,707
Other Actual Receipts	526,673,075	537,210,808	552,427,644	567,564,466	583,706,709
Community Achievement Plan Aid	6,604,831	6,714,260	6,844,469	7,083,662	7,331,590
<b>Total Formula Resources</b>	2,862,596,024	2,968,463,133	3,089,202,484	3,191,921,979	3,303,076,231
Calculated Equalization Aid	880,414,276	869,345,138	888,273,315	928,216,820	961,267,426
Net Option Funding	116,432,806	120,316,416	123,963,022	127,314,704	131,770,718
Allocated Income Tax	49,403,946	50,639,955	52,159,154	53,723,928	57,269,707
Community Achievement Plan Aid	6,604,831	6,714,260	6,844,469	7,083,662	7,331,590
<b>TEEOSA State Aid</b>	1,052,855,859	1,047,015,768	1,071,239,960	1,116,339,114	1,157,639,442

<b>TEEOSA – Current Law</b>	All Funds FY2020-21	All Funds FY2021-22	All Funds FY2022-23	All Funds FY2023-24	All Funds FY2024-25
State General Funds	1,022,555,859	1,014,915,768	1,039,139,960	1,083,739,114	1,124,639,442
Insurance Premium Tax (w/o deficit)	30,300,000	32,100,000	32,100,000	32,600,000	33,000,000
<b>Total TEEOSA Aid</b>	1,052,855,859	1,047,015,768	1,071,239,960	1,116,339,114	1,157,639,442
Dollar Change from prior year - Total	(13,056,990)	(5,840,091)	24,224,191	45,099,154	41,300,328
Percent Change from prior year - Total	-1.2%	-0.6%	2.3%	4.2%	3.7%
Dollar Change from prior year - GF	(13,681,907)	(7,640,091)	24,224,191	44,599,154	40,900,328
Percent Change from prior year - GF	-1.3%	-0.7%	2.4%	4.3%	3.8%

The decline in TEEOSA state aid in FY2020-21 and again in FY2021-22 can be attributed to the growth in valuation being higher than the growth in school disbursements. In this case growth in valuation means not the overall growth in assessed valuation which only averaged 2.2% but the growth in valuation used in the formula i.e., equalized districts which averaged 4%. This difference can be seen in the two year average growth in residential property (6.5%) versus agricultural land (-3.9%). By contrast the growth in disbursements averaged 2.3% over the two years.

Table 19 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%
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	1,036,237,766	29,675,083	0	1,065,912,849	65,498,651	6.5%
FY2020-21	1,022,555,859	30,300,000	0	1,052,855,859	(13,056,990)	-1.2%
FY2021-22 NDE	1,014,915,768	32,100,000	0	1,047,015,768	(5,840,091)	-0.6%
FY2022-23 LFO est	1,039,139,960	32,100,000	0	1,071,239,960	24,224,191	2.3%
FY2022-23 LFO est	1,083,739,114	32,600,000	0	1,116,339,114	45,099,154	4.2%
FY2022-23 LFO est	1,124,639,442	33,000,000	0	1,157,639,442	41,300,328	3.7%
<u>Avg % Change</u>						
FY72 to FY82 (10 Yr)	10.5%	2.4%	--	10.5%		
FY82 to FY92 (10 Yr)	14.2%	2.0%	--	14.2%		
FY92 to FY02 (10 Yr)	5.8%	1.5%	--	6.1%		
FY02 to FY12 (10 Yr)	2.5%	1.4%	--	2.5%		
FY12 to FY22 (10 Yr)	2.3%	6.5%	--	2.4%		

## 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, Governor's recommendation, and the enacted budget maintains aid at the FY2020-21 level.

Aid to ESU's	FY18/FY19 Biennium		FY19/FY20 Biennium		Biennial Budget	
	FY2017-18	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
Base Year Appropriation	14,051,761	14,051,761	13,085,000	13,085,000	13,613,976	13,613,976
Cost increases-core services	0	0	267,558	528,976	0	0
3% base reduction in aid	(421,553)	(421,553)	0	0	0	0
4% base reduction in aid	deficit	(545,208)	0	0	0	0
Total - New Appropriation	13,630,208	13,085,000	13,352,558	13,613,976	13,613,976	13,613,976

## Homestead Exemption

The budget includes (1) a \$4.1 million reduction to eliminate the FY20 deficit that had to be included in the FY21 appropriation, (2) a roughly 5% per year increase in eligibility and utilization costs (\$4.7 million FY22 and \$9.8 million in FY23), and (3) \$2.6 and \$2.7 million in FY22 and FY23 to adjust the FY21 baseline due to the requested deficit in the program. The net change reflects a 1.2% in FY22 and 5.1% in FY23 based on Dept. of Revenue best estimate at this time based on existing statutes.

Homestead Exemption	FY18/FY19 Biennium		FY20/FY21 Biennium		Biennial Budget	
	FY2017-18	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
Base Year appropriation	72,515,000	72,515,000	84,100,000	84,100,000	101,100,000	101,100,000
Base adjustment per base yr actual data	2,235,000	2,235,000	0	0	2,583,000	2,797,150
Change due to eligibility, valuation, and tax rates	3,411,900	6,206,400	4,600,000	7,900,000	4,717,000	9,802,850
Midbiennium Changes	0	3,100,000	4,100,000	9,100,000	(4,100,000)	(4,100,000)
LB 683 (2016) Change homestead exemptions, survival	38,100	43,600	0	0	0	0
Total General Funds (without deficits)	78,200,000	84,100,000	92,800,000	101,100,000	104,300,000	109,600,000
Deficit	3,100,000	1,300,000	in FY21	2,000,000	?	?
Total General Funds (with deficits)	81,300,000	85,400,000	92,800,000	103,100,000	104,300,000	109,600,000
\$ Change (including deficits)	6,550,000	4,100,000	7,400,000	10,300,000	1,200,000	5,300,000
% Change (including deficits)	8.8%	5.0%	8.7%	11.1%	1.2%	5.1%

## 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. The budget also expanded funding for the dual credit enrollment program increasing the current \$1 million program to approximately \$2 million in FY21-22 and \$3 million in FY22-23.

# Aid to Individuals/Other

## 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 20 Behavioral Health Aid

Behavioral Health (General Funds)	FY20 / FY21 Biennium		Biennial Budget	
	FY2019-20	FY2020-21	FY2021-22	FY2022-23
Base Year appropriation	71,872,571	71,872,571	72,206,614	72,206,614
Mental Health provider rates	2,893,301	2,893,301	1,707,915	3,449,990
Behaviorial Health Service Gaps	658,835	1,615,706	0	0
Training Contract Reductions	(36,037)	(36,037)	0	0
Medicaid expansion - savings, behavioral health	0	(4,350,000)	0	0
Increased behavioral health housing aid	0	0	1,000,000	1,000,000
Outpatient competency program	0	0	442,527	1,248,947
Shift Health Care Cash Fund to General Fund	0	0	2,599,660	2,599,660
2020 - LB 1161 Appropriate funds, competency restoration treatment	0	211,073	0	0
<b>Total - New Appropriation</b>	<b>75,388,670</b>	<b>72,206,614</b>	<b>77,956,716</b>	<b>80,505,211</b>
Annual \$ Change	3,516,099	(3,182,056)	5,750,102	2,548,495
Annual % Change	4.9%	-4.2%	8.0%	3.3%

**Provider Rates** The budget includes an allocation for a 2% increase in rates.

**Behavioral Health Housing Aid** The Department requested \$1,000,000 per year to be used to leverage additional private or public funds to rehabilitate or acquire additional housing units across the state for low income individuals. Additionally, this request would meet an objective of the state's Olmstead Plan. The Department coordinates with the Nebraska Investment Finance Authority (NIFA), the Nebraska Department of Economic Development (DED) and private investors to construct and/or rehabilitate housing for low income individuals. In FY20, these partnerships were able to provide housing assistance to 1,100 consumers and leveraged 45 housing units onto the market.

**Shift Health Care Cash Fund Items to General Fund** Currently the amount of spending out of the Health Care Cash Fund (HCCF) exceeds the amount of funds generated by \$11.4 million. The gap is projected to grow to \$15 million by FY2035. To alleviate this drawdown of the fund requires a reduction in the usage of the HCCF. When the HCCF was established in 2001, \$10.1 million was provided for behavioral rate increases. As the HCCF amount remained static the General Fund has been picking up the inflationary costs on this \$10.1 million since that time. The enacted budget shifts funding of this \$10.1 million to General Funds to help keep the fund sustainable. At the same time the transfer to the HCCF was reduced by the same amount so this remains a shift of funding NOT freeing up HCCF funds for use for other things.

Program 38 Behavioral Health	\$2,599,660,
Program 348 Medicaid	\$4,765,896,
Program 354 Child Welfare	\$2,734,444

# Developmental Disability Aid

The agency request includes several items for additional funding including funding for new graduates transitioning (\$1.2 million FY22, \$2.5 million FY23), reduce the waiting list (\$1.6 million FY22, \$3.3 million FY23) and court ordered custody cases (\$2.5 million each year). These items are all included in the enacted budget although the first year amount by reappropriating unexpended funds from FY21. New appropriations are provided to cover FY23 costs.

The request and enacted budget also includes a reduction in General Funds due to the higher FMAP amounting to \$4.9 million in FY22 and \$6.0 million in FY23.

Table 21 Developmental Disability Aid

(General Funds only)	FY20 / FY21 Biennium		Biennial Budget	
	FY2019-20	FY2020-21	FY2021-22	FY2022-23
Base Year Appropriation	150,279,443	150,279,443	157,255,751	157,255,751
Provider Rates / Rate Equity & Methodology	5,805,863	5,738,691	3,174,621	6,362,975
Transition	0	0	reapprop	2,432,507
Waiting List	0	0	1,000,000	4,155,366
Federal match rate, Medicaid	(5,005,683)	(10,926,010)	(4,879,000)	(6,009,500)
DD Court ordered custody cases	0	0	reapprop	2,454,755
Financial Case Management System	(198,720)	(198,720)	0	0
Transition to DD HCBS Waiver	0	0	1,083,156	1,083,156
2020 - ICAP assessments, DD waiver services	0	4,943,181	0	0
2020 - Higher DD waiver Sec 83-1216 priority 1 individuals	0	3,689,017	0	0
2020 - LB 827 increase developmental disability provider rate	0	3,730,149	0	0
<b>Total - New Appropriation</b>	<b>150,880,903</b>	<b>157,255,751</b>	<b>157,634,528</b>	<b>167,735,010</b>
Annual \$ Change (exclude deficits)	601,460	6,374,848	378,777	10,100,482
Annual % Change (exclude deficits)	0.4%	4.2%	0.2%	6.4%

**Provider Rates** The budget includes an allocation for a 2% increase in rates at a cost of \$3,174,621 FY21-22 and \$6,362,975 FY22-23..

**Federal Medicaid Match Rate (FMAP)** Starting October 1, 2021 (FFY2022) the Federal Medical Assistance Program (FMAP) is increasing from 56.038% to 57.47% and to 57..80% on October 1, 2022. The higher FMAP allows for a reduction in General Fund appropriations of \$4,879,000 in FY21-22 with a fully annualized savings of \$ 6,009,500 in FY22-23.

**Court Ordered Custody Cases** The developmental disabilities court-ordered custody act (DDCOCA) was passed in 2005 (LB 206) and amended in 2013 (LB293). The Division provides services to entrants to the Medicaid Home and Community-Based Services (HCBS) and state-only, non-Medicaid HCBS services via DDCOCA and is currently providing services to 31 individuals under the act. The Division requested additional funds to serve an additional 135 DDCOCA entrants to Medicaid HCBS and state-only, non-Medicaid HCBS services. The Division is requesting these funds as the cost to serve individuals on DDCOCA as services exceeds funding that has been appropriated since the passage of DDCOCA. This hasn't created a budget deficit for the program in the past; however, serving those individuals who were on the waiting list but have been court ordered to the



program is a contributing factor to the growth in the waiting list for Medicaid HCBS services. General Fund costs are \$2,463,087 in FY21-22 and \$2,454,755 in FY22-23. The FY21-22 amount is funded through a reappropriation of unused FY21 funds.

**New Graduates** The Division of Developmental Disabilities administers the Medicaid Home and Community-Based Services (HCBS) Waivers. State statute 83-1216 specifies funding priorities for these services. The fourth funding priority is designated for serving persons transitioning from the education system upon attaining twenty-one years of age to maintain skills and receive the day services necessary to pursue economic self-sufficiency. The Division anticipates around 130 entrants to HCBS waiver services each year of the FY2021-FY2023 biennium. The estimates regarding the number of entrants and the corresponding cost is based on historical averages of participants that have transitioned to the waiver and the actual service expenditures. General Fund costs are \$1,225,836 in FY21-22 and \$2,432,507 in FY22-23. The FY21-22 amount is funded through a reappropriation of unused FY21 funds.

**Waiting List Funding** Nebraska DHHS published A Vision for Community Integration Plan in December of 2019. A portion of the Plan describes measurable outcome 1A to "Increase the percentage of state appropriations each fiscal year to fund Medicaid HCBS DD waivers and reduce the waitlist". This amount increases the baseline funding for program 424 by 1% each year to allow Nebraska DHHS to make funding offers to individuals on the waiting list. General Fund costs are \$1,582,203 in FY21-22 and \$3,155,366 in FY22-23. The FY21-22 amount is funded through a reappropriation of unused FY21 funds. In addition to this amount which was in the Governors recommendation, the enacted budget adds another \$1 million for each year to extend the number of individuals on the waiting list.

As of November 1, 2020, the waiting list for the comprehensive waiver has 2,964 individuals for the Comprehensive waiver, including those individuals who are already served on a day waiver and on the wait list for a comprehensive waiver. The total cost to provide the waivers and the corresponding service coordination costs to all persons on the waiting list would be \$124,890,033, of which the state cost would be \$54,354,631. The average cost was estimated at \$38,500 per person.

**Transition to Developmental Disability HCBS Waiver** The Division of Developmental Disabilities administers the Medicaid Home and Community-Based Services Waivers. The Comprehensive (4154) waiver for the developmentally disabled reserves capacity on the waiver to accommodate the transition of participants from other Medicaid 1915 (c) waivers. In SFY2020, approximately 102 individuals served on the 1915 (c) waiver for the Aged and Disabled were assessed and determined to meet Nebraska's ICF/DD level of care criteria and are transitioning to the Comprehensive waiver. The provisions in the 4154 waiver allow for transitions for continuity of care, supporting eligible participant's health and safety needs, choice in waiver, and services that support their residential needs, employment, and community integration under the most appropriate HCBS waiver.

General fund Appropriations for the Aged and Disabled waivers are in Program 348 - Medical Assistance. This request adjusts \$1,083,156 of appropriations to move from Program 348 to Program 424. This request would adjust the base appropriation in the program to reflect the number of transitions from other 1915 (c) waivers to the comprehensive waiver.

## 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 22 Children's Health Insurance (SCHIP)

SCHIP (General Funds)	FY20 / FY21 Biennium		Biennial Budget	
	FY2019-20	FY2020-21	FY2021-22	FY2022-23
Base Year appropriation	6,178,073	6,178,073	23,778,754	23,778,754
Eligibility/utilization/cost increases	0	0	0	0
Fed Medicaid match rate	(1,051,695)	(2,309,631)	(1,245,658)	(1,533,833)
Utilization	0	0	0	0
Cost Increases / Provider Rates	1,087,033	2,477,687	742,840	1,474,202
2013 ACA Implementation (enhanced match)	8,103,686	19,181,115	reapprop	2,714,139
2020 - SCHIP, realign the appropriation level with current spe	0	(2,000,000)	0	0
2020 - LB 1100 Increase certain behavioral health provider r	0	251,510	0	0
<b>Total - New Appropriation</b>	<b>14,317,097</b>	<b>23,778,754</b>	<b>23,275,936</b>	<b>26,433,262</b>
Annual \$ Change (excluding deficits)	8,139,024	9,461,657	(502,818)	3,157,326
Annual % Change (excluding deficits)	131.7%	66.1%	-2.1%	13.6%

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

**Expiration of the enhanced Federal match rate** In the current biennium 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. The last impact extends into FY20-21 and FY21-22 at \$2,714,129. The FY21-22 amount is funded through a reappropriation of unused FY21 funds.

## Medicaid

In the FY21-22/FY22-23 biennial budget, the average increase in General Fund appropriations for Medicaid is 1.7% per year. Significant dollar increases in eligibility, utilization and, provider rates were partially offset by savings from a higher federal Medicaid match rate and elimination of the health insurance provider fee requirement.

**Eligibility and Utilization** Increases relating to eligibility and utilization resulted in increased General Fund costs of \$19.3 million in FY21-22 and \$38.9 million in FY22-23. These increases are based on the agency request for eligibility and utilization increases. The FY21-22 amount is funded through a reappropriation of unused FY21 funds.

The utilization projection for services covered by managed care is 2.3% and 1.5% for long-term care services. Projected utilization by eligibility category for each year is: Aged 2.25%; Blind/Disabled .75%; Children 2.3%; and Other Adults 4.45%

Table 23 Medicaid

	FY20 / FY21 Biennium		Biennial Budget	
	FY2019-20	FY2020-21	FY2021-22	FY2022-23
Base Year appropriation	849,628,184	849,628,184	921,250,222	921,250,222
Federal match rate (FMAP)	(30,840,497)	(67,293,246)	(27,265,000)	(33,582,500)
Utilization	16,319,271	31,206,745	reapprop	38,909,737
Cost Increases / Provider Rates	17,943,406	36,449,751	18,320,068	37,449,260
Clawback (Phased-Down State Contribution	1,458,514	2,690,851	(576,159)	(576,159)
Health Insurance Provider Fee (HIPF)	0	15,478,738	(15,478,738)	(15,478,738)
Medicaid expansion - new eligibles and woodwork	0	43,863,305	0	0
Medicaid expansion - savings, women with cancer	0	(802,953)	0	0
Consider appropriation not inflation factor, medicaid nursing rate	3,535,538	3,644,524	0	0
Therapeutic foster care	2,259,715	2,278,237	0	0
Workers With Disabilities LB 323	0	0	0	180,948
Transition to DD HCBS Waiver	0	0	(1,083,156)	(1,083,156)
Shift Health Care Cash Fund to General Fund	0	0	4,765,896	4,765,896
2020 - Increase Halfway House Rates, level of Division of Behavior	0	217,347	0	0
2020 - Increase certain behavioral health provider rates LB 110	0	3,888,739	0	0
<b>Total New Appropriation</b>	<b>860,304,131</b>	<b>921,250,222</b>	<b>899,933,133</b>	<b>951,835,510</b>
Annual \$ Change (excluding deficits)	10,675,947	60,946,091	(21,317,089)	51,902,377
Annual % Change (excluding deficits)	1.3%	7.1%	-2.3%	5.8%

**Provider Rates** The budget includes General Funds of \$17.9 million in FY21-22 and \$36.4 million in FY22-23 for provider rate increases of 2.0% per year. These were not included in the agency request or the Governor’s recommendation.

**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 budgeted amount for the FY21 clawback exceeded the required amount by \$576,159 allowing for a reduction by that amount in the FY22 and FY23 biennial budget.

**Transition to Developmental Disability HCBS Waiver** See a description of this issue in the narrative for Developmental Disability.

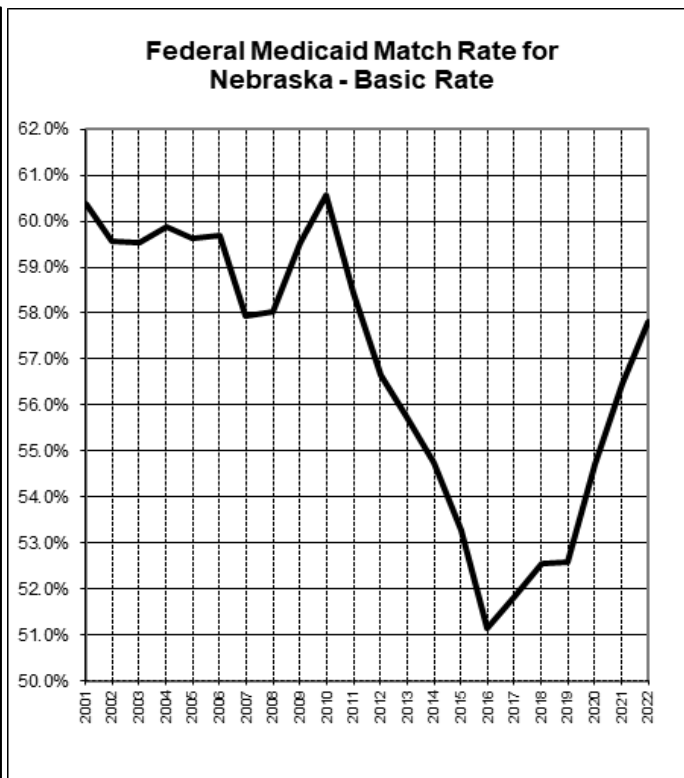
**Health Insurance Provider Fee.** The Affordable Care Act (ACA) mandated the Health Insurance Provider Fee (HIPF) be paid as a tax to the IRS from companies that provide government sponsored health care. The Centers for Medicaid and Medicare Services (CMS) requires states operating managed care programs to include this tax liability amount as part of their capitation rates. 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 Resolution passed January 22, 2018 reinstated a moratorium on this tax for calendar year 2018 only. At the time of setting the FY20-21 budget it was unclear whether the

moratorium would be extended and funding was included in FY20-21 amounting to \$15.5 million General Funds and \$18.7 million Federal Funds. Subsequently the Further Consolidated Appropriations Act, 2020, Division N, Subtitle E § 502, repealed the annual fee on health insurance providers so funds are being eliminated for this purpose.

**Federal Medicaid Match Rate (FMAP)** The Federal Medical Assistance Percentage (FMAP) is the share of Medicaid costs paid by the federal government. The FMAP is calculated each year 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 result of these changes are adjustments to the federal government’s share of coverage for Medicaid expenses, which in turn impacts the General Fund for payment of Medicaid services. Starting October 1, 2021 the basic FMAP will increase from 56.47% and to 57.80% on October 1, 2022. The higher FMAP allows for a reduction in General Fund appropriations of \$27,265,000 in FY21-22 with a fully annualized savings of \$ 33,582,500 in FY22-23.

The Families First Coronavirus Response Act and CARES Act passed in 2020 included a supplemental FMAP increase of 6.2% for each quarter subject to an emergency declaration by the federal HHS Secretary. The additional funds are available to states from January 1, 2020 through the quarter in which the public health emergency period ends, provided that states meet certain conditions. The budget did not include any adjustments, allowing any savings to be held in the affected programs subject to final determination of the impacts of the COVID-19 pandemic and full implementation of Medicaid Expansion.

