

**STATE OF NEBRASKA  
FY2007-08 / FY2008-09  
BIENNIAL BUDGET**

As Enacted in the  
100th Legislature-First Session

August 2007

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# INTRODUCTION

This report contains a summary of the initial appropriations and budget actions for the FY2007-08 and FY2008-09 biennium as enacted during the 2007 Legislative Session. These are not the final appropriations as both fiscal years numbers can be changed during the 2008 Legislative Session, and FY2008-09 can further be changed during the 2009 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 Sine Die of the 2007 Session (May) 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 FY08/FY09 Biennium and projected for the FY10/FY11 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 2007 Legislative Session that impact revenues.

**General Fund Appropriations** This section provides detailed information on General Fund appropriations as enacted during the 2007 Legislative Session including state totals, agency totals, historical appropriations, various breakdowns by operations and state aid, and state aid listed by individual aid programs. This section also includes an extensive listing of the major changes in the budget as well as narrative descriptions of some of the major spending areas, both agency operations and state aid programs. A listing of General Fund "A" bills and vetoes and overrides is also included.

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

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

**FY2006-07 Deficit Appropriations** This section provides a detailed listing of all FY2004-05 deficiency appropriations. Also included is a chronology of FY2006-07 appropriations from when first enacted in the 2005 Session, changes during the 2006 Session, and the final appropriations after the 2007 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

While details as to specific funding items, revenues, and balances are contained in the following sections, there are several highlights to address at the start.

- **Budget growth is below average** The General Fund budget reflects a 4.6% average growth over the two year biennium, 3.9% in FY2007-08 and 5.3% in FY2008-09. This 4.6% average growth is significantly lower than the prior biennium (average growth of 7.4%), and the average General Fund spending growth over the past 20 years (6.8%),

The growth in funds for the state's use (ie... agency operations, construction, and aid to individuals) was well below normal with an average growth of only 2.6% per year. The growth in monies sent for use by local governments continued to

Percent Change	20 Year Average	Prior Biennium		Biennial Budget	
		FY05-06	FY06-07	FY07-08	FY08-09
Operations	5.1%	6.1%	6.6%	1.8%	4.3%
State Aid to Individuals	9.0%	8.3%	10.3%	4.2%	2.6%
Construction	1.9%	22.6%	36.5%	-74.4%	0.0%
Subtotal: State Use	6.5%	7.2%	8.6%	1.7%	3.5%
State Aid to Local Govt	7.5%	8.9%	4.0%	8.3%	8.6%
Total General Fund Budget	6.8%	7.8%	7.0%	3.9%	5.3%
Two Year Average			7.4%		4.6%

increase at a significantly high level (8.4% average growth) more than three times the growth rate for the state's use portion of the General Fund budget.

- **Tax cuts equal spending increases** In the 2007 Session, the Legislature enacted LB 367, the omnibus tax bill, which contained a two year total of \$424.5 million in tax cuts including property tax credits, and repeal of the estate tax and income tax "marriage penalty". This is exactly equal to the cumulative amount of increased spending over the two year period where General Fund spending would be \$424.6 million more than if the budget was frozen at the current FY2006-07 level, \$124.8 million in FY08 and \$299.7 million in FY09. This contrasts with the previous biennium (FY06/FY07) where increased spending over the two year used \$637 million of General Funds while revenue reduction bills utilized only \$298 million.

- **Large balance is retained in the Cash Reserve Fund** The Legislature utilized \$109 million of Cash Reserve Fund monies during the 2007 legislative session but only for capital construction projects that will be completed within the four year financial status by way of transfers to the Nebraska Capital Construction Fund (NCCF) or one-time transfers to several economic development funds.

Even after these transfers, the unobligated balance in the Cash Reserve Fund (CRF) is projected to be \$483 million at the end of the four year period.. FY2006-07 was the fourth consecutive year where the state ended the year with revenues exceeding forecasts and the fourth consecutive year of revenue growth exceeding the 25 year average. Based on past cycles, it's likely that these trends will reverse in the next few years and this large balance in the "rainy day fund" will provide significant protection for a downturn in revenues in future years.

# GENERAL FUND FINANCIAL STATUS

# GENERAL FUND FINANCIAL STATUS

## TAX RATE REVIEW COMMITTEE (JULY 25, 2007)

	Current Yr FY2006-07	Biennial Budget FY2007-08    FY2008-09		Following Biennium FY2009-10    FY2010-11		
<b>1</b>	<b><u>BEGINNING BALANCE</u></b>					
2	565,963,976	591,204,274	219,915,365	209,688,294	182,690,988	
3	(259,929,524)	(191,436,773)	0	0	0	
4	0	(199,815,940)	0	0	0	
5	0	10,000,000	0	0	0	
6	0	0	(5,000,000)	(5,000,000)	(5,000,000)	
7	306,034,452	209,951,561	214,915,365	204,688,294	177,690,988	
<b>8</b>	<b><u>REVENUES</u></b>					
9	3,403,644,627	3,389,187,000	3,540,539,000	3,768,621,000	4,013,982,000	
10	(9,140,000)	(128,700,000)	(120,200,000)	(120,200,000)	(120,200,000)	
11	in receipts	in forecast	in forecast	0	0	
12	15,674,107	60,177,767	54,990,505	0	0	
13	0	0	0	0	0	
14	0	0	0	0	0	
15	0	0	0	0	0	
16	0	0	0	0	0	
17	3,410,178,734	3,320,664,767	3,475,329,505	3,648,421,000	3,893,782,000	
<b>18</b>	<b><u>APPROPRIATIONS</u></b>					
19	3,125,008,912	3,305,700,963	3,480,556,576	3,480,556,576	3,480,556,576	
20	na	0	0	189,861,730	384,953,150	
21	na	5,000,000	0	0	0	
22	na	0	0	0	0	
23	3,125,008,912	3,310,700,963	3,480,556,576	3,670,418,306	3,865,509,726	
<b>24</b>	<b><u>ENDING BALANCE</u></b>					
25	591,204,274	219,915,365	209,688,294	182,690,988	205,963,263	
26			-- 209,585,294	--	225,783,242	
27			-- <b>103,000</b>	--	<b>(19,819,979)</b>	
28			3.0%		2.7%	
<u>General Fund Appropriations</u>						
29	Annual % Change - Appropriations	7.0%	3.9%	5.3%	5.5%	5.3%
30	Two Year Average	7.4%	--	4.6%	--	5.4%
<u>General Fund Revenues</u>						
31	Est. Revenue Growth (rate/base adjusted)	7.4%	2.8%	4.7%	6.5%	6.5%
32	Two Year Average	8.7%	--	3.7%	--	6.5%

<b>CASH RESERVE FUND</b>	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11
Projected Ending Balance-Cash Reserve Fund	504,087,791	542,096,797	471,266,292	471,266,292	483,266,292



# GENERAL FUND FINANCIAL STATUS

## SINE DIE 2007 SESSION (MAY 31, 2007)

	Current Yr FY2006-07	Biennial Budget FY2007-08	Biennial Budget FY2008-09	Following Biennium FY2009-10    FY2010-11	
<b>1 <u>BEGINNING BALANCE</u></b>					
2 Beginning Cash Balance	565,963,976	348,576,180	214,434,984	204,207,913	177,210,607
3 Cash Reserve transfers-automatic	(259,929,524)	(144,105,000)	0	0	0
4 Carryover obligations from FY06	(155,726,041)	0	0	0	0
5 Lapse excess FY07 unexpended funds	0	0	0	0	0
6 Allocation for potential deficits	0	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)
7 Unobligated Beginning Balance	150,308,411	199,471,180	209,434,984	199,207,913	172,210,607
<b>8 <u>REVENUES</u></b>					
9 Net Receipts (April 07 NEFAB & Hist Avg + Bills)	3,361,000,000	3,389,187,000	3,540,539,000	3,768,621,000	4,013,982,000
10 General Fund transfers-out	(9,140,000)	(128,700,000)	(120,200,000)	(120,200,000)	(120,200,000)
11 General Fund transfers-in	in receipts	in forecast	in forecast	0	0
12 Cash Reserve transfers	15,674,107	60,177,767	54,990,505	0	0
13 2008 General Fund transfers-out	0	0	0	0	0
14 2008 General Fund transfers-in	0	0	0	0	0
15 2008 Cash Reserve transfers	0	0	0	0	0
16 2008 Revenue Bills	0	0	0	0	0
17 General Fund Net Revenues	3,367,534,107	3,320,664,767	3,475,329,505	3,648,421,000	3,893,782,000
<b>18 <u>APPROPRIATIONS</u></b>					
19 Appropriations Per 2007 Session	3,169,266,338	3,305,700,963	3,480,556,576	3,480,556,576	3,480,556,576
20 Mainline budget adjustments (following biennium)	na	0	0	189,861,730	384,953,150
21 2008 Budget Changes	na	0	0	0	0
22 2008 "A" Bills	na	0	0	0	0
23 General Fund Appropriations	3,169,266,338	3,305,700,963	3,480,556,576	3,670,418,306	3,865,509,726
<b>24 <u>ENDING BALANCE</u></b>					
25 Dollar ending balance (Financial Status as shown)	348,576,180	214,434,984	204,207,913	177,210,607	200,482,883
26 Dollar ending balance (at Minimum Reserve)			-- 203,897,052	--	225,623,619
27 Excess (shortfall) from Minimum Reserve			-- <b>310,861</b>	--	<b>(25,140,736)</b>
28 Biennial Reserve (%)			3.0%		2.7%
<b><u>General Fund Appropriations</u></b>					
29 Annual % Change - Appropriations	7.0%	3.9%	5.3%	5.5%	5.3%
30 Two Year Average	7.4%	--	4.6%	--	5.4%
<b><u>General Fund Revenues</u></b>					
31 Est. Revenue Growth (rate/base adjusted)	5.7%	4.2%	4.7%	6.4%	6.5%
32 Two Year Average	7.8%	--	4.5%	--	6.5%

<b>CASH RESERVE FUND</b>	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11
Projected Ending Balance-Cash Reserve Fund	504,087,791	494,765,024	423,934,519	423,934,519	435,934,519

# CHRONOLOGY OF THE GENERAL FUND FINANCIAL STATUS

## Sine Die 2006

The projected financial status for the FY08/FY09 biennium reflected a \$277.5 million projected shortfall from the minimum reserve. At that point, FY08/FY09 was the “out year” in the five year financial status and there was no projection for FY10/FY11 biennium. At the July 2006 meeting of the Tax Rate Review Committee (TRR), the General Fund financial status improved slightly even though FY05-06 actual receipts were \$74.2 million above forecast. By statute these excess revenues were transferred to the Cash Reserve Fund.

## 2006 Interim

The financial status improved significantly between July 2006 and November 2006 when the TRR committee again met. The financial status improved by \$480.8 million going from a shortfall of \$279.7 million *below* the minimum reserve to a surplus of \$201.1 million above the minimum reserve.

Most of this improvement came from higher revenue forecasts in October. FY06-07 revenue forecasts were increased by \$99.1 million which was then offset by an assumed transfer of a like amount to the Cash Reserve Fund as “above certified” amounts. Original NEFAB forecasts for FY08 and FY09 were \$395 million above the previously used preliminary LFO revenue estimates. In many areas, mostly entitlement program, estimated spending was replaced with agency requests which were submitted in September. In most cases, the request levels were lower than originally estimated. Over the two year period, Medicaid and Public Assistance were significantly below the original estimates, \$81.9 million for Medicaid and \$38.9 million for Public Assistance. Two areas, were above the original estimates; Homestead Exemption (\$14.2 million) and revised TEEOSA estimates (\$16.2 million).

<u>Impact on Variance from Min Reserve (Millions of Dollars)</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>Total</u>
Revenue Forecast (revised & new 10/6/06)	99.1	150.5	244.9	494.5
CRF Transfer revised FY07 forecast above certified	0.0	(99.1)	0.0	(99.1)
Change in Minimum Reserve	0.0	0.0	(11.5)	(11.5)
Revised TEEOSA aid estimates (Oct 2006 Joint Meeting)	0.0	(11.3)	(4.9)	(16.2)
Medicaid, continuation request vs projected	0.0	26.9	55.0	81.9
Public Assistance, request vs projected	0.0	12.7	26.2	38.9
CHIP, request vs projected	0.0	2.0	3.2	5.2
Homestead Exemption, request vs projected	0.0	(5.0)	(9.2)	(14.2)
Revised estimate of budget increases, all other	0.0	1.2	0.1	1.3
Total Change-2006 Interim	99.1	77.9	303.8	480.8

## Appropriations Committee Preliminary Budget (February 2007)

At the preliminary budget stage, the surplus was increased to \$389.8 million by cash fund lapses, use of “above certified” revenues automatically transferred to the Cash Reserve Fund, lower deficits and lapse of prior year carryover appropriations and lower than projected increases in the budget as noted below.

<u>Impact on Variance from Min Reserve (Millions of Dollars)</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>Total</u>
General Fund transfers-in and transfers-out (net)	0.0	24.1	24.1	48.3
Change in Minimum Reserve	0.0	0.0	(0.8)	(0.8)
Subtotal-Revenue	0.0	24.1	23.3	47.5
Committee Prelim FY07 deficits vs \$5 million allocation	20.3	0.0	0.0	20.3
TEEOSA aid higher than pre-session estimate	0.0	(12.6)	(14.1)	(26.7)
Salaries higher than pre-session estimate	0.0	(8.7)	(17.1)	(25.7)
Medicaid lower than pre-session estimate	0.0	16.5	35.9	52.4
Defined benefit retirement plans lower than pre-session est	0.0	10.3	18.4	28.8
All other items (net) lower than pre-session est	0.0	33.6	58.6	92.2
Subtotal-Appropriations	20.3	39.2	81.8	141.2
Total Change-Preliminary Budget	20.3	63.3	105.1	188.7

## February 2007 Revenue Forecast Revisions

In February the Nebraska Economic Forecasting Advisory Board (NEFAB) increased the forecasts by \$30 million in FY06-07, \$27 million in FY07-08 and \$26 million in FY08-09. Of this \$83 million increase in revenues, \$30 million related to the FY06-07 increase would be transferred to the Cash Reserve Fund. Current law requires that revenues above a certified level be transferred to the Cash Reserve Fund. Overall the revised forecasts increased the amount above the minimum reserve to \$441.3.

<u>Impact on Variance from Min Reserve (Millions of Dollars)</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>Total</u>
Revenue Forecasts (Feb 2007)	30.0	27.0	26.0	83.0
Transfer revised FY07 forecast above certified	0	(30.0)	0.0	(30.0)
Reserve change / misc adjustments	0.0	0.0	(1.5)	(1.5)
Total-Revenue Forecast Change	30.0	(3.0)	24.5	51.5

## Appropriations Committee Budget Recommendation (April 2007)

Committee actions taken after the budget hearing actually added a net \$6 million of General Funds to the variance leaving \$447.6 million available for floor actions.

Increases in operations and aid totaled \$77.3 million including restoration of various cuts at the preliminary stage (\$25.8 million), additional amounts to fund salary and health insurance contracts (\$22.9 million), and HHS provider increases at 3% rather than 1% or 2% (\$15.5).

Reductions to the Preliminary budget included \$13.7 in TEEOSA school aid due to higher amounts of state apportionment funding and a shift of \$49.5 million of short term construction projects from General Funds to Nebraska Capital Construction funding financed with Cash Reserve Fund transfers.

On the revenue side, the committee recommended an additional \$15.5 million transfers for ethanol credits through the EPIC fund, and enactment of LB249 which redirects interest on the Cash Reserve Fund back to the General Fund rather than earmarked for construction projects.

<u>Impact on Variance from Min Reserve (Millions of Dollars)</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>Total</u>
Salary and health insurance costs	0.0	(7.4)	(15.5)	(22.9)
Restoration of preliminary cuts	0.0	(13.0)	(12.8)	(25.8)
HHS provider rates (to 3%)	0.0	(5.3)	(10.2)	(15.5)
Norfolk Sex Offender Unit, transition funds	0.0	(0.4)	(3.4)	(3.8)
County Property Tax Relief Fund	0.0	(2.0)	(2.0)	(4.0)
Public Safety Communication System, tower financing	0.0	(1.5)	(1.5)	(3.1)
Additional transfer to EPIC fund	0.0	(15.5)	0.0	(15.5)
Lower TEEOSA Gen Funds, state apportionment	0.0	0.0	13.7	13.7
Shift GF construction to NCCF	0.0	33.0	16.5	49.5
LB249. Shift CRF interest back to the General Fund	0.0	22.7	19.0	42.1
All Other (net)	0.0	(4.5)	(4.0)	(8.5)
Total -Appropriations Committee Actions (net)	0.0	6.2	.1	6.3

## April 2007 Revenue Forecast Revisions

The NEFAB met again in April to review their previous forecasts and again increased the forecasts by \$15 million in FY06-07, \$26 million in FY07-08 and \$14 million in FY08-09. Again, under current law, the \$15 million additional revenues from FY06-07 are required to be transferred to the Cash Reserve Fund

The net \$38.9 million gain increased from \$447.6 million to \$486.5 million the amount available for floor action and A bills (ie the amount above the minimum reserve)

<u>Impact on Variance from Min Reserve (Millions of Dollars)</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>Total</u>
Revenue Forecasts (April 2007)	15.0	26.0	14.0	55.0
Transfer revised FY07 forecast above certified	0	(15.0)	0.0	(15.0)
Reserve change / misc adjustments	0.0	0.0	(1.1)	(1.1)
Total-Change	15.0	11.0	12.9	38.9

## Floor Actions - 2007 Session

Budget actions from the time the Appropriations Committee submitted their recommendations to final enactment of the budget consist of (1) revised revenue forecasts in April, (2) floor amendments, (3) Governor vetoes and overrides, and (4) enactment of revenue and spending legislation. These actions totaled \$486.2 million and utilized all but \$310,000 of the projected funds in excess of the minimum required reserve.

A total of \$1.9 million was added as floor amendments to the budget bills, of which \$1 million was an Appropriations Committee amendment for the Governors Emergency Fund.

The Governor vetoed a total of \$23.6 million over the two year period of which \$11 million was various health care provider rates and \$5.4 million in Special Education reimbursements. These "savings" were virtually offset by a veto of \$20 million of proposed fund transfers to the General Fund.

A total of \$504.6 million was utilized over the two year period for new revenue and spending bills. This includes \$460 million of revenue reductions, of which \$220 million is for the property tax credits \$146.8 million for elimination of the income tax "marriage penalty" and \$37.5 million for repeal of the estate tax. A total of \$44.5 million was used for new spending which included \$24 million for increased aid to Community Colleges, \$7.2 million for water

and vegetation related issues, and \$4.7 million for increased aid to Educational Service Units (ESU's)

<u>Impact on Variance from Min Reserve (Millions of Dollars)</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>Total</u>
Floor amendments-deficits	(0.3)	0.0	0.0	(0.3)
Floor amendments-appropriations	(1.0)	(0.0)	(0.9)	(1.9)
Mainline vetoes-appropriation	0.0	8.6	14.9	23.6
Mainline vetoes-transfer in	0.0	(10.0)	(10.0)	(20.0)
Mainline veto overrides	0.0	0.0	0.0	0.0
Revenue bills enacted (exclude LB323 already in the Status)	0.0	(223.6)	(236.6)	(460.1)
A Bills enacted	(3.0)	(16.4)	(22.1)	(41.5)
Change in Minimum Reserve	0.0	0.0	14.1	14.1
Total-Floor Actions	(4.3)	(241.4)	(240.5)	(486.2)

### FY2006-07 Actual Data

Actual receipts for FY2006-07 were \$47.3 million above the forecast used at Sine Die of the 2007 Session. The General Fund financial status does not change with these above forecast revenues as actual receipts in excess of the certified forecast (July 2006) are transferred to the Cash Reserve Fund.

An assumed \$10 million lapse of unexpended appropriations is offset by several end of year accounting adjustments. The amount of the minimum reserve increases by \$5.7 million due to a technical change in the calculation of the reserve attributed to assuming 100% expenditure of funds in FY07 at Sine Die versus less than 100% expenditure with FY07 actual data but offsetting carryover of unexpended appropriations at the start of the next year. The \$4.7 million of accounting adjustments include several transfers to other funds not previously accounted for under "transfers-out".

<u>Impact on Variance from Min Reserve (Millions of Dollars)</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>Total</u>
Lower carryover obligations from FY05-06	0.2	0.0	0.0	0.2
FY07 Actual vs Est General Fund Net Receipts	47.3	0.0	0.0	47.3
FY07 Actual vs Est CRF transfers-automatic	(47.3)	0.0	0.0	(47.3)
FY07 Actual vs Est Accounting adjustment	(4.7)	0.0	0.0	(4.7)
Assumed lapse, FY07 unexpended	10.0	0.0	0.0	10.0
Change in Minimum Reserve	0.0	0.0	(5.7)	(5.7)
Total-FY07 actual data	5.5	0.0	(5.7)	.1

Table 1 Chronology of the Financial Status

For individual items, the amounts for the FY08/FY09 Biennium column reflect a three year total (FY07, FY08 and FY09) while the amounts in the FY10/FY11 column reflect a cumulative five year total (the amount for the first biennium plus FY10 and FY11).

(millions of dollars)	FY08/FY09 Biennium	FY10/FY11 Biennium
<b><i>Variance from Minimum Reserve: Sine Die 2006 Session</i></b>	<b><i>(277.5)</i></b>	<b><i>NA</i></b>
Lower carryover obligations from FY04-05	.3	na
FY06 Actual vs Est General Fund Net Receipts	74.2	na
FY06 Actual vs Est CRF transfers-automatic	(74.2)	na
FY06 Actual vs Est Accounting adjustment	(2.9)	na
Assumed lapse, FY06 unexpended	.3	na
Revenue Forecasts (revised/original Oct 2006)	494.5	na
CRF Transfer revised FY07 forecast above certified	(99.1)	na
Revised TEEOSA aid estimates (Oct 2006 Joint Meeting)	(16.2)	na
Medicaid, continuation request vs projected	82.0	na
Public Assistance, request vs projected	38.9	na
CHIP, request vs projected	5.2	na
Homestead Exemption, request vs projected	(14.2)	na
Revised estimate of budget increases, all other	1.2	na
Reserve Change	(11.5)	na
<b><i>Variance from Minimum Reserve: Start of 2006 Session</i></b>	<b><i>201.1</i></b>	<b><i>488.3</i></b>
Committee Prelim FY07 deficits vs \$5 million allocation	20.3	20.3
Prelim higher than pre-session-TEEOSA school aid (certified)	(26.8)	(57.7)
Prelim higher than pre-session-Salary Increases	(25.7)	(75.5)
Prelim lower than pre-session-Medicaid	52.4	182.0
Prelim lower than pre-session-defined benefit retirement	28.8	53.3
Prelim lower than pre-session-operations inflation	17.2	40.9
Prelim lower than pre-session-Health Insurance Increases	16.3	41.9
Prelim lower than pre-session-vacancy savings (University/Colleges)	11.8	23.6
Prelim lower than pre-session-vacancy savings, cuts (HHS)	11.4	22.7
Prelim lower than pre-session-depreciation surcharge	7.9	18.3
Prelim lower than pre-session-public safety telecom system	7.5	20.8
Prelim lower than pre-session-Public Assistance	6.8	5.4
Prelim lower than pre-session-special education	5.4	13.2
Prelim lower than pre-session-capital construction	(.3)	32.2
Prelim lower than pre-session-all other (net)	8.1	16.8
General Fund transfers-in (not in pre-session)	48.0	48.0
General Fund transfers-out (delete trails transfer)	.3	.5
Less: Change in Minimum Reserve	(.7)	(4.2)
<b><i>Variance from the Minimum Reserve: Committee Preliminary</i></b>	<b><i>389.8</i></b>	<b><i>890.9</i></b>
Revenue Forecasts (revised Feb 2006)	83.00	95.0
Transfer revised FY05 forecast above certified	(30.0)	(30.0)
Corrections to Preliminary Report numbers	0.5	0.7
Change in Minimum Reserve	(1.5)	(1.9)
Salary and health insurance costs	(22.9)	(53.8)
Restoration of preliminary cuts	(25.8)	(51.3)
HHS provider rates (to 3%)	(15.5)	(36.0)
Norfolk Sex Offender Unit, transition funds	(3.8)	(10.6)
County Property Tax Relief Fund	(4.0)	(8.0)
Public Safety Communication System, tower financing	(3.1)	(6.1)
Additional transfer to EPIC fund	(15.5)	(15.5)
Lower TEEOSA Gen Funds, state apportionment	13.7	25.7
Shift GF construction to NCCF	49.5	57.1
LB249. Shift CRF interest back to the General Fund	42.1	80.9
All Other (net)	(8.5)	(28.9)
<b><i>Variance from Minimum Reserve - Committee Budget</i></b>	<b><i>447.6</i></b>	<b><i>907.6</i></b>

(millions of dollars)	FY08/FY09 Biennium	FY10/FY11 Biennium
Revenue Forecast (revised 4/26/07)	55.0	61.0
CRF Transfer revised FY07 forecast above certified	(15.0)	(15.0)
Floor amendments-deficits	(0.3)	(0.3)
Floor amendments-appropriations	(1.9)	(3.8)
Mainline vetoes-appropriation	23.6	53.4
Mainline vetoes-transfer in	(20.0)	(20.0)
Mainline veto overrides	0.0	0.0
Revenue bills enacted (exclude LB323)	(460.1)	(949.7)
A Bills enacted	(41.5)	(85.0)
Revised "out year" estimates, non-TEEOSA	0.0	3.4
Revised TEEOSA estimate (mostly related to SPED under 5%)	0.0	(4.2)
Change in Minimum Reserve	13.0	27.5
<b><i>Sine Die 2007 Session</i></b>	<b><i>0.3</i></b>	<b><i>(25.1)</i></b>
Lower carryover obligations from FY05-06	0.2	0.2
FY07 Actual vs Est General Fund Net Receipts	47.3	47.3
FY07 Actual vs Est CRF transfers-automatic	(47.3)	(47.3)
FY07 Actual vs Est Accounting adjustment	(4.7)	(4.7)
Assumed lapse, FY07 unexpended	10.0	10.0
Change in Minimum Reserve	(5.7)	(0.2)
<b><i>July 2007 Tax Rate Review Committee</i></b>	<b><i>0.1</i></b>	<b><i>(19.8)</i></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 preliminary estimates for the two years of the “following biennium” (FY2009-10 and FY2010-11) are prepared by the Legislative Fiscal Office (LFO) and are arrived at by calculating the level of revenues that would yield a five year average growth (FY07 to FY11) roughly equal to the historical average revenue growth since FY81 which is now 5.4%. Because of the below average growth in the NEFAB forecasts, the revenue growth needed to yield a 5% five year average is 6.7% in FY09-10 and 6.6% in FY10-11. These growth rates are within the average growth of the “above average” years (7.4%) therefore the “capped” provision of the historical average methodology does not come into play for purposes of the “out years” revenue estimates. The “capped” provision of the historical average methodology means that if the growth needed in the out-years to achieve the historical average is above the “above average” years, growth is capped at the average of the “above average years”. Likewise if the historical average method calls for below average growth in the out years, the growth is capped at the average of the “below average years”. Over the past 25 years, there were 9 years in which revenue growth was “below average” (average growth of 2.4%) and 16 years in which revenue growth was above average (7.4%).