Basic Medicaid FMAP			
Federal Fiscal Yr	Basic FMAP	Federal Fiscal Yr	Effective Rate
FFY 2009	59.54%	FY2008-09	59.16%
FFY 2010	60.56%	FY2009-10	60.31%
FFY 2011	58.44%	FY2010-11	60.56%
FFY 2012	56.64%	FY2011-12	57.09%
FFY 2013	55.76%	FY2012-13	55.98%
FFY 2014	54.74%	FY2013-14	55.00%
FFY 2015	53.27%	FY2014-15	53.64%
FFY 2016	51.16%	FY2015-16	51.69%
FFY 2017	51.85%	FY2016-17	51.68%
FFY 2018	52.55%	FY2017-18	52.38%
FFY 2019	52.58%	FY2018-19	52.57%
FFY 2020	54.72%	FY2019-20	54.19%
FFY 2021	56.47%	FY2020-21	56.03%
FFY 2022	57.80%	FY2021-22	57.47%
FFY 2023 est	57.80%	FY2022-23	57.80%



## Public Assistance

The only change in the Public Assistance program funding in the enacted budget includes an amount equal to a 2% per year increase in child care provider rates. There are no other adjustments for eligibility, utilization, or other rate increases.

Table 24 Public Assistance by Program (General Funds Only)

(General Funds only)	Approp.		Biennial Budget		\$ Change vs FY21 base	
	FY2020-21	FY2021-22	FY2022-23	FY2021-22	FY2022-23	
Birth Certificates	0	0	0	0	0	0
Tribal/TANF/MOE	456,000	456,000	456,000	0	0	0
Food stamp employment	40,000	40,000	40,000	0	0	0
Medically handicapped children	500,000	500,000	500,000	0	0	0
Disabled persons/family support	185,003	185,003	185,003	0	0	0
State Disability-Medical	1,500,000	1,500,000	1,500,000	0	0	0
State Disability-Maintenance	187,621	187,621	187,621	0	0	0
Title XX Social Services	7,200,000	7,200,000	7,200,000	0	0	0
State supplement (AABD)	8,591,784	8,591,784	8,591,784	0	0	0
AFDC / TANF	3,500,000	3,500,000	3,500,000	0	0	0
Title IV-D Child Care	64,495,848	65,689,754	66,895,597	1,193,906	1,205,843	
Emergency Assistance	0	0	0	0	0	0
Employment First	100,000	100,000	100,000	0	0	0
<b>Total Public Assistance (General Funds)</b>	<b>86,756,256</b>	<b>87,950,162</b>	<b>89,156,005</b>	<b>1,193,906</b>	<b>1,205,843</b>	
Child care provider rates (2% per year)				1,193,906	1,205,843	
<b>Total Public Assistance (General Funds)</b>				<b>1,193,906</b>	<b>1,205,843</b>	

## Child Welfare

Like Public Assistance for the upcoming biennium, the agency request included no increase for eligibility, utilization, or rate increases. The committee proposed budget includes just a small reduction due to the FMAP change and a 2% increase in child welfare provider rates

**Saint Francis Ministries Contract** - The Department of Health and Human Services signed a five-year contract with Saint Francis Ministries on July 2, 2019 to handle child welfare case management services in the Eastern Service Area. Saint Francis' bid \$196.4 million was 64% of the bid submitted by PromiseShip which was \$305.3 million. PromiseShip was the contactor at the time. The bid submitted by Saint Francis Ministries assumed a higher caseload than state statute allows. The bid assumed a caseload of 25; state law caps the caseloads depending on the type of case, an average of 17 cases per worker. Before the contract was signed, Saint Francis requested a \$15 million increase to comply with the statutory caseload requirement. The request was denied by the Department of Health and Human Services.

By May 2020, Saint Francis Ministries had drawn down the full the first year contract amount. The full amount of the second year contract had been paid by the end of January. On January 22 nd , the Interim CEO of Saint Francis, William Clark, testified at a hearing before the Health and Human

Services Committee that Saint Francis would be out of funding on February 12th . On January 30, 2021, the Department of Health and Human Services signed a new twenty-five month contract with Saint Francis Ministries for \$157.8 million; which is \$82.4 million higher than their original contract for the same time period. The new contract caps the amount for allowable costs for serving children in out-of-home placements at less than 5% of the average per child cost outside of the Eastern Service Area. In home service costs are reimbursed at 100% of costs. The contract also includes \$10 million to cover costs incurred but not reimbursed under the previous contract in May and June of 2020.

The Department did not request a deficit to cover the additional contract costs in FY 2021 nor an adjustment in the FY 2022 -23 biennium. The reason the budget is adequate to cover the additional costs goes back to rising caseloads in 2015 through 2017 at the time the FY19-20 and FY20-21 budgets were first developed and then subsequently caseloads declined back to the earlier levels. This resulted in a baseline surplus.

**Table 25 Child Welfare by Program (General Funds Only)**

(General Funds only)	Biennial Budget			\$ Change vs FY21 base	
	Approp. FY2020-21	FY2021-22	FY2022-23	FY201-22	FY2022-23
Juvenile predisposition detention	0	0	0	0	0
Post-adoption / guardianship services	1,358,593	1,358,593	1,358,593	0	0
Protection and Safety of Children	2,623,163	2,623,163	2,623,163	0	0
Title IV-E Foster Care	4,507,288	4,333,362	4,267,612	(173,926)	(239,676)
Title IV-E Adoption	18,595,672	18,355,489	18,264,690	(240,183)	(330,982)
Title IV-E Guardianship	198,972	198,972	198,972	0	0
State subsidized adoption	5,234,286	5,234,286	5,234,286	0	0
Domestic Violence	1,511,818	1,991,818	1,991,818	0	0
Education Assistance, State Wards	17,508,660	17,508,660	17,508,660	0	0
Child Welfare Services	120,636,378	125,626,814	128,365,346	4,990,436	7,728,968
<b>Total Child Welfare aid (General Funds)</b>	<b>172,174,830</b>	<b>177,231,157</b>	<b>179,813,140</b>	<b>5,056,327</b>	<b>7,638,310</b>
Provider rates				2,255,992	4,994,524
Utilization/Eligibility/Cost Increases				0	0
Federal match rate change (FMAP)				(414,109)	(570,658)
Expiring pilot project, family finding services				(567,559)	(567,559)
Shift Health Care Cash to Gen Funds				2,734,444	2,734,444
Increase funds, Domestic violence programs (LB 662)				480,000	480,000
<b>Total Child Welfare aid (General Funds)</b>				<b>5,056,327</b>	<b>7,638,310</b>

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## Community Health Aid

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The budget includes additional funding for public health departments; \$1.5 million in FY22 and \$3 million in FY23. The first \$1.5 million is distributed in an equal amount to each of the 18 public health departments. In FY 2022-23, the \$1.5 million equal distribution is continued and the additional \$1.5 million will be a distributed proportionately based on population. This additional funding was originally included in LB 585.

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## Nebraska Career Scholarships (University, State Colleges, DED)

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In the 2020 session, the Governor’s budget recommendation included funding and distribution language for the Nebraska Career Scholarship Program through the University of Nebraska, State Colleges, and Community Colleges (through Dept. of Economic Development). The enacted budget included this proposal with funding provided for the current biennium at \$4 million with intent language that the program would increase to \$16 million in the fourth year. The Legislature and Governor included the FY21-22 and FY22-23 levels as proposed.

In addition the Governors recommendation added \$1 million in FY22 and \$2 million in FY23 under DED to provide Nebraska Career Scholarship funds for students attending a private, not for profit university or college in the state. The enacted budget also includes these additional funds.

<u>Nebraska Career Scholarships</u>	<u>FY2019-20</u>	<u>FY2020-21</u>	<u>FY2021-22</u>	<u>FY2022-23</u>	<u>FY2023-24</u>	<u>FY2024-25</u>
University of Nebraska	0	2,000,000	4,000,000	6,000,000	8,000,000	8,000,000
State Colleges	0	1,000,000	2,000,000	3,000,000	4,000,000	4,000,000
DED (Community Colleges)	0	1,000,000	2,000,000	3,000,000	4,000,000	4,000,000
Original proposal	0	4,000,000	8,000,000	12,000,000	16,000,000	16,000,000
DED (private nonprofit)	0	0	1,000,000	2,000,000	4,000,000	4,000,000
Total GF impact	0	4,000,000	9,000,000	14,000,000	20,000,000	20,000,000

University of Nebraska: The intent is that the funding support 170 scholarships for eligible student each year for each \$2,000,000 appropriated and further provides that scholarship awards not exceed \$25,000 annually to students who achieve an ACT score of 28 or higher and \$10,000 annually to students who achieve an ACT score of 20 to 27 or are qualified transfer students.

State Colleges: Language indicates intent that the funding support 200 scholarships not to exceed \$10,000 per eligible student each year for each \$1,000,000 appropriated. Intent language accompanying the appropriation provides that to be eligible for the related financial aid, a student would be required to achieve a minimum ACT score of 18 and enroll in a program of study in rangeland management, industrial technology, criminal justice, business administration, education, communications, or computer information systems.

DED: The proposal notes that there would be 200 scholarships given for each \$1,000,000 appropriated. The Department of Economic Development would work in conjunction with the six Community Colleges to award scholarships to freshman students pursuing careers in high-demand areas. The same guidelines would apply to the private nonprofit school allocation.

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## Business Innovation Act

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LB334-2019 repealed the 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. 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.

The budget includes the \$4 million each year for the Business Innovation Act. An additional \$5 million per year was added bringing funding for the program to \$9 million per year.

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## **Nebraska Broadband Bridge Act (LB 388)**

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LB388 created the Broadband Bridge program with the purpose of facilitating and funding the development of broadband networks in unserved and underserved areas of Nebraska. It would set the minimum speeds of projects supported through the program at 100 megabits per second download and upload. The program would require a 50% match from the applicant, require testing data to be submitted, and implement a challenge process. Grant funding of \$19.8 million per year was provided.

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## **Nebraska Rural Projects Act (LB 40)**

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LB40 creates the Nebraska Rural Projects Act, which allows a nonprofit economic development corporation to apply to the Department of Economic Development (DED) for matching funds to develop new industrial rail access business parks. The dollar for dollar match from the state could be used for project expenses including site acquisition and preparation, utility extensions and rail spur construction. Applications for the program are on a first come first served basis, and the act sunsets to new applications on December 31, 2023.

Matching funds may be paid out for up to five years—or until all matching funds have been paid. Matching funds are paid on a dollar-for-dollar basis and cannot be paid until private funds are received. The maximum grant under the program is \$10 million. LB40 also contains reporting, and monitoring requirements for the Department. A total of \$5 million per year is provided for the bill.



# State Agency Operations

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## Court System

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The Governor's recommendation reduces the General Fund appropriation base in the Adult Community Corrections program by \$1.5 million and reduces the General Fund appropriation base in the Juvenile Justice program by \$8.5 million (\$10 million total) in FY 2021-22 and FY 2022-23. Since separating Juvenile Justice funding from the Adult Community Corrections services program beginning in FY 2016-17, the Courts have underspent both the Adult Community Corrections Program and the Juvenile Justice Program General Fund appropriations from FY 2016-17 through FY 2019-20. The FY 2019-20 General Fund appropriations were underspent by \$18,881,196 (17.3%). This amount was carried over (re-appropriated) from FY 2019-20 into FY 2020-21. Based on spending patterns through December 2020, it appears the Juvenile Justice Program and the Adult Community Corrections Program, combined, could potentially be underspent at June 30, 2021 by another \$12.2 million (after encumbrances). The enacted budget also includes this proposed base reduction.

LB 309 (2019 Session Laws) increases the number of District Court judges in the fourth judicial district (Douglas County) from 16 to 17, beginning July 1, 2021. The Governor's recommendation and enacted budget includes the agency requested General Fund appropriation increase of \$321,140 in FY 2021-22 and \$316,780 in FY 2022-23 with a corresponding Personal Service Limitation (PSL) increase of \$236,165 in each year of the biennium to provide for the salary and operating costs of the additional judge and court reporter.

The budget included a 2% rate increase for community corrections and juvenile services providers amounting to \$1,910,000 in FY22 and \$3,858,200, including such providers when considering the DHHS providers.

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## Dept. of Education

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Statute requires that the state pay for the cost of college admission test that all 11<sup>th</sup> grade students shall take. This had been funded through lottery funds but the current distribution of lottery funds expires and the new distribution (LB528) does not contain provisions to continue to use these funds for this use. Therefore the budget includes \$1.5 million General Funds each year to pick up these costs.

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## Dept. of Veterans Affairs

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The Nebraska State Veterans Homes had a surplus of federal funding that has been drawn down, decreasing the need for state general fund appropriation in the past. Construction delays relating to the opening of the Central Nebraska Veterans Home in Norfolk has resulted in a lowered census and decreased the cash and federal revenue. Additionally, the onset of COVID-19 ceased admissions to all Veteran Home facilities near the end of March 2020 which led to further reductions of cash and federal revenues. To offset the reductions, general funds are included to replace the reduction in cash and federal funds amounting to \$3,481,128 in FY21-22 and \$5,900,000 in FY22-23.

The Veterans Homes began accepting new patients in late June of 2020, however, the spikes in the outbreak in the fall of 2020 have slowed admissions to ensure resident and staff safety. As of October 2, 2020 there are 353 individuals on the waiting list for services. Of those, 268 are on the waitlist for skilled nursing level of care with the remaining 85 on the waitlist for domiciliary/assisted living care.

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## Dept. of Correctional Services

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The Dept. of Correctional Services included a variety of items included in their request, the largest items being operation costs for two newly constructed facilities. The following table shows the requested items and those included in the projected budget

<u>Description</u>	<u>FY2021-22</u>	<u>FY2022-23</u>
Reception and Treatment Center (RTC) Staffing	2,063,546	4,109,845
LCC High Security Housing Project Staffing	925,795	3,549,258
Salary Compression	724,777	1,464,048
Utilities Expense	200,000	200,000
DAS Charges	895,804	945,468
Radio Replacement	718,600	0
Workforce Recruitment & Development (Peru St College)	225,000	450,000
Electronic Health Records	0	744,736
HVAC Server & Leased Computers	779,797	184,864
One-Time Cash Fund Appropriation Increase	(750,000)	0
Total - Issues	4,887,515	10,702,751
Adjust Base for FY 2020 Deficit	(2,300,000)	(2,300,000)
Net Total	2,587,515	8,402,751

**Reception and Treatment Center (RTC) Staffing** - This issue provides funding to staff Phase One of the RTC. Construction, estimated to be completed in January 2022. Partial funding is being requested for FY22 (33.5 FTE), and full funding is being requested for FY23 (66.5 FTE).

Staffing added will include custody staff and supervisors (Corporals, Sergeants, Mental Health Security Specialists, and a Case and Unit Manager), and medical staff (Mental Health Practitioners and a Supervisor, RN's, LPN's, and a Licensed Psychologist and a Nurse Practitioner). DCS would also add other staff such as an IT Supervisor, Accounting and Finance Manager, Food Service and Facility Maintenance Specialists, Personnel and Staff Assistant, and a Secretary.

Most of the cost is for the salaries and benefits of these positions. There are also some smaller amounts for OCIO charges, staff clothing, and radios.

Phase One of the RTC project will combine the Diagnostic and Evaluation Center (DEC) and the Lincoln Correctional Center (LCC) into one facility currently known as the RTC. In Phase One, only the most critical medical and behavior health housing beds will be built. This will consist of 64 additional beds: 32 Medical and 32 Mental Health Housing. RTC also prepares the secure perimeter and infrastructure to be scaled up for future growth needs.

**Lincoln Correctional Center (LCC) High Security Housing Staffing** - Additional staffing were requested for operation of the project when completed, 15 FTE in FY22 and

59 FTE in FY23. The FTE are for Corporals, Sergeants, Unit Case Managers, and Unit Managers. Most of the cost is for the salaries and benefits of these positions. There are also some smaller amounts for OCIO charges, staff clothing, and radios.

The LCC High Security Housing Project is for 384 beds capable of housing maximum security male inmates. These inmates require a more secure setting in order not to cause harm to staff and fellow inmates or cause damage. Completion of the project is estimated to be late spring 2022.

**Pay Compression with Protective Services Staff** - In 2020, an agreement was reached with the Fraternal Order of Police (FOP) to provide a step plan pay increase for Protective Services staff consisting of Corporals, Unit Caseworkers, and Sergeants. They can receive step increases on July 1 of \$1 per hour following satisfactory performance reviews. Protective Services staff can move up a step each year for seven years. However, custody supervision positions of Supervisory Sergeant, Case Manager, Lieutenant, Captain, Major, Unit Manager, and Unit Administrator did not receive a step plan pay increase.

Currently, Protective Services staff have little incentive to apply for custody supervision positions because (1) the pay is not sufficiently higher for the additional duties required of these positions, and (2) because these positions are not eligible for overtime, except for Supervisory Sergeants and Case Managers. This pay situation is referred to as "salary compression" for the custody supervision positions.

Therefore, this issue provides for a 2.5% increase or minimum permanent for all positions, except for the Supervisory Sergeants and Lieutenants who will receive 5% on July 1, 2021, and then a 2% increase for all positions in FY23 over FY22. Each of the seven classifications was reviewed independently. To remain more competitive with the FOP step plan, the Supervisory Sergeant and Lieutenant classifications warranted 5% increases, while the others were budgeted at 2.5%.

**Workforce Recruitment & Development (Peru St College)** - NDCS is partnering with Peru State College (PSC) to enhance the criminal justice program with a corrections focus. It is being called the "Corrections Workforce Development Pathways (CWDP)". DCS will provide start-up, recruiting, and scholarship funding for PSC to develop this program. Housing will be available in Peru.

During school, besides doing coursework, students will work at TSCI as Corporals, Caseworkers, and eventually as Sergeants and Case Managers. Upon graduation, they may be offered positions as Lieutenants or Unit Managers.

NDCS received \$523,465 in FY21 as part of the deficit request from FY20. The funding received provides for 15 student scholarships for FY21. In FY22, the number of student scholarships will increase to 30, at a total cost of \$748,465. In FY23, the number of student scholarships will increase to 45, at a total cost of \$973,465. This is the maximum number of student scholarships that will be offered at this time.

**Adjust Base for FY 2020 Deficit** - Because the Session paused from March 17 until July 20, the FY20 appropriation was moved into FY21. The FY21 appropriation before this move was \$5,700,000, which was for a full year of the salary raises for FY21.

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## University of Nebraska

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In the past several biennium, a general overall budget increase has been provided to the University of Nebraska. In the preliminary budget, these general increases are funded at a 2% per year increase

overall funding amounting to \$12.3 million in FY2021-22 and \$25.0 million in FY2022-23. This funds approximately 70% of the calculated salaries over the two year period.

The budget also includes \$1.1 million for an increase in workers comp, and the 2<sup>nd</sup> and 3<sup>rd</sup> years of the phase in of the Nebraska Career Scholarships initiated in the 2020 session (see page 67).

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## State Colleges

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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 2.0% per year increase was included based on faculty bargaining agreements a cost of \$1.3 million in FY22 and \$2.7 million in FY23. For health insurance, the state colleges project increases of approximately 3% in FY22 and 4% in FY23 with costs \$280,803 in FY22 and \$763,784 in FY23.

Like the University, the budget also includes the 2<sup>nd</sup> and 3<sup>rd</sup> years of the phase in of the Nebraska Career Scholarships initiated in the 2020 session (see page 67).

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## Defined Benefit Retirement Plans

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The Public Employees Retirement Board (PERB) is the entity through which the state contributes funding for the three defined benefit plans for K-12 school employees, judges, and State Patrol. Financing for the benefits provided by these three defined benefit plans comes from employee and matching employer contributions as set in statute, court fees (for the judges plan), the investment return on those contributions, and state contributions as required by statute. There also are two cash balance plans which are what could be termed "defined return" plans where the state in essence guarantees an annual return on the investment not a guaranteed benefit amount. In both cases, when revenue from these sources is not actuarially sufficient, state appropriations are required. For all these programs, the state General Fund is responsible for financing any actuarial shortfalls in these programs at statutory employee and employer contribution rates.

Funding for the defined benefit retirement plans for schools, judges, and the State Patrol are based on the actuary report from Cavanaugh Macdonald Consultants. Overall the increase amounts to \$2.2 million in FY21-22 and \$4.0 million in FY22-23. The amounts funded are from the November 2020 actuarial experience study

	Biennial Budget			Increase - Biennial Basis		
	Base Yr FY2020-21	FY2021-22	FY2022-23	FY2021-22	FY2022-23	2 Yr Total
<b>Components</b>						
School - 2% of Salary State	41,860,351	43,034,416	43,900,000	1,174,065	2,039,649	3,213,714
School - 2% Salary Omaha	7,301,786	7,290,168	7,600,000	(11,618)	298,214	286,596
School - Omaha Service Annuity	1,216,131	1,219,620	1,100,000	3,489	(116,131)	(112,642)
School - Additional State Contribution	0	0	0	0	0	0
Judges - Additional State Contribution	348,794	1,427,719	1,531,000	1,078,925	1,182,206	2,261,131
Patrol - Additional State Contribution	4,112,870	4,082,024	4,700,000	(30,846)	587,130	556,284
<b>Total</b>	<b>54,839,932</b>	<b>57,053,947</b>	<b>58,831,000</b>	<b>2,214,015</b>	<b>3,991,068</b>	<b>6,205,083</b>
<b>By Plan</b>						
School	50,378,268	51,544,204	52,600,000	1,165,936	2,221,732	3,387,668
Judges	348,794	1,427,719	1,531,000	1,078,925	1,182,206	2,261,131
Patrol	4,112,870	4,082,024	4,700,000	(30,846)	587,130	556,284
<b>Total</b>	<b>54,839,932</b>	<b>57,053,947</b>	<b>58,831,000</b>	<b>2,214,015</b>	<b>3,991,068</b>	<b>6,205,083</b>

## 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 26 shows the General Fund amount funded in the enacted budget.

### Nebraska Association of Public Employees (NAPE-AFSCME)

Collective bargaining agreements have been reached with NAPE-AFSCME on a labor contract for FY2021-22 and FY2022-23. The agreement calls for a 40 step pay plan, Step 1 being the minimum hourly rate (minimum of \$12/hour). Each step is 1% apart. On July 1 each employee will be placed on the next higher step nearest to their current wage and then advanced two steps. On July 1, 2022 they would advance an additional step. Overall it's estimated to amount to 2.5% in FY21-22 (2% step move and 0.5% for placing on step plan).

### State Law Enforcement Bargaining Council (SLEBEC)

also reached agreement where the pay increase is the equivalent of 3.0% in FY22 and 4.0% in FY23.