Although the Forecast Board does not forecast revenues beyond the current biennial budget, both the Nebraska Dept of Revenue (NDR) and Legislative Fiscal Office (LFO) have calculated revenue estimates for these two years. The preliminary estimates for the two “out years” arrived at using the historical average concept (as used in the Financial Status), are within the range of the models but largely due to the wide range between the model forecasts. While these preliminary estimates are only moderately higher than the average of all the forecasts, they are significantly higher than the Global Insight based forecasts. The FAIR based forecasts are much higher than the Global Insight forecasts and in fact higher than the “historical average” based estimates.

Table 2 Comparison of Potential "Out Year" Revenue Projections

Thousands of \$	At Hist Avg 5.3%	Average (Global Insight)	Average (All Forecasts)	High Est NDR-Fairl	Low Est LFO-Global
<b><u>Dollar Forecast (Excludes 2007 Revenue Bills) t</u></b>					
FY2009-10	3,874,000	3,803,891	3,858,802	3,897,683	3,815,460
FY2010-11	4,124,000	3,995,061	4,060,891	4,131,247	4,000,552
<b><u>Adjusted Growth</u></b>					
FY2009-10	6.4%	4.6%	6.0%	7.1%	4.9%
FY2010-11	6.5%	5.1%	5.3%	6.0%	5.0%
Two Year Average	6.5%	4.9%	5.7%	6.5%	4.9%
Five Year Average	5.3%	4.9%	5.2%	5.6%	4.9%
<b><u>Difference from Status</u></b>					
FY2009-10	0	(70,109)	(15,199)	23,683	(58,540)
FY2010-11	0	(128,939)	(63,109)	7,247	(123,448)
Cumulative Total	0	(199,048)	(78,308)	30,930	(181,988)



**Appropriations** For the “following biennium” (FY09-10 and FY10-11), 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

Table 3 Projected Budget Increases-Following Biennium

Numbers are annual increases	Two Yr Avg	Est for Following Biennium	
		FY2009-10	FY2010-11
Special Education	5.0%	9,244,692	9,706,927
Aid to K-12 Schools (TEEOSA)	6.0%	47,471,994	55,065,914
Aid to ESU's	2.5%	402,239	412,295
Homestead Exemption	3.0%	2,283,603	2,352,111
Community Colleges	3.0%	2,617,994	2,696,534
Medicaid-	7.5%	44,265,226	47,585,118
Public Assistance	9.0%	21,746,010	23,703,151
Children's Health Insurance (CHIP)	10.5%	1,257,142	1,351,428
Developmental Disability aid-pay equity	3.0%	2,044,989	2,106,339
Behavioral Health	2.8%	1,471,129	1,897,104
Salaries	2.5%	26,323,616	25,054,095
Health Insurance	10.0%	13,297,994	14,627,793
Operations increase	2.0%	5,707,762	5,821,917
Inmate per diem costs	6.0%	2,054,736	2,178,020
Sex offender treatment, Norfolk	Calculated	3,630,000	0
Public safety communications system	Calculated	1,293,716	0
Construction	Reaff Only	5,500,000	0
All Other (net)	Na	(751,112)	532,673
Net Annual \$ Increase		189,861,730	195,091,419
Annual % Increase		5.5%	5.3%

## Aid to Local Governments

Special Education: Increases for FY09-10 and FY10-11 reflect a 5% per year increase as provided for in current law as enacted in LB1243-2000.

State Aid to Schools (TEEOSA) The estimates for FY10 and FY11 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 school aid of 5.7% in FY10 and 6.3% in FY11 for an average of 6.0% per year. In a “normal” year with spending growth, valuation growth and “other receipts” growth are all relatively even, the growth in TEEOSA should be approximately 5.0% to 5.5%.

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 school spending limitation (2.5% per year).

Aid to Community Colleges A 3% per year annual increase is included for the following biennium budget reflecting increased state aid to support operations budget increases and meet community college area aid eligibility.

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

## **Aid to Individuals**

Medicaid For the following biennium, a 7.5% per year increase is used. This approximates the average growth over the past 10 years.

Public Assistance A growth rate of 9.0% per year is utilized for the various Public Assistance programs for the following biennium. This approximates the average growth over the past 10 years reflecting the higher growth in child welfare and "fixed" block grant amounts where the General Fund assumes all inflationary costs.

Children's Health Insurance (CHIP) For the following biennium, a 7.5% per year increase is used which is the same as Medicaid. However the growth in General Funds is closer to 10.5% as the General Fund would pick up all increases in this program because the \$5 million allocation from the Health Care Cash Fund is a fixed amount.

Developmental Disability Aid A 3% per year increase is included. This provides the equivalent of 2% per year for rate equity similar to the 2% used for the current biennium and 1% for clients transitioning from K-12 programs.

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

## **Agency Operations / 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 which is the amount funded for FY08 and FY09. Also included is a \$1.9 million increase to annualize the impact of the NAPE salary increase per the special master ruling

Employee Health Insurance For planning purposes, a 10% per year increase in health insurance is included for the following biennium. This rate of growth is similar with the increases in the current proposed budget as well as the average growth over the past 5 to 10 years.

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

Inmate Per Diem Costs While some costs at the Dept of Correctional Services such as staffing are "fixed" within a range of inmate population, some costs change directly with each

inmate. This includes items such as food, clothing, and medical care. A 6% per year increase is included to reflect both inflationary costs and an increase in the number of inmates.

Sex offender treatment, Norfolk LB 1199-2006 revised a number of statutory sections relating to sex crimes, sex offenders and civil commitment. Two provisions result in substantial costs, lifetime supervision and civil commitment. This includes additional parole staff and operation of a treatment facility in Norfolk. These increased costs were projected to be phased in over a four year period reaching a total of \$14.7 million by FY09-10.

Public safety communications system Full annualized funding for the public safety communications system started in FY08 and FY09 is not reached until FY09-10.

Depreciation Surcharge No additional projects are assumed to be applicable to the 1% depreciation surcharge.

Capital Construction General Fund dollars included in the projected budget for the following biennium for capital construction reflect reaffirmations only based on the proposed FY06/FY07 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.

Table 4 Cash Reserve Fund Status

	Estimated FY2006-07	Estimated FY2007-08	Estimated FY2008-09	Estimated FY2009-10	Estimated FY2010-11
Beginning Balance	273,616,790	516,087,791	542,096,797	471,266,292	471,266,292
Excess of certified forecasts (line 3 in Status)	259,929,524	191,436,773	0	0	0
To/from Gen Fund, pre 2007 Session law	(15,674,107)	(60,177,767)	(54,990,505)	0	0
To NCCF Eastern Nebr Vets Home	(1,784,416)	0	0	0	0
To NCCF, Non-long term construction projects	0	(75,000,000)	(9,590,000)	0	0
To NCCF, Capital environs acquisition (Assurity Life)	0	(12,000,000)	0	0	0
To Job Training Cash Fund	0	(5,000,000)	(5,000,000)	0	0
To Microenterprise Development Program	0	(1,000,000)	(1,000,000)	0	0
To Building Entrepreneurial Communities Act	0	(250,000)	(250,000)	0	0
To/From state employee health insurance fund	0	(12,000,000)	0	0	12,000,000
Ending Balance	516,087,791	542,096,797	471,266,292	471,266,292	483,266,292

## 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. In FY05-06 revenues exceeded the certified forecast by \$259.9 million.

For FY2006-07, actual receipts were \$3,408,331,773 or \$191,436,773 above the July 2006 certified forecast of \$3,216,895,000. These excess amounts were transferred to the Cash Reserve Fund at the start of FY07-08.

## Transfers To/From General Fund - Prior Law

Unlike the automatic transfers that occur after the close of the fiscal year and are statutorily required, other transfers can take place as specifically enacted by the Legislature.

In the 2003 Session (LB 798) a total of \$5,727,707 was transferred to the Nebraska Capital Construction Fund (NCCF) at the discretion of the Budget Administrator to finance the replacement of the Fitzgerald Veterans Home in Omaha. Estimated cash flow of these transfers was \$755,807 FY03-04, \$758,180 FY04-05, \$2,429,304 FY05-06, and \$1,784,416 FY06-07. In 2005 an additional \$2,025,556 transfer was made to supplement the original transfer

providing for a total of \$7,753,263. These amounts are to be reimbursed from the General Fund to the Cash Reserve Fund in FY07-08.

In the 2005 Session, a total of \$38.6 million of transfers were enacted to help cover the additional shortfall in the defined benefit retirement funds; \$15,674,107 in FY06-07, \$17,931,030 in FY07-08, and 4,990,505 in FY08-09.

In the 2006 Session, LB1131 included a \$100 million transfer from the Cash Reserve Fund to the General Fund consisting of a \$50 million transfer in both FY2007-08 and FY2008-09. This transfer provided additional revenue support for various spending and tax cut proposals enacted in the 2006 Session.

Transfers to/from the General Fund	FY2006-07	FY2007-08	FY2008-09
To GF, offset retirement shortfall (LB427-2005)	(15,674,107)	(17,931,030)	(4,990,505)
From GF, repay Vets Home borrowing (LB798-2003)	0	7,753,263	0
To GF, (LB 1131-2006)	0	(50,000,000)	(50,000,000)
Net Transfers to/From General Fund	(15,674,107)	(60,177,767)	(54,990,505)

### Transfers To/From General Fund - 2007 Session

The Legislature utilized \$109 million of Cash Reserve Funds but only for capital construction projects that will be completed within the four year financial status by way of transfers to the Nebraska Capital Construction Fund (NCCF) or one-time transfers to several economic development funds. No new Cash Reserve Fund transfers were made for on-going spending or tax reductions.

The transfers include:

- (1) \$75,000,000 in FY08 and \$9,590,000 in FY09 to the NCCF to pay for capital construction projects that will be completed within the four year financial status and would otherwise have been General Funds
- (2) \$12 million to the NCCF for acquisition of property in the Capitol Environs, (Assurity Life),
- (3) \$10 million to the job training cash fund (\$5 million each year)
- (4) \$2 million to the Microenterprise Development Cash Fund (\$1 million each year)
- (5) \$1 million to the Building Entrepreneurial Communities Cash Fund (\$500,000 each year)
- (6) \$12 million to state health insurance funds to provide cash flow until a structural balance between premiums collected and claims paid is achieved. This \$12 million would be repaid to the Cash Reserve Fund by the end of FY2010-11. It was originally assumed this transfer would be made in in FY07-08 however no transfer had occurred by June 30, 2007. It's now assumed this transfer will occur in FY08-09.

# GENERAL FUND REVENUES

# GENERAL FUND FORECASTS

Revenue estimates for FY2007-08 and FY2008-09 are the April February 2007 forecasts from the Nebraska Economic Forecast Advisory Board (NEFAB) adjusted for legislation enacted in the 2007 Legislative Session. The preliminary estimates for the next two years (FY2009-10 and FY2010-11) are prepared by the Legislative Fiscal Office (LFO) using a "capped" historical average methodology. The process first calculates the level of revenues in the two out years that would yield a five year average growth (FY07 to FY11) roughly equal to the historical average revenue growth since FY81. If the calculated growth for those two years exceeds the average growth in "above average" years, the estimates are capped at the average growth in those "above average" years (7.4%).

## Sine Die 2007

Revenue growth implied by the April 2007 NEFAB forecasts for the FY08/FY09 biennium average 4.5%, 4.2% in FY07-08 and 4.7% in FY08-09. When including the 5.7% growth in FY06-07 forecast, this provides an average growth of 4.8% over the three years that affect the financial status. The 4.8% average growth over the three years is about 1/2% per year below the 25 year historical average of 5.3% but not unusual considering these three years follow three years of high revenue growth, 8.3% in FY03-04, 9.5% in FY04-05, and 10.0% in FY05-06.

## July 2007 Status

Actual receipts for FY2006-07 (\$3,408,331,773) were \$47.3 million more than the \$3,361,000,000 projection at 2007 Sine Die in May. Adjusted revenue growth for FY06-07 is calculated at 7.4% compared to the 5.7% forecast at Sine Die. *AT THIS TIME THERE IS NO CHANGE IN THE FY07-08 AND FY08-09 REVENUE FORECASTS.* The Nebraska Economic Forecast Advisory Board (NEFAB) will not meet again until October to evaluate their current revenue forecasts. In light of the \$47.3 million above forecast revenues in FY06-07, the level of growth in FY07-08 to achieve the current forecast has declined from 4.2% to 2.8%. This would illustrate the possibility that the NEFAB will subsequently raise the forecasts in October.

Table 5 - General Fund Revenue Forecasts

	Actual FY2006-07	NEFAB+Bills FY2007-08	NEFAB+Bills FY2008-09	LFO Prelim FY2009-10	LFO Prelim FY2010-11
<b><u>Tax Category</u></b>					
Sales and Use Tax	1,303,826,416	1,293,054,000	1,349,345,000	1,427,083,000	1,516,821,000
Individual Income Tax	1,650,895,394	1,630,350,000	1,755,545,000	1,869,963,000	1,995,488,000
Corporate Income Tax	213,027,010	241,200,000	241,900,000	272,400,000	307,900,000
Miscellaneous receipts	240,582,953	224,583,000	193,749,000	199,175,000	193,773,000
<b>Total General Fund Revenues</b>	<b>3,408,331,773</b>	<b>3,389,187,000</b>	<b>3,540,539,000</b>	<b>3,768,621,000</b>	<b>4,013,982,000</b>
<b><u>Adjusted Growth *</u></b>					
<b>Total General Fund Revenues</b>	<b>7.4%</b>	<b>2.8%</b>	<b>4.7%</b>	<b>6.5%</b>	<b>6.5%</b>
<b>Five Yr Average</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>5.3%</b>

\* Adjusted 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

# CHRONOLOGY OF REVENUE FORECASTS

Table 6 contains a chronology of the revenue forecasts for FY2006-07 through FY2008-09. The first column shows the total revenue forecast. The last four columns breaks down the total dollar change in the forecast whether caused by federal tax changes, bills enacted by the Legislature, or simply a change in the revenue expectations (ie... Base change).

Table 6 Chronology of Revenue Forecasts

	Total	Base	Change in Forecast		Total
			Fed Law	Bills	
<b>FY2005-06</b>					
Board Est-Oct 2004	2,962,000				
Board Est-Feb 2005	3,052,000	90,000	0	0	90,000
Board Est-April 2005	3,072,000	20,000	0	0	20,000
Sine Die-2005 Session	3,092,258	0	0	20,258	20,258
Board Est-Oct 2005	3,252,000	159,742	0	0	159,742
Board Est-Feb 2006	3,278,000	26,000	0	0	26,000
Sine Die-2006 Session	3,278,000	0	0	0	0
Actual Receipts FY05-06	3,352,188	74,188	0	0	74,188
<b>FY2006-07</b>					
Board Est-Oct 2004	3,071,000				
Board Est-Feb 2005	3,181,000	110,000	0	0	110,000
Board Est-April 2005	3,201,000	20,000	0	0	20,000
Sine Die-2005 Session	3,202,293	0	0	1,293	1,293
Board Est-Oct 2005	3,304,000	101,707	0	0	101,707
Board Est-Feb 2006	3,325,000	29,421	(8,421)	0	21,000
Sine Die-2006 Session	3,216,895	0	0	(108,105)	(108,105)
Board Est-Oct 2006	3,316,000	99,105	0	0	99,105
Board Est-Feb 2007	3,346,000	30,000	0	0	30,000
Board Est-April 2007	3,361,000	15,000	0	0	15,000
Sine Die 2007 Session	3,361,000	0	0	0	0
Actual Receipts FY06-07	3,408,332	47,332	0	0	47,332
<b>FY2007-08</b>					
LFO Prelim-October 2004	3,279,000				
LFO Prelim-Feb 2005	3,334,000	55,000	0	0	55,000
LFO Prelim-April 2005	3,344,000	10,000	0	0	10,000
Sine Die-2005 Session	3,314,281	0	0	(29,719)	(29,719)
LFO Prelim-Oct 2005	3,368,000	53,719	0	0	53,719
LFO Prelim-Feb 2006	3,365,000	12,037	(15,037)	0	(3,000)
Sine Die-2006 Session	3,264,501	0	0	(100,499)	(100,499)
Board Est-Oct 2006	3,415,000	150,499	0	0	150,499
Board Est-Feb 2007	3,442,000	27,000	0	0	27,000
Board Est-April 2007	3,468,000	26,000	0	0	26,000
Sine Die 2007 Session	3,389,187	0	0	(78,813)	(78,813)
<b>FY2008-09</b>					
LFO Prelim-October 2004	3,485,000				
LFO Prelim-Feb 2005	3,485,000	0	0	0	0
LFO Prelim-April 2005	3,485,000	0	0	0	0
Sine Die-2005 Session	3,450,509	0	0	(34,491)	(34,491)
LFO Prelim-Oct 2005	3,450,000	(509)	0	0	(509)
LFO Prelim-Feb 2006	3,447,000	583	(3,583)	0	(3,000)
Sine Die-2006 Session	3,341,074	0	0	(105,926)	(105,926)
Board Est-Oct 2006	3,586,000	244,926	0	0	244,926
Board Est-Feb 2007	3,612,000	26,000	0	0	26,000
Board Est-April 2007	3,626,000	14,000	0	0	14,000
Sine Die 2007 Session	3,540,539	0	0	(85,461)	(85,461)



# HISTORICAL GENERAL FUND REVENUES

From the numbers shown in the previous tables, 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.*

Table 7 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	7.4%
FY 2007-08 Forecast*	1,293,054,000	1,630,350,000	241,200,000	224,583,000	3,389,187,000	2.8%
FY 2008-09 Forecast	1,349,345,000	1,755,545,000	241,900,000	193,749,000	3,540,539,000	4.7%
FY 2009-10 Prelim	1,427,083,000	1,869,963,000	272,400,000	199,175,000	3,768,621,000	6.5%
FY 2010-11 Prelim	1,516,821,000	1,995,488,000	307,900,000	193,773,000	4,013,982,000	6.5%

The underlying revenue growth as calculated for the past 15 years and the existing forecasts are shown in Table 8. The average growth for the past five years of actual receipts (FY2002-03 to FY2005-06) is 6.9% per year, well above the 23-year historical average of 5.4%. This five year period started with the last of the "crisis" years at a -.5% growth and then four straight years of 7% to 10% growth.

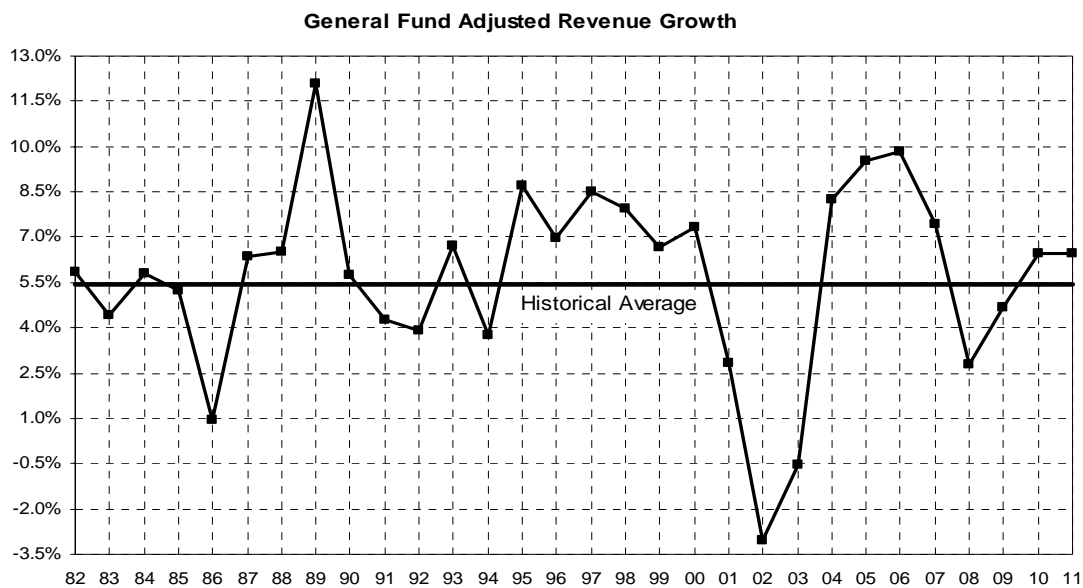
In the upcoming biennium (FY08/FY09), the NEFAB forecasts yield a revenue growth averaging 3.7% per which is below the historical average while for the following biennium (FY10/FY11) the preliminary LFO estimates reflect an offsetting above average growth of about 6.5% per year. As noted previously, these preliminary estimates are prepared by the Legislative Fiscal Office (LFO), using a revenue growth for those two years which, when averaged with the

three prior years, yields a five year average growth (FY07 to FY11) roughly equal to the historical average revenue growth since 1981 (5.4%).

Table 8 Adjusted General Fund Revenue Growth

	Sales / Use Tax	Individual Income Tax	Corporate Income Tax	Misc. Receipts	Total
<b>ADJUSTED GROWTH</b>					
FY1991-92 Actual *	3.8%	1.7%	12.9%	8.8%	3.9%
FY1992-93 Actual *	7.5%	6.9%	9.1%	-0.3%	6.7%
FY1993-94 Actual *	5.2%	2.4%	0.3%	7.1%	3.7%
FY1994-95 Actual *	9.7%	7.4%	19.2%	1.3%	8.7%
FY1995-96 Actual	5.6%	8.4%	8.9%	5.2%	7.0%
FY1996-97 Actual	4.9%	13.4%	7.0%	1.4%	8.5%
FY1997-98 Actual	7.3%	10.3%	3.9%	0.1%	8.0%
FY1998-99 Actual	4.5%	10.3%	-3.0%	4.8%	6.7%
FY1999-00 Actual	5.7%	9.6%	4.3%	2.7%	7.4%
FY2000-01 Actual	1.8%	5.0%	-1.2%	-4.1%	2.9%
FY2001-02 Actual	1.0%	-4.7%	-19.5%	3.1%	-3.0%
FY2002-03 Actual	0.8%	-1.1%	2.7%	-7.8%	-0.5%
FY2003-04 Actual	2.3%	8.2%	47.1%	15.9%	8.3%
FY2004-05 Actual	7.1%	12.4%	19.6%	-10.0%	9.5%
FY2005-06 Actual	3.5%	10.7%	31.8%	19.1%	9.9%
FY2006-07 Actual	7.5%	11.3%	-16.4%	13.2%	7.4%
FY2007-08 NEFAB	1.4%	3.9%	12.6%	-8.4%	2.8%
FY2008-09 NEFAB	4.8%	5.9%	0.3%	-1.0%	4.7%
<b>AVERAGE GROWTH:</b>					
Above Average Years (17)	6.0%	9.3%	11.3%	4.2%	7.4%
Below Average Years (9)	2.2%	4.1%	-4.0%	1.6%	2.4%
Historical Average (26 yrs)	4.8%	7.3%	4.7%	1.8%	5.5%

\*Due to the difficulty of estimating cash flow of several adjustments, a better reflection of the growth in FY94 and FY95 is to look at the average of approx. 6.5% over the two years.



# 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 affect as an appropriation but are not expended as such and thus are shown under the revenue category (see line 10 on the Financial Status).

Pre 2007 law include transfers to the Ethanol Production Incentive Cash Fund (EPIC) fund for ethanol credits per LB536 (2001) \$1.5 million per year for FY01-02 through FY07-08, LB90 (2005) additional \$2.5 million per year from FY05-06 through FY2010-11, and LB968 (2006) additional \$5 million in both FY05-06 and FY06-07. The \$140,000 transfer to the Trail Development Assistance Fund that had been made in past years has been discontinued in 2007.

Several new transfers were enacted in the 2007 Session. LB 322 included an additional \$15.5 million transfer to the EPIC fund for ethanol credits in FY2007-08. LB 701 provided for transfers to the Water Resources Cash Fund for (1) the purpose of aiding compliance efforts regarding the reduction of consumptive uses of water dealing with those natural resources districts which are deemed over or fully appropriated or are bound by an interstate compact or decree; and (2) for a statewide assessment of short- and long-term water management activities and funding needs that are statutorily required. The bill included actual transfers of \$2.7 million in both FY07-08 and FY089 and intent language for \$2,700,000 transfers for FY2009-10 through FY2018-19. LB 367 among several tax changes, created the Property Tax Credit Act. Under this act, transfers are made to the Property Tax Credit Cash Fund. From the amount transferred, monies are 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. The bill provided for transfers of \$105 million in FY07-08 and \$115 million in FY08-09. Although the bill did not address transfers for future years, the projected financial status assumed that transfers would continue at the \$115 million level for at least the following biennium.

Table 9 General Fund Transfers-Out

Excludes CRF Transfers	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11
Ethanol Credits (EPIC Fund)	(9,000,000)	(5,500,000)	(2,500,000)	(5,500,000)	(2,500,000)
Trail Development Assistance Fund	(140,000)	0	0	0	0
Ethanol Credits (EPIC Fund) (LB322-2007)	0	(15,500,000)	0	0	0
Property Tax Credit Fund (LB367-2007)	0	(105,000,000)	(115,000,000)	(115,000,000)	(115,000,000)
Water Resources Cash Fund (LB701-2007)	0	(2,700,000)	(2,700,000)	(2,700,000)	(2,700,000)
<b>Total-General Fund Transfers-Out</b>	<b>(9,140,000)</b>	<b>(128,700,000)</b>	<b>(120,200,000)</b>	<b>(120,200,000)</b>	<b>(120,200,000)</b>

# GENERAL FUND TRANSFERS-IN

Of the large number of cash funds in statute, there are only a few instances where the statute allows monies in a cash fund to be transferred to the General Fund at the discretion of the Legislature. Historically, these transfers are based on estimates of monies in excess of what is needed for the original purpose of the fund, and not shown until enacted by the Legislature.

Transfers from other funds to the General Fund amount to \$14.35 million in FY07-08 and \$14 million in FY08-09 as shown in Table 10. These transfers are shown as additions to the NEFAB forecast as these transfers are not included in those forecasts.

Originally, the Legislature included transfers of \$24.35 million in FY07-08 and \$24 million in FY08-09. However, the Governor vetoed \$10 million of transfer each year, \$4 million each year from the Securities Act Cash Fund and \$6 million each year from the Tobacco Products Administration Cash Fund. With the vetoes, this \$20 million is retained in the respective funds.