### Protective Service Workers (Fraternal Order of Police FOP)

This unit basically bargains for correctional services workers. The current agreement remain as in the 2019-2021 Labor contract. In general a 2% per year increase was budgeted.

**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 included funding at equivalent of 2.0% per year

Table 26 Funded Salary Increases

General Funds Only	FY2021-22	FY2022-23
Non Classified Employees	4,923,464	9,945,394
NAPE Master Contract	5,170,322	7,300,474
Protective Services	3,107,103	6,618,140
SCATA / NSEA	76,120	179,133
SLEBEC (Law Enforcement)	988,176	2,345,271
<b>Total – State Agencies</b>	<b>14,265,185</b>	<b>26,388,412</b>
State Colleges	1,353,244	2,674,038
University of Nebraska	8,957,056	21,657,110
<b>Grand Total – Salary Increases</b>	<b>24,575,485</b>	<b>50,719,560</b>

Table 27 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%
FY2021-22	Step plan, equivalent 2.5% July 1	2.5%
FY2022-23	Step plan, equivalent 1.0% July 1	1.0%
Ten Year Average (FY13 to FY24)		2.0%

\*additional amounts for specific units

## Employee Health Insurance (State Agencies)

At the present time health insurance rates and cost increases for FY2021-22 and FY2022-23 have not been set. The Governors recommendation included a 4% per year increase and this was also included in the enacted budget. General fund costs amount to \$3.3 million in FY2021-22 and \$6.7 million in FY2022-23

Table 28 Health Insurance Cost Increases

General Funds Only	FY2021-22	FY2022-23
State Employees	3,543,638	7,229,024
State Colleges	280,803	763,784
University of Nebraska	3,388,248	3,388,248
<b>Total General Fund costs</b>	<b>7,212,689</b>	<b>11,381,056</b>

For health insurance, the state colleges project increases of approximately 3% in FY22 and 4% in FY23 with costs \$280,803 in FY22 and \$763,784 in FY23. The University of Nebraska projected increases of 4% per year.

Table 29 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 2.3% including actual rates for FY21-22.

Table 29 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
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)	6,722.64	25,290.48	6,722.64	3.0%	21.0%	79.0%	100.0%
FY2020-21 (Regular Plan)	6,890.64	25,922.64	6,890.64	2.5%	21.0%	79.0%	100.0%
FY2021-22 (Regular Plan)	7,166.40	26,959.44	7,166.40	4.0%	21.0%	79.0%	100.0%
FY2022-23 (Regular Plan) est	7,453.06	28,037.82	7,453.06	4.0%	21.0%	79.0%	100.0%
<b>Average Annual Change</b>							
FY12 to FY22 (10 Yr)	2.3%	2.3%	2.3%				

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## **Operations Costs**

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The enacted budget does not include any general inflationary increases for agency operating budgets. The largest increases in operating costs for the FY22/FY23 biennium related to DAS rate charges in a variety of agencies. At a statewide level, these amounted to about a \$4.7 million in FY21-22 and \$5.16 million in FY22-23 largely for technology services under the Office of the Chief Information Officer (OCIO).

# General Fund Appropriation By Agency

FY22 / FY23 Biennial Budget as Enacted in the 2021 Legislative Session

		Prior Yr	Biennial Budget		FY22 vs Prior Yr		FY23 vs Prior Yr		
Type		FY2020-21	FY2021-22	FY2022-23	\$ Chnge	% Chnge	\$ Chnge	% Chnge	
#03	Legislative Council	Oper	21,233,246	24,392,007	23,726,018	2,642,087	12.1%	(665,989)	-2.7%
#03	Legislative Council	Total	21,233,246	24,392,007	23,726,018	2,642,087	12.1%	(665,989)	-2.7%
#05	Supreme Court	Aid	500,000	0	0	(500,000)	-100.0%	0	na
#05	Supreme Court	Oper	195,447,322	195,926,634	201,236,223	(4,359,039)	-2.2%	5,309,589	2.7%
#05	Supreme Court	Total	195,947,322	195,926,634	201,236,223	(4,859,039)	-2.4%	5,309,589	2.7%
#07	Governor	Oper	2,058,577	2,143,709	2,284,666	40,904	1.9%	140,957	6.6%
#07	Governor	Total	2,058,577	2,143,709	2,284,666	40,904	1.9%	140,957	6.6%
#08	Lt. Governor	Oper	151,135	153,885	155,386	1,448	0.9%	1,501	1.0%
#08	Lt. Governor	Total	151,135	153,885	155,386	1,448	0.9%	1,501	1.0%
#09	Secretary of State	Oper	6,596,103	2,102,092	2,114,064	(214,191)	-9.2%	11,972	0.6%
#09	Secretary of State	Total	6,596,103	2,102,092	2,114,064	(214,191)	-9.2%	11,972	0.6%
#10	State Auditor	Oper	2,579,272	3,002,686	3,089,202	360,880	13.7%	86,516	2.9%
#10	State Auditor	Total	2,579,272	3,002,686	3,089,202	360,880	13.7%	86,516	2.9%
#11	Attorney General	Oper	6,475,924	7,028,044	7,152,081	421,190	6.4%	124,037	1.8%
#11	Attorney General	Total	6,475,924	7,028,044	7,152,081	421,190	6.4%	124,037	1.8%
#12	State Treasurer	Aid	0	2,000,000	2,000,000	2,000,000	na	0	0.0%
#12	State Treasurer	Oper	1,154,310	1,191,803	1,219,495	20,364	1.7%	27,692	2.3%
#12	State Treasurer	Total	1,154,310	3,191,803	3,219,495	2,020,364	172.5%	27,692	0.9%
#13	Education	Aid	1,294,162,877	1,280,001,022	1,306,559,111	(3,029,285)	-0.2%	26,558,089	2.1%
#13	Education	Oper	25,744,791	28,755,175	28,959,778	2,365,857	9.0%	204,603	0.7%
#13	Education	Total	1,319,907,668	1,308,756,197	1,335,518,889	(663,428)	-0.1%	26,762,692	2.0%
#14	Public Service Comm	Aid		19,782,208	19,795,788	19,782,208	na	13,580	0.1%
#14	Public Service Comm	Oper	2,233,960	2,323,576	2,347,479	54,334	2.4%	23,903	1.0%
#14	Public Service Comm	Total	2,233,960	22,105,784	22,143,267	19,836,542	874.1%	37,483	0.2%
#15	Parole Board	Oper	7,891,768	8,275,381	8,384,972	150,383	1.9%	109,591	1.3%
#15	Parole Board	Total	7,891,768	8,275,381	8,384,972	150,383	1.9%	109,591	1.3%
#16	Revenue	Aid	103,100,000	104,300,000	109,600,000	3,200,000	3.2%	5,300,000	5.1%
#16	Revenue	Oper	27,417,676	28,723,541	29,046,325	(268,647)	-0.9%	322,784	1.1%
#16	Revenue	Total	130,517,676	133,023,541	138,646,325	2,931,353	2.3%	5,622,784	4.2%
#18	Agriculture	Aid	456,000	1,006,000	1,006,000	300,000	42.5%	0	0.0%
#18	Agriculture	Oper	5,698,913	5,968,902	6,087,864	169,733	2.9%	118,962	2.0%
#18	Agriculture	Total	6,154,913	6,974,902	7,093,864	469,733	7.2%	118,962	1.7%
#21	Fire Marshal	Oper	4,231,522	4,398,528	4,518,975	53,251	1.2%	120,447	2.7%
#21	Fire Marshal	Total	4,231,522	4,398,528	4,518,975	53,251	1.2%	120,447	2.7%
#23	Labor	Oper	641,042	669,565	677,533	12,347	1.9%	7,968	1.2%
#23	Labor	Total	641,042	669,565	677,533	12,347	1.9%	7,968	1.2%
#25	DHHS	Aid	1,411,956,587	1,456,697,500	1,530,550,917	(3,275,697)	-0.2%	73,853,417	5.1%
#25	DHHS	Oper	243,004,720	252,746,312	255,796,626	1,213,093	0.5%	3,050,314	1.2%
#25	DHHS	Total	1,654,961,307	1,709,443,812	1,786,347,543	(2,062,604)	-0.1%	76,903,731	4.5%
#27	Transportation	Oper	100,000	0	0	0	na	0	na
#27	Transportation	Total	100,000	0	0	0	na	0	na



	Type	Prior Yr	Biennial Budget		FY22 vs Prior Yr		FY23 vs Prior Yr	
		FY2020-21	FY2021-22	FY2022-23	\$ Chnge	% Chnge	\$ Chnge	% Chnge
#28 Veterans Affairs *	Oper	26,582,179	31,905,888	35,251,607	4,723,574	17.4%	3,345,719	10.5%
#28 Veterans Affairs	Total	26,582,179	31,905,888	35,251,607	4,723,574	17.4%	3,345,719	10.5%
#29 Natural Resources	Aid	1,806,112	1,806,112	1,806,112	0	0.0%	0	0.0%
#29 Natural Resources	Oper	10,388,164	11,020,779	10,972,796	443,410	4.2%	(47,983)	-0.4%
#29 Natural Resources	Total	12,194,276	12,826,891	12,778,908	443,410	3.6%	(47,983)	-0.4%
#31 Military Dept	Aid	6,584,424	5,852,793	5,852,793	(55,106,790)	-90.4%	0	0.0%
#31 Military Dept	Oper	4,493,524	4,559,110	4,598,988	9,298	0.2%	39,878	0.9%
#31 Military Dept	Total	11,077,948	10,411,903	10,451,781	(55,097,492)	-84.1%	39,878	0.4%
#32 Ed Lands & Funds	Oper	368,003	423,928	432,506	47,887	12.7%	8,578	2.0%
#32 Ed Lands & Funds	Total	368,003	423,928	432,506	47,887	12.7%	8,578	2.0%
#33 Game & Parks	Aid	42,011	50,000	50,000	7,989	19.0%	0	0.0%
#33 Game & Parks	Oper	11,674,040	12,013,364	12,144,134	149,249	1.3%	130,770	1.1%
#33 Game & Parks	Total	11,716,051	12,063,364	12,194,134	157,238	1.3%	130,770	1.1%
#34 Library Commission	Aid	1,262,369	1,326,004	1,367,061	44,167	3.4%	41,057	3.1%
#34 Library Commission	Oper	2,623,236	2,738,491	2,760,852	69,881	2.6%	22,361	0.8%
#34 Library Commission	Total	3,885,605	4,064,495	4,127,913	114,048	2.9%	63,418	1.6%
#35 Liquor Control	Oper	1,333,267	2,134,727	1,837,835	736,218	52.6%	(296,892)	-13.9%
#35 Liquor Control	Total	1,333,267	2,134,727	1,837,835	736,218	52.6%	(296,892)	-13.9%
#36 Racing Commission	Oper	60,000	0	0	0	na	0	na
#36 Racing Commission	Total	60,000	0	0	0	na	0	na
#46 Correctional Services	Aid	3,500,000	4,000,000	4,000,000	0	0.0%	0	0.0%
#46 Correctional Services	Oper	219,851,700	245,026,442	256,062,253	8,574,983	3.6%	11,035,811	4.5%
#46 Correctional Services	Total	223,351,700	249,026,442	260,062,253	8,574,983	3.6%	11,035,811	4.4%
#47 NETC	Oper	10,163,451	10,557,035	10,749,685	218,708	2.1%	192,650	1.8%
#47 NETC	Total	10,163,451	10,557,035	10,749,685	218,708	2.1%	192,650	1.8%
#48 Coordinating Comm	Aid	7,693,430	8,843,430	9,093,430	150,000	1.7%	250,000	2.8%
#48 Coordinating Comm	Oper	1,332,299	1,380,876	1,406,407	22,917	1.7%	25,531	1.8%
#48 Coordinating Comm	Total	9,025,729	10,224,306	10,499,837	172,917	1.7%	275,531	2.7%
#50 State Colleges	Aid	0	2,000,000	3,000,000	1,000,000	100.0%	1,000,000	50.0%
#50 State Colleges	Oper	53,548,946	57,439,068	59,242,843	1,911,711	3.4%	1,803,775	3.1%
#50 State Colleges	Total	53,548,946	59,439,068	62,242,843	2,911,711	5.2%	2,803,775	4.7%
#51 University of Nebraska	Aid	0	4,000,000	6,000,000	2,000,000	100.0%	2,000,000	50.0%
#51 University of Nebraska	Oper	592,104,554	628,042,647	640,742,701	13,607,014	2.2%	12,700,054	2.0%
#51 University of Nebraska	Total	592,104,554	632,042,647	646,742,701	15,607,014	2.5%	14,700,054	2.3%
#54 Historical Society	Oper	4,465,781	5,918,936	5,255,877	1,290,267	27.9%	(663,059)	-11.2%
#54 Historical Society	Total	4,465,781	5,918,936	5,255,877	1,290,267	27.9%	(663,059)	-11.2%
#57 Oil & Gas Comm.	Oper		200,000	175,000	200,000	na	(25,000)	-12.5%
#57 Oil & Gas Comm.	Total		200,000	175,000	200,000	na	(25,000)	-12.5%
#64 State Patrol	Oper	62,871,629	67,522,904	69,750,430	3,074,881	4.8%	2,227,526	3.3%
#64 State Patrol	Total	62,871,629	67,522,904	69,750,430	3,074,881	4.8%	2,227,526	3.3%
#65 Admin Services (DAS)	Oper	8,902,707	9,004,450	9,104,328	(1,060,524)	-10.5%	99,878	1.1%
#65 Admin Services (DAS)	Total	8,902,707	9,004,450	9,104,328	(1,060,524)	-10.5%	99,878	1.1%
#67 Equal Opportunity	Oper	1,261,453	1,317,833	1,339,731	30,487	2.4%	21,898	1.7%
#67 Equal Opportunity	Total	1,261,453	1,317,833	1,339,731	30,487	2.4%	21,898	1.7%

	Type	Prior Yr FY2020-21	Biennial Budget FY2021-22	FY2022-23	FY22 vs Prior Yr		FY23 vs Prior Yr	
					\$ Chnge	% Chnge	\$ Chnge	% Chnge
#68 Latino American.	Oper	256,904	268,285	272,560	5,539	2.1%	4,275	1.6%
#68 Latino American.	Total	256,904	268,285	272,560	5,539	2.1%	4,275	1.6%
#69 Arts Council	Aid	905,346	1,905,346	9,405,346	1,000,000	110.5%	7,500,000	393.6%
#69 Arts Council	Oper	603,506	637,900	647,851	12,893	2.1%	9,951	1.6%
#69 Arts Council	Total	1,508,852	2,543,246	10,053,197	1,012,893	66.2%	7,509,951	295.3%
#70 Foster Care Review	Aid		500,000	500,000	500,000	na	0	0.0%
#70 Foster Care Review	Oper	1,941,852	2,023,269	2,052,496	42,069	2.1%	29,227	1.4%
#70 Foster Care Review	Total	1,941,852	2,523,269	2,552,496	542,069	27.4%	29,227	1.2%
#72 Economic Develop	Aid	6,690,352	22,735,982	25,916,812	15,015,630	194.5%	3,180,830	14.0%
#72 Economic Develop	Oper	4,844,761	7,830,802	7,480,820	1,748,579	28.7%	(349,982)	-4.5%
#72 Economic Develop	Total	11,535,113	30,566,784	33,397,632	16,764,209	121.5%	2,830,848	9.3%
#76 Indian Affairs	Oper	236,225	246,647	251,013	5,486	2.3%	4,366	1.8%
#76 Indian Affairs	Total	236,225	246,647	251,013	5,486	2.3%	4,366	1.8%
#77 Industrial Relations	Oper	298,176	307,421	311,233	(1,897)	-0.6%	3,812	1.2%
#77 Industrial Relations	Total	298,176	307,421	311,233	(1,897)	-0.6%	3,812	1.2%
#78 Crime Commission	Aid	7,746,420	7,516,036	7,516,036	(250,000)	-3.2%	0	0.0%
#78 Crime Commission	Oper	5,010,824	5,704,954	5,806,638	601,652	11.8%	101,684	1.8%
#78 Crime Commission	Total	12,757,244	13,220,990	13,322,674	351,652	2.7%	101,684	0.8%
#81 Blind/Visually Impaired	Aid	286,890	311,790	311,790	0	0.0%	0	0.0%
#81 Blind/Visually Impaired	Oper	1,570,253	1,707,350	1,758,197	72,954	4.5%	50,847	3.0%
#81 Blind/Visually Impaired	Total	1,857,143	2,019,140	2,069,987	72,954	3.7%	50,847	2.5%
#82 Deaf/Hard of Hearing	Oper	1,030,129	1,076,059	1,091,212	24,466	2.3%	15,153	1.4%
#82 Deaf/Hard of Hearing	Total	1,030,129	1,076,059	1,091,212	24,466	2.3%	15,153	1.4%
#83 Community Colleges	Aid	100,547,391	106,645,089	109,804,330	3,086,750	3.0%	3,159,241	3.0%
#83 Community Colleges	Total	100,547,391	106,645,089	109,804,330	3,086,750	3.0%	3,159,241	3.0%
#84 Environment & Energy	Aid	0	100,000	100,000	100,000	na	0	0.0%
#84 Environment & Energy	Oper	3,680,094	4,826,993	4,862,565	1,110,249	29.9%	35,572	0.7%
#84 Environment & Energy	Total	3,680,094	4,926,993	4,962,565	1,210,249	32.6%	35,572	0.7%
#85 Retirement Board	Oper	53,638,505	57,053,947	58,831,000	2,214,015	4.0%	1,777,053	3.1%
#85 Retirement Board	Total	53,638,505	57,053,947	58,831,000	2,214,015	4.0%	1,777,053	3.1%
#87 Account/Disclosure	Oper	489,547	599,805	610,912	(18,365)	-3.0%	11,107	1.9%
#87 Account/Disclosure	Total	489,547	599,805	610,912	(18,365)	-3.0%	11,107	1.9%
#90 African American	Oper	0	258,762	262,599	131,262	103.0%	3,837	1.5%
#90 African American	Total	0	258,762	262,599	131,262	103.0%	3,837	1.5%
#93 Tax Equal/Review	Oper	879,848	917,072	935,331	17,830	2.0%	18,259	2.0%
#93 Tax Equal/Review	Total	879,848	917,072	935,331	17,830	2.0%	18,259	2.0%
Construction-Total	Total	38,265,811	41,526,176	38,171,610	2,900,515	7.5%	(3,354,566)	-8.1%
OPERATIONS		1,639,165,838	1,742,467,584	1,783,799,087	42,680,687	2.5%	41,331,503	2.4%
STATE AID		2,947,240,209	3,031,379,312	3,154,235,526	(13,975,028)	-0.5%	122,856,214	4.1%
CONSTRUCTION		38,265,811	41,526,176	38,171,610	2,900,515	7.5%	(3,354,566)	-8.1%
TOTAL GENERAL FUNDS		4,624,671,858	4,815,373,072	4,976,206,223	31,606,174	0.7%	160,833,151	3.3%

# General Fund State Aid by Aid Program

FY22 / FY23 Biennial Budget as Enacted in the 2021 Legislative Session

Type	Prior Yr	Biennial Budget		FY22 vs Prior Yr		FY23 vs Prior Yr	
	FY2020-21	FY2021-22	FY2022-23	\$ Chnge	% Chnge	\$ Chnge	% Chnge
<b>#5 Courts</b>							
Court Appointed Special Advocate	500,000	to #70	to #70	(500,000)	-100.0%	0	na
<b># 12 Treasurer</b>							
Aid to Counties	0	2,000,000	2,000,000	2,000,000	na	0	0.0%
<b># 13 Education</b>							
TEEOSA State Aid to Education	1,022,555,859	1,014,915,776	1,039,139,959	(7,640,083)	-0.7%	24,224,183	2.4%
Special Education	231,079,770	233,390,568	235,724,474	2,310,798	1.0%	2,333,906	1.0%
Aid to ESU's	13,613,976	13,613,976	13,613,976	0	0.0%	0	0.0%
High ability learner programs	2,342,962	2,342,962	2,342,962	0	0.0%	0	0.0%
Early Childhood grant program	3,619,357	3,619,357	3,619,357	0	0.0%	0	0.0%
Early Childhood Endowment	5,000,000	7,500,000	7,500,000	2,500,000	50.0%	0	0.0%
Nurturing Healthy Behaviors	400,000	400,000	400,000	0	0.0%	0	0.0%
School Lunch	392,032	392,032	392,032	0	0.0%	0	0.0%
Textbook loan program	465,500	1,465,500	1,465,500	1,000,000	214.8%	0	0.0%
School Breakfast reimbursement	617,898	617,898	617,898	0	0.0%	0	0.0%
Adult Education	214,664	214,664	214,664	0	0.0%	0	0.0%
Learning Communities Aid	470,000	470,000	470,000	0	0.0%	0	0.0%
Summer Food Service grants	90,000	90,000	90,000	0	0.0%	0	0.0%
High School Equivalency Assistance	750,000	750,000	750,000	0	0.0%	0	0.0%
tep Up Quality Child Care Scholarships	100,000	100,000	100,000	0	0.0%	0	0.0%
Step Up Quality Child Care Bonuses	69,000	69,000	69,000	0	0.0%	0	0.0%
Vocational Rehabilitation	1,249,289	49,289	49,289	(1,200,000)	-96.1%	0	0.0%
<b># 14 Public Service Commission</b>							
Nebr Broadband Bridge Act	0	19,782,208	19,795,788	19,782,208	na	13,580	0.1%
<b># 16 Revenue</b>							
#16 Homestead Exemption	101,100,000	104,300,000	109,600,000	3,200,000	3.2%	5,300,000	5.1%
#16 Personal Property Tax Relief Act	0	0	0	0	na	0	na
<b># 18 Agriculture</b>							
Riparian Vegetation grants	706,000	706,000	706,000	0	0.0%	0	0.0%
Nebraska AgrAbility program	0	300,000	300,000	300,000	na	0	0.0%
<b># 25 Health and Human Services</b>							
Behavioral Health Aid	72,206,614	77,956,716	80,505,211	5,750,102	8.0%	2,548,495	3.3%
Medical student assistance/RHOP	680,723	2,180,723	2,180,723	1,500,000	220.4%	0	0.0%
Children's Health Insurance (SCHIP)	23,778,754	23,275,936	26,433,262	(502,818)	-2.1%	3,157,326	13.6%
Public Assistance	86,756,257	87,950,162	89,156,005	1,193,905	1.4%	1,205,843	1.4%
Medicaid	921,250,222	899,933,133	951,835,510	(21,317,089)	-2.3%	51,902,377	5.8%