Table 10 General Fund Transfers-In

	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11
Securities Act Cash Fund	16,000,000	11,000,000	11,000,000	0	0
Tobacco Products Admin Cash Fund	6,000,000	0	0	0	0
Dept of Insurance Cash Fund	3,000,000	3,000,000	3,000,000	0	0
Collection Agency Cash Fund	0	350,000	0	0	0
Dept of Motor Vehicles Cash Fund	1,500,000	0	0	0	0
Charitable Gaming Oper Fund	250,000	0	0	0	0
<b>Total General Fund Transfers-In</b>	<b>26,750,000</b>	<b>14,350,000</b>	<b>14,000,000</b>	<b>0</b>	<b>0</b>

# REVENUE LEGISLATION - 2007 SESSION

Revenue legislation enacted during the 2007 Session, including transfers-out, resulted in a net reduction in revenues of \$389.7 million over the biennium. Most of the revenue reduction was contained in LB 367 which resulted in a \$424 million reduction in revenues including property tax credits (transfers-out), and repeal of the estate tax and income tax "marriage penalty".

The \$424.5 million tax cut in LB367 is equal to the total increased two year overall spending increase of \$424.6. Over the two years of the biennium, General Fund spending would be \$424.6 million more than if the budget was frozen at the current FY2006-07 level, \$124.8 million in FY08 and \$299.7 million in FY09

Table 11 Revenue Bills Enacted - 2007 Session

	FY2007-08	FY2008-09	FY2009-10	FY2010-11
LB 117 Change provisions relating to insurance	(30,000)	(30,000)	(30,000)	(30,000)
LB 304 Changes, tax credits, long-term care insurance	(29,000)	(58,000)	(117,000)	(235,000)
LB 305 Sales tax leased vehicles to Highway Funds	(7,284,000)	(9,906,000)	(9,906,000)	(9,906,000)
LB 323 Cash Reserve Fund interest to Gen Fund	22,700,000	19,400,000	19,400,000	19,400,000
LB 338 Change deductions, educational savings plan	(910,000)	(970,000)	(1,030,000)	(1,093,000)
LB 343 Tax credit, biodiesel facility, extraordinary dividend	(550,000)	(1,100,000)	(2,200,000)	(2,200,000)
LB 367 Omnibus revenue bill (income, estate, sales tax)	(102,731,000)	(101,725,000)	(105,732,000)	(110,066,500)
LB 441 Liquor shipping license fee, Winery/Grape Fund	(69,500)	(99,500)	(99,500)	(99,500)
LB 456 Tax credit, subchapter S financial institution	(2,377,000)	(2,454,000)	(3,642,000)	(3,693,000)
LB 549 Provide for microdistilleries	75,500	75,500	75,500	75,500
LB 551 Convention Center financing, sales tax	(1,958,000)	(2,027,000)	(2,098,000)	(2,171,500)
LB 603 Change core service/technology funding, ESU's	0	(567,000)	0	0
Cash Fund Lapses (see GF Transfers-In)	14,350,000	14,000,000	0	0
<b>Subtotal (incorporated into forecast numbers)</b>	<b>(78,813,000)</b>	<b>(85,461,000)</b>	<b>(105,379,000)</b>	<b>(110,019,000)</b>
LB 367 Omnibus revenue bill (property tax credit transfer)	(105,000,000)	(115,000,000)	(115,000,000)	(115,000,000)
LB 701 Water/vegetation funding, bonds, tax levies	(2,700,000)	(2,700,000)	(2,700,000)	(2,700,000)
<b>Total-Revenue Legislation (including transfers-out)</b>	<b>(186,513,000)</b>	<b>(203,161,000)</b>	<b>(223,079,000)</b>	<b>(227,719,000)</b>

## LB 305 Sales tax on leased vehicles to Highway Funds

This bill changes the distribution of sales tax revenue generated from motor vehicles leased for periods of more than 31 days. Previously this revenue was deposited into the General Fund while under LB 305 this revenue would be credited to the Highway Trust Fund and the Highway Allocation Fund. The Department of Revenue has estimated that sales tax revenue (5.5% sales tax rate) derived from leased vehicles under the provisions of this bill is approximately \$9.9 million on an annual basis. Based on this estimate the following table shows the annual revenue impact.

Annual Revenue Impact	General Fund	Dept. of Roads	Cities	Counties
Revenue from 5% sales tax	(9,006,000)	4,803,000	2,101,000	2,101,000
Revenue from .5% sales tax	(900,000)	0	450,000	450,000
Total	(9,906,000)	4,803,000	2,551,000	2,551,000

With an effective date of October 1, 2007, the partial year impact for FY2007-08 is estimated to be \$3,531,000 for the Department of Roads, \$1,876,000 for cities, and \$1,876,000 for counties. The General Fund revenue loss would be \$7,284,000. In regards to the additional revenue received by the Dept of Roads, LB305A appropriates the monies to the Dept of Roads keeping the variable fuel tax at the same level and allowing the Department to spend the additional revenue.

### **LB 323 Cash Reserve Fund interest to General Fund**

Historically, interest earned on Cash Reserve Fund invested balances had been credited to the General Fund. Legislation enacted during the 2004 legislative session (LB1090) provided that, beginning July 1, 2007, interest generated by Cash Reserve Fund invested balances is to be credited to the Building Renewal Allocation Fund. Legislation enacted during the 2006 legislative session (LB1131) provided that of the amounts to accrue to the Building Renewal Allocation Fund by virtue of Cash Reserve Fund interest, the State Treasurer is to transfer amounts to the State Capitol Restoration Fund in amounts equivalent to appropriations from the fund for FY2008-09 through FY2010-11 (scheduled at \$9,365,420 for FY2008-09, \$7,359,687 for FY2009-10 and \$4,272,753 for FY2010-11)

LB 323 eliminates these future transfers of interest income beginning July 1, 2007 and restores interest income from the Cash Reserve Fund to be deposited to the General Fund. State capitol renovation will continue as planned, except financing comes from appropriations from the Nebraska Capital Construction Fund (NCCF) contained in another bill and funded with part of the \$75 million transfer from the Cash Reserve Fund to the NCCF.

### **LB 338 Change deductions, educational savings plan**

LB 338 increased the amount that may be excluded for Nebraska income tax purposes for contributions to a Nebraska educational savings plan trust account. For a married filing separately return, the maximum amount deducted was increased from \$500 to \$2,500 and for all other taxpayers from \$1,000 to \$5,000. The increase was operative for taxable years beginning on or after January 1, 2007.

### **LB 343 Tax credit, biodiesel facility, extraordinary dividend**

Biodiesel Investment Credit: LB 343 creates a non-refundable income tax credit for taxpayers investing in a biodiesel facility prior to January 1, 2015. The credit is only allowed if the facility produces B100 biodiesel at a Nebraska plant, and 51% of the facility's ownership interest is held by Nebraska individuals. The credit is for 30% of the amount invested by the taxpayer during a taxable year. The taxpayer may claim no more than 10% of the credit in either of the first two taxable years, and no more than 50% of the credit may be taken in each subsequent year. In no event may the credit allowed exceed 50% of the taxpayer's tax liability. The credit must be taken over at least four taxable years, and the credit not allowed may be carried forward for up to 15 years after the year the investment was made. The aggregate maximum income tax credit is \$250,000. Estimated tax impact is as follows:

Fiscal Year	GF Revenue
2007-08	(550,000)
2008-09	(1,100,000)
2009-10	(2,200,000)
2010-11	(2,200,000)

Extraordinary Dividends Exclusion: Sections 4 and 5 of LB343 amended sections 77-2715-08 and 77-2715.09 to expand the on-time exclusion of capital gains from the sale of the stock of the taxpayer's employer to include extraordinary dividends. "Extraordinary dividends" were defined as any dividend exceeding 20% of the value of the stock at the time the dividend is declared. This exclusion is also operative for tax years beginning on or after January 1, 2007. Due to the rarity of extra ordinary dividend payments, the effect they have on the value of the stock, and the current allowance for subtraction of a one time capital gain, it is estimated that the fiscal impact associated with this provision will be immaterial.

### **LB 367 Omnibus revenue bill (income, estate, sales tax)**

LB 367 was a multi-faceted tax cut proposal involving sales taxes, income taxes, property taxes and estate taxes.

<u>LB 367 Fiscal Impact</u>	<u>FY2007-08</u>	<u>FY2008-09</u>	<u>FY2009-10</u>	<u>FY2010-11</u>
Sales Tax-Repeal remainder of contractor labor	(5,667,000)	(8,670,000)	(8,840,000)	(9,000,000)
Sales Tax-Exempt wind energy project materials	(37,000)	(52,000)	(73,000)	(102,000)
Ind Income Tax - Eliminate "Marriage penalty"	(81,460,000)	(65,382,000)	(69,388,000)	(73,451,000)
Ind Income Tax -Increase Earned Income Tax Credit	(4,300,000)	(4,441,000)	(4,585,000)	(4,728,000)
Ind Income Tax -Renewable energy tax credit	(24,000)	(50,000)	(75,000)	(112,500)
Corp Income Tax -Repeal LB325 child care credit	1,200,000	1,900,000	2,400,000	2,900,000
Property Tax - Credit against taxes levied	(105,000,000)	(115,000,000)	(115,000,000)	(115,000,000)
Estate Tax - eliminate tax effective 1/1/07	(12,443,000)	(25,030,000)	(25,171,000)	(25,573,000)
Total - Revenue Legislation	(207,731,000)	(216,725,000)	(220,732,000)	(225,066,500)

Sales Tax LB 367 reinstates the exemption for commercial projects and in essence repeals the sales tax on construction labor originally enacted in 2003. In the 2003 legislative session, the Legislature removed the sales tax exemption on contractor labor for construction services. Single family dwellings and duplexes were exempted in the 2006 Session basically leaving the sales tax on contractor labor applicable only to commercial projects which are now again exempted under LB367.

LB 367 also creates a sales tax exemption for tangible personal property purchased for community-based wind energy projects. Community-based wind energy project means a project with diversity of ownership. Owners must be Nebraska resident individuals or organizations, none of which own more than 15% of the project or is contracted to receive payment for more than 33% of the energy produced. Ownership can be 33% the project has less than three turbines. Wind energy project includes materials to build a wind charger, wind mill, or wind turbine.

Income Tax Regarding the income tax, LB367 eliminates the so-called "marriage penalty" by increasing the married, filing joint income tax brackets so that they are double the current single return levels. Head of household brackets were also increased proportionately. LB 367 also increased the current standard deduction in the statute to the federal level and provided for indexing like the federal indexing. The federal standard deduction for joint returns is already double that for single returns, so this is also a "marriage penalty" fix. This change

keeps Nebraska’s standard deduction the same as the federal standard deduction unless the Congress changes the federal standard deduction sometime in the future.

Income Brackets		Bracket 1 Up to:	Bracket 2 Up to:	Bracket 3 Up to:	Bracket 4 Over
Prior Law	Single	\$2,400	\$17,500	\$27,000	> \$27,000
	Head of Household	\$3,800	\$25,000	\$35,000	> \$35,000
	Married-Jointly	\$4,000	\$31,000	\$50,000	> \$50,000
	Married-Separately	\$2,000	\$15,500	\$25,000	> \$25,000
Per LB 367	Single	\$2,400	\$17,500	\$27,000	> \$27,000
	Head of Household	\$4,500	\$28,000	\$40,000	> \$40,000
	Married-Jointly	\$4,800	\$35,000	\$54,000	> \$54,000
	Married-Separately	\$2,400	\$17,500	\$27,000	> \$27,000

LB367 also increases the earned income tax credit (EITC) from 8% to 10% of the federal EITC amount. The Nebraska earned income tax credit was originally enacted in the 2006 Session,

Property Tax: The bill created the Property Tax Credit Act and the Property Tax Credit Cash Fund. From the amount transferred to the Property Tax Credit Cash Fund, monies are 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 a credit to each tax payer again based on their proportionate value. These amounts are then credited to the real estate tax statement sent for each parcel in December. The bill provided for transfers of \$105 million in FY07-08 and \$115 million in FY08-09. Although the bill did not address transfers for future years, for planning purposes the projected financial status assumed that transfers would continue at the \$115 million level for at least the following biennium. The resulting levy reductions will be about eight cents per \$100 of taxable valuation for 2007 and for 2008.

Corporate Income Tax The business child care expense credit is repealed under LB367 This credit, originally enacted in 2001, was to be equal to 30% of the employer costs in providing child care to employees not to exceed 50% of the firm’s liability. However, due to an extension of the operative date in the 2001 Special Session and again in the 2003 Session, the credit had never been implemented and was only to go into effect in tax year 2007.

Estate Tax Under LB 367 eliminates the Nebraska estate tax for decedents dying on or after January 1, 2007 and terminates the generation-skipping transfer tax for transfers occurring on or after January 1, 2007.

### **LB 456 Tax credit, subchapter S financial institution**

LB 456 provides for an individual income tax credit to allow a credit for each shareholder, of a subchapter S corporation, partnership, LLC, equal to that shareholder’s share of any financial institutions deposit tax paid by the corporation. The credit is equal to 50% in 2007 and 2008 and 100% share beginning in 2009 and years thereafter. In other words, the financial institutions deposit tax may be taken as a credit against the individual income tax of the shareholders under LB 456. The credit is distributed among the shareholders as income of the corporation is distributed. The bill is operative for all taxable years beginning on or after January 1, 2007.



There are currently 87 banks in Nebraska organized as S corporations. Based on the deposits tax paid by these banks, the growth of deposits, and the current rate of conversions of banks from C corporations to S corporations, the revenue loss is estimated as follows:

Fiscal Year	GF Revenue
2007-08	(2,377,000)
2008-09	(2,454,000)
2009-10	(3,642,000)
2010-11	(2,693,000)

### **LB 551 Convention Center financing, sales tax**

LB 551 amends several sections of the Convention Center Facility Financing Assistance Act to significantly change the way state assistance is provided to convention centers under the act. The only beneficiary of the act at this time is the Qwest Center in Omaha.

Previously, the act required a board, with the assistance of the Department of Revenue, to calculate the increased economic activity due to new conventions attended mostly by out-of-state attendees. An economic model calculated the "attributable revenue" of conventions that are new to Nebraska, and whose attendance is at least 50% by participants registered from an out-of-state location. "Attributable revenue" is state tax revenue attributed to the construction of the facility and these new convention events. The revenue is both sales and income tax proceeds. Of the attributable revenue 70% is returned to the public entity that built the facility and 30% is distributed to the Local Civic, Cultural, and Convention Center Financing Fund to provide grants for other cities seeking to build facilities.

Under LB 551, the 70% / 30% split is retained, but the amount of state financial assistance is changed to the amount of sales tax revenue collected by retailers doing business at such facilities including publicly-owned sports arena facilities and hotels as well as the convention center. LB 551 also requires all state financial assistance to be used for a public purpose and requires 10% of any financial assistance received by a city of the metropolitan class to be distributed equally to areas of high poverty. These areas are defined using census bureau statistics to showcase important historical aspects of each such area. Money is to be distributed by committees for each such area on a grant basis and each committee is to be composed of the city council person representing the area, the county board member representing the area, and a resident picked by the other two.

### **LB 502 Change inheritance tax rates**

Although no impact on the state General Fund, this bill does alter a significant county collected tax. The changes described below are projected to be revenue neutral. Starting January 1, 2008 LB 502 amended three sections of the county inheritance tax to increase the exemption amounts for all three classes of beneficiaries. First, the exemption amount for close relatives (siblings and lineal relatives) increased from \$10,000 per beneficiary to \$40,000. The tax rate on close relatives remained 1%. For more distant relatives, the exemption amount was increased from \$2,000 to \$15,000 but provided that all inheritances over \$15,000 be taxed at 13%. Previously there were two brackets; inherited property with a value from \$2,000 - \$60,000 were taxed at 6%, and inheritances greater than \$60,000 were taxed at 9%. For non-relatives there was previously an exemption for inheritances with a value of \$500 or less. LB 502 increased the exemption amount to \$10,000 and provided that

inheritances in excess of \$10,000 be taxed at 8%. Previously there were five tax brackets maximizing at 18 percent for inheritances greater than \$50,000.

## **LB 701 Water/vegetation funding, bonds, tax levies**

LB 701 would amend various sections of law governing the Department of Natural Resources, the Department of Agriculture, grain checkoff programs and natural resources districts.

Riparian vegetation management program - A Riparian Vegetation Management Task Force would be established and the Department of Agriculture would be authorized to receive applications and award grants for the management of vegetation within the banks of a natural stream or within one hundred feet of the banks of a channel of any natural stream. Grants would be disbursed to weed control authorities and natural resources districts whose territory includes a river basin that has been designated as fully appropriated or overappropriated by the Department of Natural Resources. Funding for this program would total \$2,083,086 General Funds in FY07-08 and \$2,082,086 General Funds in FY08-09. Of that total, \$2,000,000 would be earmarked as state aid and the remainder would be used for task force and Department of Agriculture expenses. This program would sunset at the end of FY2008-09.

Water Resources Cash Fund - A Water Resources Cash Fund would be established in the Department of Natural Resources to aid management actions taken to reduce consumptive uses of water in river basins deemed by the department to be fully or overappropriated, and to conduct a statewide assessment of short and long-term water management activities and funding needs. The fund may be by the department or by natural resources district activities, except that staff and administrative costs could not be paid from the fund. The fund would receive revenue from two sources established in LB 701:

- A \$2,700,000 General Fund transfer to the Water Resources Cash Fund is authorized in both FY07-08 and FY08-09, and LB 701 also states in intent language that \$2,700,000 General Funds will be transferred to the cash fund from FY09-10 through FY18-19. (Note: The transfers are shown above as a General Fund revenue loss.)
- A 3/5 checkoff on corn and grain sorghum sold beginning October 1, 2012 and before October 1, 2019 would be authorized for deposit into the fund. Actual revenue realized from this checkoff would depend upon production levels at that time, but it is estimated that approximately \$7,545,000 in revenue could be realized on an annual basis.
- It is anticipated that a \$300,000 annual grant from the Nebraska Environmental Trust may be also be available, but the grants are not directly authorized in LB 701. Based upon the above funding sources, the estimated total revenue to the fund is shown below:

<u>Fiscal Year</u>	<u>General Fund</u>	<u>Checkoff</u>	<u>Environ. Trust</u>	<u>Total</u>
FY07-08	\$2,700,000	0	\$300,000	\$ 3,000,000
FY08-09	\$2,700,000	0	\$300,000	\$ 3,000,000
FY09-10	\$2,700,000	0	\$300,000	\$ 3,000,000
FY10-11	\$2,700,000	0	\$300,000	\$ 3,000,000
FY11-12	\$2,700,000	0	\$300,000	\$ 3,000,000
FY12-13	\$2,700,000	\$7,545,000	\$300,000	\$10,545,000
FY13-14	\$2,700,000	\$7,545,000	\$300,000	\$10,545,000
FY14-15	\$2,700,000	\$7,545,000	\$300,000	\$10,545,000
FY15-16	\$2,700,000	\$7,545,000	\$300,000	\$10,545,000
FY16-17	\$2,700,000	\$7,545,000	\$300,000	\$10,545,000
FY17-18	\$2,700,000	\$7,545,000	\$300,000	\$10,545,000
FY18-19	\$2,700,000	\$7,545,000	\$300,000	\$10,545,000
TOTAL	\$32,000,000	\$52,815,000	\$3,600,000	\$88,815,000

Department of Natural Resources, FY06-07 actions -- LB 701 allows the Department of Natural Resources to undertake measures in FY06-07 to further facilitate compliance with interstate compact or decree stipulations. A total of \$3,000,000 General Funds would be appropriated in FY06-07 to allow the agency to carry out these measures.

Department of Natural Resources regulatory actions - Provisions of LB 701 would add provisions regarding the registration of water wells and methods to ensure compliance with an interstate compact or decree. It is estimated that the Department of Natural Resources could carry out these provisions within their existing budget.

Political subdivision impact - LB 701 would extend through FY2011-12 the current 3 cent levy authority granted to natural resources districts with territory located in a river basin that has been deemed to be fully or over appropriated. In addition, LB 701 authorizes districts whose territory includes a river basin subject to an interstate compact among three or more states that also include one or more irrigation district to issue river flow enhancement bonds. The bonds would be payable by following sources authorized in LB 701:

- A property tax of 10 cents per \$100 of valuation could be assessed by districts meeting the above criteria. It is estimated that a one cent property tax increase the three districts eligible to assess this tax would yield approximately \$420,000 in revenue. Thus, a maximum of \$4,200,000 in revenue could be realized annually if the maximum levy were assessed in all three districts. Actual revenue realized will depend upon the decisions made by natural resources district boards.
- An occupation tax of \$10 per acre for irrigation of agricultural lands could be assessed in districts meeting the above criteria. The amount of revenue will depend upon actions undertaken by district boards, and will be contingent upon the number of acres in irrigation when the tax is assessed. It is estimated that \$10,000,000 to \$12,000,000 could be realized annually in the three districts that would be eligible to assess the fees.

There may be additional expenses to districts to implement provisions of LB 701. An estimate of the administrative expenses by district is not available at this time.

# GENERAL FUND APPROPRIATIONS

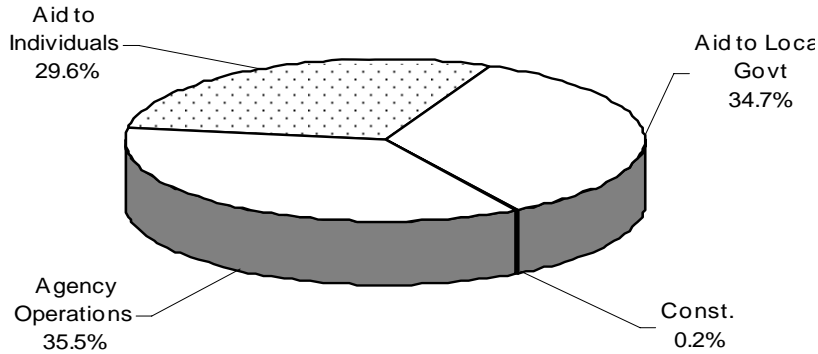
# GENERAL FUND OVERVIEW

Table 12 contains a summary of the General Fund budget for the FY2007-08 and FY2008-09 biennium as enacted during the 2007 Legislative Session. Subsequent sections of this report contain a more detailed explanation of the various increases and reductions which are included in the totals shown below. The average spending growth for the two years of the biennium is 4.6%.

Table 12 General Fund Budget as Enacted During the 2007 Session

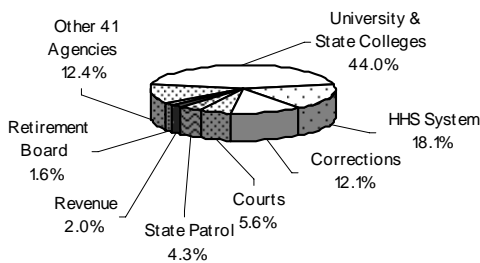
	w/o Deficits FY2006-07	Biennial Budget Per 2007 Session		Change over Prior Yr		Change over Prior Yr		2 Yr Avg Change
		FY2007-08	FY2008-09	FY2007-08 \$	FY08 %	FY2008-09 \$	FY09 %	
<b><u>AGENCY OPERATIONS</u></b>								
University/Colleges	495,353,972	515,872,239	537,474,238	20,518,267	4.1%	21,601,999	4.2%	4.2%
Health/Human Services System	218,236,466	212,029,026	227,433,202	(6,207,440)	-2.8%	15,404,176	7.3%	2.1%
Correctional Services	136,796,113	142,067,755	147,197,860	5,271,642	3.9%	5,130,105	3.6%	3.7%
Courts	62,225,402	65,212,791	67,459,602	2,987,389	4.8%	2,246,811	3.4%	4.1%
State Patrol	48,010,563	49,848,038	52,352,142	1,837,475	3.8%	2,504,104	5.0%	4.4%
Revenue	27,288,745	28,300,210	29,034,430	1,011,465	3.7%	734,220	2.6%	3.1%
Retirement Board	32,203,573	19,140,688	19,134,688	(13,062,885)	-40.6%	(6,000)	0.0%	-22.9%
Other 40 Agencies	131,348,805	140,293,570	143,661,710	8,944,765	6.8%	3,368,140	2.4%	4.6%
Total-GF Operations	1,151,463,639	1,172,764,317	1,223,747,872	21,300,678	1.8%	50,983,555	4.3%	3.1%
<b><u>STATE AID TO INDIVIDUALS</u></b>								
Medicaid	558,888,505	576,715,481	590,203,015	17,826,976	3.2%	13,487,534	2.3%	2.8%
Public Assistance	231,888,617	234,052,687	241,622,331	2,164,070	0.9%	7,569,644	3.2%	2.1%
Developmental disabilities, community based	64,415,818	66,634,494	68,166,316	2,218,676	3.4%	1,531,822	2.3%	2.9%
Behavioral Health, community based	44,577,915	60,328,781	61,765,686	15,750,866	35.3%	1,436,905	2.4%	17.7%
Childrens Health Insurance (CHIP)	10,842,937	10,826,659	11,761,892	(16,278)	-0.2%	935,233	8.6%	4.2%
Aging Programs	6,042,213	6,497,868	6,967,193	455,655	7.5%	469,325	7.2%	7.4%
Higher Ed Student Aid programs	5,766,815	6,766,815	6,766,815	1,000,000	17.3%	0	0.0%	8.3%
Public Health Aid	3,964,166	3,944,700	4,024,776	(19,466)	-0.5%	80,076	2.0%	0.8%
Community health centers	2,675,000	3,525,000	3,525,000	850,000	31.8%	0	0.0%	14.8%
All Other Aid to Individuals/Other	9,462,608	8,734,190	8,834,190	(728,418)	-7.7%	100,000	1.1%	-3.4%
Total-GF Aid to Individuals/Other	938,524,594	978,026,675	1,003,637,214	39,502,081	4.2%	25,610,539	2.6%	3.4%
<b><u>STATE AID TO LOCAL GOVT</u></b>								
State Aid to Schools (TEEOSA)	701,346,228	753,555,548	832,498,267	52,209,320	7.4%	78,942,719	10.5%	8.9%
Special Education	174,280,179	179,508,584	184,893,842	5,228,405	3.0%	5,385,258	3.0%	3.0%
Aid to Community Colleges	68,566,476	84,066,476	87,266,476	15,500,000	22.6%	3,200,000	3.8%	12.8%
Homestead Exemption	56,473,000	70,056,960	76,120,104	13,583,960	24.1%	6,063,144	8.7%	16.1%
Aid to ESU's	11,546,488	11,362,638	16,089,570	(183,850)	-1.6%	4,726,932	41.6%	18.0%
Aid to Cities	11,257,193	11,257,193	11,257,193	0	0.0%	0	0.0%	0.0%
Aid to Counties	4,965,866	4,965,866	4,965,866	0	0.0%	0	0.0%	0.0%
County jail cost reimbursement	3,910,000	3,910,000	3,910,000	0	0.0%	0	0.0%	0.0%
Early Childhood programs	3,680,471	3,626,267	3,615,426	(54,204)	-1.5%	(10,841)	-0.3%	-0.9%
Other Aid to Local Govt	22,957,662	24,449,617	24,403,924	1,491,955	6.5%	(45,693)	-0.2%	3.1%
Total-GF Aid to Local Govt	1,058,983,563	1,146,759,149	1,245,020,668	87,775,586	8.3%	98,261,519	8.6%	8.4%
<b><u>CAPITAL CONSTRUCTION</u></b>								
	31,878,981	8,150,822	8,150,822	(23,728,159)	-74.4%	0	0.0%	-49.4%
<b><u>TOTAL GENERAL FUNDS</u></b>								
	3,180,850,777	3,305,700,963	3,480,556,576	124,850,186	3.9%	174,855,613	5.3%	4.6%

## General Fund Appropriations By Major Category FY2007-08



**Agency Operations** accounts for the costs of actually operating state agencies including costs such as employee salaries and benefits, data processing, utilities, vehicle and equipment purchases, fuel and oil, etc... In the FY07-08, 35.5% of all General Fund appropriations are for agency operations. Although there are 49 state agencies that receive General Fund appropriations, higher education (University of Nebraska and State Colleges) and the five largest agencies (Health and Human Services System, Corrections, Courts, State Patrol, and Revenue) account for 86% of state operations.

General Fund Operations  
FY2007-08



General Funds for agency operations shows a net \$21.3 million increase (1.8%) in FY07-08 and a \$50.9 million increase (4.3%) in FY08-09.

The largest increases are salary and health insurance costs, totaling \$38.6 million in FY07-08. Other FY08 increases include \$7.9 million for continued phase-in operation of the sex offender treatment unit at Norfolk, \$2.5 million for litigation costs under the Attorney General and \$1.4 million for salary enhancements for Court and Probation employees and Judges

These additions are actually understated as enacted budget only funds the equivalent of a 3.85% per year salary increase versus the 4.4% negotiated salary/benefit contracts for the University and State Colleges.

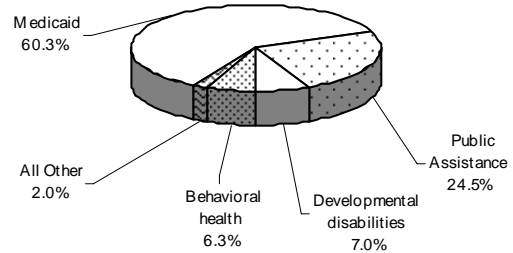
These increases are almost all offset by several large reductions in FY07-08. This includes a \$13.1 million reduction in contribution to defined benefit retirement plans, a \$14.1 million reduction in Regional Center funding which was then reallocated to behavioral health aid as continuation of the behavioral health reform, and \$4.4 million reduction for Health and Human Services System operations including vacancy savings, and one-time \$6 million of Health Care Cash Funds to help offset the first year cost of the continued phase-in operation of the Norfolk sex offender unit..

**Aid to Individuals** utilizes about 29.6% of all General Fund appropriations. Aid to individuals includes programs such as Medicaid, Aid to Families with Dependent Children (ADC) (aka TANF Temporary Assistance to Needy Families), student scholarships, etc.. This area also includes aid to quasi-government units that are local entities that do not have the authority to levy property taxes such as area agencies on aging, mental health regions and developmental disability regions.

Spending growth in this area is at very low level relative to recent trends, \$39.5 million (4.2%) in FY07-08 and \$25.6 (2.6%) in FY08-09.

The FY07-08 growth is higher due to a \$15.8 million (35%) increase in behavioral health aid, largely due to the reallocation of \$14 million from the state regional center budgets as a continuation of the behavioral health reform.

General Fund Aid to Individuals  
FY2007-08

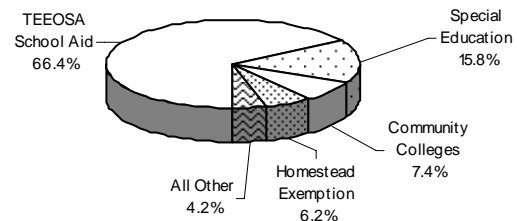


Medicaid reflects a 2.8% per year average growth, a 1.4% to 2.5% increase in provider rates, (including a 2% increase in nursing facility provider rates after a Governor veto) and 10% per year increase in drug and pharmacy costs. Overall eligibility and utilization is projected to increase at 1.83% per year ranging from 0% for adults, 1.5% for aged, and 3.5% for disabled. These increases are partially offset by projected Medicaid "reform" savings of \$7.6 million in FY08 and \$19.9 million in FY09.

Public Assistance increases at 0.9% in FY08 and 3.2% in FY09. These low growth rates reflect a \$7.7 million reduction in the FY07 base year reflecting current year spending trends, a basic 2% increase in provider rates after vetoes (compared to the 1% requested and funded in the Governors original budget), and a \$5 million use of TANF rainy day funds to offset General Funds.

**Aid to Local Governments** accounts for aid payments to local governments and utilizes about 34.7% of all General Fund appropriations. This category includes those local entities that have the authority to levy a property tax such as cities, counties, and schools and includes programs such as state aid to schools (TEEOSA), special education, community colleges, and homestead exemption reimbursements. State payments for teacher retirement 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.

General Fund Aid to Local Govt  
FY2007-08



Aid to local governments shows a \$87.8 million increase (8.3%) in FY07-08 and a \$98.3 million increase (8.6%) in FY08-09. The two year average growth of 8.4% is well over twice the average growth of any other category. The relatively large growth is attributed to TEEOSA

school aid, Homestead Exemption reimbursement, and aid to Educational Service Units (ESU's) and Community Colleges.

Homestead Exemption reimbursements increase by 24% in FY07-08 and 8.7% in FY08-09. About half of the first year increase is attributed to LB968 enacted in 2006 while the remainder of the increase is projected increases in tax levies, valuations, and eligible recipients.

Double digit increases were included for Aid to Community Colleges (12.8% two year average) and ESU's (18% two year average). These large increases in funding accompanied significant statutory changes in each aid formula as enacted during the 2007 Session.

TEEOSA school aid increases by \$52.2 million (7.4%) in FY07-08 and \$78.9 million (10.5%) in FY08-09. The growth in FY07-08 can largely be attributed to a 6.3% increase in FY05-06 school General Fund Operating Expenses (GFOE) a major component in calculating NEEDS. Recall that there is a two year lag in the formula where FY05-06 spending growth affects the FY07-08 aid. FY05-06 was the first year where the 2.5% basic allowable growth rate was reinstated after two years at zero. Another contributing factor is the lowering of agricultural land from 80% to 75% (LB968-2006) as part of the valuation adjustment process. This also causes an increase in aid of roughly \$12.5 million. Without the agricultural land adjustment, TEEOSA growth was about 5.7% in FY07-08.

The FY08-09 TEEOSA increase of 10.5% is largely attributed to two things. First, an estimated \$25.6 million relates to the provisions of LB1024 enacted last session including increasing the cost growth factor by a full 1%, and inflating the allowances within the formula. Second is an estimated \$29.6 million increase due to the expiration of the 1.25% aid adjustment factor. This adjustment factor basically reduced NEEDS calculations by 1.25% and was originally enacted to apply to FY02-03, FY03-04, and FY04-05 and then subsequently extended to FY05-06, FY06-07, and FY07-08 by LB1093-2004. Excluding these two items, TEEOSA FY08-09 aid growth would have been about 4.6%.

**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. Road construction and maintenance is **not** included in this category. This is included under cash fund agency operations. Capital construction accounts for only .2% of General Fund appropriations. Under the enacted budget, what would have been General funded construction is mostly financed with a \$96.7 million transfer from the Cash Reserve Fund the Nebraska Capital Construction Fund (NCCF). This funds one-time construction projects that will be completed over the next 2-3 years with a one-time revenue source. Commitments that will extend beyond the four-year financial status continue to be funded with General Funds.



# HISTORICAL GENERAL FUND APPROPRIATIONS

While the previous sections provide an overview of the FY2007-08 and FY2008-09 General Fund biennial budget, Table 13 provides an historical perspective showing appropriations for the twenty year period FY1988-89 through the enacted budget for FY2008-09 and the average annual budget growth for each of the five biennial budgets contained in this 10-year period.

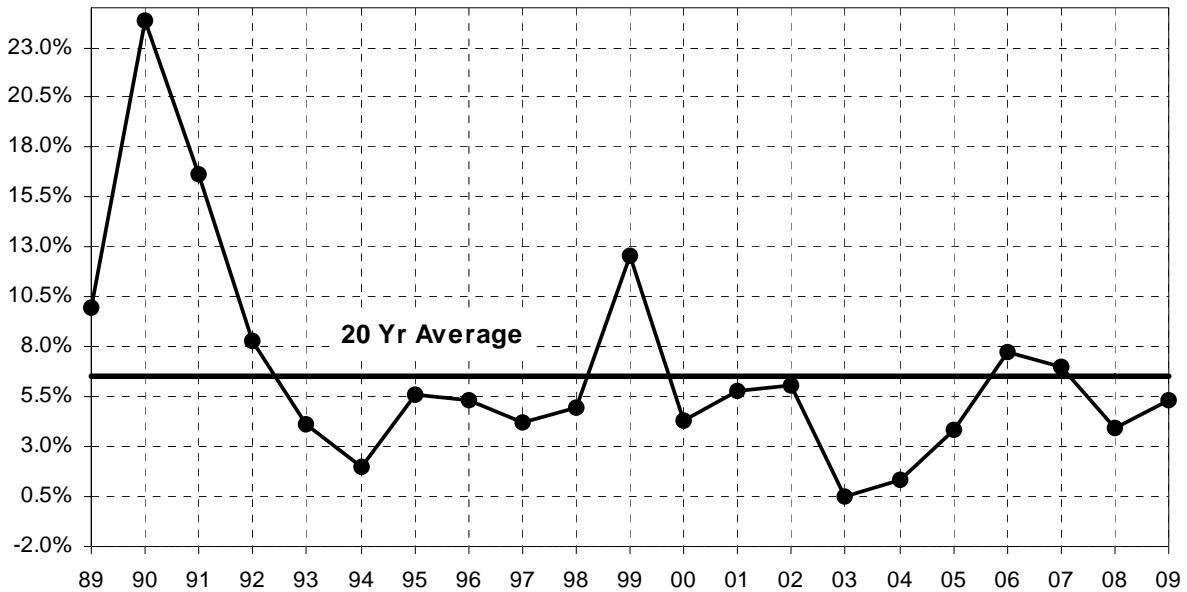
Table 13 Historical General Fund Appropriations

<i>(Excludes deficits)</i>	Agency Operations	Aid to Individuals	Aid to Local Govt	Construction	Total	% Change
FY1988-89 Approp	480,627,905	191,589,382	295,020,917	8,225,128	975,463,332	10.0%
FY1989-90 Approp	544,560,284	221,178,670	422,499,446	25,001,066	1,213,239,466	24.4%
FY1990-91 Approp	628,674,380	240,396,705	520,534,433	25,493,478	1,415,098,996	16.6%
FY1991-92 Approp	636,491,819	250,280,037	628,832,134	17,318,861	1,532,922,851	8.3%
FY1992-93 Approp	662,252,737	320,453,679	608,476,914	4,976,777	1,596,160,107	4.1%
FY1993-94 Approp	676,313,141	346,925,250	597,470,895	7,264,678	1,627,973,964	2.0%
FY1994-95 Approp	695,215,177	384,986,604	632,800,849	5,954,449	1,718,957,079	5.6%
FY1995-96 Approp	725,807,466	410,667,029	652,872,658	20,831,107	1,810,178,260	5.3%
FY1996-97 Approp	750,780,005	440,560,798	674,626,255	19,843,088	1,885,810,146	4.2%
FY1997-98 Approp	781,597,662	461,110,001	695,809,228	41,250,742	1,979,767,633	5.0%
FY1998-99 Approp	818,104,542	489,241,856	860,238,657	60,994,066	2,228,579,121	12.6%
FY1999-00 Approp	877,214,679	523,191,459	868,861,646	54,676,163	2,323,943,947	4.3%
FY2000-01 Approp	928,262,744	598,132,840	885,946,791	46,446,858	2,458,789,233	5.8%
FY2001-02 Approp	989,205,923	646,149,155	944,027,473	27,384,852	2,606,767,403	6.0%
FY2002-03 Approp	1,003,728,744	647,611,794	951,729,511	18,044,257	2,621,114,306	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 Biennial Budget	1,172,764,317	978,026,675	1,146,759,149	8,150,822	3,305,700,963	3.9%
FY2008-09 Biennial Budget	1,223,747,872	1,003,637,214	1,245,020,668	8,150,822	3,480,556,576	5.3%
<u>Average Annual Growth</u>						
FY98/FY99 Biennium	4.4%	5.4%	12.9%	75.3%	8.7%	
FY00/FY01 Biennium	6.5%	10.6%	1.5%	-12.7%	5.0%	
FY02/FY03 Biennium	4.0%	4.1%	3.6%	-37.7%	3.2%	
FY04/FY05 Biennium	0.7%	10.1%	-0.9%	2.7%	2.6%	
FY06/FY07 Biennium	6.4%	9.3%	6.4%	29.4%	7.4%	
FY08/FY09 Biennium	3.1%	3.4%	8.4%	-49.4%	4.6%	
Avg FY89 to FY99 (10 yr)	5.5%	9.8%	11.3%	22.2%	8.6%	
Avg Y99 to FY09 (10 yr)	4.1%	7.4%	3.8%	-18.2%	4.6%	
Avg FY89 to FY09 (20 yr)	4.8%	8.6%	7.5%	0.0%	6.6%	

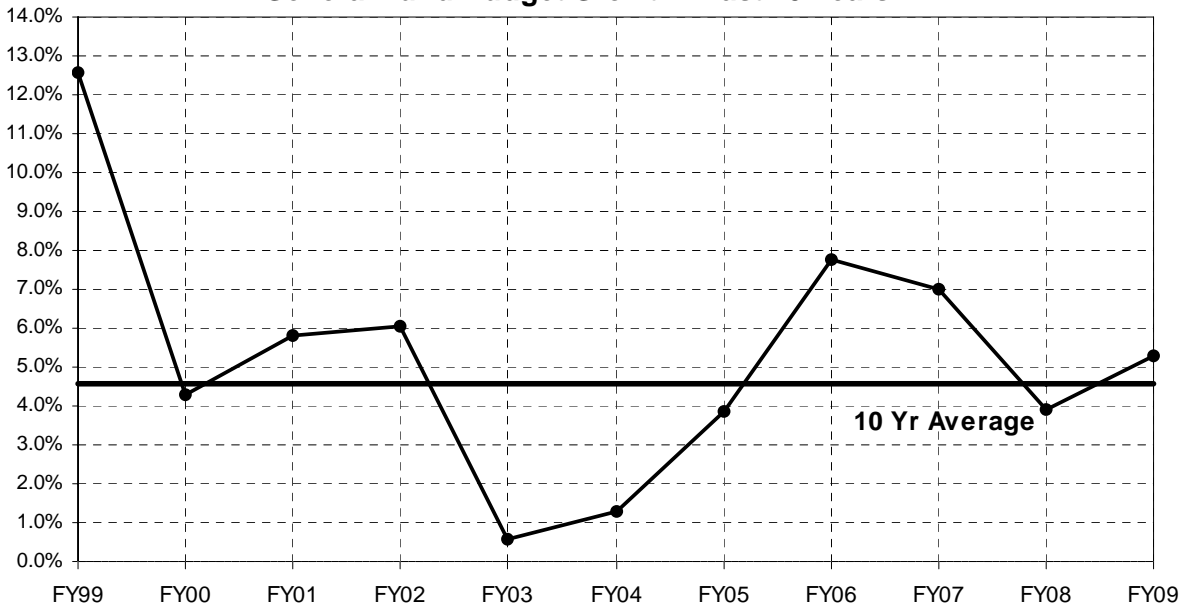
Over the past 10-year period, the average annual increase in General Fund appropriations is 4.6%. Aid to individuals has the highest average increase, 7.4% per year largely driven by Medicaid. Aid to local government only grew at a 3.8% average. This is somewhat misleading as the FY88-89 base year for this calculation included the initial \$100 million increase related implementation of the school levy limit. Subsequently this turned out to be too high as under the formula valuation growth and aid actually declined in the next two years. Large increases in aid to schools under LB 806 (1998) and LB 543 (2001) have largely been offset by

subsequent reductions in LB 898-(2002) and LB 540 (2003). The 4.1% average growth in agency operations is slightly higher than inflation and reflects significant increases in corrections costs including the opening of the Tecumseh Prison. With respect to employee salaries, the average annual pay increase during this 10 year period was very close to the rate of inflation

**General Fund Budget Growth - Past 20 Years**



**General Fund Budget Growth - Past 10 Years**



# SIGNIFICANT GENERAL FUND INCREASES AND REDUCTIONS

The FY07-08 / FY08-09 budget represents the result of numerous areas where the budget was increased, offset to some extent by areas that were reduced. TEEOSA School Aid reflects the single largest increase to fund the certified aid.

Table 14 Significant General Fund Increases / Reductions In Rank Order

Numbers are \$ change compared to FY07 base		Biennial Budget Per 2007 Session			% of
		FY2007-08	FY2008-09	Two Yr total	Total
1	<b><u>SIGNIFICANT INCREASES:</u></b>				
2	TEEOSA Aid to Schools	52,209,320	131,152,039	183,361,359	43.2%
3	Employee salary increases (Agencies+Colleges+NU)	33,752,979	68,363,518	102,116,497	24.1%
4	Medicaid	17,826,976	31,314,510	49,141,486	11.6%
5	Community Colleges	15,500,000	18,700,000	34,200,000	8.1%
6	Homestead Exemption	13,583,960	19,647,104	33,231,064	7.8%
7	Special Education	5,228,405	10,613,663	15,842,068	3.7%
8	Health Insurance increaess (Agencies+Colleges+NU)	4,848,973	12,077,665	16,926,638	4.0%
9	Public Assistance	2,164,070	9,733,714	11,897,784	2.8%
10	Sex offender unit, Norfolk	7,906,771	7,921,510	15,828,281	3.7%
11	Developmental Disability aid-(rate equity+transition)	2,218,676	3,750,498	5,969,174	1.4%
12	Operating costs, other adds, fund shifts (HHS facilities)	2,264,484	3,322,554	5,587,038	1.3%
13	Behavioral health aid (exclude regional center shifts)	1,658,348	3,095,253	4,753,601	1.1%
14	Aid to ESU's	(183,850)	4,543,082	4,359,232	1.0%
15	Riparian Vegetation grants	2,000,000	2,000,000	4,000,000	0.9%
16	Operation cost increases (Agencies+Colleges+NU)	1,452,442	2,147,562	3,600,004	0.8%
17	Superfund cleanup	1,755,000	1,773,000	3,528,000	0.8%
18	Salary enhancements, Court/Probation/Judges	1,366,396	1,953,472	3,319,868	0.8%
19	County Property Tax Relief	1,500,000	1,500,000	3,000,000	0.7%
20	State Employee retirement (LB 366-2006)	1,253,080	1,253,221	2,506,301	0.6%
21	Litigation costs, Attorney General	2,500,000	0	2,500,000	0.6%
22	Inmate per diem costs (Corrections)	1,050,000	1,050,000	2,100,000	0.5%
23	Higher Ed Student aid programs	1,000,000	1,000,000	2,000,000	0.5%
24	Substance abuse treatment (Corrections)	200,000	1,511,516	1,711,516	0.4%
25	Aging programs	455,655	924,980	1,380,635	0.3%
26	Subtotal-Increases Listed	173,511,685	339,348,861	512,860,546	120.8%
27	<b><u>SIGNIFICANT REDUCTIONS:</u></b>				
28	Capital Construction	(23,728,159)	(23,728,159)	(47,456,318)	-11.2%
29	Retirement, K-12 School/Judges/Patrol	(13,068,885)	(13,068,885)	(26,137,770)	-6.2%
30	Vacancy savings, modifications & misc reductions (HHS)	(4,480,418)	(4,479,418)	(8,959,836)	-2.1%
31	Sex offender unit, Norfolk (one-time Health Care Cash)	(6,000,000)	0	(6,000,000)	-1.4%
32	Water policy, compact compliance	(2,700,000)	(2,700,000)	(5,400,000)	-1.3%
33	Medical / Nursing student assistance	(450,000)	(450,000)	(900,000)	-0.2%
34	Byrne/JAG grant funds, replace fed funds	(428,000)	(428,000)	(856,000)	-0.2%
35	Guard tuition assistance	(353,000)	(303,000)	(656,000)	-0.2%
36	Subtotal-Reductions Listed	(51,292,312)	(45,241,312)	(96,533,624)	-23.6%
37	<b><u>OTHER NOT LISTED (NET)</u></b>	2,546,963	5,514,400	8,061,363	1.9%
38	<b><u>TOTAL GENERAL FUND CHANGE</u></b>	124,850,186	299,705,799	424,555,985	100.0%

Over the two years of the FY08/FY09 biennium, General Fund spending would be \$424.5 million more than if the budget was frozen at the current FY2006-07 level. The overall increase in aid to local governments is about 80% greater than the other categories combined.

Table 15 Significant General Fund Increases / Reductions by Budget Category

	Numbers are \$ change compared to FY07 base	Biennial Budget Per 2007 Session			% of
		FY2007-08	FY2008-09	Two Yr total	Increase
1	TEEOSA Aid to Schools	52,209,320	131,152,039	183,361,359	43.2%
2	Special Education	5,228,405	10,613,663	15,842,068	3.7%
3	Aid to ESU's	(183,850)	4,543,082	4,359,232	1.0%
4	Rural Education Transition funds	(650,000)	(650,000)	(1,300,000)	-0.3%
5	Learning Communities Aid	0	500,000	500,000	0.1%
6	Homestead Exemption	13,583,960	19,647,104	33,231,064	7.8%
7	County Property Tax Relief	1,500,000	1,500,000	3,000,000	0.7%
8	Riparian Vegetation grants	2,000,000	2,000,000	4,000,000	0.9%
9	Water policy, compact compliance	(2,700,000)	(2,700,000)	(5,400,000)	-1.3%
10	Byrne/JAG grant funds, replace fed funds	(428,000)	(428,000)	(856,000)	-0.2%
11	Community Colleges	15,500,000	18,700,000	34,200,000	8.1%
12	Superfund cleanup	1,755,000	1,773,000	3,528,000	0.8%
13	Other Not Listed (net)	(39,249)	(613,783)	(653,032)	0.0%
14	<b>AID TO LOCAL GOVERNMENTS</b>	<b>87,775,586</b>	<b>186,037,105</b>	<b>273,812,691</b>	<b>64.5%</b>
15	Medicaid	17,826,976	31,314,510	49,141,486	11.6%
16	Public Assistance	2,164,070	9,733,714	11,897,784	2.8%
17	Developmental Disability aid-(rate equity+transition)	2,218,676	3,750,498	5,969,174	1.4%
18	Behavioral health aid (exclude regional center shifts)	1,658,348	3,095,253	4,753,601	1.1%
19	Behavioral health aid-reallocate regional center savings	14,092,518	14,092,518	28,185,036	6.6%
20	Medical / Nursing student assistance	(450,000)	(450,000)	(900,000)	-0.2%
21	Childrens Health Insurance (CHIP)	(16,278)	918,955	902,677	0.2%
22	Aging programs	455,655	924,980	1,380,635	0.3%
23	Higher Ed Student aid programs	1,000,000	1,000,000	2,000,000	0.5%
24	Guard tuition assistance	(353,000)	(303,000)	(656,000)	-0.2%
25	Community Health Centers	716,250	716,250	1,432,500	0.3%
26	Other Not Listed (net)	188,866	318,942	507,808	0.1%
27	<b>AID TO INDIVIDUALS / OTHER</b>	<b>44,003,045</b>	<b>73,298,054</b>	<b>104,614,701</b>	<b>24.6%</b>
24	Employee Salary increases (State Agencies)	13,673,927	27,426,432	41,100,359	9.7%
29	Employee Salary increases (University+Colleges)	20,079,052	40,937,086	61,016,138	14.4%
30	Health Insurance increases (State Agencies)	4,443,642	11,236,070	15,679,712	3.7%
31	Health Insurance increases (University+Colleges)	405,331	841,595	1,246,926	0.3%
32	DAS related rates (State Agencies)	1,452,442	2,147,562	3,600,004	0.8%
33	Litigation costs, Attorney General	2,500,000	0	2,500,000	0.6%
34	Salary enhancements, Court/Probation/Judges	1,366,396	1,953,472	3,319,868	0.8%
35	Operating costs, other adds, fund shifts (HHS facilities)	2,264,484	3,322,554	5,587,038	1.3%
36	Vacancy savings, modifications & misc reductions (HHS)	(4,480,418)	(4,479,418)	(8,959,836)	-2.1%
37	Regional Center savings to behavioral health aid (HHS)	(14,092,518)	(14,092,518)	(28,185,036)	-6.6%
38	Sex offender unit, Norfolk	7,906,771	7,921,510	15,828,281	3.7%
39	Sex offender unit, Norfolk (one-time Health Care Cash)	(6,000,000)	0	(6,000,000)	-1.4%
40	Inmate per diem costs (Corrections)	1,050,000	1,050,000	2,100,000	0.5%
41	Substance abuse treatment (Corrections)	200,000	1,511,516	1,711,516	0.4%
42	Retirement, K-12 School/Judges/Patrol	(13,068,885)	(13,068,885)	(26,137,770)	-6.2%
43	State Employee retirement (LB 366-2006)	1,253,080	1,253,221	2,506,301	0.6%
44	Depreciation surcharge (keep at 1%, new projects)	79,788	816,082	895,870	0.2%
45	Other Not Listed (net)	2,002,315	3,849,580	5,851,895	1.4%
46	<b>AGENCY OPERATIONS</b>	<b>21,300,678</b>	<b>72,284,233</b>	<b>93,584,911</b>	<b>22.0%</b>
47	<b>CAPITAL CONSTRUCTION</b>	<b>(23,728,159)</b>	<b>(23,728,159)</b>	<b>(47,456,318)</b>	<b>-11.2%</b>
48	<b>TOTAL GENERAL FUND CHANGE (without deficits)</b>	<b>124,850,186</b>	<b>299,705,799</b>	<b>424,555,985</b>	<b>100.0%</b>

# GENERAL FUND AID TO INDIVIDUALS

## BEHAVIORAL HEALTH AID

The enacted budget translates to a 35% increase in General Funds in FY07-08. The bulk of the increase comes from an additional \$14.1 million of "savings" transferred from the regional

(General Funds only)	Previous Biennium		Biennial Budget	
	FY2005-06	FY2006-07	FY2007-08	FY2008-09
Base Year appropriation	30,919,130	30,919,130	44,577,915	44,577,915
Additional mental health services	0	0	0	0
Drug funds, indigent	0	0	0	0
Federal match rate, Medicaid	0	138,034	0	0
Replace federal funds	0	0	0	0
Replace one-time use of cash	2,500,000	2,500,000	0	0
Mental Health provider rates	1,552,907	4,008,017	1,532,304	3,095,253
Reallocate regional center savings	4,967,000	7,012,734	14,092,518	14,092,518
Medicaid match, Heartland Family	0	0	126,044	0
<b>Total</b>	<b>39,939,037</b>	<b>44,577,915</b>	<b>60,328,781</b>	<b>61,765,686</b>
\$ Change over Prior Year	9,019,907	4,638,878	15,750,866	1,436,905
% Change over Prior Year	29.2%	11.6%	35.3%	2.4%

centers pursuant to behavioral health reform. LB 1083 (2004) the Behavioral Reform Act, provides for the transfer of funds from the regional centers to community behavioral health programs when savings are achieved at the regional centers from the closing of

beds. Through FY06-07 (excluding deficits), a total of \$8 million has been transferred from the regional centers to behavioral health operations (\$987,266) and behavioral health aid (\$7,012,734). This additional amount would bring the base total to \$21 million for transfers from the regional centers to community based programs.