Type	Prior Yr FY2020-21	Biennial Budget		FY22 vs Prior Yr		FY23 vs Prior Yr	
		FY2021-22	FY2022-23	\$ Chnge	% Chnge	\$ Chnge	% Chnge
Child Welfare aid	172,174,830	178,071,265	181,510,159	5,896,435	3.4%	3,438,894	1.9%
Youth in Transition aid	0	1,281,202	1,281,202	1,281,202	na	0	0.0%
Developmental disabilities aid	157,255,751	157,634,528	167,735,010	378,777	0.2%	10,100,482	6.4%
Community health centers	7,783,060	9,814,060	11,314,060	2,031,000	26.1%	1,500,000	15.3%
Health Aid	6,364,407	6,877,196	6,877,196	512,789	8.1%	0	0.0%
Care Management	2,315,560	2,315,560	2,315,560	0	0.0%	0	0.0%
Area agencies on aging	9,407,019	9,407,019	9,407,019	0	0.0%	0	0.0%
<b># 29 Natural Resources</b>							
Nebr Water Conservation Fund	1,806,112	1,806,112	1,806,112	0	0.0%	0	0.0%
Resources Development Fund	0	0	0	0	na	0	na
<b># 31 Military Dept</b>							
Governors Emergency Program	60,240,974	5,000,000	5,000,000	(55,240,974)	-91.7%	0	0.0%
Guard tuition assistance	718,609	852,793	852,793	134,184	18.7%	0	0.0%
<b># 33 Game &amp; Parks</b>							
Niobrara Council	42,011	50,000	50,000	7,989	19.0%	0	0.0%
<b># 34 Library Commission</b>							
Local libraries	1,281,837	1,326,004	1,367,061	44,167	3.4%	41,057	3.1%
<b># 46 Correctional Services</b>							
Vocational and Life Skills Program	4,000,000	4,000,000	4,000,000	0	0.0%	0	0.0%
Nebr Opportunity Grant Program	7,593,430	7,593,430	7,593,430	0	0.0%	0	0.0%
Access College Early Scholarship	1,100,000	1,250,000	1,500,000	150,000	13.6%	250,000	20.0%
<b># 50 State Colleges</b>							
Nebraska Career Scholarships	1,000,000	2,000,000	3,000,000	1,000,000	100.0%	1,000,000	50.0%
<b># 51 University of Nebraska</b>							
Nebraska Career Scholarships	2,000,000	4,000,000	6,000,000	2,000,000	100.0%	2,000,000	50.0%
<b># 69 Arts Council</b>							
Museum of Nebraska Arts assistance	0	0	7,500,000	0	na	7,500,000	na
Aid to arts programs	905,346	1,905,346	1,905,346	1,000,000	110.5%	0	0.0%
<b># 70 Foster Care Review</b>							
Court Appointed Special Advocate	0	500,000	500,000	500,000	na	0	0.0%
<b># 72 Economic Deveopment</b>							
State aid to development districts	700,000	1,000,000	1,000,000	300,000	42.9%	0	0.0%
Nebraska Rural Projects Act	0	4,715,630	4,896,460	4,715,630	na	180,830	3.8%
Business Innovation Act	6,020,352	14,020,352	15,020,352	8,000,000	132.9%	1,000,000	7.1%
Nebraska Career Scholarships	1,000,000	3,000,000	5,000,000	2,000,000	200.0%	2,000,000	66.7%

Type	Current Yr	Biennial Budget		FY22 vs Prior Yr		FY23 vs Prior Yr	
	FY2020-21	FY2021-22	FY2022-23	\$ Chnge	% Chnge	\$ Chnge	% Chnge
<b># 78 Crime Commission</b>							
Juvenile services grants	564,300	564,300	564,300	0	0.0%	0	0.0%
Community Based Juvenile Services aid	6,048,000	5,798,000	5,798,000	(250,000)	-4.1%	0	0.0%
Crimestoppers program	12,919	12,919	12,919	0	0.0%	0	0.0%
County Justice Reinvestment Grants	480,000	480,000	480,000	0	0.0%	0	0.0%
Victim Witness assistance	50,457	50,457	50,457	0	0.0%	0	0.0%
Crime Victims reparations	19,200	19,200	19,200	0	0.0%	0	0.0%
Violence Prevention Grants	591,160	591,160	591,160	0	0.0%	0	0.0%
<b># 81 Blind &amp; Visually Impaired</b>							
Blind rehabilitation	311,790	311,790	311,790	0	0.0%	0	0.0%
<b># 83 Community Colleges</b>							
Aid to Community Colleges	103,558,339	106,645,089	109,804,330	3,086,750	3.0%	3,159,241	3.0%
<b># 84 Environment &amp; Energy</b>							
Energy assistance	0	100,000	100,000	100,000	na	0	0.0%
Individuals/Other	1,490,875,709	1,525,934,190	1,613,773,074	35,058,481	2.4%	87,838,884	5.8%
Local Government	1,554,478,631	1,505,445,122	1,540,462,452	(49,033,509)	-3.2%	35,017,330	2.3%
Total State Aid	3,045,354,340	3,031,379,312	3,154,235,526	(13,975,028)	-0.5%	122,856,214	4.1%

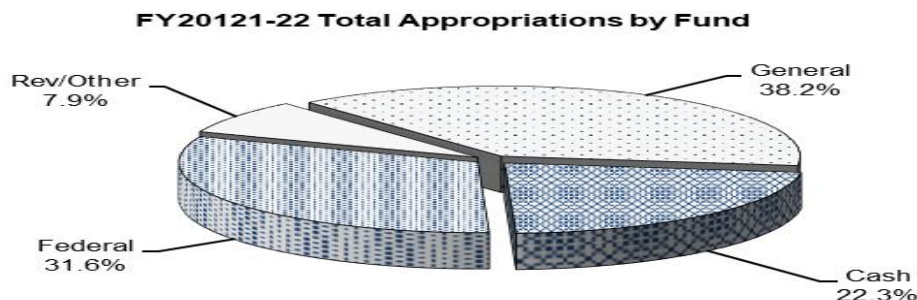
**APPROPRIATIONS  
ALL FUND SOURCES**

# Appropriations - All Fund Sources

This section of the report reflects the enacted budget for all funds sources, not just General Funds. Table 30 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. For a more detailed explanation of the changes in appropriations from other fund sources, please refer to the specific agency pages later on in this report.

Table 30 Biennial Budget as Enacted - All Fund Sources

	General	Cash	Federal	Rev/Other	Total
<b><u>FY2020-21 (without deficits)</u></b>					
Agency Operations	1,699,786,897	1,857,255,621	962,606,675	932,894,649	5,452,543,842
State Aid	3,045,354,340	664,222,234	2,599,922,983	2,416,140	6,311,915,697
Capital Construction	38,625,661	55,975,308	14,683,000	38,526,000	147,809,969
FY2020-21 Total	4,783,766,898	2,577,453,163	3,577,212,658	973,836,789	11,912,269,508
<b><u>FY2021-22</u></b>					
Agency Operations	1,742,467,584	1,980,657,437	1,009,366,645	940,688,863	5,673,180,529
State Aid	3,031,379,312	768,563,860	2,965,397,456	2,416,140	6,767,756,768
Capital Construction	41,526,176	54,423,930	3,112,000	52,398,000	151,460,106
FY2021-22 Total	4,815,373,072	2,803,645,227	3,977,876,101	995,503,003	12,592,397,403
Change over prior year					
Dollar	31,606,174	226,192,064	400,663,443	21,666,214	680,127,895
Percent	0.7%	8.8%	11.2%	2.2%	5.7%
<b><u>FY2022-23</u></b>					
Agency Operations	1,783,799,087	1,987,981,488	990,897,291	941,589,802	5,704,267,668
State Aid	3,154,235,526	722,671,324	2,881,974,294	2,416,140	6,761,297,284
Capital Construction	38,171,610	54,423,930	0	2,340,000	94,935,540
FY2022-23 Total	4,976,206,223	2,765,076,742	3,872,871,585	946,345,942	12,560,500,492
Change over prior year					
Dollar	160,833,151	(38,568,485)	(105,004,516)	(49,157,061)	(31,896,911)
Percent	3.3%	-1.4%	-2.6%	-4.9%	-0.3%
Two Year Average					
	2.0%	3.6%	4.1%	-1.4%	2.7%



## 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 \$313 million and moves the Dept. of Revenue to the third highest in cash fund appropriations.

CASH FUNDS	Current Year	Biennial Budget		% of
	FY2020-21	FY2021-22	FY2022-23	Total
Transportation	964,814,006	1,070,412,877	1,067,609,014	38.2%
University of Nebraska	469,127,134	469,127,134	469,127,134	18.3%
Revenue	306,765,322	332,089,230	346,263,052	11.7%
Health & Human Services (DHHS)	175,569,651	162,867,143	163,042,012	6.6%
Game and Parks	86,355,881	92,648,248	93,848,775	3.3%
Public Service Commission	91,263,555	91,256,392	91,336,739	3.5%
Economic Development	48,853,010	75,874,680	48,650,234	1.4%
Construction	55,975,308	54,423,930	54,423,930	2.2%
State Colleges	43,007,296	43,007,296	43,007,296	1.5%
Motor Vehicles	27,755,395	40,076,468	38,502,845	1.5%
All Other	307,966,605	371,861,829	349,265,711	11.9%
<b>Total - Cash Funds</b>	<b>2,577,453,163</b>	<b>2,803,645,227</b>	<b>2,765,076,742</b>	<b>100.0%</b>
\$ Change	(30,405,474)	226,192,064	(38,568,485)	27.5%
% Change	-1.2%	8.8%	-1.4%	

Transportation accounts for 38% of cash fund revenues and expenditures while the University of Nebraska accounts for 18%. The Dept. of Revenue accounts for 11.7% of the total as the \$300 million property tax credits are expended as cash funds.

The enacted budget for FY21-22 reflects a 8.8% increase in cash fund appropriations. About 15% of the increase is from the \$25 million increase in the Property Tax Credit. Other significant increases include \$73.5 million increase in cash flow for Transportation construction projects.

### Dept. of Motor Vehicles - Issuance of License Plates.

The budget includes an increase of \$8.4 million in FY22 and \$3.6 million in FY23 to pay for the production of the 2023 license plate series. These are increases above the \$1.9 million DMV base appropriation level. The next issuance of new plates is scheduled for January 1, 2023. The plates will



be valid for a six year period. Production will begin during FY22 to allow Cornhusker State Industries, a division of the Department of Correctional Services, time to fulfill the initial plate orders and deliver plates to the counties for issuance. Funds to pay for license plates and stickers are transferred from the Highway Trust Fund to the License Plate Cash Fund. The Highway Trust Fund is reimbursed through the collection of a plate fee. A transfer from the Highway Trust Fund to the License Plate Cash Fund is also required in the amounts below each fiscal year to ensure adequate cash flow for plate production: FY22: \$10,350,000, FY23: \$5,450,000

## Department of Transportation

The enacted budget utilizes revenue projections to set the total fuel tax at an anticipated average of 29.5¢ per gallon in FY22 and 29.2¢ in FY23. 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 \$477,000,000 in FY22 and \$480,000,000 in FY23. Based on current projections, these appropriation amounts would result in an average per gallon fuel tax of 29.5¢ in FY22 and 29.2¢ in FY23. The current (FY21) the Highway Cash Fund appropriation is \$459,000,000 which results in the FY22 appropriation being a 3.92 percent increase over FY21, and the FY23 appropriation being a 0.6 percent increase over FY22.

With regard to public transit aid, the department is maintaining the FY21 appropriation amount (\$6,312,705) for each fiscal year (FY22 & FY23).

The budget also includes an increase in funding for fleet replacement in the amounts of \$3 million in FY22 and \$5.5 million in FY23. The increase was precipitated by a recently completed fleet study where findings included a recommendation of increased rate of replacement due to the age of the fleet. The increase will primarily be used to replace plow trucks.

Budgeted funds for construction reflect an increase of \$79,556,720 in FY22, for a total of \$807,100,872. In FY23, the budget reflects an increase of \$81,346,720, for a total of \$810,041,625.

It is also projected the department will continue to see an increase in revenue allocated to the State Highway Capital Improvement Fund due to 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 recommendation for an 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 \$378,612,000 for FY22 and \$367,612,000 for FY23. For FY20, the total was \$434,292,345 and the best estimate for FY21 is \$432,617,000. The best estimate for FY21 includes \$70 million in reimbursements for expenditures related to the 2019 flooding damage.

The **Division of Aeronautics** distributes aid to public-use airports. Aviation fuel taxes provide the source of state funds and grants through the Airport Improvement Program (AIP) are the source of federal funds. The budget reflects an increases in the AIP funding that flows through the division. In FY22 the increase is \$15,355,000 and in FY23 the increase is \$5,500,000. These increases will set the appropriation for aid to public airports at \$35,505,000 in FY22 and \$26,650,300 in FY23.

Of particular note in the enacted budget is funding for a State Aviation System Plan Study - the last plan of this type was completed in 2002. A grant from the Federal Aviation Administration (FAA) will provide 90 percent of the funding for the study. The study would evaluate the state system of airports ability to meet the transportation needs of Nebraska over a 20 year period. The agency has stated the updated plan would allow the targeting of resources to needs that will provide the best return on investment. Additionally, the agency indicates an updated plan, which utilizes FAA-specified metrics and classifications for airport use and need, will enhance the ability of Nebraska airport projects to compete for limited funding from the FAA. Completion of the updated plan is expected in November 2022.

## 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 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 to \$275 million where it remained. However, due to increasing valuations, the credit amount per \$100,000 has declined in 2020 (FY20-21) and projected to continue to decline in 2021 (FY21-22) and 2022 (FY22-23).

The budget as enacted in 2021 increases the credit amount so that the credit per \$100,000 valuation in 2022 and 2023 would be approximately a 2% per year increase from 2019 when the credit amount was last increased to \$275 million. The dollar amount to add to the credit to achieve this goal is \$25 million in FY21-22 and \$38 million in FY22-23.

**Table 31 Calculation of Property Tax Amounts for 2022 and 2023**

Credit Year	Fiscal Year	Total Amount	\$ Change	Per \$100,000 Non-agland	Per \$100,000 Ag land
2017	FY2017-18	\$224,000,000	20,000,000	\$87.95	\$105.56
2018	FY2018-19	\$224,000,000	0	\$86.50	\$103.81
2019	FY2019-20	\$275,000,000	51,000,000	\$104.19	\$124.99
2020	FY2020-21	\$275,000,000	0	\$102.21	\$122.64
2021	FY2021-22	\$275,000,000	0	\$99.87	\$119.84
2022	FY2022-23	\$275,000,000	0	\$97.48	\$119.36
<b>Inflate 2019 Credit per \$100,000 by 2% per year</b>					
2021	FY2021-22	\$300,000,000	25,000,000	\$108.95	\$130.73
2022	FY2022-23	\$313,000,000	13,000,000	\$110.95	\$135.86

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.

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	FY2019-20	\$275,000,000	51,000,000	22.8%	\$124.98	\$104.15	6.3%
2020	FY2020-21	\$275,000,000	0	0.0%	\$122.64	\$102.21	6.1%
2021 est	FY2021-22	\$300,000,000	25,000,000	9.1%	\$130.73	\$108.95	?
2022 est	FY2022-23	\$313,000,000	13,000,000	4.3%	\$135.86	\$110.95	?

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.

Table 33 Property Tax Credit by Sector

Tax Year	% of Total Property Tax Credit			
	Agricultural	Residential	Comm/Indust	PS/RR
2007	24.1%	55.7%	18.7%	1.5%
2008	25.1%	54.5%	18.8%	1.6%
2009	26.8%	52.7%	18.7%	1.7%
2010	28.7%	51.2%	18.1%	1.9%
2011	30.6%	49.4%	17.8%	2.1%
2012	32.1%	46.9%	18.8%	2.1%
2013	36.2%	43.9%	17.8%	2.0%
2014	41.5%	40.3%	16.3%	1.9%
2015	44.5%	38.1%	15.5%	2.0%
2016	45.0%	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	43.5%	39.0%	15.5%	2.0%
2020	41.2%	40.6%	16.2%	2.0%
2021 est	40.2%	41.9%	15.9%	2.0%
2022 est	na	na	na	na

## Health Care Cash Fund

The Health Care Cash Fund receives funding from the Tobacco Settlement Trust Fund. The source of the Tobacco Settlement Trust Fund is payments from tobacco companies pursuant to a nationwide settlement entered into several years ago. State statute dictates the amount of transfer each year.

Virtually from the time the Health Care Cash Fund was created, there the use of the fund exceeded the combined contributions and earning on the fund. In FY20-21 the amount of spending out of the Health Care Cash Fund (HCCF) exceeds the amount of funds generated by \$11.4 million. The gap is projected to grow to \$15 million by FY2035.

To alleviate this drawdown of the fund requires a reduction in the usage of the HCCF. When the HCCF was established in 2001. \$10.1 million was provided for behavioral rate increases. As the HCCF amount remained static the General Fund has been picking up the inflationary costs on this \$10.1 million since that time. The enacted budget shifts funding of this \$10.1 million to General Funds to help keep the fund sustainable. At the same time the statutory transfer to the HCCF is reduced by the same amount so this remains a shift of funding NOT freeing up HCCF funds for use for other things.

Program 38 Behavioral Health	\$2,599,660
Program 348 Medicaid	4,765,896
Program 354 Child Welfare	2,734,444
Total shift to Gen Funds	10,100,000

Table 34 Health Care Endowment Cash Flow Forecasts

FY	Estimated Available Funds			Estimated Distribution	Annual Gain / Loss	Shift to Gen Fund	Adjusted Gain / Loss
	Contributions	Earnings	Available				
FY 2021	33,268,528	18,000,000	51,268,528	62,700,000	(11,431,472)	0	(11,431,472)
FY 2022	32,922,406	18,000,000	50,922,406	62,350,000	(11,427,594)	10,100,000	(1,327,594)
FY 2023	32,582,635	18,000,000	50,582,635	62,350,000	(11,767,365)	10,100,000	(1,667,365)
FY 2024	32,249,218	18,000,000	50,249,218	62,350,000	(12,100,782)	10,100,000	(2,000,782)
FY 2025	31,922,160	18,000,000	49,922,160	62,350,000	(12,427,840)	10,100,000	(2,327,840)
FY 2026	31,601,469	18,000,000	49,601,469	62,350,000	(12,748,531)	10,100,000	(2,648,531)
FY 2027	31,287,156	18,000,000	49,287,156	62,350,000	(13,062,844)	10,100,000	(2,962,844)
FY 2028	30,979,231	18,000,000	48,979,231	62,350,000	(13,370,769)	10,100,000	(3,270,769)
FY 2029	30,677,710	18,000,000	48,677,710	62,350,000	(13,672,290)	10,100,000	(3,572,290)
FY 2030	30,382,609	18,000,000	48,382,609	62,350,000	(13,967,391)	10,100,000	(3,867,391)
FY 2031	30,093,948	18,000,000	48,093,948	62,350,000	(14,256,052)	10,100,000	(4,156,052)
FY 2032	29,811,749	18,000,000	47,811,749	62,350,000	(14,538,251)	10,100,000	(4,438,251)
FY 2033	29,536,036	18,000,000	47,536,036	62,350,000	(14,813,964)	10,100,000	(4,713,964)
FY 2034	29,266,837	18,000,000	47,266,837	62,350,000	(15,083,163)	10,100,000	(4,983,163)
FY 2035	29,004,180	18,000,000	47,004,180	62,350,000	(15,345,820)	10,100,000	(5,245,820)

Table 35 Health Care Cash Fund

Agency	Prog	Activity	FY2020-21	FY2021-22	FY2022-23
3	Leg Council	122 Legislative Council	75,000	75,000	75,000
11	Attorney Gen	507 Attorney General Settlement Enforcement	595,807	595,807	595,807
16	Revenue	102 Revenue Auditor Settlement Enforcement	316,482	323,055	329,808
16	Revenue	164 Gamblers Assistance	250,000	250,000	250,000
25	DHHS	30 Tobacco Prevention and Control	2,570,000	2,570,000	2,570,000
25	DHHS	33 Public Health Staff	100,000	100,000	100,000
25	DHHS	33 Minority Health Staff	220,000	220,000	220,000
25	DHHS	33 Medicaid Smoking Cessation Operations	6,000	6,000	6,000
25	DHHS	33 Respite Care Regions Staff and Operating	404,643	404,643	404,643
25	DHHS	33 EMS Technicians Regulation	13,688	13,688	13,688
25	DHHS	33 Parkinson's Disease Registry	26,000	26,000	26,000
25	DHHS	33 Olmsted Plan	43,570	36,459	-
25	DHHS	38 Behavioral Health Rate Increase	2,599,660	to GF	to GF
25	DHHS	38 MH/SA Regions Service Capacity	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
25	DHHS	250 Mental Health Service Capacity	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
25	DHHS	347 Respite Care Aid	810,000	810,000	810,000
25	DHHS	348 Medicaid Smoking Cessation	450,000	450,000	450,000
25	DHHS	348 Behavioral Health Rate Increase	4,765,896	to GF	to GF
25	DHHS	354 Behavioral Health Rate Increase	2,734,444	to GF	to GF
25	DHHS	424 Developmental Disability Aid	5,000,000	5,000,000	5,000,000
25	DHHS	502 Public Health	5,605,000	5,605,000	5,605,000
25	DHHS	502 Minority Health	2,875,000	2,875,000	2,875,000
25	DHHS	502 FQHC patient counts	750,000	750,000	750,000
25	DHHS	514 Poison Control Center	200,000	200,000	200,000
25	DHHS	514 Brain Injury Trust	500,000	500,000	500,000
25	DHHS	621 Stem Cell Research	450,000	450,000	450,000
25	DHHS	623 Biomedical Research	15,000,000	15,000,000	15,000,000
70	Foster Care	353 Children's Commission	181,437	185,337	189,345
Total appropriation			62,378,327	52,281,689	52,255,991
Original Transfer Amount (71-7611)			61,450,000	61,100,000	61,100,000
LB 380 Transfer BH Provider Increases to GF			0	(10,100,000)	(10,100,000)
New Transfer Amount (71-7611)			61,450,000	51,100,000	51,100,000
Current Transfer Amount (77-2602)			1,250,000	1,250,000	1,250,000
Current Total Transfer Amounts			62,700,000	52,250,000	52,250,000

## DED Fund Transfers

The Dept. of Economic Development includes cash fund appropriations related to several transfers from the General Fund to specific cash funds.

The ***Nebraska Revolving Loan Fund*** was created in LB1107-2020 to carry out workforce training and infrastructure development related to the ImagiNE Nebraska Act. LB1107 stated intent to provide \$5 million for FY22-23 and FY23-24 however the bill did not actually appropriate or transfer the funds when passed. The budget includes the transfer of \$5 million for two years, FY21-22 and FY22-23 rather than a year later as stated in the intent and a like cash fund appropriation to provide the authority to spend the funds.

The ***Customized Job Training Cash Fund*** was created in LB1107-2020 for administrative costs associated with awarding job training reimbursement grants under the Customized Job Training Act and the actual awarding of Customized Job Training grants. The Customized Job Training Act is designed to defray the costs associated with internships and training employees in qualifying industries. Though the fund was created, no monies were appropriated or transferred. The budget includes a one-time \$2.5 million transfer to the fund. Funding was originally proposed in LB391.

The budget includes a transfer of \$1,000,000 General Funds to the ***Nebraska Film Office Cash Fund*** to award grants for a newly created grant program for Nebraska-based films. Grants will be awarded based on the following criteria: (a) The film will prominently be shot on and prominently feature Nebraska locations; (b) The film production will tell a Nebraska story; and (c) The film production maintains a 50% Nebraska workforce.

## Bills Enacted Fund Transfers

There were three bills for which there were transfers from the General Fund to a newly created cash fund and then subsequent cash fund expenditure authority. These bills are further described in the General Fund transfer-out section on page 34.

***LB 131 creates the Municipal Natural Gas System Emergency Assistance Act*** which is to provide state aid to municipalities in the form of grants to pay for infrastructure projects ( \$4 million FY21-22.

***LB156 Establishes the Municipal Inland Port Authority Act.*** The bill details the powers and duties of an Inland Port Authority as well as the processes and requirements related to establishing and operating an authority. The bill provides a \$5 million transfer from the General Fund to the DED administered Site and Building Development Fund in FY23 and subsequent cash fund appropriations authority

***LB 566 creates the Shovel-Ready Capital Recovery and Investment Act*** to provide grants to nonprofit organizations to assist with capital projects that have been delayed as a result of COVID-19. The bill includes a \$15 million General Fund transfer to Shovel-Ready Capital Recovery and Investment Fund and subsequent cash fund appropriations authority.

## LB 664 Mutual Finance Assistance Fund distribution

In 1998, the legislature created the Mutual Finance Assistance Fund Act to allow for state aid to rural fire districts who agree to participate in a county wide Mutual Finance Organization (MFO). The fund

was allocated on a ten dollar per-capita rate for each Mutual Finance Organization with a cost of approximately \$4 million per year. The source of the funding is ten percent of the total Insurance Premium Tax, (approximately \$10 million per year with any unused funds transferred to the General Fund (approximately \$6 million per year). LB 664 maintains the existing distribution but also allocates \$10,000 to each fire district even those not part of an MFO. This will result in an additional \$4 million per year distribution and a like reduction transfer back to the General Fund transfer.

## LB 561 Nebraska Racetrack Gaming Act

LB 561 is the enabling legislation for the law created by Initiative Law 2020, No. 430 and 431. The bill renames the State Racing Commission, changes the membership of the State Racing Commission, to merge the State Racing Commission with the State Gaming Commission created in Initiative Law 2020, No. 430, provides regulatory authority over games of chance authorized under the Nebraska Racetrack Gaming Act, changes provisions relating to wagering on horseracing and penalties, to raise the age of wagering on horse racing to 21, and to harmonize provisions of this chapter with the Nebraska Racetrack Gaming Act.

The Nebraska Racetrack Gaming Act taxes casino operations revenue at 20%. The Racing Commission was able to provide an estimate of revenue based on input from members of the Gaming industry. A tax of 20% will equal \$7,395,000 in FY21-22 and \$49,058,200 in FY22-23. The revenue collected each fiscal year will be distributed as follows:

	FY 21-22	FY 22-23
Property Tax Credit Cash Fund (70%)	\$5,176,500	\$34,340,740
Compulsive Gamblers Assistance Fund (2.5%)	\$184,875	\$1,226,455
General Fund (2.5%)	\$184,875	\$1,226,455
The County containing the racetrack (12.5%)	\$924,375	\$6,132,275
The City containing the racetrack (12.5%)	\$924,375	\$6,132,275

Further revenue is expected to be collected from the process of occupational licensing, operator assessments, and other various fees and licenses. These are projected to equal \$6,577,875 in FY21-22 and \$3,649,889 in FY22-23. The first year is greater than the second year due to the collection of a \$1,000,000 gaming operator license fee for each casino to begin operations.

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## Federal Funds

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

The large increase in FY2021-22 can be largely attributed to the Elementary and Secondary School Emergency Relief Fund (ESSER II) funds authorized by the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 and flowed through the Dept. of Education to local school districts/

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Current Year	Biennial Budget	% of
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FEDERAL FUNDS	FY2020-21	FY2021-22	FY2022-23	Total
DHHS	2,368,450,994	2,491,713,789	2,580,632,791	61.3%
Education	387,519,445	648,476,216	457,053,837	12.3%
University of Nebraska	546,201,594	546,201,594	546,201,594	16.9%
Economic Development	24,293,299	50,500,215	50,521,549	0.8%
State Colleges	48,049,900	48,049,900	48,049,900	1.5%
Labor	41,327,520	41,885,334	42,267,181	1.3%
Environmental Quality	40,361,571	42,729,716	42,909,481	1.3%
Military Dept	25,209,348	25,681,502	25,900,363	0.8%
Veterans Affairs	25,870,637	22,870,637	22,870,637	0.8%
Crime Commission	20,132,980	20,163,651	20,185,132	0.6%
All Other	49,795,370	39,603,547	36,279,120	2.4%
Total - Federal Funds	3,577,212,658	3,977,876,101	3,872,871,585	100.0%
\$ Change	437,202,396	400,663,443	(105,004,516)	
% Change	13.9%	11.2%	-2.6%	

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## Revolving / Other Funds

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

About 68% of all revolving fund appropriations are contained within the University and State Colleges. However, unlike the revolving fund definition noted above, revolving funds used by the University and State Colleges account for revenues from dormitories, student unions, agricultural experiment stations, other "enterprise" operations. This separates these revenues from those generated from student tuition and fees that are accounted for as cash funds.

Appropriations from the Nebraska Capital Construction Fund (NCCF) are also accounted for in this category as "Other Funds" but are noted separately in the table below. The source of funds for the NCCF has recently been transfers from the Cash Reserve Fund or General Fund for major projects. In past years this included projects such as Innovation Campus, UNMC cancer research towers, and the Central Nebraska Veterans Home. The decline in the NCCF appropriations reflects the completion of several large Dept. of Correctional Services that were phased-in and reaching completion.

REVOLVING / OTHER	Current Year	Biennial Budget		% of
	FY2020-21	FY2021-22	FY2022-23	Total
University of Nebraska	651,100,000	651,100,000	651,100,000	66.9%



Admin Services	247,999,132	254,803,737	256,161,248	24.4%
Corrections	20,249,883	21,346,108	20,802,171	2.0%
State Colleges	9,286,232	9,286,232	9,286,232	1.0%
Education	1,983,980	2,008,029	2,025,315	0.1%
Attorney General	1,665,666	1,702,282	1,739,731	0.2%
All Other	5,125,896	6,098,615	5,231,245	0.9%
Nebr Capital Const Fund (NCCF)	36,426,000	49,158,000	0	4.6%
Total - Revolving/Other Funds	973,836,789	995,503,003	946,345,942	100.0%
\$ Change	(16,637,406)	21,666,214	(49,157,061)	
% Change	-1.7%	2.2%	-4.9%	

## Appropriations by Bill – All Funds

Table 36 Breakdown by Mainline Bills and A Bills

	General	Cash	Federal	Rev/Other	Total
<b><u>FY2021-22 All Funds by Bill</u></b>					
LB 380 Mainline Budget Bill	4,708,910,129	2,719,186,747	3,943,083,287	943,105,003	12,314,285,166
LB 381 Legislator Salaries	632,982	0	0	0	632,982
LB 382 Constitutional Officers Salaries	30,735,863	1,628,340	0	0	32,364,203
LB 383 Capital Construction	41,526,176	54,423,930	3,112,000	52,398,000	151,460,106
Mainline Bills	4,781,805,150	2,775,239,017	3,946,195,287	995,503,003	12,498,742,457
"A" Bills	33,567,922	28,406,210	31,680,814	0	93,654,946
Total per 2021 Session	4,815,373,072	2,803,645,227	3,977,876,101	995,503,003	12,592,397,403
<b><u>FY2022-23 All Funds by Bill</u></b>					
LB 380 Mainline Budget Bill	4,874,036,433	2,685,312,953	3,835,858,393	944,005,942	12,339,213,721
LB 381 Legislator Salaries	632,982	0	0	0	632,982
LB 382 Constitutional Officers Salaries	30,885,944	1,635,616	0	0	32,521,560
LB 383 Capital Construction	38,171,610	54,423,930	0	2,340,000	94,935,540
Mainline Bills	4,943,726,969	2,741,372,499	3,835,858,393	946,345,942	12,467,303,803
"A" Bills	32,479,254	23,704,243	37,013,192	0	93,196,689
Total per 2021 Session	4,976,206,223	2,765,076,742	3,872,871,585	946,345,942	12,560,500,492

Table 37 "A" Bills Enacted – 2021 Session

Description	Fund	FY2021-22	FY2022-23
LB 39 Change the Sports Arena Facility Financing Assistance Act	Cash	0	300,000
LB 40 Adopt the Nebraska Rural Projects Act	General	5,000,000	5,000,000
LB 51 Qualifications, duties, certification of law enforcement officers	General	322,889	260,768
LB 70 Regulate professional kickboxing and bare-knuckle boxing	Cash	4,000	0
LB 100 Prohibit certain Medicaid billing practices, foster care rates	General	840,108	1,697,019
LB 100 Prohibit certain Medicaid billing practices, foster care rates	Federal	44,216	89,317
LB 103 Aid counties to pay certain federal judgments	General	2,000,000	2,000,000
LB 106 New motor vehicle operator's license services system	Cash	94,780	97,197
LB 108 Changes, Supplemental Nutrition Assistance Program	Federal	457,176	443,339
LB 113 Change DMV provisions, new motor carrier services system	Cash	567,500	4,067,500
LB 131 Municipal Natural Gas System Emergency Assistance	Cash	4,000,000	0
LB 147 Change provisions, relating to OPS retirement systems	Cash	809,158	4,330,593
LB 156 Adopt the Municipal Inland Port Authority Act	Cash	0	5,000,000
LB 166 Josh the Otter-Be Safe Around Water license plates	Cash	9,550	25,350
LB 185 Aid, tribally owned, federally qualified health center	General	531,000	531,000
LB 247 Mental Health Crisis Hotline Task Force	General	12,000	4,000
LB 271 Adopt the 24/7 Sobriety Program Act	Cash	108,421	0
LB 274 Taxation of ready-to-drink cocktails, special licenses	General	320,000	0
LB 275 Create the Semiquincentennial Commission	Cash	0	20,000
LB 306 Eligibility, low-income home energy assistance program	General	0	233,547
LB 306 Eligibility, low-income home energy assistance program	Federal	311,396	77,849
LB 317 Provide for Nebraska History license plates	Cash	9,550	25,350
LB 320 Violence on premises, Residential Landlord and Tenant Act	Cash	25,000	0
LB 322 School Safety and Security Reporting System Act	General	0	0
LB 322 School Safety and Security Reporting System Act	Federal	899,383	899,383
LB 324 Changes, Meat and Poultry Inspection Law	General	41,650	83,300
LB 366 Change, Nebr Advantage Microenterprise Tax Credit Act	General	125,200	0
LB 386 Change judges' salaries	General	777,027	1,576,038
LB 386 Change judges' salaries	Cash	39,202	80,161
LB 388 Nebr Broadband Bridge Act	General	20,000,000	20,000,000
LB 396 Adopt the Nebraska Farm-to-School Program Act	General	100,000	100,000
LB 406 Statewide Tourism/Rec Water Access/Resource Sustainability	General	2,000,000	0
LB 411 Require info sharing, designated health information exchange	General	85,900	0
LB 411 Require info sharing, designated health information exchange	Federal	773,100	0

Description	Fund	FY2021-22	FY2022-23
LB 423 Require registration of home inspectors	Cash	0	30,000
LB 428 YRTC education, child welfare ESA study, LRC plan	General	175,000	0
LB 432 Income tax, changes, corporate rate	General	70,199	0
LB 485 Change provisions relating to child care assistance	Federal	28,622,959	34,763,816
LB 527 Changes, transition services, developmental disability	General	140,862	146,496
LB 527 Changes, transition services, developmental disability	Federal	572,584	739,488
LB 544 Urban Redevelopment Act	General	545,160	397,010
LB 561 Nebraska Racetrack Gaming Act	Cash	3,739,049	5,668,082
LB 566 Shovel-Ready Capital Recovery and Investment Act	Cash	15,000,000	60,010
LB 566 Shovel-Ready Capital Recovery and Investment Act	Federal	0	0
LB 630 Study, efficacy of commercial air filters in classrooms	General	280,927	275,076
LB 650 Geologic Storage of Carbon Dioxide Act	General	200,000	175,000
LB 650 Geologic Storage of Carbon Dioxide Act	Cash	0	0
LB 664 Change distributions, Mutual Finance Assistance Fund	Cash	4,000,000	4,000,000
General		33,567,922	32,245,707
Cash		28,406,210	23,704,243
Federal		28,406,210	23,704,243
Revolving		0	0
Total		93,654,946	93,196,689

# Historical Appropriations-All Funds

Table 38 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 38 Historical Appropriations-All Funds

	General Funds	Cash Funds	Federal Funds	Revolving/Other	Total Funds
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
FY2019-20 Approp	4,624,671,858	2,607,858,637	3,140,010,262	990,474,195	11,363,014,952
FY2020-21 Approp	4,783,766,898	2,577,453,163	3,577,212,658	973,836,789	11,912,269,508
FY2021-22 Budget	4,815,373,072	2,803,645,227	3,977,876,101	995,503,003	12,592,397,403
FY2022-23 Budget	4,976,206,223	2,765,076,742	3,872,871,585	946,345,942	12,560,500,492
<b>Average Annual Growth</b>					
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%
FY20 / FY21 Biennium	3.6%	3.2%	9.3%	-0.9%	4.7%
<b>FY22 / FY23 Biennium</b>	<b>2.0%</b>	<b>3.6%</b>	<b>4.1%</b>	<b>-1.4%</b>	<b>2.7%</b>
Avg FY03 to FY13 (10 yr)	3.3%	4.0%	4.3%	5.0%	3.9%
Avg FY13 to FY23 (10 yr)	3.2%	4.1%	3.8%	1.2%	3.4%
Avg FY03 to FY23 (20 yr)	3.3%	4.0%	4.1%	3.1%	3.6%

# Appropriations by Agency - All Funds

FY22 / FY23 Biennial Budget as Enacted in the 2021 Legislative Session

Agency	Fund	w/o Deficits FY2020-21	Biennial Budget		FY22 vs Prior Year		FY23 vs Prior Year	
			FY2021-22	FY2022-23	\$ Chnge	% Chnge	\$ Chnge	% Chnge
3 Legislative Council	Gen	21,749,920	24,392,007	23,726,018	2,642,087	12.1%	(665,989)	-2.7%
	Cash	238,440	238,440	238,440	0	0.0%	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	22,027,630	24,669,717	24,003,728	2,642,087	12.0%	(665,989)	-2.7%
5 Supreme Court	Gen	200,785,673	195,926,634	201,236,223	(4,859,039)	-2.4%	5,309,589	2.7%
	Cash	16,995,842	17,065,419	17,083,775	69,577	0.4%	18,356	0.1%
	Fed	748,008	764,762	781,722	16,754	2.2%	16,960	2.2%
	Rev	0	0	0	0	na	0	na
	Total	218,529,523	213,756,815	219,101,720	(4,772,708)	-2.2%	5,344,905	2.5%
7 Governor	Gen	2,102,805	2,143,709	2,284,666	40,904	1.9%	140,957	6.6%
	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	2,102,805	2,143,709	2,284,666	40,904	1.9%	140,957	6.6%
8 Lt. Governor	Gen	152,437	153,885	155,386	1,448	0.9%	1,501	1.0%
	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	152,437	153,885	155,386	1,448	0.9%	1,501	1.0%
9 Secretary of State	Gen	2,316,283	2,102,092	2,114,064	(214,191)	-9.2%	11,972	0.6%
	Cash	7,241,050	9,238,163	7,997,299	1,997,113	27.6%	(1,240,864)	-13.4%
	Fed	638,000	1,804,819	1,237,768	1,166,819	182.9%	(567,051)	-31.4%
	Rev	965,930	974,120	982,530	8,190	0.8%	8,410	0.9%
	Total	11,161,263	14,119,194	12,331,661	2,957,931	26.5%	(1,787,533)	-12.7%
10 Auditor	Gen	2,641,806	3,002,686	3,089,202	360,880	13.7%	86,516	2.9%
	Cash	2,257,529	2,305,937	2,355,480	48,408	2.1%	49,543	2.1%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	4,899,335	5,308,623	5,444,682	409,288	8.4%	136,059	2.6%

	Fund	w/o Deficits FY2020-21	Biennial Budget		FY22 vs Prior Year		FY23 vs Prior Year	
			FY2021-22	FY2022-23	\$ Chnge	% Chnge	\$ Chnge	% Chnge
11 Attorney General	Gen	6,606,854	7,028,044	7,152,081	421,190	6.4%	124,037	1.8%
	Cash	2,980,813	3,038,917	3,098,404	58,104	1.9%	59,487	2.0%
	Fed	1,747,208	1,781,050	1,815,872	33,842	1.9%	34,822	2.0%
	Rev	1,665,666	1,702,282	1,739,731	36,616	2.2%	37,449	2.2%
	Total	13,000,541	13,550,293	13,806,088	549,752	4.2%	255,795	1.9%
12 Treasurer	Gen	1,171,439	3,191,803	3,219,495	2,020,364	172.5%	27,692	0.9%
	Cash	13,609,432	21,721,612	17,776,862	8,112,180	59.6%	(3,944,750)	-18.2%
	Fed	1,683,125	1,712,951	1,740,705	29,826	1.8%	27,754	1.6%
	Total	16,463,996	26,626,366	22,737,062	10,162,370	61.7%	(3,889,304)	-14.6%
13 Education	Gen	1,309,419,625	1,308,756,197	1,335,518,889	(663,428)	-0.1%	26,762,692	2.0%
	Cash	15,859,856	61,365,519	41,388,727	45,505,663	286.9%	(19,976,792)	-32.6%
	Fed	387,519,445	648,476,216	457,053,837	260,956,771	67.3%	(191,422,379)	-29.5%
	Rev	1,983,980	2,008,029	2,025,315	24,049	1.2%	17,286	0.9%
	Total	1,714,782,906	2,020,605,961	1,835,986,768	305,823,055	17.8%	(184,619,193)	-9.1%
14 Public Service Commission	Gen	2,269,242	22,105,784	22,143,267	19,836,542	874.1%	37,483	0.2%
	Cash	91,263,555	91,256,392	91,336,739	(7,163)	0.0%	80,347	0.1%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	93,532,797	113,362,176	113,480,006	19,829,379	21.2%	117,830	0.1%
15 Parole Board	Gen	8,124,998	8,275,381	8,384,972	150,383	1.9%	109,591	1.3%
	Cash	455,873	455,873	455,873	0	0.0%	0	0.0%
	Fed	0	0	0	0	na	0	na
	Total	8,580,871	8,731,254	8,840,845	150,383	1.8%	109,591	1.3%
16 Revenue	Gen	130,092,188	133,148,741	138,646,325	3,056,553	2.3%	5,497,584	4.1%
	Cash	306,765,322	332,089,230	346,263,052	25,323,908	8.3%	14,173,822	4.3%
	Fed	0	0	0	0	na	0	na
	Total	436,857,510	465,237,971	484,909,377	28,380,461	6.5%	19,671,406	4.2%
18 Agriculture	Gen	6,505,169	6,974,902	7,093,864	469,733	7.2%	118,962	1.7%
	Cash	8,557,923	8,690,039	8,771,422	132,116	1.5%	81,383	0.9%
	Fed	4,425,215	4,481,018	4,521,710	55,803	1.3%	40,692	0.9%
	Rev	691,145	397,359	401,426	(293,786)	-42.5%	4,067	1.0%
	Total	20,179,452	20,543,318	20,788,422	363,866	1.8%	245,104	1.2%

Fund	w/o Deficits FY2020-21	Biennial Budget		FY22 vs Prior Year		FY23 vs Prior Year		
		FY2021-22	FY2022-23	\$ Chnge	% Chnge	\$ Chnge	% Chnge	
19 Banking	Gen	0	0	0	0	na	0	na
	Cash	7,526,915	7,667,306	7,797,043	140,391	1.9%	129,737	1.7%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	7,526,915	7,667,306	7,797,043	140,391	1.9%	129,737	1.7%
21 Fire Marshal	Gen	4,345,277	4,398,528	4,518,975	53,251	1.2%	120,447	2.7%
	Cash	3,392,800	3,369,381	3,506,740	(23,419)	-0.7%	137,359	4.1%
	Fed	464,623	471,171	476,408	6,548	1.4%	5,237	1.1%
	Rev	0	0	0	0	na	0	na
	Total	8,202,700	8,239,080	8,502,123	36,380	0.4%	263,043	3.2%
22 Insurance	Gen	0	0	0	0	na	0	na
	Cash	12,396,420	12,617,239	11,944,740	220,819	1.8%	(672,499)	-5.3%
	Fed	2,148,643	1,527,879	1,529,336	(620,764)	-28.9%	1,457	0.1%
	Rev	0	0	0	0	na	0	na
	Total	14,545,063	14,145,118	13,474,076	(399,945)	-2.7%	(671,042)	-4.7%
23 Labor	Gen	657,218	669,565	677,533	12,347	1.9%	7,968	1.2%
	Cash	3,557,409	3,591,456	3,613,980	34,047	1.0%	22,524	0.6%
	Fed	41,327,520	41,885,334	42,267,181	557,814	1.3%	381,847	0.9%
	Rev	0	0	0	0	na	0	na
	Total	45,542,147	46,146,355	46,558,694	604,208	1.3%	412,339	0.9%
24 Motor Vehicles	Gen	0	0	0	0	na	0	na
	Cash	27,755,395	40,076,468	38,502,845	12,321,073	44.4%	(1,573,623)	-3.9%
	Fed	205,293	43,412	30,000	(161,881)	-78.9%	(13,412)	-30.9%
	Rev	0	0	0	0	na	0	na
	Total	27,960,688	40,119,880	38,532,845	12,159,192	43.5%	(1,587,035)	-4.0%
25 DHHS System	Gen	1,711,506,416	1,709,443,812	1,786,347,543	(2,062,604)	-0.1%	76,903,731	4.5%
	Cash	175,569,651	162,867,143	163,042,012	(12,702,508)	-7.2%	174,869	0.1%
	Fed	2,368,450,994	2,491,713,789	2,580,632,791	123,262,795	5.2%	88,919,002	3.6%
	Rev	0	0	0	0	na	0	na
	Total	4,255,527,061	4,364,024,744	4,530,022,346	108,497,683	2.5%	165,997,602	3.8%