The Legislature originally included a 3% per year provider rate increase. This was subsequently vetoed back to a 2% per year increase. This 2% increase in rates requires a 3.5% increase in General Fund appropriations as the General Fund picks up the increase from the fixed Health Care Cash Fund allocation and flat level of federal funds.

The Legislature also originally included \$226,044 in FY08 and \$372,523 in FY09 to provide the Medicaid match for Heartland Family Service residential substance abuse treatment program for women in treatment with their children. These amounts are considered one-time and would expire after this biennium. Governor vetoes reduced the FY07-08 amount to \$126,044 and eliminated the additional funds for FY08-09

LB 322 (2005) contained intent language to appropriate \$500,000 from the Health Care Cash Fund for 2005-06 to fund compulsive gamblers assistance programs. The funding was intended to be for a two-year period and would be replaced with lottery funds if a constitutional amendment passed in November, 2006. With the failure of the constitutional amendment, the committee included continued use of \$225,000 of Health Care Cash funds for the compulsive gamblers assistance program.

## DEVELOPMENTAL DISABILITIES AID

The 2007 Legislature increased developmental disability aid by 3.4% in FY08 and 2.3% in FY09. The Legislature originally included \$2,263,836 in FY07-08 and \$4,550,310 in FY08-09 for rate equity (3% per year). Governor vetoes reduced the rate equity amount to a 2% per year increase providing a total of \$1,509,224 in FY07-08 and \$3,033,540 in FY08-09. In addition to provider rates, the budget includes increases of \$709,452 in FY07-08 and \$1,166,958 in FY08-09 for clients transitioning from K-12 school programs to community based programs.

(General Funds only)	Previous Biennium		Biennial Budget	
	FY2005-06	FY2006-07	FY2007-08	FY2008-09
Base Year Appropriation	58,032,370	58,032,370	64,415,818	64,415,818
Rate Equity	1,282,906	4,266,615	1,509,224	3,033,540
Transition	715,552	1,424,297	709,452	1,166,958
Fed Match Rate	0	2,265,089	0	0
Shift to quality assurance	(1,000,000)	(1,000,000)	0	0
New BSDC unit shift	(572,553)	(572,553)	0	0
Reduce paid leave days	0	0	0	(450,000)
<b>Total - New Appropriation</b>	<b>58,458,275</b>	<b>60,475,584</b>	<b>66,634,494</b>	<b>68,166,316</b>
\$ Change over Prior Year	425,905	5,957,543	2,218,676	1,531,822
% Change over Prior Year	0.7%	10.2%	3.4%	2.3%

The budget also includes a \$450,000 reduction in the amount of aid provided for client leave days in FY08-09. Developmental disability providers are paid for client leave days using general funds in order to retain the service capacity. Federal Medicaid funds cannot be used to pay for days when a client is not provided services.

## CHILDREN'S HEALTH INSURANCE PROGRAM (CHIP)

This program provides medical coverage for children up to age 19 who do not have credible health insurance and whose family income is below 185% of poverty. Approximately 23,000 children receive benefits under this program. Funding for this program began in 1998 and had originally been funded through a one-time \$25 million transfer from the Health Care Cash Fund. Those funds were exhausted in FY2003-04. A combination of General Funds and a \$5 million allocation from the Health Care Cash fund offset the expiration of the original amounts.

Overall the General funds reflect an average increase of 4.2% per year for cost and client increases. This average reflects a \$16,278 net reduction in FY08 and an offsetting \$935,233 increase in FY09. Utilization in CHIP is estimated at about 1% each year. The budget includes provider rate increases ranging from 1.5% to 2% per year and pharmaceutical price increases of 10% each year. A \$2.4 million base reduction (ie... the FY07 base year amount exceeded the projected current year spending level) is partially offset by CHIP budgeted amounts in excess of the enhanced match rate (\$1,753,067 FY08 and \$2,194,036 FY09). The state is given an allocation of \$22 million which is matched at the enhanced rate of approximately 70%. CHIP expenditures above that amount are matched at the regular Medicaid match rate of approximately 58%, unless unspent allocations are redistributed back to the states. If no redistribution occurs this is the amount that will exceed the capped enhancement.

## PUBLIC ASSISTANCE

This budget area includes many different social service programs such as Aid to Families with Dependant Children (ADC), educational assistance for state wards, child welfare services, foster care, subsidized child care, and adoption assistance. Overall the proposed budget reflects an increase of \$2.1 million (0.9%) in FY07-08 and an additional \$7.6 million (3.2%) in FY08-09. Increases in cost, rates, client, and utilization increases would have averaged 5.4% over the two year period. This was offset by a \$5 million use of TANF rainy day funds to offset General Funds, and a \$7.7 million base reduction due to lower than projected costs in the FY07 base year appropriation, mostly in child care. In most instances, the Legislature originally included a 3% per year increase in provider rates. This was subsequently vetoed by the Governor back to a 2% per year increase.

Table 16 Public Assistance by Program (General Funds Only)

(General Funds only)	Approp		Biennial Budget		\$ Change vs FY07 base	
	FY2006-07	FY2007-08	FY2008-09	FY07-08	FY08-09	
Food stamps	220,566	231,594	243,174	11,028	22,608	
Adoption incentives	690,000	690,000	690,000	0	0	
Food stamp employment	185,395	185,395	185,395	0	0	
Medically handicapped children	1,320,497	1,367,701	1,415,849	47,204	95,352	
Title IV-E Foster Care	4,258,546	3,883,512	4,042,812	(375,034)	(215,734)	
Title IV-E Adoption	4,961,197	5,824,175	6,232,806	862,978	1,271,609	
State subsidized adoption	6,242,754	0	0	0	0	
Domestic Violence	1,347,300	7,787,294	8,909,483	1,544,540	2,666,729	
Education Assistance, State Wards	19,326,120	1,347,300	1,347,300	0	0	
Disabled persons/family support	910,000	19,980,151	20,620,202	654,031	1,294,082	
State Disability-Medical	8,566,383	910,000	910,000	0	0	
State Disability-Maintenance	753,589	9,052,269	9,568,281	485,886	1,001,898	
Title XX Social Services	5,369,024	869,825	931,757	116,236	178,168	
State supplement-SSI	7,621,406	5,518,366	5,670,694	149,342	301,670	
AABD (Aged/blind/disabled) Special Rates	2,051,550	8,002,476	8,402,600	381,070	781,194	
AFDC / TANF	18,038,948	2,398,189	2,562,240	346,639	510,690	
Child Care	37,083,621	15,132,548	15,467,461	(2,906,400)	(2,571,487)	
Emergency Assistance	910,229	37,150,788	37,632,457	67,167	548,836	
Employment First	8,232,333	992,150	1,081,444	81,921	171,215	
Child Welfare Services	101,979,309	11,418,171	12,453,300	3,185,838	4,220,967	
Winnebago/TANF/MOE	176,960	176,960	176,960	0	0	
Unallocated amounts	1,642,890	0	0	(1,642,890)	(1,642,890)	
<b>Total Public Assistance (General Funds)</b>	<b>231,888,617</b>	<b>234,052,687</b>	<b>241,622,331</b>	<b>2,164,070</b>	<b>9,733,714</b>	
Rate increases				8,094,671	11,787,124	
Utilization				7,494,579	11,693,530	
Fund shift				(5,148,496)	(5,205,170)	
Base Adjustment				(7,690,838)	(7,690,838)	
Shift to Nurse visitation program				0	(600,000)	
LB 351 Changes, transitional public assistance payments				(585,846)	(250,933)	
<b>Total Public Assistance (General Funds)</b>				<b>2,164,070</b>	<b>9,733,713</b>	

**State Food Stamp Program** The state food stamp program provides food stamps to certain legal immigrants. The federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) made certain legal immigrants ineligible for food stamps. Nebraska established its own program to continue coverage. Approximately 600 people receive food

stamps each month. The increase is calculated in the same manner as the federal food stamp program, using the CPI and an increase in clients. The combined increase is 5% each year. (\$11,028 FY08, \$22,608 FY09)

**Food Stamp Training and Employment** provides job search, training, and supportive services to unemployed (but employable) individuals who are eligible for food stamps. Persons who receive both food stamps and ADC participate in the Job Support Program. The program pays a capped amount for work expenses including child care while adults are participating in the program. The agency request and committee budget assumes no change in eligibility and/or utilization. No change in funding is budgeted for FY08 or FY09.

**Medically Handicapped Children's Program.** This program pays for diagnosis, referral and medical treatment of children with severe handicaps and chronic medical conditions and adults with certain specific medical conditions. Medicaid does not cover these children. The total number of children and adults served under this program is approximately 1,800. After vetoes, the budget provides a 2% per year increase for provider rates and no assumed increase for eligibility and utilization. (\$47,204 FY07, \$95,352 FY09)

**IV-E Foster Care** This program provides services to state wards meeting the requirements of the federal Title IV-E Program who are living in out-of-home placements. The services provided include assessment, referral, case planning and supportive services such as counseling and maintenance payments. The budget includes a 2% per year provider increase and no utilization increase. The department is placing greater emphasis on adoption and guardianships. These increases are more than offset by a \$549,280 base adjustment due to lower than projected FY07 base year expenditures. (\$-375,034 FY08, \$-215,734 FY09)

**Title IV-E Adoption Assistance and State Subsidized Adoption** The Title IV-E program provides payments to adoptive families and for needed services after the adoption of a state ward is final. Subsidies are available for IV-E eligible children (ADC or SSI eligible at the time adoption proceedings are initiated) with special circumstances for whom adoption would not be possible without financial aid. The subsidies to adoptive families cover maintenance payments and non-recurring expenses while Medicaid covers medical needs. IV-E eligible children qualify for federal match at the Medicaid match rate. The State Subsidized Adoption program is similar to the IV-E program but provides subsidies for children who are not ADC or SSI eligible. The IV-E Adoption Program is projected to grow by 6.4% per year due to eligibility and utilization and by 2% per year for provider rates (\$862,978 FY08, \$1,271,609 FY09). The State Subsidized Adoption Program includes an increase of 12% per year for eligibility and utilization and 2% per year for cost increases. (\$1,544,540 FY08, \$2,666,729 FY09). In the two programs combined, 2,324 children were served as of June 2004.

**Domestic Violence Program** provides funding to 22 community-based programs. These local programs served over 20,000 individuals each year with services such as crisis lines, transportation, medical services, legal counseling, financial aid, shelter, protection order forms and application assistance. Several programs also provided counseling services for the abuser. This funding constitutes approximately 15% of total funding of the total expended by the community-based providers. The budget reflects no change in funding from the current FY07 level.



**Educational Assistance for State Wards** Public schools, ESU's, and residential facilities providing education services are reimbursed at Dept of Education approved rates for regular and special education when the ward is in out-of-home care and not in his/her resident school district, and is not living in foster family care. After vetoes, the budget includes a 3% per year increase in the rates paid. No utilization increase is projected. (\$654,031 FY08, \$1,294,082 FY09).

**Disabled Persons and Family Support** coordinates and purchases services to assist employed disabled adults or to help families keep a family member with disabilities in their home. All other resources are explored before this program will pay for any items. A committee of local advocacy agencies and HHS review applications and make recommendations. Maximum cost for a service cannot exceed \$300 per month averaged over the number of months in eligibility. Some examples of assistance include home modifications to remove barriers, attendant care, counseling and training, and home health care. There is no change in state funding budgeted for FY08/FY09.

**State Disabled Medical** provides medical coverage to low-income individuals with a disability lasting between 6 and 12 months. If the disability continues beyond 12 months, Medicare coverage begins. A retroactive reimbursement is claimed if the person later becomes Medicare eligible. Income must be at or below \$817 for one person or \$1,101 for a two-person household. This program covers about 157 people each month. The committee budget includes a projected increase in utilization of 3.6% in FY08 and 3.7% in FY09, and a provider rate increase of 2% per year (\$485,886 FY08, \$1,001,898 FY09).

**State Disabled Maintenance** is similar to State Disabled Medical but provides cash monthly income for persons with a disabilities lasting between 6 and 12 months. If the disability continues beyond 12 months, Social Security coverage begins. A retroactive reimbursement is claimed if the person later becomes eligible for Social Security. This program covers about 67 people each month. Client increases are anticipated to be 3% each year with a cost-of-living increase of 4% each year, the same as that used for social security. (\$116,236 FY08, \$178,168 FY09).

**Title XX Social Services** is a program directed at promoting self-sufficiency, preventing abuse and neglect and preventing inappropriate institutional care for elderly individuals and persons with disabilities by providing services such as chore services, home-delivered and congregate meals, respite care, adult day care, and transportation services. In FY06, 7,898 individuals were served. The budget assumes no increase in clients or utilization but includes a 2% per year increase in provider rates. As the estimated federal funds remain flat, the General Funds pay for all the provider rate increase resulting in a 2.8% per year increase in General Funds. (\$149,342 FY08, \$301,670 FY09).

**State Supplement-SSI** The purpose of this program is to supplement the federal benefits of Social Security to bring the income of aged, blind and individuals with disabilities up to the need standard of Nebraska. Persons who are not eligible for federal SSI payments may also qualify for a state supplement payment under certain circumstances. The program currently serves roughly 6,000 individuals. The budget includes a 5% per year increase in the population served with no change in the payment rate. (\$381,070 FY08, \$781,194 FY09).

**AABD (Aged/blind/disabled) Special Rates** are paid to residential providers for individuals eligible for the State Supplement Program. The special rates were developed when community-based providers were unable to cover their costs, especially those serving individuals with chronic mental illness. In addition to room and board, these facilities also provide medication supervision. An average of 1,100 people are served each month by this program. The proposed budget includes a 2% per year increase in provider rates and a 4% per year increase for eligibility and utilization. (\$346,639 FY08, \$510,690 FY09)

**Aid to Dependent Children (ADC)** provides monthly subsistence payments to low-income families with children under age 18 who are deprived of parental support because of death, physical or mental incapacity, continued absence from the home, or partial or complete unemployment of the primary wage earner. The monthly payment is based on family size (\$293 for a two-person household and \$71 for each additional person). A family is eligible for assistance for 60-months. There are exceptions for hardships. In FY06, an average of 11,654 families received assistance through this program. The state receives \$58 million from the Temporary Assistance to Needy Families Block Grant with a \$28 million state maintenance of effort requirement. TANF funds are used for the ADC Program, Employment First, child care and administrative costs.

Caseloads are projected to remain level through FY08 and FY09. Currently there is \$25 million in carryover federal funds in TANF. The budget uses \$5 million per year of these rainy day funds to offset a \$2.7 million base adjustment increase for a net reduction in ADC General funds (compared to the FY07 level) of \$2,906,400 in FY08 and \$2,571,487 in FY09 each year. This includes some net savings attributed to LB351 which makes changes to transitional payments.

**Child Care** This program funds child care services for low-income families participating in training, education or employment. The program provides full payment of child care costs for families on ADC, those transitioning off of ADC and families in the child welfare system. For low-income families above the ADC level (up to 120 percent of federal poverty guidelines; those transitioning off of ADC, up to 185%), the program covers child care costs on a sliding fee scale. In FY06, 15,933 families received subsidized child care. The overall amount of General Funds for child care is relatively flat compared to the FY06-07 level. However this minimal net change consists of (1) an 8.6% increase in child care rates for licensed providers in FY08 (\$4,435,932 each year), (2) a 2% per year increases in utilization partly a result of new work requirements for families on ADC (\$1,751,720 FY08, \$2,233,389 FY09), and (3) a base reduction of \$6,120,485 General Funds due to lower than projected costs in the FY07 base year appropriation.

By state statute, the department is required to pay rates between the 60th and 75th percentile. The rates are adjusted every two years. The next rate adjustment for licensed providers will be on July 1, 2007 and is 8.6% assuming the schedule will be adjusted to the 60th percentile.

**Emergency Assistance** provides assistance to needy families with minor children. Assistance is provided for only one crisis in a 12-month period. Payments are based on need and may be made for emergency food, shelter, clothing, utilities, and other basic needs. An emergency assistance payment must not exceed the ADC payment standard for the family

size. In FY 06, 2,471 families were served. Based on the agency request, the budget provides for a 9% per year utilization increase. (\$81,921 FY08, \$171,215 FY09)

**Employment First** Families receiving assistance under TANF are required to participate in work requirements unless exempt. Federal law requires 50% of single parent families and 90% of two-parent families to be involved in work requirements which can include education. Work activities must be supervised on a daily basis.

New federal work requirements will add 2,000 people to this program. There are two reasons more people will be required to participate in Employment First activities. First, in the Deficit Reduction Act of 2006, caseload counts, on which the 50% participation requirement is applied, were rebased from 1995 to 2005. Prior to this rebasing, the agency was receiving a caseload reduction credit of 18.7%, bringing the required participation level down to 31.3%. In the 1995 base year, caseloads were significantly higher, i.e. 15,535 families to 11,654 now. Under the requirements there might not be any caseload credit or if there is, it is likely to be significantly less. Second, in the past, states were allowed to place families in state-only funded programs using the state's maintenance of effort and those families were not included in the mandatory participation rates. The state placed hard-to-place families in the state-only funded programs to avoid any sanctions for not meeting mandatory participation rates. This is no longer allowed. To meet the federal work requirements that were effective October 1, 2006, the agency increased the allocation from TANF by \$4.2 million for FY06-07.

General Funds for this program increase substantially in FY08 (\$3,185,838, 38.7%) and FY09 (\$4,220,967 or an additional 9.1%). About two thirds of the increase, \$2.2 million per year, can be attributed to a reduction in the TANF allocation to this program from. The \$4.2 million additional allocation from TANF in FY06-07 was reduced to a \$2 million allocation. The remainder, about a 12% per year increase, can be attributed to a continued increase in client numbers and costs.

**Child Welfare** provides services to state wards living with their families and in out-of-home placements. The services provided include assessment, referral, case planning, and supportive services such as counseling and maintenance payments. The number of state wards peaked at 7,806 in April 2006 and has been declining since. As of October 2006, the state ward population totaled 7,445. The department is placing a greater emphasis on adoptions and guardianships. Total net change in Child Welfare state funds totals \$-845,486 in FY08, and \$1,098,807 in FY09.

The budget includes a 2% per year increase for provider rates (\$2,030,894 FY08, \$4,112,838 FY09) and a slight increase for utilization (about .5% per year), partially offset by a \$3.3 million reduction to the FY07 base.

The budget also reduces Child Welfare funding by \$600,000 in FY08-09 and shifts the funds to continue and expand nurse visitation programs targeted towards families at risk of child abuse and neglect. A reappropriation of \$600,000 from FY07 unexpended funds covers the nurse visitation program in FY07-08.

# MEDICAID

For the FY07-08/FY08-09 biennium the budget reflects an average growth in General Fund appropriations for Medicaid of only 2.8% per year. This compares to the average growth of 7% over the past 10 years.

Table 17 Medicaid (General Funds)

	Previous Biennium		Biennial Budget	
	FY2005-06	FY2006-07	FY2007-08	FY2008-09
Base Year appropriation	470,355,382	470,355,382	558,888,505	558,888,505
Eligibility / Utilization (net of base adjustments)	15,600,150	31,612,461	21,041,091	37,305,372
Cost / Provider Rate Increases	23,423,918	48,137,907	10,012,845	20,430,562
Medicaid match rate (FMAP)	0	17,813,350	4,463,328	0
Rebase based on year to date analysis	0	(5,700,000)	(13,542,498)	(13,542,498)
Medicare Part D clawback	Na	Na	4,156,601	8,435,958
One yr restoration, medically needy caretaker (KAI lawsuit)	(1,100,000)	(1,100,000)	0	0
IGT adjustment	352,500	352,500	0	0
2005 Legislation: LB589, LB664, Annualize LB1084 (2004)	(1,022,151)	(2,035,554)	0	0
2006 - Shift reform initiatives implementation costs to operations	0	(492,500)	0	0
2007 Legislation: LB1069, LB85	0	(55,041)	0	0
Reform-expand capacity of aged and disabled waiver	0	0	(4,640,000)	(10,800,000)
Reform-enhanced coordination, high-cost multiple condition recipients	0	0	(1,214,800)	(2,960,000)
Reform-nurse home visitation program for high-risk pregnant teens	0	0	(710,000)	(3,080,000)
Reform-prior authorization for new brand name drugs	0	0	(560,000)	(600,000)
Reform-limit optional services, similar to commercial-available insurance	0	0	(260,000)	(624,000)
Reform-pharmacy education program for behavioral health drugs	0	0	(200,000)	(440,000)
Reform-develop rate setting methodology for all long-term care services	0	0	0	(1,367,600)
LB 247 Misc HHS changes, LB 554 Adopt a new Parenting Act	0	0	(49,970)	(49,970)
<b>Medicaid Total General Funds</b>	<b>507,609,799</b>	<b>558,888,505</b>	<b>576,715,481</b>	<b>590,203,015</b>
Annual \$ Change	37,254,417	51,278,706	17,826,976	13,487,534
Annual % Change	7.9%	10.1%	3.2%	2.3%

**Base Reduction** Expenditures for FY06-07 are projected to be \$13.5 million lower than the FY07 base year appropriation allowing for a base reduction of a like amount as the starting point for developing the FY08 and FY09 budget.

**Federal Match Rate** The federal match rate, adjusted for the state fiscal years, is 58.37% in FY2006-07, 58% in FY2007-08 and 58.02% in FY2008-09. A FY07-08 General Fund increase of \$4.4 million is attributed to the decline in FY07-08.

Provider Rates	Request	Request	Funded	Funded
	FY07-08	FY08-09	FY07-08	FY08-09
Hospital	1.95%	1.95%	1.95%	1.95%
Physicians	1.4%	1.4%	1.4%	1.4%
Other Practitioner	1.4%	1.4%	1.4%	1.4%
Nursing Facility	2.0%	2.0%	2.0%	2.0%
Drugs	10.0%	10.0%	10.0%	10.0%

**Rates and Clients** Increases relating to eligibility and utilization result in additional General Fund dollars of \$30.4 million in FY07-08 and \$56.3 million in FY08-09. A 10% per year increase in drug prices is funded in the budget per the

Eligibility/Utilization	Request	Request	Funded	Funded
	FY07-08	FY08-09	FY07-08	FY08-09
Aged	1.5%	1.5%	1.5%	1.5%
Disabled	3.5%	3.5%	3.5%	3.5%
Children	1.0%	1.0%	1.0%	1.0%
Adults	0.0%	0.0%	0.0%	0.0%

agency request. Provider rate increases range from 1.4% to 2%. The Legislature originally included a 3% per year increase for nursing care facilities but that was vetoed back to a 2.5% per year increase. Overall utilization is anticipated to grow 1.8%.

The chart shows the requested rate increases and the level funded by the enacted budget. Eligibility and utilization assumptions are also shown by category.

**Medicare Part D Clawback** Part of the budget increases are for an increase in the Medicare Part D clawback. The clawback amount which is set by a federal formula is increasing by 6.86% in 2007 and by 7.1% in 2009. The previously projected inflationary increase was 3%. The clawback payment is increasing by \$4.2 million in FY 08 and by \$8.4 million in FY 09.

**Medicaid Reform Savings** LB 709, passed in the 2005 legislative session, established the Medicaid Reform Act. A ten-person Medicaid Reform Advisory Council was established to study and make recommendations on reform measures in the Medicaid Program. LB 1248, passed in the 2006 session, extended the Medicaid Reform Advisory Committee and stated legislative intent to guide the Medicaid Reform process. The intent stated that the department is to implement program reforms such as those contained in the Medicaid Reform Plan approved in December, 2005, including 1) incremental expansion of the home and community-based services, 2) an increase in care coordination or disease management initiatives, and 3) other reforms deemed necessary and appropriate by the department in consultation with the Health and Human Services Committee and the council.