Fund	w/o Deficits FY2020-21	Biennial Budget		FY22 vs Prior Year		FY23 vs Prior Year		
		FY2021-22	FY2022-23	\$ Chnge	% Chnge	\$ Chnge	% Chnge	
27 Transportation	Gen	0	0	0	0	na	0	na
	Cash	964,814,006	1,070,412,877	1,067,609,014	105,598,871	10.9%	(2,803,863)	-0.3%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	964,814,006	1,070,412,877	1,067,609,014	105,598,871	10.9%	(2,803,863)	-0.3%
28 Veterans Affairs	Gen	27,182,314	31,905,888	35,251,607	4,723,574	17.4%	3,345,719	10.5%
	Cash	16,584,338	16,120,440	13,706,245	(463,898)	-2.8%	(2,414,195)	-15.0%
	Fed	25,870,637	22,870,637	22,870,637	(3,000,000)	-11.6%	0	0.0%
	Rev	0	0	0	0	na	0	na
	Total	69,637,289	70,896,965	71,828,489	1,259,676	1.8%	931,524	1.3%
29 Natural Resources	Gen	12,383,481	12,826,891	12,778,908	443,410	3.6%	(47,983)	-0.4%
	Cash	24,001,452	20,431,683	20,435,913	(3,569,769)	-14.9%	4,230	0.0%
	Fed	833,429	855,021	872,032	21,592	2.6%	17,011	2.0%
	Rev	0	0	0	0	na	0	na
	Total	37,218,362	34,113,595	34,086,853	(3,104,767)	-8.3%	(26,742)	-0.1%
30 Electrical Board	Gen	0	0	0	0	na	0	na
	Cash	2,289,812	2,332,594	2,359,335	42,782	1.9%	26,741	1.1%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	2,289,812	2,332,594	2,359,335	42,782	1.9%	26,741	1.1%
31 Military Dept	Gen	65,509,395	10,411,903	10,451,781	(55,097,492)	-84.1%	39,878	0.4%
	Cash	1,226,837	1,233,435	1,238,328	6,598	0.5%	4,893	0.4%
	Fed	25,209,348	25,681,502	25,900,363	472,154	1.9%	218,861	0.9%
	Rev	0	0	0	0	na	0	na
	Total	91,945,580	37,326,840	37,590,472	(54,618,740)	-59.4%	263,632	0.7%
32 Ed Lands & Funds	Gen	376,041	423,928	432,506	47,887	12.7%	8,578	2.0%
	Cash	20,998,274	21,044,132	21,091,136	45,858	0.2%	47,004	0.2%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	21,374,315	21,468,060	21,523,642	93,745	0.4%	55,582	0.3%



	Fund	w/o Deficits FY2020-21	Biennial Budget		FY22 vs Prior Year		FY23 vs Prior Year	
			FY2021-22	FY2022-23	\$ Chnge	% Chnge	\$ Chnge	% Chnge
33 Game and Parks	Gen	11,906,126	12,063,364	12,194,134	157,238	1.3%	130,770	1.1%
	Cash	86,355,881	92,648,248	93,848,775	6,292,367	7.3%	1,200,527	1.3%
	Fed	7,967,306	8,403,961	8,416,651	436,655	5.5%	12,690	0.2%
	Rev	0	0	0	0	na	0	na
	Total	106,229,313	113,115,573	114,459,560	6,886,260	6.5%	1,343,987	1.2%
34 Library Commission	Gen	3,950,447	4,064,495	4,127,913	114,048	2.9%	63,418	1.6%
	Cash	45,484	45,484	45,484	0	0.0%	0	0.0%
	Fed	1,457,192	1,489,535	1,516,043	32,343	2.2%	26,508	1.8%
	Rev	0	0	0	0	na	0	na
	Total	5,453,123	5,599,514	5,689,440	146,391	2.7%	89,926	1.6%
35 Liquor Commission	Gen	1,398,509	2,134,727	1,837,835	736,218	52.6%	(296,892)	-13.9%
	Cash	70,719	70,719	70,719	0	0.0%	0	0.0%
	Fed	0	0	0	0	na	0	na
	Total	1,469,228	2,205,446	1,908,554	736,218	50.1%	(296,892)	-13.5%
36 Racing Commission	Gen	0	0	0	0	na	0	na
	Cash	586,409	4,147,812	5,042,419	3,561,403	607.3%	894,607	21.6%
	Fed	0	0	0	0	na	0	na
	Total	586,409	4,147,812	5,042,419	3,561,403	607.3%	894,607	21.6%
37 Workers Compensation Court	Gen	0	0	0	0	na	0	na
	Cash	6,534,331	6,652,271	6,773,986	117,940	1.8%	121,715	1.8%
	Fed	57,221	58,089	58,975	868	1.5%	886	1.5%
	Rev	0	0	0	0	na	0	na
	Total	6,591,552	6,710,360	6,832,961	118,808	1.8%	122,601	1.8%
39 Brand Committee	Gen	0	0	0	0	na	0	na
	Cash	5,386,898	5,640,220	5,681,003	253,322	4.7%	40,783	0.7%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	5,386,898	5,640,220	5,681,003	253,322	4.7%	40,783	0.7%
40 Motor Vehicle Dealers	Gen	0	0	0	0	na	0	na
	Cash	809,264	826,296	837,797	17,032	2.1%	11,501	1.4%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	809,264	826,296	837,797	17,032	2.1%	11,501	1.4%

	Fund	w/o Deficits FY2020-21	Biennial Budget		FY22 vs Prior Year		FY23 vs Prior Year		
			FY2021-22	FY2022-23	\$ Chnge	% Chnge	\$ Chnge	% Chnge	
41	Real Estate Commission	Gen	0	0	0	0	na	0	na
		Cash	1,395,101	1,411,795	1,428,915	16,694	1.2%	17,120	1.2%
		Fed	0	0	0	0	na	0	na
		Total	1,395,101	1,411,795	1,428,915	16,694	1.2%	17,120	1.2%
45	Barber Examiners	Gen	0	0	0	0	na	0	na
		Cash	174,124	178,133	181,218	4,009	2.3%	3,085	1.7%
		Fed	0	0	0	0	na	0	na
		Total	174,124	178,133	181,218	4,009	2.3%	3,085	1.7%
46	Correctional Services	Gen	240,451,459	249,026,442	260,062,253	8,574,983	3.6%	11,035,811	4.4%
		Cash	2,126,000	3,076,000	2,126,000	950,000	44.7%	(950,000)	-30.9%
		Fed	1,762,858	1,762,858	1,762,858	0	0.0%	0	0.0%
		Rev	20,249,883	21,346,108	20,802,171	1,096,225	5.4%	(543,937)	-2.5%
		Total	264,590,200	275,211,408	284,753,282	10,621,208	4.0%	9,541,874	3.5%
47	Educational Telecomm.	Gen	10,338,327	10,557,035	10,749,685	218,708	2.1%	192,650	1.8%
		Cash	337,755	337,755	337,755	0	0.0%	0	0.0%
		Fed	0	0	0	0	na	0	na
		Total	10,676,082	10,894,790	11,087,440	218,708	2.0%	192,650	1.8%
48	Postsecondary Coord Comm	Gen	10,051,389	10,224,306	10,499,837	172,917	1.7%	275,531	2.7%
		Cash	14,865,580	17,397,872	18,397,912	2,532,292	17.0%	1,000,040	5.7%
		Fed	6,023	0	0	(6,023)	-100.0%	0	na
		Rev	0	0	0	0	na	0	na
		Total	24,922,992	27,622,178	28,897,749	2,699,186	10.8%	1,275,571	4.6%
50	Nebraska State Colleges	Gen	56,527,357	59,439,068	62,242,843	2,911,711	5.2%	2,803,775	4.7%
		Cash	43,007,296	43,007,296	43,007,296	0	0.0%	0	0.0%
		Fed	48,049,900	48,049,900	48,049,900	0	0.0%	0	0.0%
		Rev	9,286,232	9,286,232	9,286,232	0	0.0%	0	0.0%
		Total	156,870,785	159,782,496	162,586,271	2,911,711	1.9%	2,803,775	1.8%
51	University of Nebraska	Gen	616,435,633	632,042,647	646,742,701	15,607,014	2.5%	14,700,054	2.3%
		Cash	469,127,134	469,127,134	469,127,134	0	0.0%	0	0.0%
		Fed	546,201,594	546,201,594	546,201,594	0	0.0%	0	0.0%
		Rev	651,100,000	651,100,000	651,100,000	0	0.0%	0	0.0%
		Total	2,282,864,361	2,298,471,375	2,313,171,429	15,607,014	0.7%	14,700,054	0.6%

	Fund	w/o Deficits FY2020-21	Biennial Budget		FY22 vs Prior Year		FY23 vs Prior Year	
			FY2021-22	FY2022-23	\$ Chnge	% Chnge	\$ Chnge	% Chnge
52 Board of Agriculture	Gen	0	0	0	0	na	0	na
	Cash	4,500,000	4,500,000	4,500,000	0	0.0%	0	0.0%
	Fed	0	0	0	0	na	0	na
	Total	4,500,000	4,500,000	4,500,000	0	0.0%	0	0.0%
53 Real Property Appraiser Brd	Gen	0	0	0	0	na	0	na
	Cash	402,427	405,486	409,735	3,059	0.8%	4,249	1.0%
	Fed	0	0	0	0	na	0	na
	Total	402,427	405,486	409,735	3,059	0.8%	4,249	1.0%
54 Historical Society	Gen	4,628,669	5,918,936	5,255,877	1,290,267	27.9%	(663,059)	-11.2%
	Cash	2,702,219	2,762,864	2,836,212	60,645	2.2%	73,348	2.7%
	Fed	853,158	866,664	877,032	13,506	1.6%	10,368	1.2%
	Rev	0	0	0	0	na	0	na
	Total	8,184,046	9,548,464	8,969,121	1,364,418	16.7%	(579,343)	-6.1%
56 Nebraska Wheat Board	Gen	0	0	0	0	na	0	na
	Cash	1,627,752	1,634,240	1,640,874	6,488	0.4%	6,634	0.4%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	1,627,752	1,634,240	1,640,874	6,488	0.4%	6,634	0.4%
57 Oil & Gas Commission	Gen	0	200,000	175,000	200,000	na	(25,000)	-12.5%
	Cash	1,154,783	1,173,481	1,187,758	18,698	1.6%	14,277	1.2%
	Fed	74,923	76,780	78,159	1,857	2.5%	1,379	1.8%
	Rev	0	0	0	0	na	0	na
	Total	1,229,706	1,450,261	1,440,917	220,555	17.9%	(9,344)	-0.6%
58 Engineers Architects	Gen	0	0	0	0	na	0	na
	Cash	808,752	805,532	818,533	(3,220)	-0.4%	13,001	1.6%
	Fed	0	0	0	0	na	0	na
	Total	808,752	805,532	818,533	(3,220)	-0.4%	13,001	1.6%
59 Geologists Board	Gen	0	0	0	0	na	0	na
	Cash	33,692	36,609	37,210	2,917	8.7%	601	1.6%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	33,692	36,609	37,210	2,917	8.7%	601	1.6%

	Fund	w/o Deficits FY2020-21	Biennial Budget		FY22 vs Prior Year		FY23 vs Prior Year	
			FY2021-22	FY2022-23	\$ Chnge	% Chnge	\$ Chnge	% Chnge
60 Ethanol Board	Gen	0	0	0	0	na	0	na
	Cash	767,312	751,520	768,025	(15,792)	-2.1%	16,505	2.2%
	Fed	0	0	0	0	na	0	na
	Total	767,312	751,520	768,025	(15,792)	-2.1%	16,505	2.2%
61 Dairy Board	Gen	0	0	0	0	na	0	na
	Cash	1,640,000	1,640,000	1,640,000	0	0.0%	0	0.0%
	Fed	0	0	0	0	na	0	na
	Total	1,640,000	1,640,000	1,640,000	0	0.0%	0	0.0%
62 Land Surveyors	Gen	0	0	0	0	na	0	na
	Cash	28,374	28,374	28,374	0	0.0%	0	0.0%
	Fed	0	0	0	0	na	0	na
	Total	28,374	28,374	28,374	0	0.0%	0	0.0%
63 Public Accountancy	Gen	0	0	0	0	na	0	na
	Cash	436,083	441,822	446,308	5,739	1.3%	4,486	1.0%
	Fed	0	0	0	0	na	0	na
	Total	436,083	441,822	446,308	5,739	1.3%	4,486	1.0%
64 State Patrol	Gen	64,448,023	67,522,904	69,750,430	3,074,881	4.8%	2,227,526	3.3%
	Cash	22,978,232	24,135,168	24,300,773	1,156,936	5.0%	165,605	0.7%
	Fed	3,377,770	3,694,662	3,842,567	316,892	9.4%	147,905	4.0%
	Rev	1,368,821	1,487,136	1,507,289	118,315	8.6%	20,153	1.4%
	Total	92,172,846	96,839,870	99,401,059	4,667,024	5.1%	2,561,189	2.6%
65 Admin Services (DAS)	Gen	10,064,974	9,004,450	9,104,328	(1,060,524)	-10.5%	99,878	1.1%
	Cash	2,910,398	2,826,826	2,807,999	(83,572)	-2.9%	(18,827)	-0.7%
	Fed	0	0	0	0	na	0	na
	Rev	247,999,132	254,803,737	256,161,248	6,804,605	2.7%	1,357,511	0.5%
	Total	260,974,504	266,635,013	268,073,575	5,660,509	2.2%	1,438,562	0.5%
66 Abstracter's Board	Gen	0	0	0	0	na	0	na
	Cash	51,608	52,052	52,505	444	0.9%	453	0.9%
	Fed	0	0	0	0	na	0	na
	Total	51,608	52,052	52,505	444	0.9%	453	0.9%

	Fund	w/o Deficits FY2020-21	Biennial Budget		FY22 vs Prior Year		FY23 vs Prior Year		
			FY2021-22	FY2022-23	\$ Chnge	% Chnge	\$ Chnge	% Chnge	
67	Equal Opportunity Commission	Gen	1,287,346	1,317,833	1,339,731	30,487	2.4%	21,898	1.7%
		Cash	0	0	0	0	na	0	na
		Fed	926,544	947,515	962,243	20,971	2.3%	14,728	1.6%
		Total	2,213,890	2,265,348	2,301,974	51,458	2.3%	36,626	1.6%
68	Latino American Commission	Gen	262,746	268,285	272,560	5,539	2.1%	4,275	1.6%
		Cash	5,000	5,000	5,000	0	0.0%	0	0.0%
		Fed	0	0	0	0	na	0	na
		Total	267,746	273,285	277,560	5,539	2.1%	4,275	1.6%
69	Arts Council	Gen	1,530,353	2,543,246	10,053,197	1,012,893	66.2%	7,509,951	295.3%
		Cash	1,490,950	1,522,849	1,830,385	31,899	2.1%	307,536	20.2%
		Fed	739,047	742,747	745,531	3,700	0.5%	2,784	0.4%
		Total	3,760,350	4,808,842	12,629,113	1,048,492	27.9%	7,820,271	162.6%
70	Foster Care Review Board	Gen	1,981,200	2,523,269	2,552,496	542,069	27.4%	29,227	1.2%
		Cash	187,137	191,037	195,045	3,900	2.1%	4,008	2.1%
		Fed	459,322	469,191	476,046	9,869	2.1%	6,855	1.5%
		Total	2,627,659	3,183,497	3,223,587	555,838	21.2%	40,090	1.3%
72	Economic Development	Gen	13,802,575	30,441,584	33,397,632	16,639,009	120.6%	2,956,048	9.7%
		Cash	48,853,010	75,874,680	48,650,234	27,021,670	55.3%	(27,224,446)	-35.9%
		Fed	24,293,299	50,500,215	50,521,549	26,206,916	107.9%	21,334	0.0%
		Rev	0	0	0	0	na	0	na
		Total	86,948,884	156,816,479	132,569,415	69,867,595	80.4%	(24,247,064)	-15.5%
73	Landscape Architects	Gen	0	0	0	0	na	0	na
		Cash	27,857	28,402	30,064	545	2.0%	1,662	5.9%
		Fed	0	0	0	0	na	0	na
		Total	27,857	28,402	30,064	545	2.0%	1,662	5.9%
74	Power Review Board	Gen	0	0	0	0	na	0	na
		Cash	686,255	695,356	703,848	9,101	1.3%	8,492	1.2%
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
		Total	686,255	695,356	703,848	9,101	1.3%	8,492	1.2%

	Fund	w/o Deficits FY2020-21	Biennial Budget		FY22 vs Prior Year		FY23 vs Prior Year		
			FY2021-22	FY2022-23	\$ Chnge	% Chnge	\$ Chnge	% Chnge	
75	Investment Council	Gen	0	0	0	0	na	0	na
		Cash	2,874,395	2,908,581	2,943,024	34,186	1.2%	34,443	1.2%
		Fed	0	0	0	0	na	0	na
		Total	2,874,395	2,908,581	2,943,024	34,186	1.2%	34,443	1.2%
76	Indian Affairs	Gen	241,161	246,647	251,013	5,486	2.3%	4,366	1.8%
		Cash	40,000	40,000	40,000	0	0.0%	0	0.0%
		Fed	0	0	0	0	na	0	na
		Total	281,161	286,647	291,013	5,486	2.0%	4,366	1.5%
77	Industrial Relations	Gen	309,318	307,421	311,233	(1,897)	-0.6%	3,812	1.2%
		Cash	0	0	0	0	na	0	na
		Fed	0	0	0	0	na	0	na
		Total	309,318	307,421	311,233	(1,897)	-0.6%	3,812	1.2%
78	Crime Commission	Gen	12,869,338	13,220,990	13,322,674	351,652	2.7%	101,684	0.8%
		Cash	1,684,812	1,641,452	1,524,613	(43,360)	-2.6%	(116,839)	-7.1%
		Fed	20,132,980	20,163,651	20,185,132	30,671	0.2%	21,481	0.1%
		Rev	0	0	0	0	na	0	na
		Total	34,687,130	35,026,093	35,032,419	338,963	1.0%	6,326	0.0%
81	Blind and Visually Impaired	Gen	1,946,186	2,019,140	2,069,987	72,954	3.7%	50,847	2.5%
		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	6,593,124	6,666,078	6,716,925	72,954	1.1%	50,847	0.8%
82	Deaf and Hard of Hearing	Gen	1,051,593	1,076,059	1,091,212	24,466	2.3%	15,153	1.4%
		Cash	36,600	36,600	36,600	0	0.0%	0	0.0%
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
		Total	1,088,193	1,112,659	1,127,812	24,466	2.2%	15,153	1.4%
83	Community Colleges	Gen	103,558,339	106,645,089	109,804,330	3,086,750	3.0%	3,159,241	3.0%
		Cash	0	0	0	0	na	0	na
		Fed	0	0	0	0	na	0	na
		Total	103,558,339	106,645,089	109,804,330	3,086,750	3.0%	3,159,241	3.0%

	Fund	w/o Deficits FY2020-21	Biennial Budget		FY22 vs Prior Year		FY23 vs Prior Year	
			FY2021-22	FY2022-23	\$ Chnge	% Chnge	\$ Chnge	% Chnge
84 Environment & Energy (DEE)	Gen	3,716,744	4,926,993	4,962,565	1,210,249	32.6%	35,572	0.7%
	Cash	38,377,655	39,824,609	39,993,127	1,446,954	3.8%	168,518	0.4%
	Fed	40,361,571	42,729,716	42,909,481	2,368,145	5.9%	179,765	0.4%
	Total	82,455,970	87,481,318	87,865,173	5,025,348	6.1%	383,855	0.4%
85 Retirement Board	Gen	54,839,932	57,053,947	58,831,000	2,214,015	4.0%	1,777,053	3.1%
	Cash	5,913,228	7,277,752	10,460,671	1,364,524	23.1%	3,182,919	43.7%
	Fed	0	0	0	0	na	0	na
	Total	60,753,160	64,331,699	69,291,671	3,578,539	5.9%	4,959,972	7.7%
86 Dry Bean Board	Gen	0	0	0	0	na	0	na
	Cash	651,352	653,196	655,081	1,844	0.3%	1,885	0.3%
	Fed	0	0	0	0	na	0	na
	Total	651,352	653,196	655,081	1,844	0.3%	1,885	0.3%
87 Accountability & Disclosure	Gen	618,170	599,805	610,912	(18,365)	-3.0%	11,107	1.9%
	Cash	256,145	261,069	264,845	4,924	1.9%	3,776	1.4%
	Fed	0	0	0	0	na	0	na
	Total	874,315	860,874	875,757	(13,441)	-1.5%	14,883	1.7%
88 Nebraska Corn Board	Gen	0	0	0	0	na	0	na
	Cash	9,902,776	9,915,688	9,928,897	12,912	0.1%	13,209	0.1%
	Fed	0	0	0	0	na	0	na
	Total	9,902,776	9,915,688	9,928,897	12,912	0.1%	13,209	0.1%
89 Nebraska Hemp Commission	Gen	0	0	0	0	na	0	na
	Cash	0	10,000	10,000	10,000	na	0	0.0%
	Fed	0	0	0	0	na	0	na
	Total	0	10,000	10,000	10,000	na	0	0.0%
90 African American Affairs	Gen	127,500	258,762	262,599	131,262	103.0%	3,837	1.5%
	Cash	0	0	0	0	na	0	na
	Fed	0	0	0	0	na	0	na
	Total	127,500	258,762	262,599	131,262	103.0%	3,837	1.5%