Several of the proposed savings have been incorporated into the enacted budget with General Fund savings totaling \$7,584,000 in FY07-08 and \$19,871,600 in FY08-09 and are described below:

**Expand capacity of aged and disabled waiver** Nursing facility and ICF-MR reimbursements in FY 2006 totaled \$357 million. Assisted living and in-home services cost less than 24-hour nursing home care. The department proposes to increase the number of slots available through the Home and Community Based Aged and Disabled Waiver by 180 each year until 2015 and by 360 slots for the next 10 years thereafter. The department's projection is that the nursing home population will remain stable and the waiver will accommodate the increase in the eligible population. (General Fund savings \$4,640,000 FY08, \$10,800,000 FY09)

**Enhanced care coordination for high-cost Medicaid recipients with multiple conditions** Individuals with multiple medical conditions use a higher portion of Medicaid services. An enhanced system of coordinated care is planned, so services are delivered in the most cost-efficient manner and individuals have access to the services they need. The model will build on accepted standards of care and disease management. (General Fund savings \$1,214,800 FY08, \$2,960,000 FY09)

**Nurse home visitation program for high-risk pregnant teens** This program would use nurses to visit pregnant and parenting teens to provide education and support that will lead to healthier birth outcomes and healthier babies. The program would be targeted to areas of the state that are currently not served or are underserved in this area. A survey will be conducted to identify unmet needs. (General Fund savings \$710,000 FY08, \$3,080,000 FY09)

Prior authorization for new brand name drugs Prescription drugs have been the fastest growing expenditure category in Medicaid. From FY 2000 to FY 2005, prescription drugs increased on average 13.6% a year from \$127.6 million to \$241.0 million. Tighter controls on name-brand drugs through prior authorization can result in savings. Although review of new drugs has been ongoing, the department is now evaluating all new drugs to determine appropriate limitations or restrictions. As of December 2006, the department reviewed 25 new drugs. Ten require prior authorization two have quantity restrictions. (General Fund savings \$560,000 FY08, \$600,000 FY09)

Limit optional services to those similar to commercially-available insurance. The department will study limiting certain optional services such as dental and vision services to services similarly available through private insurance. Children and recipients of mental health services would be exempt. (General Fund savings \$260,000 FY08, \$624,000)

Pharmacy education program for behavioral health drugs. Prescription drugs for treatment of mental health disorders are among the most costly class of drugs in the Medicaid Program and also the fastest growing. Cost containment in this area is modeled after the Medicaid Pharmacy Partnership Program in Missouri. Practitioners whose prescribing practices vary from evidence-based best practice standards will be contacted by letter and provided with information based on current medical practice. In Missouri the program has resulted in changes in prescribing practices that improve the quality of care and save money. (General Fund savings \$200,000 FY08, \$440,000 FY09)

Develop rate setting methodology for all long-term care services. Current reimbursement methodologies for nursing facilities, ICF-MRs, assisted living and in-home services have been developed independently of each other. The department is proposing to study the payment methodologies so there is a consistency in the long-term care continuum, payment levels are appropriate and incentives are provided to develop additional home and community care. (General Fund savings \$0, \$1,368,000 FY09)

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## COMMUNITY HEALTH CENTER AID

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In the 2005 session, the Legislature included new general fund support for aid to certain community health centers. There were five community health centers funded through Federal Program 330, located in Omaha (2), Lincoln, Columbus and Gering. These centers serve low-income individuals and a high number of uninsured. Each center was to receive a base amount of \$100,000 with the balance of the funding distributed proportionally based on in the previous state fiscal year's number of uninsured clients as reported on the Uniform Data System Report. These increases would allow each of the centers to increase their capacity. The original \$875,000 per year was reduced to \$437,500 in FY2005-06 and \$656,250 in FY2006-07 with the FY2006-07 amount restored to the \$875,000 level in the 2006 session.

The budget enacted in the 2007 Session for FY2007-08 and FY2008-09 includes an additional \$850,000 General Funds each year for these community health centers.

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## AID FOR AGING SERVICES

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The budget includes the equivalent of a 3% per year increase in rates for care management and aid to Area Agencies on Aging. Cost of these increases amounts to \$56,367 in FY08 and \$114,425 in FY09 for care management and \$399,288 in FY08 and \$810,555 in FY09 for area agencies on aging.

With respect to aid to the area agencies, the total current year budget is \$4.2 million General Funds and \$9.2 million federal funds. Because the \$9.2 million of federal funds are projected to remain constant over the next two years, the General Fund assumes the full cost the 3% increase in the total program resulting in a 9% average increase in General funds.

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## HIGHER EDUCATION STUDENT AID

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The enacted budget includes a \$1.0 million increase in General Funds for the Nebraska Scholarship Program, a 17.5% increase in General Fund support.

In LB574-2003 three previous student aid budget programs were replaced by the Nebraska Scholarship Program and Community Scholarship Program. Under that law, \$2.0 million derived from lottery receipts were available to the Nebraska Scholarship Fund for FY03-04 and FY04-05 and \$2.5 million for FY05-06. Starting in FY06-07 the Nebraska Scholarship Fund receives an amount equal to 22.25% of lottery receipts net of prizes, lottery operating expenses and amounts credited to the Compulsive Gamblers Assistance Fund originally estimated at \$4.75 million. Annual revenue to be credited to the fund for FY06-07 and future years is currently estimated to approximate \$6,000,000. Cash Fund appropriation authority for FY07-08 was requested to be maintained at the FY07 level (\$4,750,000) and then increased by \$1,250,000 to a level of \$6,000,000 for FY2008-09.

Also, LB192 passed in the 2007 Session, eliminated the Community Scholarship Foundation program and established a new student financial aid program called the Access College Early Scholarship Program. Funding originally provided for the Community Scholarship Foundation was reallocated to this new program.

Table 18 Coordinating Commission Student Aid Programs

General and Cash Funds	Previous Biennium		Biennial Budget	
	FY2005-06	FY2006-07	FY2007-08	FY2008-09
Nebraska Scholarship Program	6,917,065	5,717,065	6,717,065	6,717,065
Community Scholarship Foundation	50,000	49,750	0	0
Access College Early Scholarship	0	0	49,750	49,750
<b>Subtotal-General Funds</b>	<b>6,966,815</b>	<b>5,766,815</b>	<b>6,766,815</b>	<b>6,766,815</b>
Available from lottery funds	2,500,000	4,750,000	4,750,000	6,000,000
<b>Combined General and Cash Funds</b>	<b>9,466,815</b>	<b>10,516,815</b>	<b>11,516,815</b>	<b>12,766,815</b>
\$ Change over Prior Year	1,700,000	1,050,000	1,000,000	1,250,000
% Change over Prior Year	21.9%	11.1%	9.5%	10.9%

# GENERAL FUND AID TO LOCAL GOVERNMENTS

## STATE AID TO K-12 SCHOOLS

Table 19 shows the total amount of General Fund state aid to K-12 schools from the various aid programs. The budget provides a 6.4% increase in FY07-08 and an additional 9.0% increase in FY06-07. Description of the various programs follows the table

Table 19 Total General Fund State Aid to K-12 Schools

	Approp FY2003-04	Approp FY2004-05	Approp FY2005-06	Approp FY2006-07	Committee Proposed FY2007-08	Proposed FY2008-09
State Aid to Education (TEEOSA)	625,915,582	618,568,757	683,473,181	701,346,228	753,555,548	832,498,267
Special Education	153,473,068	161,146,721	169,204,057	174,280,179	179,508,584	184,893,842
High ability learner programs	2,348,664	2,336,921	2,336,921	2,336,921	2,336,921	2,336,921
Early Childhood program	2,097,180	2,097,180	3,680,471	3,680,471	3,626,267	3,615,426
School Lunch	421,087	421,087	421,087	421,087	421,087	421,087
Textbook loan program	351,259	351,259	420,000	420,000	435,000	450,000
School Breakfast reimbursement	271,378	271,378	271,378	271,378	379,071	411,100
Adult Education	231,733	230,574	230,574	230,574	230,574	230,574
Rural Education Transition funds	0	0	0	650,000	0	0
Vocational Education	0	0	0	450,000	450,000	450,000
Learning Communities Aid:	0	0	0	0	0	500,000
<b>Total Gen Fund Aid-K-12 Districts</b>	<b>785,109,951</b>	<b>785,423,877</b>	<b>860,037,669</b>	<b>884,086,838</b>	<b>940,943,052</b>	<b>1,025,807,217</b>
Change over Prior Yr – Dollar	(15,157,388)	313,926	74,613,792	24,049,169	56,856,214	84,864,165
Change over Prior Yr – Percent	-1.9%	0.0%	9.5%	2.8%	6.4%	9.0%

**Special Education** The budget as sent to the Governor included a 4% per year increase in Special Education reimbursement. This was subsequently reduced by veto to a 3% per year increase. Both were less than the statutory allowed maximum of 5%.

(General Funds only)	Biennial Budget		Biennial Budget		Biennial Budget - 2007 Session	
	FY2003-04	FY2004-05	FY2005-06	FY2006-07	FY2007-08	FY2008-09
Base Year Appropriation	146,164,827	146,164,827	161,146,721	161,146,721	174,280,179	174,280,179
Cost/Client increases	7,308,241	14,981,894	8,057,336	13,133,458	5,228,405	10,613,663
<b>Total - New Appropriation</b>	<b>153,473,068</b>	<b>161,146,721</b>	<b>169,204,057</b>	<b>174,280,179</b>	<b>179,508,584</b>	<b>184,893,842</b>
\$ Change over Prior Yr	7,308,241	7,673,653	8,057,336	5,076,122	5,228,405	5,385,258
% Change over Prior Yr	5.0%	5.0%	5.0%	3.0%	3.0%	3.0%

**Other K-12 Aid Programs** The budget includes no change in the high ability learner program (\$2,336,921), School Lunch (\$421,087), and adult education (\$230,574). For the Early Childhood program, the enacted budget shifted some funds from aid to operations (\$54,204 FY08, \$65,045 FY09) to reflect the transfer of the Early Childhood Training Center.



An increase in the textbook loan program of approximately 3.5% per year (\$15,000 FY08, \$30,000 FY09) is provided. With the voter repeal of LB126, the \$650,000 of funding for the Rural Education Transition program established in that bill was deleted.

School Breakfast reimbursement shows a significant percent increases of 40% (\$107,693) in FY07-08 and an additional 8.4% in FY08-09. This is attributed to passage of LB 73 which changed the basis for the state reimbursement of the school breakfast program from the current year to the second preceding year and eliminated the provision that the appropriation could be pro-rated if sufficient funds are not appropriated. This last provision causes the fiscal impact as the current reimbursement amount of \$.05 per school breakfast served was retained.

**Tax Equity and Educational Opportunities Support Act (TEEOSA)** The budget includes a substantial increase in funding for state aid to schools (TEEOSA). General Fund appropriations for TEEOSA aid are projected to increase \$52.2 million (7.4%) in FY07-08 and an additional \$78.9 million (10.5%) in FY08-09. The main components of the growth in TEEOSA aid can be seen in Table 20.

The provisions from LB1024-2006 which resulted in a fiscal impact remained unchanged with the passage of LB641 enacted during the 2007 Session and the impacts are incorporated into the estimates starting in FY08-09. The fiscal impact of some of the provisions of both LB1024 and LB641 relating to budget limit exclusions and shifts to "allowances" still remain unknown.

Table 20 Components of TEEOSA Change (General Funds Only)

	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11
<u>Current TEEOSA Estimate (General Funds Only)</u>					
Dollar Amount (General Funds Only)	701,346,228	753,555,548	832,498,267	879,970,261	935,036,175
\$ Change over Prior Year	17,873,046	52,209,320	78,942,719	47,471,994	55,065,914
% Change over Prior Year	2.6%	7.4%	10.5%	5.7%	6.3%
<u>Components of \$ Change Over Prior Year</u>					
Basic program growth	37,873,046	36,699,428	37,346,182	46,071,994	52,965,914
Ag Land to 75% (LB968-2006)	0	12,509,892	in base	in base	in base
Expiration of aid adjustment factor	0	0	29,645,499	in base	in base
Net Impact LB1024 (inflate allowances, cost growth, etc...)	0	0	25,651,038	2,100,000	2,100,000
Extraordinary state apportionment	0	0	(13,700,000)	7,700,000	in base
Decline in Insurance Premium	0	3,000,000	0	0	0
Expiration of LB 503 allowable growth for retirement	0	0	0	(8,400,000)	0
Valuation growth exceeds spending growth (estimate)	(20,000,000)	0	0	0	0
Total Increase	17,873,046	52,209,320	78,942,719	47,471,994	55,065,914
<u>Components of % Change Over Prior Year</u>					
Basic program growth	5.5%	5.2%	5.0%	5.5%	6.1%
Ag Land to 75% (LB968-2006)	0.0%	1.8%	na	na	na
Expiration of aid adjustment factor	0.0%	0.0%	3.9%	na	na
Net Impact LB1024	0.0%	0.0%	3.4%	0.3%	0.2%
Extraordinary state apportionment	0.0%	0.0%	-1.8%	0.9%	in base
Decline in Insurance Premium	0.0%	0.4%	0.0%	0.0%	0.0%
LB 503 Allowable growth for retirement	0.0%	0.0%	0.0%	-1.0%	0.0%
Valuation growth vs spending growth	-2.9%	0.0%	0.0%	0.0%	0.0%
Total Increase	2.6%	7.4%	10.5%	5.7%	6.3%

In FY07-08, \$12.5 million of the \$52.2 million increase is attributed to the reduction of agricultural land valuation from 80% to 75% of market value as provided for in LB968 passed in the 2006 Session. An additional \$3 million increase in FY07-08 General Funds relates to a like

decline in available Insurance Premium Tax funds. Certified TEEOSA aid is financed with a combination of allocated Insurance Premium Tax and state General Funds.

In FY08-09 there are several components of the large 10.5% increase. The largest amount totaling \$29.6 million is attributed to the expiration of the aid adjustment factor. This factor basically reduced calculated NEEDS by 1.25% and was enacted by LB898-2002 and was originally to apply to FY03, FY04, and FY05 aid calculations only. This adjustment factor was then extended for an additional three years (FY06, FY07, and FY08) by LB1093-2004. An additional \$25.6 million is attributed to LB1024-2006. Most of this LB1024 increase relates to two provisions: (1) increasing from 50% to 100% the "board authorized" rate included in the cost growth factor, and (2) inflating the various allowances (mostly special education and transportation) as part of the NEEDS calculation. These large increases were partially offset by a one time increase in FY07 state apportionment payments which affect the FY08-09 General Fund TEEOSA amount. These are monies distributed from the Temporary School Fund and basically consist of investment income generated from the Permanent School fund and school land lease/rent charges. A calculation error resulted in an under funding of annual payments over the past few years resulting in the accumulation of excess funds which are part of this \$13.7 million increased payment. Of this amount, approximately \$7.7 million is attributed to accumulated amounts and the \$6 million is the estimated on-going amount.

Table 21 Historical TEEOSA Aid (All Funds)

Fiscal Yr	Notes	TEEOSA (all funds)	\$ Change	% Change
FY1989-90		133,720,830	--	--
FY1990-91	(First year of LB1059-TEEOSA, not fully implemented until F	311,462,100	177,741,270	132.9%
FY1991-92	(Aid equaled \$133M plus est revenue from tax increase)	357,283,727	45,821,627	14.7%
FY1992-93		370,668,616	13,384,889	3.7%
FY1993-94		383,069,609	12,400,993	3.3%
FY1994-95		400,230,135	17,160,526	4.5%
FY1995-96		414,933,814	14,703,679	3.7%
FY1996-97	(first year insurance premium included as part of TEEOSA)	447,243,594	32,309,780	7.8%
FY1997-98		465,944,483	18,700,889	4.2%
FY1998-99	(Levy limit \$1.10, prior yr avg = \$1.3045, fixed local effort rat	591,240,235	125,295,752	26.9%
FY1999-00		594,042,250	2,802,015	0.5%
FY2000-01		561,326,416	(32,715,834)	-5.5%
FY2001-02	(Levy limit, to \$1.00)	645,080,733	83,754,317	14.9%
FY2002-03	(Aid adjustment factor added)	661,928,207	16,847,474	2.6%
FY2003-04	(Levy limit, to \$1.05)	640,701,878	(21,226,329)	-3.2%
FY2004-05	(full impact, 0% allowable growth/cost growth factor)	634,317,276	(6,384,602)	-1.0%
FY2005-06	(start restoration of cost growth factor)	700,594,282	66,277,006	10.4%
FY2006-07		718,467,329	17,873,047	2.6%
FY2007-08 est	(6.3% in FY06 AFR GFOE, inclusion of early childhood)	768,613,973	50,146,644	7.0%
FY2008-09 est	(Aid adjust factor expires, cost growth, inflate allowances)	847,301,695	78,687,722	10.2%
<u>Avg Annual % Change:</u>				
10 Year: FY96-97 actual to FY06-07 actual				4.9%
10 Year: FY98-99 actual to FY08-09 estimate				3.7%
FY96-97 to FY08-09 (12 Year)				5.5%
Average annual growth since LB1059 (fully implemented FY92)				5.2%

Table 22 Calculation of TEEOSA School Aid

<b>TEEOSA AID ESTIMATES</b>		Certified FY2006-07	Certified FY2007-08	Estimated FY2008-09	Estimated FY2009-10	Estimated FY2010-11
1	AFR Data Year	Revised 04-05	Prelim 05-06	Est 06-07	Est 07-08	Est 08-09
2	Property Valuation Year	2005 actual	2006 actual	2007 est	2008 est	2009 est
<b>Key Assumptions</b>						
3	School Disbursements	4.1%	6.0%	5.6%	5.0%	5.0%
4	Gen Fund Operating Expenditures (GFOE)	2.3%	6.3%	5.6%	5.0%	5.0%
5	Property Valuations (assessed)	6.5%	7.7%	4.5%	5.0%	5.0%
6	Property Valuations (adjusted)	6.5%	6.1%	5.2%	5.0%	5.0%
7	Local Effort Rate	\$0.950	\$0.950	\$0.950	\$0.950	\$0.950
8	Combined "Other Receipts"	5.2%	4.0%	8.1%	0.72%	3.22%
9	Total Adjusted GF Operating Expenditures	2,031,193,234	2,158,937,149	2,283,773,341	2,401,837,307	2,525,916,905
10	Transportation Allowance	40,717,656	45,748,791	51,653,360	54,236,028	56,947,829
11	Special Education Allowance	165,057,336	169,136,930	191,337,245	197,013,288	202,859,614
12	Plus: Distance Ed & Telecomm Allowance	na	725,206	775,970	830,288	888,409
13	LB 503 Allowable growth for retirement	na	0	0	(8,400,000)	(8,400,000)
14	LB 577 Early childhood programs, state aid form	na	in GFOE	4,100,000	500,000	900,000
15	LB 1024 NEED stabilization provision	na	0	1,200,000	3,300,000	5,400,000
16	LB 898: Aid adjustment factor	(27,962,103)	(29,681,851)	0	0	0
17	<b>Total Formula Need</b>	<b>2,209,006,123</b>	<b>2,344,866,225</b>	<b>2,532,839,916</b>	<b>2,649,316,911</b>	<b>2,784,512,757</b>
18	Effective Yield from Local Effort Rate	1,117,546,220	1,185,410,810	1,258,765,805	1,324,386,941	1,390,606,288
19	Net Option Funding	62,966,673	66,500,617	48,806,332	51,246,648	53,808,981
20	Allocated Income Tax	39,323,144	35,789,200	53,483,485	51,043,169	48,480,836
21	Other Actual Receipts	370,495,467	385,352,269	416,685,650	419,699,429	433,230,676
22	Minimum Levy Adjustment	3,366,840	5,440,572	5,440,572	5,440,572	5,440,572
23	LB 898: Net Option funding adjustment	(19,305,582)	(20,389,089)	0	0	0
24	LB 898: Allocated income tax adjustment	(7,960,146)	(8,115,459)	0	0	0
25	<b>Total Formula Resources</b>	<b>1,566,432,616</b>	<b>1,649,988,920</b>	<b>1,783,181,844</b>	<b>1,851,816,760</b>	<b>1,931,567,354</b>
26	Calculated Equalization Aid	642,573,507	694,877,306	749,658,072	797,500,152	852,945,403
27	Net Option Funding	62,966,673	66,500,617	48,806,332	51,246,648	53,808,981
28	Allocated Income Tax	39,323,144	35,789,200	53,483,485	51,043,169	48,480,836
29	Lopoff	(1,139,103)	(1,092,352)	(5,692,352)	(5,692,352)	(5,692,352)
30	Stabilization Factor	931,599	701,870	701,870	701,870	701,870
31	Non Equalized Levy Penalty	(251,105)	(160,187)	(160,187)	(160,187)	(160,187)
32	Small School Stabilization	693,072	504,475	504,475	504,475	504,475
33	Reorganization Incentive payments	646,505	0	0	0	0
34	Prior yr deficiencies/negative balances	(11,235)	(2,407)	0	0	0
35	LB 898: Net Option funding adjustment	(19,305,582)	(20,389,089)	0	0	0
36	LB 898: Allocated income tax adjustment	(7,960,146)	(8,115,459)	0	0	0
37	<b>TEEOSA State Aid</b>	<b>718,467,329</b>	<b>768,613,973</b>	<b>847,301,695</b>	<b>895,143,775</b>	<b>950,589,026</b>
38	State General Funds	701,346,228	753,555,548	832,498,267	879,970,261	935,036,175
39	Insurance Premium Tax (w/o deficit)	17,121,101	15,058,425	14,803,428	15,173,513	15,552,851
40	<b>Total TEEOSA Aid</b>	<b>718,467,329</b>	<b>768,613,973</b>	<b>847,301,695</b>	<b>895,143,775</b>	<b>950,589,026</b>
41	Dollar Change from prior year	17,873,047	50,146,644	78,687,722	47,842,080	55,445,252
42	Percent Change from prior year	2.6%	7.0%	10.2%	5.6%	6.2%
<b>State General Fund Aid</b>						
43	TEEOSA (General Funds)	701,346,228	753,555,548	832,498,267	879,970,261	935,036,175
44	Incentive Payments (Base Yr)	Lottery	0	0	0	0
45	<b>Total General Fund</b>	<b>701,346,228</b>	<b>753,555,548</b>	<b>832,498,267</b>	<b>879,970,261</b>	<b>935,036,175</b>
46	Dollar Change from prior year	17,873,047	52,209,320	78,942,719	47,471,994	55,065,914
47	Percent Change from prior year	2.6%	7.4%	10.5%	5.7%	6.3%

## AID TO EDUCATION SERVICE UNITS (ESU's)

Funding for aid to ESU's for FY07-08 reflects a slight reduction resulting from (1) no increase in basic aid for core services or technology infrastructure, and (2) a reduction in annualizing the impact of LB1208-2006 relating to distance education.

Funding for FY08-09 however increases by \$4.7 million (41.6%) with the enactment of LB 603 during the 2007 Session. **LB 603** made major changes to the distribution of state aid to ESU's for core services and technology infrastructure beginning in 2008-09. The previous formula provided each ESU with at least 2.5% of the appropriation and the remainder distributed on a per student basis. LB 603 provides that 1% of the annual state aid appropriation for core services and technology infrastructure will initially be allocated to an ESU Coordinating Council. The remainder of the appropriation is then distributed through a new formula.

The needs component of the new formula provides a base allocation to each ESU of 2.5% of the funds appropriated for the formula plus a telecommunications allowance equal to 85% of telecommunications costs less other resources. A needs component equal to 1% of the appropriation is included for satellite offices. A student count is used in the formula which is adjusted for sparsity. The adjusted student count is used to derive a student allocation based upon adjusted valuation times the local effort rate divided by adjusted students. Total needs for each ESU equals the sum of the base and satellite allocations, telecommunications allowance, and student allocation. The final allocation of funds to each ESU is determined by subtracting resources (adjusted valuation times the local effort rate) from NEEDS. A hold-harmless provision is included in the formula for 2008-09 through 2013-14 providing that ESU's will receive at least 95% of the funds received in the preceding year.

The new formula did not necessarily require an increase in the amount of state aid and could have been implemented with no change in state aid. However the because of a shift in aid between ESU regions that occurs with the new formula, an additional \$4,726,932 of General Funds was provided in order to hold almost all ESU's harmless under the new provisions, and restore funding reductions made in prior years during the state budget crisis.

(General Funds only)	Biennial Budget		Biennial Budget		Biennial Budget - 2007 Session	
	FY2003-04	FY2004-05	FY2005-06	FY2006-07	FY2007-08	FY2008-09
Base Year Appropriation	12,347,996	12,347,996	10,564,913	10,564,913	11,546,488	11,546,488
Cost increases-core services	0	0	100,778	204,076	0	0
Cost increases-technology	0	0	31,284	63,349	0	0
LB 1208 (2006) Distance education services	0	0	0	714,150	(183,850)	(183,850)
LB 603 Change core service/technology funding	0	0	0	0	0	4,726,932
Base cut (2003 Sess)	(1,729,993)	(1,729,993)	0	0	0	0
.5% Across the Board cut (2004 Sess)	0	(53,090)	0	0	0	0
<b>Total - New Appropriation</b>	<b>10,618,003</b>	<b>10,564,913</b>	<b>10,696,975</b>	<b>11,546,488</b>	<b>11,362,638</b>	<b>16,089,570</b>
\$ Change over Prior Yr	(1,729,993)	(53,090)	132,062	849,513	(183,850)	4,726,932
% Change over Prior Yr	-14.0%	-0.5%	1.3%	7.9%	-1.6%	41.6%

## COUNTY PROPERTY TAX RELIEF PROGRAM

The budget as enacted includes \$1,500,000 each year for restoration of the County Property Tax Relief program. As sent to the Governor, \$2 million was provided each year which, similar to the County Jail reimbursement program, was roughly half the amount needed to fully fund the formula. The Governor subsequently vetoed the amount back to the funded level of \$1.5 million each year.

The County Jail Reimbursement program and County Property Tax Relief program were both created by LB695 during the 1998 Legislative Session and along with the voluntary state takeover of county assessor offices, were vehicles to assist the counties in absorbing the impact of newly enacted levy limits. During the 2003 legislative session, in the midst of a state budget crunch, LB622 was enacted which eliminated funding for FY03-04 and FY04-05, and changed this program by providing for a minimum levy adjustment. Funding was then to be continued starting in FY5-06 but at a lower level (with the minimum levy adjustment), roughly \$3 million per year. When the FY06/FY07 biennial budget was adopted in the 2005 Session, funding was not restored relying on the statutory language which provides for prorating of funds if appropriations did not meet the aid amounts as calculated in the formula.

## HOMESTEAD EXEMPTION

The biennial budget includes a 23.5% increase (\$13,583,960) in projected FY07-08 homestead exemption reimbursements (excluding deficits) and an additional 8.7% (\$6,063,144) in FY08-09.

Homestead Exemption	Biennial Budget		Biennial Budget		Biennial Budget - 2007 Session	
	FY2003-04	FY2004-05	FY2005-06	FY2006-07	FY2007-08	FY2008-09
Base Year appropriation	37,880,000	37,880,000	48,838,100	48,838,100	56,473,000	56,473,000
Cost/Client increases	5,120,000	10,958,100	4,081,900	7,634,900	6,689,960	12,579,104
LB968 (2006) Changed maximum values/exemptio	0	0	0	0	6,894,000	7,068,000
Total General Funds (without deficits)	43,000,000	48,838,100	52,920,000	56,473,000	70,056,960	76,120,104
Deficit	3,620,000	1,563,176	907,000	260,000	0	0
Total General Funds (with deficits)	46,620,000	50,401,276	53,827,000	56,733,000	70,056,960	76,120,104
\$ Change (including deficits)	5,328,270	3,781,276	3,425,724	2,906,000	13,323,960	6,063,144
% Change (including deficits)	12.9%	8.1%	6.8%	5.4%	23.5%	8.7%

About half of the total increase, \$6,894,000 in FY07-08 and \$7,068,000 in FY08-09 is attributed to program changes made in LB968 passed in the 2006 Session. Under LB968, the maximum value of a homestead that can qualify for the homestead program was increased, and provided a larger property tax exemption for those who qualify. The maximum exemptions were increased from 80% and 100% to 100% and 120% of the assessed value for the over 65 and disabled portions of the program. The maximum valuations are increased from 150% and 200% to 175% and 225% for the over 65 and disabled portions of the program. The remainder of the budget increase, projected at 11% per year, relates to increases in eligibilities, property valuations and/or tax levies.