	Fund	w/o Deficits FY2020-21	Biennial Budget		FY22 vs Prior Year		FY23 vs Prior Year		
			FY2021-22	FY2022-23	\$ Chnge	% Chnge	\$ Chnge	% Chnge	
91	Nebraska Tourism Commission	Gen Cash Fed	0 7,386,785 0	0 7,415,352 0	0 7,434,726 0	0 28,567 0	na 0.4% na	0 19,374 0	na 0.3% na
	Total		7,386,785	7,415,352	7,434,726	28,567	0.4%	19,374	0.3%
92	Grain Sorghum Board	Gen Cash Fed	0 300,832 0	0 302,872 0	0 304,357 0	0 2,040 0	na 0.7% na	0 1,485 0	na 0.5% na
	Total		300,832	302,872	304,357	2,040	0.7%	1,485	0.5%
93	Tax Equalization & Review (TERC)	Gen Cash Fed Rev	899,242 86,789 0 0	917,072 86,789 0 0	935,331 86,789 0 0	17,830 0 0 0	2.0% 0.0% na na	18,259 0 0 0	2.0% 0.0% na na
	Total		986,031	1,003,861	1,022,120	17,830	1.8%	18,259	1.8%
94	Public Advocacy	Gen Cash Fed	0 5,224,979 0	0 5,250,563 0	0 5,272,637 0	0 25,584 0	na 0.5% na	0 22,074 0	na 0.4% na
	Total		5,224,979	5,250,563	5,272,637	25,584	0.5%	22,074	0.4%
95	Dry Pea and Lentil Commission	Gen Cash Fed	0 140,000 0	0 140,000 0	0 140,000 0	0 0 0	na 0.0% na	0 0 0	na 0.0% na
	Total		140,000	140,000	140,000	0	0.0%	0	0.0%
99	Capital Construction	Gen Cash Fed Rev	38,625,661 55,975,308 14,683,000 38,526,000	41,526,176 54,423,930 3,112,000 52,398,000	38,171,610 54,423,930 0 2,340,000	2,900,515 (1,551,378) (11,571,000) 13,872,000	7.5% -2.8% -78.8% 36.0%	(3,354,566) 0 (3,112,000) (50,058,000)	-8.1% 0.0% -100.0% -95.5%
	Total		147,809,969	151,460,106	94,935,540	3,650,137	2.5%	(56,524,566)	-37.3%
STATE	Gen		4,783,766,898	4,815,373,072	4,976,206,223	31,606,174	0.7%	160,833,151	3.3%
TOTALS	Cash		2,577,453,163	2,803,645,227	2,765,076,742	226,192,064	8.8%	(38,568,485)	-1.4%
	Fed		3,577,212,658	3,977,876,101	3,872,871,585	400,663,443	11.2%	(105,004,516)	-2.6%
	Rev		973,836,789	995,503,003	946,345,942	21,666,214	2.2%	(49,157,061)	-4.9%
	Total		11,912,269,508	12,592,397,403	12,560,500,492	680,127,895	5.7%	(31,896,911)	-0.3%



# **CAPITAL CONSTRUCTION**

# Capital Construction Summary

**New Construction** refers to projects initiated in the 2021 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.

	Reaffirmations	New Projects	Total
<b>FY2021-22</b>			
General Funds	31,803,928	9,722,248	41,526,176
Cash Funds	32,573,930	21,850,000	54,423,930
Federal Funds	500,000	2,612,000	3,112,000
Revolving/Other Funds	2,340,000	900,000	3,240,000
Nebr Capital Const Fund (NCCF)	15,391,000	33,767,000	49,158,000
Total FY2021-22	82,608,858	68,851,248	151,460,106
<b>FY2022-23</b>			
General Funds	29,803,928	8,367,682	38,171,610
Cash Funds	32,573,930	21,850,000	54,423,930
Federal Funds	0	0	0
Revolving/Other Funds	2,340,000	0	2,340,000
Nebr Capital Const Fund (NCCF)	0	0	0
Total FY2022-23	64,717,858	30,217,682	94,935,540
<b>FY2023-24</b>			
General Funds	25,734,824	4,601,905	30,336,729
Cash Funds	32,573,930	2,500,000	35,073,930
Federal Funds	0	0	0
Revolving/Other Funds	2,340,000	0	2,340,000
Nebr Capital Const Fund (NCCF)	0	0	0
Total FY2023-24	60,648,754	7,101,905	67,750,659
<b>FY2024-25</b>			
General Funds	27,044,911	2,500,000	29,544,911
Cash Funds	32,573,930	2,500,000	35,073,930
Federal Funds	0	0	0
Revolving/Other Funds	2,340,000	0	2,340,000
Nebr Capital Const Fund (NCCF)	0	0	0
Total FY2024-25	61,958,841	5,000,000	66,958,841

About 81% of the budgeted 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), \$13.0 million in FY21-22 and \$11 million in FY22-

23 for the State Capitol HVAC project, and \$14.9 million for the last year of funding for the high security housing units at the Reception and Treatment Center - Lincoln Corrections Center.

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	2021-22	2022-23	2023-24	2024-25	Future Yrs	Total
<b>REAFFIRMATIONS</b>								
#31-Military Dept	1776 Readiness Center Remodel / HVAC (Lincoln)	NCCF	500,000	0	0	0	0	
#46-Corrections	High Security Housing Units - RTC (LCC)	NCCF	14,891,000	0	0	0	0	
#50-St Colleges	Deferred maintenance/repair (LB605-2006 and LB957-2016)	General	1,125,000	1,125,000	1,125,000	1,125,000	5,625,000	10,125,000
#50-St Colleges	CSC - Math/Science Building Project bond (LB297-2019)	General	2,216,000	2,216,000	2,216,000	2,216,000	22,160,000	
#51-University	UNMC College of Nursing Lincoln Facility (bond payment)	General	1,477,000	971,024	0	0	0	2,448,024
#51-University	Deferred maintenance/repair (LB605-2006 and LB957-2016)	General	11,000,000	11,000,000	11,000,000	11,000,000	55,000,000	99,000,000
#51-University	NCTA Education Center	General	820,000	820,000	820,000	657,493	0	3,117,493
#51-University	Renewal, renovations, or repair existing buildings (LB 297-20)	General	2,165,928	2,671,904	4,462,928	4,462,928	110,095,707	
#65-DAS	State Capitol HVAC system replacement	General	13,000,000	11,000,000	6,110,896	7,583,490	0	37,694,386
#65-DAS	State Capitol improvements	General	0	0	0	0	0	0
<b>NEW CONSTRUCTION</b>								
#31-Military Dept	York Readiness Center - vehicle storage bldg remodel	General	488,000	0	0	0	0	488,000
#31-Military Dept	Columbus Readiness Center - cold storage and parking	General	403,000	0	0	0	0	403,000
#31-Military Dept	Statewide Readiness Ctrs - backup generators	General	915,000	0	0	0	0	915,000
#46-Corrections	Security System Upgrades	General	1,250,000	1,250,000	0	0	0	2,500,000
#46-Corrections	Infrastructure and Maintenance	General	2,000,000	2,000,000	0	0	0	4,000,000
#46-Corrections	Update master plan (2014 Dewberry report)	NCCF	350,000	0	0	0	0	350,000
#46-Corrections	Program statement & site selection - Omaha halfway back f	NCCF	500,000	0	0	0	0	500,000
#46-Corrections	New Correctional Facility (planning)	NCCF	14,917,000	0	0	0	0	14,917,000
#46-Corrections	Additional units, mental health & special needs (RTC Lincoln)	NCCF	18,000,000	0	0	0	0	18,000,000
#47-NETC	Radio Transmission Equipment Replacement	General	385,000	240,000	0	0	0	625,000
#47-NETC	Tower Lighting Projects	General	180,000	120,000	0	0	0	300,000
#47-NETC	Replace facility routing - Terry Carpenter Communication Ctr	General	0	500,000	0	0	0	500,000
#50-St Colleges	Peru - Geothermal Utilities	General	1,601,248	1,757,682	2,101,905	0	0	5,460,835
#50-St Colleges	State Colleges Facilities Program (LB 384 - 2021)	General	0	0	0	0	22,330,000	22,330,000
#51-University	University Facilities Program (LB 384 - 2021)	General	2,500,000	2,500,000	2,500,000	2,500,000	498,055,136	508,055,136

While 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 are however some new projects.

## Security System Upgrades

This project would upgrade security systems at various facilities to include, but not limited to, replacement of Door Controls, Perimeter Detection Systems, upgrade of existing video equipment, and upgrade and replacement of security camera systems

FY2021-22	General	1,250,000
FY2022-23	General	1,250,000

## Infrastructure and Maintenance

This request would provide funding for various high-priority infrastructure and maintenance projects related to facility roofing, electrical, boilers, chillers, HVAC, fire life safety, and other needs, which are

projects the Task Force for Building Renewal is unable to fully address. It also provides funds for projects the Task Force cannot fund, such as road repair and security gate improvements.

Some of the projects are major roof replacements, door, window, and structural improvements, boiler and chiller replacements, exterior wall repair, HVAC replacements, security gate improvements, perimeter and security road replacements, fire life safety improvements, door lock, and flush valve replacements.

FY2021-22	General	2,000,000
FY2022-23	General	2,000,000

## Peru - Geothermal Utilities

The 2012 Peru State Energy Audit recommended conversion of most of the College facilities to geothermal systems. In 2018, the College completed a Campus Utility Study which recommends energy upgrades to 7 significant state-supported buildings, and \$4,964,396 was requested in September of 2018. For this request, the total amount has been inflated to \$5,460,835. The \$1,601,248 request for FY22 includes the Administration Fan Coil Units Replacement, the Campus Services Geothermal Conversion, and the Library Geothermal Conversion. The \$1,757,682 request for FY23 includes the A.V. Larson Geothermal Conversion, the CATS building Geothermal Conversion, and the Hoyt Science Hot Water Boiler Installation. The Future (FY24) request of \$2,101,905 is for the AWAC Geothermal Conversion.

FY2021-22	General	1,601,248
FY2022-23	General	1,757,682
FY2023-24	General	2,101,905
Project Total		5,460,835

## State Colleges Facilities Program Extension

The budget includes the provisions of LB 588 which would extend the existing \$1,125,000 appropriations for deferred maintenance under the State College Facilities Program from 2030 until 2062. The bill also increases the allocation by \$2,216,000 to a total of \$3,341,000 when LB297-2019 allocation expires in FY34-35 and then continues to FY61-62.

FY2021-22	General	0
FY2022-23	General	0
FY2023-24	General	0
FY2024-25	General	0
Future	General	22,330,000

## University of Nebraska Facilities Program Extension

The mainline budget included the provisions of LB 588 which would extend existing appropriations for deferred maintenance under the University of Nebraska Facilities Program from 2030 until 2062

General Fund appropriations of \$11 million (via LB605 of 2006 and LB957 of 2016), which are matched with University cash funds, are extended from an end date of FY29-30 to an end date of FY61-62.

Existing state general fund appropriations of \$4,462,928, provided via LB297 (2019), would also be extended to FY60-61 from the current FY49-50 end date. Construction projects covered by the LB297 appropriation include those at NCTA (Curtis), Vet Diagnostic, and Nursing-UNL. As the funding requirements for each project are met, the associated dollar commitment migrates to the University's Facilities Renewal program.

There also is a \$2.5 million annually to this appropriation and University match.

LB588 also states intent for the University to deposit, using their cash funds, an annual amount equal to 2% of total project costs into a revolving fund whose use would be restricted for future capital renewal and maintenance needs.

FY2021-22	General	2,500,000
FY2022-23	General	2,500,000
FY2023-24	General	2,500,000
FY2024-25	General	2,500,000
Future	General	498,055,136

## Prison Overcrowding

With respect to prison overcrowding, the Governor had included funding for a new multi-custody level correctional facility with capacity to house approximately 1,512 inmates. This \$230 million project was proposed to be financed mostly by transfers from the Cash Reserve Fund to the Nebraska Capital Construction Fund (NCCF) over the next five years.

The budget as enacted transfers \$115 million from the General Fund to two different funds to set aside funds to address the issue. This amount equals the amount in the first two years of the Governor's plan.

First \$100 million is transferred to the Nebraska Capital Construction Fund (NCCF) for facility planning and construction. Of this amount, a total of \$33.7 million is actually appropriated as noted below while the remaining \$66.3 million remains in the NCCF for future use. The appropriated projects include:

- \* \$350,000 is to update the 2014 Master Plan Report,
- \* \$500,000 for preparation of a program statement and site selection for a new 26 halfway back-community corrections center in Omaha,
- \* \$14,917,000 to prepare designs and plans for a new multi-custody-level correctional facility (as proposed by the Governor), and
- \* \$18,000,000 for design, planning, and construction of three specialty units, to be used for additional mental health, geriatric and special needs patients, that would add at least an additional ninety-six-bed capacity at the reception and treatment center.

The second transfer of \$15 million is transferred to a new fund called the Prison Overcrowding Contingency Fund. It was the intent of the Legislature that these funds remain in the Prison Overcrowding Contingency Fund until sufficient details are provided to the Legislature regarding plans to reduce prison overcrowding. The fund was also authorized to be used for the purposes of a study of inmate classification and \$200,000 of the transferred funds were appropriated for that purpose.

# Project Listing - Reaffirmations

Reaffirmations	Fiscal Yr	Dollar Amt	Fund
#31-Military Dept 1776 Readiness Center Remodel / HVAC (Lincoln)	2021-22	500,000	NCCF
	2021-22	500,000	Fed
#46-Corrections High Security Housing Units - RTC (LCC)	2021-22	14,891,000	NCCF
#50-State Colleges State Colleges Facilities Program (LB 957 - 2016)	2021-22	1,125,000	Gen
	2021-22	1,440,000	Rev
	2022-23	1,125,000	Gen
	2022-23	1,440,000	Rev
	2023-24	1,125,000	Gen
	2023-24	1,440,000	Rev
	2024-25	1,125,000	Gen
	2024-25	1,440,000	Rev
	Future	5,625,000	Gen
	Future	7,200,000	Rev
#50-State Colleges Board facilities fee fund projects	2021-22	900,000	Rev
	2022-23	900,000	Rev
	2023-24	900,000	Rev
	2024-25	900,000	Rev
	Future	7,200,000	Rev
#50-State Colleges State Colleges Sport Facilities Cash Fund	2021-22	300,000	Cash
	2022-23	300,000	Cash
	2023-24	300,000	Cash
	2024-25	300,000	Cash
	Future	no limit	Cash
#50-State Colleges Chadron - Math / Science Building Project (LB 562-2019)	2021-22	2,216,000	Gen
	2022-23	2,216,000	Gen
	2023-24	2,216,000	Gen
	2024-25	2,216,000	Gen
	Future	22,160,000	Gen
#51-University UNMC College of Nursing Lincoln Facility (bond payment)	2021-22	1,477,000	Gen
	2022-23	971,024	Gen
	2023-24	0	Gen
	2024-25	0	Gen
	Future	0	Gen

<b>Reaffirmations</b> (continued)		Fiscal Yr	Dollar Amt	Fund
#51-University	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)	2023-24	11,000,000	Gen
	University Facilities Program (LB 957 - 2016)	2023-24	11,000,000	Cash
	University Facilities Program (LB 957 - 2016)	2024-25	11,000,000	Gen
	University Facilities Program (LB 957 - 2016)	2024-25	11,000,000	Cash
	University Facilities Program (LB 957 - 2016)	Future	55,000,000	Gen
	University Facilities Program (LB 957 - 2016)	Future	55,000,000	Cash
#51-University	Renewal, renovations, or repair existing buildings (LB 562-2019) Gen		2021-22	2,165,928
	Renewal, renovations, or repair existing buildings (LB 562-2019) Gen		2022-23	2,671,904
	Renewal, renovations, or repair existing buildings (LB 562-2019) Gen		2023-24	4,462,928
	Renewal, renovations, or repair existing buildings (LB 562-2019) Gen		2024-25	4,462,928
	Renewal, renovations, or repair existing buildings (LB 562-2019) Gen		Future	110,095,707
	#51-University	NCTA Education Center	2021-22	820,000
NCTA Education Center		2022-23	820,000	Gen
NCTA Education Center		2023-24	820,000	Gen
NCTA Education Center		2024-25	657,493	Gen
NCTA Education Center		Future	0	Gen
#65-DAS	State Capitol HVAC system replacement	2021-22	13,000,000	Gen
	State Capitol HVAC system replacement	2022-23	11,000,000	Gen
	State Capitol HVAC system replacement	2023-24	6,110,896	Gen
	State Capitol HVAC system replacement	2024-25	7,583,490	Gen
	State Capitol HVAC system replacement	Future	0	Gen
#65-DAS	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	2023-24	21,273,930	Cash
	Taskforce for Building Renewal Projects	2024-25	21,273,930	Cash
	Taskforce for Building Renewal Projects	Future	0	Cash
#65-DAS	State Capitol Improvements	2021-22	0	Gen
	State Capitol Improvements	2022-23	0	Gen
	State Capitol Improvements	2023-24	0	Gen
	State Capitol Improvements	2024-25	0	Gen
	State Capitol Improvements	Future	0	Gen

## Project Listing – New Construction Projects

New Construction		Fiscal Yr	Dollar Amt	Fund
#27-Transportation	Columbus - New maintenance facility	2021-22	5,714,490	Cash
#27-Transportation	Arthur - New maintenance facility	2021-22	1,300,803	Cash
#27-Transportation	Crofton - New maintenance facility	2021-22	1,153,092	Cash
#27-Transportation	Seward - New maintenance facility	2021-22	1,831,615	Cash
	Seward - New maintenance facility	2022-23	2,677,693	Cash
#27-Transportation	Bloomfield - New maintenance facility	2022-23	4,234,583	Cash
#27-Transportation	McCook - Dist Headquarters renovation & addition	2022-23	2,004,996	Cash
#27-Transportation	Facility Improvements - Statewide Projects	2021-22	0	Cash
	Facility Improvements - Statewide Projects	2022-23	1,082,728	Cash
#31-Military Dept	York Readiness Center - vehicle storage bldg remodel	2021-22	488,000	Gen
	York Readiness Center - vehicle storage bldg remodel	2021-22	488,000	Fed
#31-Military Dept	Columbus Readiness Center - cold storage and parking	2021-22	403,000	Gen
	Columbus Readiness Center - cold storage and parking	2021-22	1,209,000	Fed
#31-Military Dept	Statewide Readiness Ctrs - backup generators	2021-22	915,000	Gen
	Statewide Readiness Ctrs - backup generators	2021-22	915,000	Fed
#33-Game & Parks	State Parks - Emergency Repairs	2021-22	750,000	Cash
	State Parks - Emergency Repairs	2022-23	750,000	Cash
#33-Game & Parks	State Parks - Deferred maintenance, replacement, upgrades	2021-22	4,325,000	Cash
	State Parks - Deferred maintenance, replacement, upgrades	2022-23	4,175,000	Cash
#33-Game & Parks	State Recreation Areas	2021-22	500,000	Cash
	State Recreation Areas	2022-23	500,000	Cash
#33-Game & Parks	Aquatic habitat enhancement and restoration	2021-22	3,000,000	Cash
	Aquatic habitat enhancement and restoration	2022-23	3,000,000	Cash
#33-Game & Parks	Wildlife land acquisition and improvements - Statewide	2021-22	0	Cash
	Wildlife land acquisition and improvements - Statewide	2022-23	0	Cash
#33-Game & Parks	State Parks - Facility Improvements	2021-22	775,000	Cash
	State Parks - Facility Improvements	2022-23	925,000	Cash
#46-Corrections	Security System Upgrades	2021-22	1,250,000	Gen
	Security System Upgrades	2022-23	1,250,000	Gen
#46-Corrections	Infrastructure and Maintenance	2021-22	2,000,000	Gen
	Infrastructure and Maintenance	2022-23	2,000,000	Gen



<b>New Construction</b> (continued)		Fiscal Yr	Dollar Amt	Fund
#46-Corrections	Update master plan (2014 Dewberry report)	2021-22	350,000	NCCF
#46-Corrections	Plan & site selection - Omaha halfway back facility	2021-22	500,000	NCCF
#46-Corrections	New Correctional Facility (planning)	2021-22	14,917,000	NCCF
	New Correctional Facility	2022-23	0	NCCF
	New Correctional Facility	2023-24	0	NCCF
	New Correctional Facility	2024-25	0	NCCF
	New Correctional Facility	Future	0	NCCF
#46-Corrections	Mental health & special needs units (RTC Lincoln)	2021-22	18,000,000	NCCF
	Mental health & special needs units (RTC Lincoln)	2022-23	0	NCCF
#47-NETC	Radio Transmission Equipment Replacement	2021-22	385,000	Gen
	Radio Transmission Equipment Replacement	2022-23	240,000	Gen
#47-NETC	Tower Lighting Projects	2021-22	180,000	Gen
	Tower Lighting Projects	2022-23	120,000	Gen
#47-NETC	Replace facility routing - Terry Carpenter Communication Ctr	2022-23	500,000	Gen
#50-State Colleges	Peru - Geothermal Utilities	2021-22	1,601,248	Gen
	Peru - Geothermal Utilities	2022-23	1,757,682	Gen
	Peru - Geothermal Utilities	2023-24	2,101,905	Gen
#50-State Colleges	State Colleges Facilities Program (LB 384 - 2021)	2021-22	0	Gen
	State Colleges Facilities Program (LB 384 - 2021)	2021-22	0	Rev
	State Colleges Facilities Program (LB 384 - 2021)	2022-23	0	Gen
	State Colleges Facilities Program (LB 384 - 2021)	2022-23	0	Rev
	State Colleges Facilities Program (LB 384 - 2021)	2023-24	0	Gen
	State Colleges Facilities Program (LB 384 - 2021)	2023-24	0	Rev
	State Colleges Facilities Program (LB 384 - 2021)	2024-25	0	Gen
	State Colleges Facilities Program (LB 384 - 2021)	2024-25	0	Rev
	State Colleges Facilities Program (LB 384 - 2021)	Future	22,330,000	Gen
	State Colleges Facilities Program (LB 384 - 2021)	Future	14,400,000	Rev
#51-University	University Facilities Program (LB 384 - 2021)	2021-22	2,500,000	Gen
	University Facilities Program (LB 384 - 2021)	2021-22	2,500,000	Cash
	University Facilities Program (LB 384 - 2021)	2022-23	2,500,000	Gen
	University Facilities Program (LB 384 - 2021)	2022-23	2,500,000	Cash
	University Facilities Program (LB 384 - 2021)	2023-24	2,500,000	Gen
	University Facilities Program (LB 384 - 2021)	2023-24	2,500,000	Cash
	University Facilities Program (LB 384 - 2021)	2024-25	2,500,000	Gen
	University Facilities Program (LB 384 - 2021)	2024-25	2,500,000	Cash
	University Facilities Program (LB 384 - 2021)	Future	498,055,136	Gen
	University Facilities Program (LB 384 - 2021)	Future	444,500,000	Cash
#65-DAS	Eastern Nebraska Veterans Home - Roof Replacement	2021-22	900,000	Rev

**ADJUSTMENT OF  
CURRENT YEAR  
APPROPRIATIONS  
  
(FY2020-21)**

# Chronology FY2020-21 Appropriations

<b>GENERAL FUNDS</b>	Operations	State Aid	Construction	Total
<b>Total Per 2019 Session</b>	1,680,718,617	3,021,306,126	27,489,461	4,729,514,204
2020 Session-Committee Proposed (March)	10,947,951	(20,626,945)	3,500,000	(6,178,994)
2020 Session-Shift tFY20 deficits to FY21)	4,226,989	59,340,974	7,636,200	71,204,163
2020 Session-State Claims (2019-20 claims)	1,292,243	0	0	1,292,243
2020 Session-Mainline Veto & Overrides	0	0	0	0
2020 Session "A" bills	2,601,097	(14,665,815)	0	(12,064,718)
Post 2020 Session	0	0	0	0
2020 Session - Midbiennium Adjustments	19,068,280	24,048,214	11,136,200	54,252,694
<b>Total Per 2020 Session</b>	1,699,786,897	3,045,354,340	38,625,661	4,783,766,898
2021 Session Deficits	(45,624,700)	3,689,934	0	(41,934,766)
2021 Session State Claims	419,284	0	0	419,284
2021 Session "A" bills	0	0	0	0
2021 Session - Deficits	(45,205,416)	3,689,934	0	(41,515,482)
<b>Final per 2021 Session</b>	1,654,581,481	3,049,044,274	38,625,661	4,742,251,416

<b>ALL FUNDS</b>	General	Cash	Federal	Rev/Other	Total
<b>Total Per 2019 Session</b>	4,463,415,777	2,369,035,973	2,998,567,135	948,049,295	10,779,068,180
2020 Session-Committee Proposed	(6,178,994)	15,145,080	21,757,374	3,518,490	34,241,950
2020 Session-FY20 deficits to FY21)	71,204,163	10,711,520	0	765,490	82,681,173
2020 Session Claims (FY20 claims)	1,292,243	50,629	0	808,581	2,151,453
2020 Session Vetoes & Overrides	0	0	0	0	0
2020 Session "A" bills	(12,064,718)	4,137,275	0	0	(7,927,443)
Post 2016 Session	0	0	0	0	0
2018 Session Midbiennium	54,252,694	30,044,504	21,757,374	5,092,561	111,147,133
<b>Total Per 2020 Session</b>	4,783,766,898	2,581,496,352	3,560,313,281	985,628,628	11,911,205,159
Update cash/federal estimates	0	(4,043,189)	16,899,377	(11,791,839)	1,064,349
<b>Adjusted Per 2020 Session</b>	4,783,766,898	2,577,453,163	3,577,212,658	973,836,789	11,912,269,508
2021 Session Deficits	(41,934,766)	886,480	6,971,361	0	(34,076,925)
2021 Session State Claims	419,284	0	0	380,335	799,619
2021 Session "A" bills	0	0	95,062	0	95,062
2021 Session - Deficits	(41,515,482)	886,480	7,066,423	380,335	(33,182,244)
<b>Final per 2021 Session</b>	4,742,251,416	2,578,339,643	3,584,279,081	974,217,124	11,879,087,264

# FY2020-21 General Fund Adjustments

There was a total of \$103 million of reduced General Fund appropriations included in the deficit adjustments. This includes a \$42 million reduction in FY20-21 appropriations and a \$61.3 million lapse of unexpended FY20 reappropriated amounts.