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## ECONOMIC DEVELOPMENT AID PROGRAMS

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**Managing Mainstreet Program** Funding for the Lied Main Street program was eliminated in FY08-09. This program receives a \$130,000 match from the Lied Foundation, but the final matching payment from the foundation is scheduled to be received at the end of calendar year 2007, which would provide funding through calendar year 2008

**Microenterprise Development Program** General Fund support for the Microenterprise Development Program was continued at the prior year level of \$497,500 annually. However, \$1,000,000 is transferred from the Cash Reserve Fund to the Microenterprise Development Program Cash Fund in both FY07-08 and FY08-09 to supplement the General Fund amounts. The cash fund is created in LB 322 and the transfer from the Cash Reserve Fund is carried out in LB 323.

**Building Entrepreneurial Communities** General Fund support for the Building Entrepreneurial Communities Act was continued at \$377,500 which included a \$127,500 shift from operations to state aid. Similar to the microenterprise development program, the budget included transfers from the Cash Reserve Fund to the Building Entrepreneurial Communities Act Cash Fund amounting to \$250,000 in both FY07-08 and FY08-09 to supplement the General Fund amounts. The cash fund is created in LB 322 and the transfer from the Cash Reserve Fund is carried out in LB 323.

**Job Training Program** The budget also included the Governors' recommendations for the job training program by (1) extending the deadline that existing Job Training Funds could be used by the agency (LB322) and (2) transfers \$5,000,000 from the Cash Reserve Fund to the Job Training Cash Fund in both FY07-08 and in FY08-09 (LB323).

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## AID TO COMMUNITY COLLEGES

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State aid to community colleges increased by \$15,500,000 (22.6%) in FY07-08 and an additional \$3,200,000 (3.8%) in FY08-09. Increases include base funding increases averaging 4.8% per year to provide aid to community college areas in amounts sufficient to meet increased salary, health insurance and other operating costs and avoid, to the extent possible, reliance upon further increases in property tax levy rates to meet related cost increases. In addition, \$12 million was added starting in FY07-08 with the enactment of **LB 342**, the Community College Foundation and Equalization Aid Act. This new aid formula for community colleges incorporates basic foundation aid plus equalization and local effort rate (property tax) aspects similar to the TEEOSA school aid formula.

The new formula did not necessarily require an increase in the amount of state aid and could have been implemented with no change in state aid. However, because of changes in aid and property tax resources under the new provision, the additional \$12 million of aid is estimated to hold each community college area harmless in terms of combined aid and property tax resources.

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## SUPERFUND PROGRAM (DEQ)

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The budget includes additional General Funds of \$1,755,000 in FY07-08 and \$1,773,000 in FY08-09 to provide the required 20% state match for the federal Superfund program. The amount of the required state match depends upon funding that the federal Environmental Protection Agency (EPA) determines will be allocated to Superfund sites in Nebraska. In the prior fiscal year, \$400,000 General Funds and \$1,384,484 Cash funds from a one-time transfer from the Integrated Solid Waste Management Cash Fund provide funding for the Superfund program. If the state is unable to provide a match for federal Superfund monies, EPA would abandon funding for the sites. The additional funding when added to the existing General Fund base of \$400,000 will provide a total of \$2,155,000 in FY08 and \$2,173,000 in FY09. The following provides a listing of the sites and projected funding needs

Site	Location	FY07-08	FY08-09
Cornhusker Army Ammo Plant	Grand Island	\$ 50,000	\$ 20,000
Hastings groundwater contamination	Hastings	550,000	540,000
10th Street Site	Columbus	102,000	78,000
Ogallala groundwater contamination	Ogallala	23,000	23,000
Omaha lead removal	Omaha	1,200,000	1,200,000
Parkview well site	Grand Island	261,000	65,000
West Highway 6 and 281	Hastings	0	100,000
Total		2,186,000	2,026,000

# GENERAL FUND AGENCY OPERATIONS

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## COURT SYSTEM

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**Salary Enhancements** The Court's top priority was a salary increases for all court and probation employees. Their request was for a 10% salary base adjustment and a 2.5% step increase in both FY08 and FY09. The Legislature had initially approved funding for a court salary plan in 2001 but due to the state's budget crisis employees only received step increases the first two years. The budget as sent to the Governor included funding for an overall 7% salary increase in FY07-08 and 2.5% in FY08-09, a 2.5% per year general salary increase as included for all non-bargaining state employees plus an additional salary adjustment of 4.5% for FY2007-08 (\$1,465,390). The Governor vetoed half of these additional amounts leaving \$732,695 to fund the equivalent of an additional 2.25% (4.75% total) salary increase in FY07-08.

**Interpreter Payments.** The budget includes \$329,260 in FY08 and \$329,634 in FY09 for a new fee schedule and payment policy for interpreters. The current schedule has not changed since 1999 when the Court took over this function from the counties. The Court appointed an Interpreter Advisory Committee to examine the problem and included the following recommendations that are included in the biennial budget: (a) raise the pay for certified interpreters from \$45 to \$50/hour (\$16,040), (b) increase pay rate for non-certified interpreters to \$35/hour (\$58,260), (c) eliminate the differential rate for certified interpreter services, \$50/hour (\$19,500), (d) increase the minimum from one hour to two hours for certified interpreters (\$32,560), (e) pay time plus mileage: over 50 miles, one hour plus mileage, and over 100 miles, two hours plus mileage (\$115,200), (f) for assignments scheduled for eight hours or more, change cancellation time and pay from the current 24 hours notice/one half of the time to 48 hours notice/all of the time (\$15,000), (g) increased usage of court interpreters by 10% per year (\$57,500), (h) increase in interpreter contracts (\$5,200), and (i) interpreter Advisory Committee expenses (\$10,000).

**LB 377-Judges Salary Increase** Along with shifting two judge positions within the state, LB377 increased judges salaries by 3.5% on July 1, 2007 and another 3.5% on July 1, 2008. Additional General Funds to cover the pay raises amounts to \$633,701 in FY07-08 and \$1,220,777 in FY08-09.

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## ATTORNEY GENERAL

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**School Finance Litigation costs.** In the 2006 session, \$1,470,000 was shifted from the FY06-07 base year into FY2005-06. This shift, plus the original funding in FY05-06, "front loaded" a total of \$2.5 million for the biennium. All funds would be available to address potential high cost litigation issues that might occur in the first year, with unused funds carried forward into the second year, FY2006-07. Because of this shift, the base appropriation going into the FY08/FY09 biennium is zero. Because the FY06-07 base is zero, the \$2.5 million provided for FY07-08 appears to all be an increase in funding. As in the



previous biennium, all funds are appropriated in the first year of the biennium with unexpended amounts carried forward into the second year, FY08-09.

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## DEPT OF EDUCATION

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**Additional staff and equipment to implement LB 1024** The budget includes \$168,400 in FY07-08 and \$145,400 in FY08-09 for implementing the provisions of LB1024. LB 1024 passed in 2006 established the Learning Community Reorganization Act and changed the computation of state aid to school districts. The A bill reflected FY08/FY09 funding for two school finance staff (\$145,400) to administer the provisions of the bill pertaining to reporting poverty and limited English proficiency plans and computing allowances and growth in budget lids beginning in 2007-08. A new server (\$23,000) was also included as a one-time expense in 2007-08. Funding for a high-needs education coordinator (\$114,200) was removed from the original 2006-07 appropriation but then subsequently funded in FY07-08 and FY08-09.

**Nebraska Transcript Project.** The budget includes \$127,830 in FY07-08, and \$121,930 in FY08-09. for the Nebraska Transcript Project. This funding, requested by a coalition including NDE, University of Nebraska P-16 Project, Postsecondary Coordinating Commission, high schools, community colleges and private colleges, lays the necessary groundwork for an electronic transcript system. The system will be contracted with a private company to allow a transcript to be sent to a post-secondary institution, track the request from the high school to the institution, and receive confirmation of receipts, all electronically. In order to move forward, common course descriptors will need to be developed and a common electronic transcript designed. The cost of the system will be borne by schools and postsecondary institutions once it is developed.

**Base Reductions, Vacancy Savings** The Governor's budget proposal for the Dept of Education originally included a \$650,000 base reduction in General Fund operating monies reflecting modifications and vacancy savings. This cut was not included in the budget as sent to the Governor but a subsequent veto of these amounts was not overridden.

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## DEPT OF HEALTH AND HUMAN SERVICES

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There were several significant funding changes in the enacted budget for the operation of the HHS System.

**LB 296 Health and Human Services System Act.** This bill consolidated the current three-agency structure of health and human services agencies into a single state agency. Agencies #20-Department of Health and Human Services Regulation and Licensure, #25-Department of Health and Human Services and #26 Department of Health and Human Services Finance and Support become the Health and Human Services System on July 1, 2007. Within the new agency, the following six divisions are created: (1) the Division of Behavioral Health, (2) the Division of Children and Family Services, (3) the Division of Developmental Disabilities, (4) the Division of Medicaid and Long-Term Care, (5) the Division of Public Health, and (6) the Division of Veterans' Homes.

**Base Reductions, Vacancy Savings** Funding for the basic administration programs within the HHS System reflect base reductions of \$4,480,418, equal to 4.6% of the base year amounts. These reductions are (a) 12 specific modifications from Regulation & Licensure Programs 177, 178, 179 (\$371,973 each year), (b) 11 specific modifications from Finance & Support, Program 341 (\$2,054,475 each year), and (c) \$2,054,000 vacancy savings reduction in lieu of modifications in HHS Services, Program 33. Modifications are items identified through the 95/5 budget process where agencies are asked to identify items they would propose to eliminate if their budget were funded at 95% of the current year level.

In addition to the \$4.5 million reduction, the agency would also have to absorb projected declines of federal funds of roughly \$1.5 million in FY07-08 and \$3.0 million in FY08-09 as well as absorb program increases. In Programs 33 and 341 federal block grants are a set amount and have not grown to keep up with program growth. The agency requested all increases be funded with 100% general funds and that approximately \$1.9 million in the base be funded with general funds instead of federal funds. The budget funded \$918,555 in FY08 and \$319,923 in FY09 to offset the base reduction. Also in Program 33, the Deficit Reduction Act of 2005 prohibits child support incentive funds from being used as a match for federal funds. Replacement of the federal funds previously used with General Funds would amount to \$1,370,000 in FY07-08 and \$1,826,932 in FY08-09. The budget provided funding in the amount of \$859,049 in FY07-08 and \$389,651 in FY08-09.

**Fund source shift from General to Federal (BSDC)**. A review of cash and federal revenue projections at the Beatrice State Developmental Center (BSDC) per the agency request indicates that additional federal funds could be used to offset General Funds over the two year biennial budget and still maintain an adequate balance. This allowed for a reduction in General Funds and an offsetting increase of federal funds in the amount of \$3,608,561 in FY07-08 and \$3,904,337 in FY08-09.

**Institution Inflationary Increases** Inflationary increases for food, drugs, medical and clinical services and medical supplies for the various facilities is included totaling, \$792,549 in FY07-08 and \$1,607,408 in FY08-09. The agency guidelines for increases in these line items were as follows: food is increased 4% each year; drugs are inflated by 10% each year; and, medical services and supplies are increased 4% each year. Medical supplies include laboratory supplies, contracts with doctors, and costs to take clients to medical appointments. The increases are based upon historical inflationary increases in these line items.

**Rent/Maintenance Contract and Depreciation Surcharge** The Dept of Administrative Services is responsible for the physical operation of HHS facilities including the regional centers, YRTC's at Geneva and York, Beatrice Developmental Center (BSDC) and state veterans homes. They are paid on a contractual basis by HHS and include costs for utilities, repairs and maintenance, and depreciation surcharge allocations. Roughly half the increase is attributed to an increase in the surcharge from 1% to 2%. (\$2,515,078 FY08, \$3,470,941 FY09)

**Volunteer Emergency Medical Technician training funds** The committee included an additional \$162,000 each year for Volunteer Emergency Medical Technician training. Funding for training was reduced in 2002 from \$210,000 to \$185,000 and has remained flat since. In

addition to tuition, this increase also extends assistance for books, testing and continuing education.

**Nurse Visitation Program** In FY08-09, the budget shifts \$600,000 from Child Welfare aid funds (under the Public Assistance aid program) to continue and expand nurse visitation programs targeted towards families at risk of child abuse and neglect.

**Child Advocacy Centers** The budget includes additional state funds for Child Advocacy Centers in the amount of \$193,750 in FY08, and \$293,750 in FY09. This is roughly a 20% increase in FY08 and an additional 10% increase in FY09 compared to the \$912,500 the child advocacy centers currently receive. This increased funding includes dollars for a new center in Valentine.

**Sex Offender Treatment, Norfolk Regional Center.** Increased General Funds amounting to \$1,906,771 in FY07-08 and \$7,921,510 in FY08-09 are provided to continue the phased-in funding of the sex offender unit at the Norfolk Regional Center as created in LB1199 passed last session as shown below.

	<u>FY2007-08</u>	<u>FY2008-09</u>
FY06-07 Base Funding Per LB1199A	5,481,000	5,481,000
Delete one-time behavioral health transition funding per LB1199A	(3,666,000)	(3,666,000)
Continued phase in per LB1199 fiscal note (25 new admissions per yr)	4,537,500	8,167,000
Continue behavioral health transition funding	7,035,271	3,420,510
Use Health Care Cash Fund to offset extra transition in FY08	(6,000,000)	0
	<hr/>	<hr/>
Subtotal Net Change (excluding salary/health insurance increase)	1,906,771	7,921,510
FY08 / FY09 Salary Increases	96,150	194,607
FY08 / FY09 Health Insurance Increases	47,103	119,103
	<hr/>	<hr/>
Total General Funds	7,531,024	13,716,220

LB 1199A contained \$3,666,000 of general funds appropriated as transition funding for 103 FTE at the Norfolk Regional Center in 2006-07. Transition funding was provided to retain current regional center staff because the sex offenders to be served per LB 1199 (civil commitments of dangerous sex offenders released from prison) are projected to increase gradually over a four-year period beginning in 2006-07. While transition funding was intended to be provided only for one year, the agency request included continued transition funds for staff retained in the current year and includes an additional \$3,498,102 of transition funding in 2007-08 for another 103 FTE who will be needed at Norfolk to treat LB1199 sex offenders in 2009-10, based upon fiscal note estimates. The need for transition funding decreases in 2008-09 because the funding included to treat sex offenders is being phased-in as the census of sex offenders served grows.

**Medicaid Reform Implementation Costs** General Fund savings attributed to Medicaid reform as noted in the aid to individuals section total \$7.6 million in FY08 and \$19.9 in FY09. However, in order to achieve these savings, the committee included implementation costs amounting to \$696,900 General and \$250,000 Cash in FY 08 and \$1,669,852 General in FY 09. Most of the costs are for establishment of a nursing visitation program for teen mothers, \$500,000 General Funds in FY 08 and \$1,000,000 General Funds in FY 09. The balance is for contractual services and computer programming changes.

**Behavioral Health Reform, shift regional center "savings"** LB 1083 (2004), the Behavioral Reform Act, provided for the transfer of funds from the regional centers to community behavioral health programs when savings are achieved at the regional centers from the closing of beds. Language in LB 1083A and a subsequent appropriations bill directs the DAS budget administrator to administratively transfer available appropriation balances as determined by HHSS from this program to behavioral health aid and operations. Language authorizing these transfers is also requested for the next biennium. Since the passage of LB 1083, a total of \$8 million has been transferred from the regional centers to behavioral health operations (\$987,266) and behavioral health aid (\$7,012,734) excluding FY07 deficits.

The budget includes an additional \$14,092,518 shift from the regional center budget to behavioral health aid. This consists of \$7 million to annualize a FY07 reflecting the closure of beds at both Hastings and Norfolk, and \$7 million to reflect closure of Norfolk as a regional center serving the mentally ill.

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## **DEPT OF CORRECTIONAL SERVICES**

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The budget increase for the Dept of Correctional Services was relatively modest compared to prior years with an average spending growth of 3.7% per year. In addition to salary and health insurance increases, the budget includes additional funding for inmate per diem costs (\$1,050,000 each year), utility costs (\$230,176 FY08, \$328,325 FY09), and annualization of "A" bills enacted in prior years including LB 385 A (DNA Identification Information Act), LB 1113 A (validated risk assessment in determining release on parole), and LB 1199 A (sex offender bill) (\$157,482 FY08, \$352,446 FY09).

**Inmate Substance Abuse and Mental Health Treatment Services** The Department of Correctional Services (DCS) had initially requested a Corrections Substance Abuse Treatment Facility for the treatment of substance abuse (meth). This facility would have cost \$16.5 million to construct and over \$6 million per year to staff. This facility was recommended by a report commissioned by the Community Corrections Council.

Rather than constructing this stand-alone facility, DCS proposed expanded residential substance abuse and mental health treatment capacity in existing facilities by adding staff that would treat substance abuse, mental health, and sex offenders. Additionally, the recommendation would have DCS explore the option of contracting out some treatment services.

The budget includes \$200,000 in FY07-08 and \$1,511,516 in FY08-09 to implement the revised plan. In FY09-10 the cost would be fully annualized at \$2,071,831. Additional staffing of 28 FTE for substance abuse and 12 FTE for mental health and sex offender would allow for the addition of 180 beds over 2-3 years as follows: State Penitentiary (54 FY08, 100 in FY09), Omaha Correctional Center (50 FY08, 72 FY09), Nebraska Center for Women at York (8-12 in both FY08 and FY09).

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## STATE COLLEGES

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The enacted budget includes a General Fund increase for the State Colleges of 5.5% in FY07-08 and 5.3% in FY08-09.

This includes General Funds sufficient to accommodate 87.5% of the estimated fiscal impact of the negotiated salary and benefit agreements or the equivalent of 3.85% salary increases each year of the biennium. Related General Fund increases amount to \$1,639,103 for FY07-08 and a cumulative increase of \$3,347,250 for FY08-09. The budget also includes General Fund increases to accommodate 7.6% increases in health insurance costs each year of the biennium totaling \$405,331 for FY07-08 and \$841,595 in FY08-09. The budget assumes maintenance of "LB1100" facility depreciation charges at the current 1% rate of assessment and includes General Fund increases to accommodate depreciation charges for capital construction projects that will be newly subject to these assessments for the 2007-09 biennium amounting to \$54,892 in FY07-08 and \$160,512 in FY08-09. The Committee also recommends increased General Funds to meet an overall increase in various charges assessed by the Department of Administrative Services. These adjustments amount to \$141,360 for 2007-08 and a cumulative increase of \$173,331 for 2008-09. Finally, the budget includes a modest adjustment in pass-through funding support for the Tri-State Graduate Center. The related General Fund increases amount to \$1,272 for 2007-08 and a cumulative \$2,582 for 2008-09.

The budget does not include any additional General Funds for significant increases in funding requested by the State Colleges to meet increased utilities costs nor any General Fund adjustments for costs associated with reopening of newly renovated State College facilities.

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## UNIVERSITY OF NEBRASKA

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The budget as enacted represents a 4.0% increase in General Funds for FY2007-08 and a 4.1% increase in General Funds for FY2008-09 for the University of Nebraska. This funds the equivalent of an average 3.85% salary increase (compared to the contract amount of 4.4%), 1% depreciation charges for University facilities newly subject to such assessments for the 2007-09 biennium, and a DAS accounting rate increase. The budget also provides \$237,500 per year for a Forest Fuels Management Program within the Nebraska Forest Service as contained in LB105 and \$30,000 in one-time costs associated with a Whole Farm Revenue Insurance Program as contained in LB109.

No additional state funds are provided for a 10% health insurance increase for FY2008-09; operating and maintenance costs for new and newly renovated buildings; or optometry student contracts

Additional funds that were added as a floor amendment for Area Health Education Centers (\$250,000 in FY08 and \$500,000 in FY09) were subsequently vetoed by the Governor.

## PUBLIC SAFETY COMMUNICATION SYSTEM

	Fund	FY2006-07	FY2007-08	FY2008-09	FY2009-10
Fire Marshal (Prog 845)	Gen	0	0	214,553	362,985
	Cash	0	0	47,098	79,680
Game & Parks (Prog 846)	Gen	0	0	55,810	76,665
	Cash	0	0	114,024	93,169
State Patrol (Prog 850)	Gen	0	0	257,097	1,401,526
	Cash	0	0	378,141	545,094
	Cig Tax	0	0	2,050,000	2,570,000
DAS (Program 245)	Gen	850,000	1,115,271	0	0
	Fed	1,350,000	545,475	0	0
	Rev	0	0	1,201,623	1,201,623
<b>Total System Costs</b>		<b>2,200,000</b>	<b>1,660,746</b>	<b>4,318,346</b>	<b>6,330,742</b>
Radio Towers/Equipment	Gen	0	1,525,822	1,525,822	1,525,822
<b>Total</b>		<b>2,200,000</b>	<b>3,186,568</b>	<b>5,844,168</b>	<b>7,856,564</b>
General		850,000	2,641,093	2,053,282	3,366,998
Cash		0	0	539,263	717,943
Cigarette Tax earmark		0	0	2,050,000	2,570,000
Federal		1,350,000	545,475	0	0
Revolving		0	0	1,201,623	1,201,623
Total (including tower costs)		2,200,000	3,186,568	5,844,168	7,856,564

Prior to this project, the State of Nebraska did not currently have a system to communicate securely among the various law enforcement and public safety entities that may need to do so. For example, if a state patrol officer in Scottsbluff needs to communicate with a sheriff's deputy in Cass County, that communication connection may not be possible.

In 1998, LB 1120 was enacted creating a task force for the Nebraska State Radio Communications System. The task force included participation from state agencies, and groups

comprised of entities such as local law enforcement, emergency responders, and firefighters. In 1999, the Legislature enacted LB 446, the Nebraska Public Safety Wireless Communications System Act. That Act created an advisory board, an implementation plan and authorized a Request for Proposal (RFP) to conduct a design study. In 2001, LR185 called for a study of financing options and opportunities to implement the system. LB 1211 (2002) created the Statewide Communication Alliance of Nebraska (SCAN) to head up the proposed project. In 2004, SCAN released the Statewide Public Safety Communications System Technical Specifications Summary, but did not include specific interoperability requirements. Then Lt. Governor Heineman responded that the proposed system specifications were not concrete enough to give to the Homeland Security planning team to use as an evaluation criteria for the grant process. LB 343 (2005) created the Regional Interoperability Advisory Board and eliminates SCAN. The new board is largely responsible for the plan being funded in the upcoming biennium. The state established 13 communications regions to coordinate all homeland security communications projects. State agencies jointly plan for a shared communications system to integrate into the statewide communications plan.

Local entities which will utilize the system will be responsible for acquiring equipment to meet their needs and meet minimum system requirements for interoperability. Much of the equipment purchases will be funded with Federal Homeland Security Dollars. Those funds pass through the Military Department's Emergency Management program. Currently, eighty percent of the Homeland Security dollars received by the state are designated for local uses such as interoperable communications equipment that will enable access to the system.

Funding to implement a statewide public safety communication system is included in the upcoming biennium. The system will be interoperable, secure, and scalable. In essence, the

Department of Administrative Services (DAS) will provide the system into which state agencies and interested local community groups will connect.

State funding is provided to three state agencies, the State Fire Marshal (Program 845), Game and Park Commission (Program 846), and the State Patrol (Program 850), who will utilize the centralized system. Funding is included to address those agencies' needs for equipment as well as their cost to operate the system. System central operations are included in DAS program 245.

Equipment costs are funded via master lease financing spread over the equipment life-cycle. That being the case, the cost to purchase radios and laptops will not "go away". Once the current equipment's master lease time ends, it is anticipated that the equipment will need to be replaced. The planned life-cycle for radio equipment is seven years, for laptop computers, three years.

Funding is provided for the State Fire Marshal amounts to \$214,553 General Funds and \$47,098 Cash Funds in program 845 beginning in fiscal year 2008-09 to address their equipment and central operations costs. There is a reduction in program 193 of (\$19,086) General Funds, and (\$1,750) Cash Funds as well. The dollars in program 193 were part of the agency's base budget for equipment maintenance and repair. Those costs are included in the new program 845 and no longer needed in program 193. The Game and Park Commission has \$55,810 General Funds and \$114,024 Cash Funds in program 846 beginning in fiscal year 2008-09 to address their central operations costs. GPC will address its own equipment needs through the regular budgeting process. The State Patrol has \$257,097 General Funds and \$2,428,141 Cash Funds in program 850 beginning in FY08-09 for equipment and central operations costs.

A large portion of the Cash Funds originates with reallocation of the cigarette tax as proposed in LB322. Currently, two cents of cigarette tax collections are credited to the Information Technology Infrastructure Fund (ITIF) and used to pay the debt service for the state accounting system (NIS). LB322 proposes that in FY08-09 after the NIS debt service is complete, the two cents (but not less than \$2,050,000) be reallocated to the Nebraska Public Safety Communication System Cash Fund. This would increase by \$520,000 beginning in FY09-10, after the current \$520,000 of cigarette tax collections currently going to the Municipal Infrastructure Redevelopment Fund (MIRF) sunsets. Finally, LB322 proposes that beginning in fiscal year 2015-16, after the provisions for cigarette tax distributions to the City of the Primary Class Development Fund and the City of the Metropolitan Class Development Fund sunset under current law, those amounts (roughly \$2,500,000) also be reallocated to the Nebraska Public Safety Communications System Cash Fund. The fund will be utilized to reduce the General Fund cost of the system.

Funding for the Department of Administrative Services (DAS) includes \$1,115,271 General Funds and \$545,475 Federal Funds in program 245 in FY07-08. Beginning in FY08-09, this program has \$1,201,623 Revolving Funds for central operations of the system. These Revolving Funds come from the appropriations made to the three state agencies addressed above.

In addition to these operational dollars, the capital construction bill (LB320) includes \$1,525,822 General Funds per year for each of the next seven years (for a total of \$10,680,754) beginning in FY07-08 to cover the costs of radio towers and network equipment.

## STATE EMPLOYEE SALARY INCREASES

Collective bargaining agreements have been negotiated with the various bargaining units and are described in the following narrative. Settlement has been made with the University and State College faculty as well as SLEBEC (Law Enforcement). A settlement has not been reached with NAPE-AFSCME. Table 23 provides a summary of the General Funds provided for the respective areas. Table 24 shows the historical salary increases over the past 10 years based on the NAPE master contract. Also shown is how these pay increases would be reflected as an annual percent change on a fiscal year basis for an average state employee (base FY85 salary of \$18,000). Note this table does not reflect salary increases for higher education or other bargaining units such as SLEBEC. Also not reflected is the impact of specific reclassifications or pay grade changes that may have occurred over the years. Over the 10-year period FY99 to FY09, employee salary increases averaged 3.1% per year.