## CHANGE IN FY2020-21 NEW APPROPRIATIONS

12	Treasurer	Personal Property Tax exemption, centrally assessed	Aid	3,379,472
13	Education	TEEOSA Aid; revised Insurance Premium tax	Aid	(1,689,538)
16	Revenue	Homestead exemption deficit	Aid	2,000,000
35	Liquor Control	Centralized Alcohol Management Project	Oper	3,632,597
36	Racing Comm	Initial operating expenses, Gaming Commission (LB365)	Oper	475,000
46	Corrections	Use of Coronavirus Relief Fund monies, offset GF (prog 200)	Oper	(38,172,406)
64	Patrol	Use of Coronavirus Relief Fund monies, offset GF (prog 100)	Oper	(11,709,891)
65	DAS	State Claims (LB 666)	Oper	419,284
65	DAS	Miscellaneous Claims	Oper	150,000
<i>Total Change in FY20-21 New Appropriations</i>			<i>Total</i>	<i>(41,515,482)</i>

## LAPSE OF FY20 REAPPROPRIATED BALANCES

DHHS - Behavioral Health (prog 38)	Aid	(2,000,000)
DHHS - Developmental disability aid (prog 424)	Aid	(2,400,000)
DHHS - Health aid (prog 514)	Aid	(1,900,000)
DHHS - Administration (prog 33)	Oper	(4,500,000)
DHHS - Children's Health Insurance (prog 344)	Aid	(3,500,000)
DHHS - Public Assistance (prog 347)	Aid	(10,300,000)
DHHS - Medicaid (prog 348)	Aid	(7,500,000)
DHHS - Child Welfare (prog 354)	Aid	(28,000,000)
DHHS - Beatrice State Developmental Center (prog 421)	Oper	(1,200,000)
Total Lapsed FY20 Appropriations	Total	(61,300,000)

## TRANSFERS TO GENERAL FUND

Reduce Securities Act Cash transfer by \$2,250,000	(2,250,000)
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**Personal Property Tax exemption, centrally assessed** LB 1107 (2020) eliminated the \$10,000 personal property tax exemption for tax year 2020 and every year after that. Personal property is fully assessed at 100% of value for property tax year 2020 and taxed for distribution to the various political subdivisions based on the 2020 levy rates. Due to the timing of LB 1107's passage, the adjustment did not occur for centrally assessed personal property and the \$10,000 exemption. Taxes were distributed to various political subdivision based on the 2020 levy rates at the lowered rate. This funding compensates counties for the loss of revenue due to the timing LB 1107's implementation.

**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 FY2020-21 insurance premium tax amounts were higher allowing for a \$1.7 million reduction in the General Fund amount.

**Homestead Exemption:** Total certificates for FY20-21 reimbursements are \$103 million which is higher than the current appropriation of \$101.1 million requiring a \$2.0 million increase from the current appropriation.

**Use of Coronavirus Relief Funds (Corrections and Patrol)** – One use of the federal Coronavirus Relief Fund (CRF), part of the CARES Act, as defined by the Treasury Dept. is to cover protective service costs related to the COVID-19 pandemic. For both the Dept. of Correctional Services and State Patrol, the agency submitted for reimbursement for payroll expenditures for sworn public safety personnel within the agencies for the period 7/01/20 – 10/31/20 in the amount of \$11,709,891 for the Patrol and \$38,172,406 for Corrections. The reimbursement process allows for these expenditures to be shifted to the CRF federal funding, reducing the agency General Fund expenditures in FY 2020-21.

**Lapse Excess Funds; DHHS** As part of the budget review process, current year spending of the various operations and aid programs was evaluated based on actual year to date expenditures relative to appropriation levels. Based on these estimated spending levels, and an allowance for encumbrances, there will be an excess of General Fund appropriations in these programs which is comprised of both FY21 new appropriations and reappropriations from prior years. Rather than allowing the unused funds to “lapse” at the end of the fiscal year, the 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 \$61.3 million as shown below:

DHHS - Developmental disability aid (prog 424)	Aid	(2,400,000)
DHHS - Health aid (prog 514)	Aid	(1,900,000)
DHHS - Administration (prog 33)	Oper	(4,500,000)
DHHS - Children's Health Insurance (prog 344)	Aid	(3,500,000)
DHHS - Public Assistance (prog 347)	Aid	(10,300,000)
DHHS - Medicaid (prog 348)	Aid	(7,500,000)
DHHS - Child Welfare (prog 354)	Aid	(28,000,000)
DHHS - Beatrice State Developmental Center (prog 421)	Oper	(1,200,000)
Total Lapsed FY20 Appropriations	Total	<u>(61,300,000)</u>

**Centralized Alcohol Management Project** Funding is provided the Nebraska Liquor Control Commission (NLCC) for a Centralized Alcohol Management Project (C.A.M.P.). CAMP would replace all tax processing systems with a single solution that provides centralized revenue management and processes, licensing management and processes, and a web interface for its taxpayers, stakeholders and staff. NLCC's mainframe system has been identified as antiquated since 2009. NLCC employees must process 69 steps for a single license application, averaging 3.5 hours of staff time. The research shows a new system would show up to an 84% reduction in processing time, down to 37 minutes.

The table below highlights all the General Fund deficit appropriation changes as enacted in the 2021 session followed by a table that lists lapses of reappropriated balances. A complete listing of all FY2020-21 items starts on page 122

# Adjustments to FY20-21 Appropriations - All Funds

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## #12 State Treasurer

Personal Property Tax exemption, centrally assessed	Gen	Aid	3,379,472
Transfer \$88 million to CRF to meet the LB1107 \$500M threshold	Gen	Oper	NO

## #13 Dept of Education

Additional Cash Fund spending authority, YRTC Contract	Cash	Oper	886,480
Increase federal fund aid authorization	Fed	Aid	6,971,361
TEEOSA Aid; revised Insurance Premium tax	Gen	Aid	(1,689,538)
Additional PSL, Professional Practices Clerk (\$1,088)	PSL	Oper	YES

## #16 Dept of Revenue

Homestead exemption deficit	Gen	Aid	2,000,000
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## #19 Dept of Banking

Reduce Securities Act Cash transfer by \$2,250,000	Gen	Oper	YES
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## #35 Liquor Control Commission

Centralized Alcohol Management Project	Gen	Oper	3,632,597
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## #36 Racing Commission

Initial operating expenses, Gaming Commission (LB365)	Gen	Oper	475,000
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## #46 Correctional Services

Use of Coronavirus Relief Fund monies, offset GF (prog 200)	Gen	Oper	(38,172,406)
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## #63 Board of Public Accountancy

Increase PSL, reclassification and directors salary (\$6,500)	PSL	Oper	YES
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## #64 State Patrol

Use of Coronavirus Relief Fund monies, offset GF (prog 100)	Gen	Oper	(11,709,891)
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## #65 Administrative Services

State Claims (LB 666)	Gen	Oper	419,284
State Claims (LB 666)	Rev	Oper	380,335
Miscellaneous Claims	Gen	Oper	150,000

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General Funds	Total		(41,515,482)
Cash Funds	Total		886,480
Federal Funds	Total		6,971,361
Revolving Funds	Total		380,335
Total	Total		(33,277,306)

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**LAPSE OF FY20 REAPPROPRIATED BALANCES**

DHHS - Behavioral Health (prog 38)	Gen	Aid	(2,000,000)
DHHS - Developmental disability aid (prog 424)	Gen	Aid	(2,400,000)
DHHS - Health aid (prog 514)	Gen	Aid	(1,900,000)
DHHS - Administration (prog 33)	Gen	Oper	(4,500,000)
DHHS - Children's Health Insurance (prog 344)	Gen	Aid	(3,500,000)
DHHS - Public Assistance (prog 347)	Gen	Aid	(10,300,000)
DHHS - Medicaid (prog 348)	Gen	Aid	(7,500,000)
DHHS - Child Welfare (prog 354)	Gen	Aid	(28,000,000)
DHHS - Beatrice State Developmental Center (prog 421)	Gen	Oper	(1,200,000)

Total Lapsed FY20 Appropriations Total (61,300,000)

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**TRANSFERS TO GENERAL FUND**

Reduce Securities Act Cash transfer by \$2,250,000	Gen		(2,250,000)
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# **DEFINITION OF TERMS**



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## State Biennial Budget

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A biennium is the time period for which the same Legislature exists. For example, the 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 107th Legislature can bind the second session of the same 107th Legislature. Therefore the 107th Legislature, meeting in 2021, can enact appropriations for FY2021-22 and FY2022-23 without binding the 108th 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 2021 session, can be revised and amended in subsequent legislative sessions, up until the end of a fiscal year.

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

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## Fiscal Year

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The time period for which appropriations are made is the states' fiscal year that runs from July 1st through June 30th of the following year. The fiscal year covering the period July 1, 2021 through June 30, 2022 is referred to as FY2021-22, FY21-22, or simply FY22. Within this 12-month period, agencies are limited to only those appropriations made for FY2021-22. The fiscal year covering the period July 1, 2022 through June 30, 2023 is referred to as FY2022-23, FY22-23, or simply FY23.

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## Fund Types

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

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

**Cash Funds** These funds are used to account for the revenues and expenditures of dedicated fees and charges. Unlike the single General Fund, there are more than 250 individual cash funds contained in 70 different agencies. In many instances, an agency has multiple cash funds. For

example, the Department of Agriculture has over 20 different cash funds. Monies held in these funds generally can only be used for the specific purpose for which the fund was created. Cash funds are used to account for revenues such as University and State College tuition and fees, institution patient revenues, hunting/fishing permits, highway revenues (gas tax and sales tax on motor vehicles), and agricultural commodity check-off fees. In addition, most inspection, regulatory, and license fees and charges, are dedicated to and accounted for through the use of cash funds. The Department of Roads accounts for about 40% of cash fund revenues/expenditures.

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

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

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

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## **Operations, State Aid, Construction**

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

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

**Aid to Individuals** includes programs such as Medicaid, Aid to Dependent Children (ADC), child welfare services and student scholarships where state funds are provided for the direct benefit of an individual. This area also includes aid to quasi-government units, which are those local

agencies that do not have the authority to levy property taxes. This would include entities such as area agencies on aging, mental health regions and developmental disability regions.

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

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

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## Agency and Program Structure

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

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

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## Budget Process and Chronology

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

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

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

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

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

**Step 5 - Appropriations Committee Initial Review 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 Numerical Listing

Agency	LFO Analyst	Phone	Intercom
#03 Legislative Council	Tom Bergquist	471-0062	562
#05 Supreme Court	Doug Nichols	471-0052	552
#07 Governor/PRO	Scott Danigole	471-0055	555
#08 Lieutenant Governor	Scott Danigole	471-0055	555
#09 Secretary of State	Scott Danigole	471-0055	555
#10 State Auditor	Scott Danigole	471-0055	555
#11 Attorney General	Scott Danigole	471-0055	555
#12 State Treasurer	Scott Danigole	471-0055	555
#13 Dept of Education	Bill Biven	471-0054	554
#14 Public Service Commission	Scott Danigole	471-0055	555
#15 Board of Pardons and Parole	Doug Nichols	471-0052	552
#16 Dept of Revenue	Austin Ligenza	471-0059	559
#18 Dept of Agriculture	Clint Verner	471-0056	556
#19 Dept of Banking	Nikki Swope	471-0057	557
#21 State Fire Marshal	Scott Danigole	471-0055	555
#22 Dept of Insurance	Nikki Swope	471-0054	554
#23 Dept of Labor	Scott Danigole	471-0055	555
#24 Dept of Motor Vehicles	Sam Malson	471-0054	554
#25 DHHS - Admin, Medicaid, Juvenile, Health, Aging	Liz Hruska	471-0053	553
#25 DHHS - Behavioral Health, Develop Disability	Nikki Swope	471-0054	554
#27 Dept of Transportation	Sam Malson	471-0051	563
#28 Dept of Veterans Affairs	Nikki Swope	471-0054	554
#29 Dept of Natural Resources	Clint Verner	471-0056	556
#30 State Electrical Board	Scott Danigole	471-0055	555
#31 Military Department	Sam Malson	471-0051	563
#32 Board of Educational Lands and Funds	Bill Biven	471-0054	554
#33 Game and Parks Commission	Sam Malson	471-0051	563
#34 Library Commission	Bill Biven	471-0057	557
#35 Liquor Control Commission	Austin Ligenza	471-0059	559
#36 Racing & Gaming Commission	Austin Ligenza	471-0059	559
#37 Workers' Compensation Court	Doug Nichols	471-0052	552
#39 Brand Committee	Clint Verner	471-0056	556
#40 Motor Vehicle Industry Licensing Board	Sam Malson	471-0054	554
#41 Real Estate Commission	Sam Malson	471-0051	563
#45 Board of Barber Examiners	Liz Hruska	471-0053	553
#46 Dept of Correctional Services	Doug Nichols	471-0052	552
#47 Educational Telecommunications Commission	Bill Biven	471-0058	558
#48 Coordinating Comm for Postsecondary Ed	Suzanne Houlden	471-0057	557
#50 State Colleges	Suzanne Houlden	471-0057	557
#51 University of Nebraska	Suzanne Houlden	471-0058	558

Agency	LFO Analyst	Phone	Intercom
#52 State Fair Board	Clint Verner	471-0056	556
#53 Real Property Appraisers Board	Sam Malson	471-0051	563
#54 Historical Society	Scott Danigole	471-0055	555
#56 Wheat Board	Clint Verner	471-0056	556
#57 Oil and Gas Conservation Commission	Scott Danigole	471-0055	555
#58 Brd of Examiners for Engineers and Architects	Austin Ligenza	471-0059	559
#59 Board of Geologists	Austin Ligenza	471-0059	559
#60 Ethanol Board	Clint Verner	471-0056	556
#61 Dairy Industry Development Board	Clint Verner	471-0056	556
#62 Board of Examiners for Land Surveyors	Austin Ligenza	471-0059	559
#63 Board of Public Accountancy	Sam Malson	471-0051	563
#64 State Patrol	Doug Nichols	471-0052	552
#65 DAS - Personnel and Claims	Suzanne Houlden	471-0058	558
#65 DAS - Building Division, Capitol Commission	Sam Malson	471-0057	557
#65 DAS - Admin, CIO, Acctng, Materiel, TSB, Budget	Scott Danigole	471-0055	555
#66 Abstractors Board of Examiners	Austin Ligenza	471-0059	559
#67 Equal Opportunity Commission	Liz Hruska	471-0053	553
#68 Latino American Commission	Liz Hruska	471-0053	553
#69 Nebraska Arts Council	Scott Danigole	471-0056	556
#70 Foster Care Review Office	Liz Hruska	471-0053	553
#72 Dept of Economic Development	Clint Verner	471-0056	556
#73 Bd of Examiners for Landscape Architects	Austin Ligenza	471-0059	559
#74 Power Review Board	Scott Danigole	471-0055	555
#75 Investment Council	Bill Biven	471-0058	558
#76 Commission on Indian Affairs	Liz Hruska	471-0053	553
#77 Commission of Industrial Relations	Suzanne Houlden	471-0058	558
#78 Crime Commission	Doug Nichols	471-0052	552
#81 Commission for the Blind and Visually Impaired	Nikki Swope	471-0054	554
#82 Commission on the Deaf and Hard of Hearing	Liz Hruska	471-0053	553
#83 Community Colleges	Suzanne Houlden	471-0057	557
#84 Dept of Environment and Energy	Clint Verner	471-0056	556
#85 Public Employees Retirement System	Bill Biven	471-0058	558
#86 Dry Bean Commission	Clint Verner	471-0056	556
#87 Political Accountability and Disclosure	Scott Danigole	471-0055	555
#88 Corn Board	Clint Verner	471-0056	556
#89 Hemp Commission	Clint Verner	471-0056	556
#90 African American Affairs Comm	Liz Hruska	471-0053	553
#91 Tourism Commission	Clint Verner	471-0056	556
#92 Grain Sorghum Board	Clint Verner	471-0056	556
#93 Tax Equalization and Review Commission	Austin Ligenza	471-0059	559
#94 Commission on Public Advocacy	Doug Nichols	471-0052	552
#95 Dry Pea & Lentil Commission	Clint Verner	471-0056	556



# Legislative Fiscal Office Staff

Name	Phone	Email	Responsibilities
<b>Bergquist, Tom</b>	471-0062	Tbergquist@leg.ne.gov	Director Property Tax, Historical Data
<b>Patent, Keisha</b>	471-0059	KPatent@leg.ne.gov	Deputy Director Fiscal Note Coordinator
<b>McNally, Wanda</b>	471-2263	Wmcnally@leg.ne.gov	Fiscal Assistance
<b>Diarrassouba, Malik</b>	471-0061	Mdiarrassouba@leg.ne.gov	Economic and Tax Research Analyst, Revenue Forecasting
<b>Biven, Bill</b>	471-0054	bbiven@leg.ne.gov	13 - Education, 32 - Educational Lands & Funds Board, 34 - Library Commission, 47 - Educational Television Commission, 75 - Investment Council, 85 - Public Employees Retirement Board TEEOSA, K-12 Annual Financial Report AFR
<b>Danigole, Scott</b>	471-0055	Sdanigole@leg.ne.gov	7 - Governor/PRO/Energy, 8 - Lt. Governor, 9 - Secretary of State, 10 - State Auditor, 11 - Attorney General, 12 - State Treasurer, 14 - Public Service Commission, 21 - State Fire Marshal, 23 - Labor, 30 - State Electrical Board, 54 - Historical Society, 57 - Oil & Gas Conservation Commission, 65 - DAS Administrative Services, 74 - Power Review Board, 87 - Accountability & Disclosure Commission
<b>Houlden, Suzanne</b>	471-0057	shoulden@leg.ne.gov	48 - Postsecondary Ed Coordinating Comm 60 - State College System, 51 - University of Nebraska, 65 - DAS Personnel, Employee Relations, Risk Mgmt, State Claims, 77 - Commission on Industrial Relations, 83 - Community Colleges

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<b>Hruska, Liz</b>	471-0053	Lhruska@leg.ne.gov	25 - Health & Human Services, 45 - Barber Examiners Board, 67 - Equal Opportunity Commission, 68 - Latino-American Commission, 70 - Foster Care Review Board, 76 - Indian Affairs Commission, 82 - Hearing Impaired Commission, 90 - Commission on African American Affairs
<b>Ligenza, Austin</b>	471-0050	aligenza@leg.ne.gov	16 - Revenue, 35 - Liquor Control Commission, 36 - Racing & Gaming Commission, 58 - Engineers & Architects Examiners Board, 59 - Geologists Board, 62 - Land Surveyors Examiners Board, 66 - Abstractors Examiners Board, 73 - Landscape Architects Examiners Board, 93 - Tax Equalization & Review Commission  CTL Property Tax and Valuation (maintain database info)
<b>Malson, Sam</b>	471-0051	SMalson@leg.ne.gov	24 - Motor Vehicles, 27 - Transportation (includes Aeronautics), 31 - Military Department, 33 - Game & Parks Commission, 40 - Motor Vehicle Industry Licensing Board, 41 - Real Estate Commission, 53 - Real Property Appraisers Board, 63 - Public Accountancy Board, 65 - DAS Building Division, Task Force for Building Renewal, Capitol Commission,  Capital Construction Coordinator
<b>Nichols, Doug</b>	471-0052	Dnichols@leg.ne.gov	5 - Supreme Court, 15 - Board of Pardons and Parole, 37 - Workers' Compensation Court, 46 - Correctional Services, 64 - State Patrol, 78 - Crime Commission, 94 - Commission on Public Advocacy
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<b>Verner, Clint</b>	471-0056	cverner@leg.ne.gov	18 - Agriculture, 29 - Natural Resources, 39 - Brand Committee, 52 - Fair Board, 56 - Wheat Board, 60 - Ethanol Board, 61 - Dairy Industry Development Board, 69 - Arts Council, 72 - Economic Development, 84 - Environment & Energy, 86 - Dry Bean Commission, 88 - Corn Board, 89 - Hemp Commission, 91 - Tourism Commission, 92 - Grain Sorghum Board, 95 - Dry Pean & Lentil Commission.