Table 23 Salary Cost Increases

General Funds Only	FY2007-08	FY2008-09
NAPE Master Contract (2.5% per yr)	6,868,710	13,251,702
Allocation for Special Master Ruling	2,555,772	5,601,722
Non-Classified Employees	2,860,662	5,790,042
SLEBEC (law enforcement)	1,322,765	2,649,347
State Colleges	1,639,103	3,347,250
University of Nebraska	18,439,949	37,589,836
<b>Total General Fund costs</b>	<b>33,752,979</b>	<b>68,363,518</b>

**Nebraska Association of Public Employees (NAPE-AFSCME)** At the present time, there has been no finalization of collective bargaining agreements with NAPE-AFSCME on a labor contract for FY2007-08 and FY2008-09.

Table 24 Historical Salary Increases \*

Fiscal Year	General Salary Policy	FY % Chnge
FY1996-97	3.5% on July 1	3.50%
FY1997-98	2.75% on July 1	2.75%
FY1998-99	2.75% on July 1	2.75%
FY1999-00	2% on July 1, up to 2.5% on Jan 1	2.77%
FY2000-01	2% on July 1, 2.5% on Jan 1	4.04%
FY2001-02	1.5% on July 1, 2.5% on Jan 1	4.04%
FY2002-03	1.5% on July 1, 2.5% on Jan 1	4.04%
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	2.5% on July 1 (last best offer)	2.50%
FY2008-09	2.5% on July 1 (last best offer)	2.50%
Ten Year Average (FY99 to FY09)		3.10%

The state and NAPE reached impasse and the last best offers were submitted to a Special Master according to law. The state's last best offer in January 2007 was a 2.5% July 1 increase for each year of the biennium. NAPE's offer reflected different pay increases within nine different bargaining units and within those units, pay increases for each employee would vary (ranging from 0% to 10.0% including the 2.5% COLA) depending on where each individual was within the pay range. Also because the pay increases would be on the employee anniversary date,

\*From FY99 to FY07 reflects NAPE Master Contract. For FY08 and FY09 reflects state's last best offer.



the fiscal year impact would also vary. In mid February, the Special Master ruled in favor of NAPE-AFSCME in eight of the nine bargaining units. The state has subsequently appealed to the Commission on Industrial Relations where the situation now stands.

The biennial budget includes funding in two components. First, the equivalent of the state's last best offer, 2.5% per year, is included within each of the agencies budgets. Second, an appropriation was made in lump sum to a budget program within DAS as an allocation for General Fund amounts needed to fund the contract if the state appeal fails. Calculations on a fiscal year basis indicate the average pay increase over the nine units would be roughly 3.8% in FY08 and 3.9% in FY09 and include the 2.5% per year COLA.

**Non-Bargaining Employees** This category covers employees who are not eligible for bargaining. This includes certain supervisory and management positions, and employees under constitutional agencies such as the Legislative Council, Governor, Secretary of State, Attorney General, etc... For budgeting purposes, the budget includes funding for salary increases for these at 2.5% per year which was the state's last best offer to NAPE/AFSCME as noted above. *After Sine Die of the 2007 Session, the Governor made a last offer to NAPE averaging about 3% per year. This was subsequently rejected. However, through the Dept of Personnel, the administration has directed a 3% July 1, 2007 salary increase be given to non-bargaining employees to be accommodated within funding provided.*

**State Law Enforcement Bargaining Council (SLEBEC)** also reached settlement for the two years of the biennial budget. Pay increases vary depending on type of position (trooper, investigation) and agency (State Patrol, Game and Parks, Fire Marshal, Liquor Control). Overall the "weighted average" is roughly 6.0% per year increase.

**State Colleges** Terms of collective bargaining agreements for the 2007-09 biennium between the Board of Trustees of the Nebraska State Colleges and the three bargaining units with which it negotiates include 4.0% salary increases each year and other compensation and benefit elements with fiscal impacts representing the equivalent of 0.4% salary increases each year of the biennium. The budget funded amounts sufficient to meet 87.5% of the estimated impact of the collective bargaining agreements or, effectively, the equivalent of 3.85% salary increases each year of the biennium. These adjustments amount to \$1,639,103 for 2007-08 and an additional \$1,708,147 for 2008-09 (cumulative biennium increase of \$3,347,250).

**University of Nebraska** The University reached settlement for faculty salary increases of 4.3% per year at UNO and 4.4% per year for UNK per bargained agreements. The budget funded the equivalent of a 3.85% per year salary increases or 87.5% of the full funding amount. General funds provided are \$18,439,949 in FY07-08 and \$37,589,836 in FY08-09.

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## STATE EMPLOYEE HEALTH INSURANCE

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**State Employees-Cost Increases** Health insurance contracts run on a calendar year basis, therefore the projected cost increases for the next biennium are based on actual calendar year 2007 rates and enrollments, and estimates for 2008 and 2009. Therefore, the increases for budgeting purposes for the upcoming biennium are based on estimates not on the actual bids or contracts. Also the percent changes in the contract (calendar year) will be different

than percent changes on a fiscal year basis. For example, FY2007-08 contains six months under the existing calendar year 2007 contract and six months under a new calendar year 2008 contract. Calendar year 2008 and 2009 insurance costs are estimated to increase by 10% each year. When converting to a fiscal year basis, the estimated increase is 7.0% in FY2007-08 and an additional 10% in FY2008-09. The cost share remains at the current level 79% employer 21% employee contribution ratio. General Fund cost increases, on a fiscal year basis, are budgeted at \$4.4 million in FY07-08 and \$11.2 million in FY08-09.

Table 25 Health Insurance Cost Increases

General Funds Only	FY2007-08	FY2008-09
State Employees	4,443,642	11,236,070
State Colleges	405,331	841,595
University of Nebraska	0	0
<b>Total General Fund costs</b>	<b>4,848,973</b>	<b>12,077,665</b>

**State Employees - Cash Reserve Fund Transfers for Cash Flow** In 1999, the State moved from a fully insured employee health insurance plan to a self-insured plan. The various health insurance options offered by the state are funded by employee and employer/state premiums. Since 2004, the premiums paid by the State and the employees have not been sufficient to cover the cost of the health plans creating an imbalance between premium revenues and claims paid. For the past several years, reserves in health insurance funds have been used to cover the shortfall. Since this financing pattern cannot continue, steps have been taken to address the shortfall. The enacted budget authorizes the transfer of up to \$12 million from the Cash Reserve Fund to the State Employees Health Insurance Fund during the period FY2006-07 through FY2010-11 to provide cash flow for the various insurance funds while the imbalance between premiums and claims paid is corrected either through plan changes and/or rate changes. Any amounts transferred from the Cash Reserve Fund will be repaid by June 30, 2011.

Table 26 shows the historical trends in health insurance rates using the health insurance plan most commonly utilized by employees, Blue Cross/Blue Shield. *As noted earlier, the percent changes in this table are on a fiscal year basis and differ from percent changes when considering the contracts that run on a calendar year basis. Also other coverages have different costs and rate changes.* The ten-year average annual increase is 12.3%.

Table 26 Historical Health Insurance Rates - BC/BS Family Coverage

BC/BS High Option (Family)	Dollar Cost Per Employee - FY Basis					Percent of Total		
	Employee	Employer	Trust	Total	% Change	Employee	Employer	Trust
FY1998-99	1,138.00	5,200.00	410.00	6,748.00	5.0%	16.9%	77.1%	6.1%
FY1999-00	2,061.00	7,752.00	0.00	9,813.00	45.4%	21.0%	79.0%	0.0%
FY2000-01	2,207.58	8,304.60	0.00	10,512.18	7.1%	21.0%	79.0%	0.0%
FY2001-02	2,360.94	8,881.62	0.00	11,242.56	6.9%	21.0%	79.0%	0.0%
FY2002-03	2,503.20	9,416.76	0.00	11,919.96	6.0%	21.0%	79.0%	0.0%
FY2003-04	2,686.26	10,105.50	0.00	12,791.76	7.3%	21.0%	79.0%	0.0%
FY2004-05	2,859.60	10,758.00	0.00	13,617.60	6.5%	21.0%	79.0%	0.0%
FY2005-06	3,313.56	12,465.96	0.00	15,779.52	15.9%	21.0%	79.0%	0.0%
FY2006-07	3,776.28	14,206.56	0.00	17,982.84	14.0%	21.0%	79.0%	0.0%
FY2007-08 est	4,106.59	15,449.11	0.00	19,555.70	8.7%	21.0%	79.0%	0.0%
FY2008-09 est	4,517.25	16,994.02	0.00	21,511.27	10.0%	21.0%	79.0%	0.0%
<u>Average Annual Change</u>								
FY99 to FY09 (10 Yr)	14.8%	12.6%	na	12.3%				

**State Colleges** The state colleges are covered under the NSEA health insurance plan with costs expected to increase by 7.6% in FY07-08 and estimated at 7.6% in FY08-09. Additional funding totals \$405,331 in FY07-08 and \$841,595 in FY08-09.

University of Nebraska For the University of Nebraska, no additional state funds are provided for health insurance cost increases.

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## DEPRECIATION SURCHARGE

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Legislation enacted in 1998 (LB1100) provided that with certain exclusions, in the year following completion of a construction project, the Department of Administrative Services (DAS) is to annually thereafter assess depreciation charges to the relevant state agency on the basis of 2% of the total project cost. These charges are then subsequently available for building repair and renovation subject to appropriation. LB410 (2003) reduced the annual 2% depreciation assessment charged on new construction to 0% in FY03-04, 1% in FY04-05 and then returning to the 2% level starting in FY05-06 and thereafter. LB1092 (2004) revised the FY04-05 assessment from 1% to 0% and set the FY05-06 and FY06-07 level at 1% rather than 2% with the 2% rate starting again in FY07-08.

The budget funded depreciation assessments at the current 1% rate rather than increasing to 2% beginning with FY07-08. LB322 include relevant changes to substantive law to maintain depreciation charges at the current 1% level. To have met the full impact of the scheduled increase in the depreciation rate from 1% to 2% would have required a total General Fund increase of \$5,518,006 for FY07-08 and \$6,990,594 for FY08-09. The budget does include General Fund adjustments to accommodate 1% depreciation charges for construction projects that will be newly subject to such assessments in FY07-08 and FY08-09 amounting to \$79,788 for FY07-08 and \$816,082 for FY08-09.

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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 defined benefit plans for K-12 school employees, judges, and State Patrol. Financing for the benefits provided by these three plans comes from employee and matching employer contributions as set in statute, court fees (for the judges plan) and investment income. When revenue from these sources is not actuarially sufficient, state appropriations are required. The amount of state contribution in FY07-08 and FY08-09 are much less than the FY06-07 base budget due to revised actuarial estimates. In fact, the budget returns the amount of state funding to the levels prior to a several year problem. The following table and subsequent narrative help explain the chronology of the plan shortfalls over the past several years.

**2005 Session:** During the 2004 Session, the Retirement Board indicated that the past investment returns on the defined benefit plans were likely to create an increase in the unfunded liability and require additional state contribution into the system. The actuarial "shortfall" amount for FY2005-06 was \$17 million when the July 1, 2004 actuarial valuation of the retirement systems was completed (Mellon Consultants report December 6, 2004). This shortfall was \$15,415,949 for the School plan, \$948,654 for the State Patrol plan, and \$644,564 for the Judges plan.

Based on estimates by Mellon Consultant, it was likely that the projected shortfall would actually increase for two more years. The last "high return" year falls out of the 5 year smoothing process while the 2001 and 2002 loss years remain resulting in shortfall numbers of \$32.9 million in FY06-07 and \$34.3 million in FY07-08. For the "known" \$17 million problem in FY05-06, the Legislature enacted an increase in employer/employee contribution rates (LB503) for the School and Patrol plans, and court fee increases (LB348) for the Judges plan. These provisions, plus a direct appropriation already included for the Class V school plan, completely covered the known shortfall for FY05-06. For FY06-07, LB503 only covered about half of the projected shortfall so the budget included additional state General Fund appropriations to cover the projected shortfall amount above the FY06 level that's not covered by LB503 and LB348. For planning purposes, for FY07-08 and FY08-09 the same rationale was applied as in FY06-07 where the first \$17 million of the shortfall would be covered by higher employer/employee contributions and court fees, and shortfall amounts above that would be covered by state appropriations financed with Cash Reserve fund transfers. Because LB 503 is only operative for two years, this scenario would require an extension of the same amount of contributions as originally included in LB 503 for FY07-08 and FY08-09 if the projected shortfalls actually occur.

**2006 Session** Fall 2005 revised actuarial projections, reduced the FY06-07 shortfall to \$14.4 million allowing for a \$1.3 million reduction in state funds. For the following biennium, there was a net \$17.2 million increase in estimated state contributions to these defined benefit plans, \$1 million savings in FY08 and \$18.2 additional costs in FY09. This net change included a two year reduction in the projected shortfall of \$12.9 million offset by an additional \$30 million General Funds to remove the assumed extension of LB503. Also in the 2006 session, LB1019 changed the amortization period for unfunded actuarial accrued liabilities from the current 25-year period to a 30-year period for the Judges', State Patrol and School Employees Retirement Systems resulting in savings as follows: \$5,224,000 in FY07-08, \$3,415,000 in FY08-09, \$1,704,000 in FY09-10 and \$499,000 in FY10-11

**2007 Session:** Revised actuarial estimates in the fall of 2006 further reduced the projected "shortfall" and in essence eliminated the need for the additional funds originally projected. Funding for the three plans is reduced to pre FY2005-06 levels. The only remaining shortfall exists in the State Patrol retirement plan and was addressed through LB324 which revised the employee and employer contributions.

**Chronology of Additional Funding Needs - Defined Benefit Retirement Plans**

	Actual FY2005-06	Actual FY2006-07	Biennial Budget		Following Biennium	
			FY2007-08	FY2008-09	FY2009-10	FY2010-11
Needed to fund shortfall, Fall 2004 (w/o 2005 action)	17,009,167	32,913,033	34,319,456	21,378,931	4,709,398	1,666,297
Impact of 2005 Bills (LB503, LB348)	(17,180,818)	(17,252,758)	(1,360,335)	(1,360,335)	(1,360,335)	(796,054)
Adjustment to net zero	171,651	13,832	0	0	0	0
Assumed extension of LB503	0	0	(15,028,091)	(15,028,091)	0	0
<b>Additional State Funds Needed - 2005 Session</b>	<b>0</b>	<b>15,674,107</b>	<b>17,931,030</b>	<b>4,990,505</b>	<b>3,349,063</b>	<b>870,243</b>
Change in "shortfall" projection, Fall 2005	0	(1,746,520)	(16,054,121)	3,169,404	13,084,937	12,122,757
Deficit: 7/10 of 1% + Class V annuity	0	478,821	0	0	0	0
Delete assumed extension of LB503	0	0	15,028,091	15,028,091	0	0
LB 1019 Misc changes, 30 year amortization	0	0	(5,224,000)	(3,415,000)	(1,704,000)	(499,000)
<b>Additional State Funds Needed - 2006 Session</b>	<b>0</b>	<b>14,406,408</b>	<b>11,681,000</b>	<b>19,773,000</b>	<b>14,730,000</b>	<b>12,494,000</b>
Change in "shortfall" projection, Fall 2006	0	0	(10,867,841)	(18,473,000)	(13,730,000)	(11,594,000)
Deficit	0	478,821	0	0	0	0
<b>Additional State Funds Needed - 2007 Session</b>	<b>0</b>	<b>14,885,229</b>	<b>813,159</b>	<b>1,300,000</b>	<b>1,000,000</b>	<b>900,000</b>

# GENERAL FUND APPROPRIATIONS BY AGENCY

FY08 / FY09 Biennial Budget as Enacted in the 2007 Legislative Session

		Type	Current Yr FY2006-07	Biennial Budget FY2007-08    FY2008-09		FY08 vs Prior Yr \$ Chnge    % Chnge		FY09 vs Prior Yr \$ Chnge    % Chnge	
#03	Legislative Council	Oper	16,386,740	16,697,967	17,364,832	311,227	1.9%	666,865	4.0%
#03	Legislative Council	Total	16,386,740	16,697,967	17,364,832	311,227	1.9%	666,865	4.0%
#05	Supreme Court	Oper	62,225,402	65,212,791	67,459,602	2,987,389	4.8%	2,246,811	3.4%
#05	Supreme Court	Total	62,225,402	65,212,791	67,459,602	2,987,389	4.8%	2,246,811	3.4%
#07	Governor	Oper	1,620,897	1,643,361	1,685,335	22,464	1.4%	41,974	2.6%
#07	Governor	Total	1,620,897	1,643,361	1,685,335	22,464	1.4%	41,974	2.6%
#08	Lt. Governor	Oper	130,429	140,777	143,137	10,348	7.9%	2,360	1.7%
#08	Lt. Governor	Total	130,429	140,777	143,137	10,348	7.9%	2,360	1.7%
#09	Secretary of State	Oper	769,029	717,369	731,511	(51,660)	-6.7%	14,142	2.0%
#09	Secretary of State	Total	769,029	717,369	731,511	(51,660)	-6.7%	14,142	2.0%
#10	State Auditor	Oper	2,399,052	2,480,647	2,549,369	81,595	3.4%	68,722	2.8%
#10	State Auditor	Total	2,399,052	2,480,647	2,549,369	81,595	3.4%	68,722	2.8%
#11	Attorney General	Oper	6,061,243	8,671,054	6,136,098	2,609,811	43.1%	(2,534,956)	-29.2%
#11	Attorney General	Total	6,061,243	8,671,054	6,136,098	2,609,811	43.1%	(2,534,956)	-29.2%
#12	State Treasurer	Aid	17,768,561	17,768,561	17,768,561	0	0.0%	0	0.0%
#12	State Treasurer	Oper	1,744,358	1,634,394	1,640,688	(109,964)	-6.3%	6,294	0.4%
#12	State Treasurer	Total	19,512,919	19,402,955	19,409,249	(109,964)	-0.6%	6,294	0.0%
#13	Education	Aid	897,633,326	954,305,690	1,043,896,787	56,672,364	6.3%	89,591,097	9.4%
#13	Education	Oper	15,309,801	16,004,397	16,596,234	694,596	4.5%	591,837	3.7%
#13	Education	Total	912,943,127	970,310,087	1,060,493,021	57,366,960	6.3%	90,182,934	9.3%
#14	Public Service Comm	Oper	2,475,009	2,607,328	2,647,939	132,319	5.3%	40,611	1.6%
#14	Public Service Comm	Total	2,475,009	2,607,328	2,647,939	132,319	5.3%	40,611	1.6%
#15	Parole Board	Oper	757,130	760,772	784,556	3,642	0.5%	23,784	3.1%
#15	Parole Board	Total	757,130	760,772	784,556	3,642	0.5%	23,784	3.1%
#16	Revenue	Aid	56,473,000	71,556,960	77,620,104	15,083,960	26.7%	6,063,144	8.5%
#16	Revenue	Oper	27,288,745	28,300,210	29,034,430	1,011,465	3.7%	734,220	2.6%
#16	Revenue	Total	83,761,745	99,857,170	106,654,534	16,095,425	19.2%	6,797,364	6.8%
#18	Agriculture	Aid	0	2,000,000	2,000,000	2,000,000	na	0	0.0%
#18	Agriculture	Oper	5,913,998	6,268,192	6,356,705	354,194	6.0%	88,513	1.4%
#18	Agriculture	Total	5,913,998	8,268,192	8,356,705	2,354,194	39.8%	88,513	1.1%
#21	Fire Marshal	Oper	3,815,673	3,476,810	4,286,720	(338,863)	-8.9%	809,910	23.3%
#21	Fire Marshal	Total	3,815,673	3,476,810	4,286,720	(338,863)	-8.9%	809,910	23.3%
#23	Labor	Oper	554,989	572,059	586,757	17,070	3.1%	14,698	2.6%
#23	Labor	Total	554,989	572,059	586,757	17,070	3.1%	14,698	2.6%
#25	HHS-Services	Aid	924,257,639	963,041,146	988,554,813	38,783,507	4.2%	25,513,667	2.6%
#25	HHS-Services	Oper	218,236,466	212,029,026	227,433,202	(6,207,440)	-2.8%	15,404,176	7.3%
#25	HHS-Services	Total	1,142,494,105	1,175,070,172	1,215,988,015	32,576,067	2.9%	40,917,843	3.5%

	Type	Current Yr	Biennial Budget		FY08 vs Prior Yr		FY09 vs Prior Yr	
		FY2006-07	FY2007-08	FY2008-09	\$ Chnge	% Chnge	\$ Chnge	% Chnge
#27 Roads	Aid	0	0	0	0	na	0	na
#27 Roads	Oper	18,184	18,184	18,184	0	0.0%	0	0.0%
#27 Roads	Total	18,184	18,184	18,184	0	0.0%	0	0.0%
#28 Veterans Affairs	Oper	778,850	863,726	948,664	84,876	10.9%	84,938	9.8%
#28 Veterans Affairs	Total	778,850	863,726	948,664	84,876	10.9%	84,938	9.8%
#29 Natural Resources	Aid	11,438,707	8,474,374	8,474,374	(2,964,333)	-25.9%	0	0.0%
#29 Natural Resources	Oper	8,616,577	8,864,160	9,054,149	247,583	2.9%	189,989	2.1%
#29 Natural Resources	Total	20,055,284	17,338,534	17,528,523	(2,716,750)	-13.5%	189,989	1.1%
#31 Military Dept	Aid	1,828,000	1,475,000	1,025,000	(353,000)	-19.3%	(450,000)	-30.5%
#31 Military Dept	Oper	3,530,123	3,634,211	3,714,876	104,088	2.9%	80,665	2.2%
#31 Military Dept	Total	5,358,123	5,109,211	4,739,876	(248,912)	-4.6%	(369,335)	-7.2%
#32 Ed Lands & Funds	Oper	426,952	400,532	412,965	(26,420)	-6.2%	12,433	3.1%
#32 Ed Lands & Funds	Total	426,952	400,532	412,965	(26,420)	-6.2%	12,433	3.1%
#33 Game & Parks	Aid	50,000	50,000	50,000	0	0.0%	0	0.0%
#33 Game & Parks	Oper	9,484,414	10,187,278	10,594,471	702,864	7.4%	407,193	4.0%
#33 Game & Parks	Total	9,534,414	10,237,278	10,644,471	702,864	7.4%	407,193	4.0%
#34 Library Commission	Aid	1,229,292	1,220,998	1,220,998	(8,294)	-0.7%	0	0.0%
#34 Library Commission	Oper	2,440,765	2,521,401	2,605,441	80,636	3.3%	84,040	3.3%
#34 Library Commission	Total	3,670,057	3,742,399	3,826,439	72,342	2.0%	84,040	2.2%
#35 Liquor Control	Oper	847,718	946,127	956,998	98,409	11.6%	10,871	1.1%
#35 Liquor Control	Total	847,718	946,127	956,998	98,409	11.6%	10,871	1.1%
#38 Status of Women	Oper	200,440	0	0	(200,440)	-100.0%	0	na
#38 Status of Women	Total	200,440	0	0	(200,440)	-100.0%	0	na
#46 Correctional Services	Aid	3,910,000	3,910,000	3,910,000	0	0.0%	0	0.0%
#46 Correctional Services	Oper	136,796,113	142,067,755	147,197,860	5,271,642	3.9%	5,130,105	3.6%
#46 Correctional Services	Total	140,706,113	145,977,755	151,107,860	5,271,642	3.7%	5,130,105	3.5%
#47 NETC	Oper	9,568,882	9,682,282	9,887,664	113,400	1.2%	205,382	2.1%
#47 NETC	Total	9,568,882	9,682,282	9,887,664	113,400	1.2%	205,382	2.1%
#48 Coordinating Comm	Aid	5,766,815	6,766,815	6,766,815	1,000,000	17.3%	0	0.0%
#48 Coordinating Comm	Oper	1,228,154	1,260,506	1,299,297	32,352	2.6%	38,791	3.1%
#48 Coordinating Comm	Total	6,994,969	8,027,321	8,066,112	1,032,352	14.8%	38,791	0.5%
#50 State Colleges	Oper	40,867,931	43,109,898	45,393,201	2,241,967	5.5%	2,283,303	5.3%
#50 State Colleges	Total	40,867,931	43,109,898	45,393,201	2,241,967	5.5%	2,283,303	5.3%
#51 University of Nebraska	Oper	454,486,041	472,762,341	492,081,037	18,276,300	4.0%	19,318,696	4.1%
#51 University of Nebraska	Total	454,486,041	472,762,341	492,081,037	18,276,300	4.0%	19,318,696	4.1%
#52 State Fair Board	Oper	0	0	0	0	na	0	na
#52 State Fair Board	Total	0	0	0	0	na	0	na
#54 Historical Society	Oper	4,247,921	4,298,929	4,368,269	51,008	1.2%	69,340	1.6%
#54 Historical Society	Total	4,247,921	4,298,929	4,368,269	51,008	1.2%	69,340	1.6%
#64 State Patrol	Oper	48,010,563	49,848,038	52,352,142	1,837,475	3.8%	2,504,104	5.0%
#64 State Patrol	Total	48,010,563	49,848,038	52,352,142	1,837,475	3.8%	2,504,104	5.0%
#65 Admin Services (DAS)	Oper	9,868,312	12,794,705	14,620,364	2,926,393	29.7%	1,825,659	14.3%
#65 Admin Services (DAS)	Total	9,868,312	12,794,705	14,620,364	2,926,393	29.7%	1,825,659	14.3%
#67 Equal Opportunity	Oper	1,277,312	1,384,587	1,354,811	107,275	8.4%	(29,776)	-2.2%
#67 Equal Opportunity	Total	1,277,312	1,384,587	1,354,811	107,275	8.4%	(29,776)	-2.2%
#68 Mexican-American	Oper	198,997	204,805	210,590	5,808	2.9%	5,785	2.8%
#68 Mexican-American	Total	198,997	204,805	210,590	5,808	2.9%	5,785	2.8%
#69 Arts Council	Aid	769,517	861,654	861,654	92,137	12.0%	0	0.0%
#69 Arts Council	Oper	581,224	606,381	614,908	25,157	4.3%	8,527	1.4%
#69 Arts Council	Total	1,350,741	1,468,035	1,476,562	117,294	8.7%	8,527	0.6%

	Type	Current Yr	Biennial Budget		FY08 vs Prior Yr		FY09 vs Prior Yr	
		FY2006-07	FY2007-08	FY2008-09	\$ Chnge	% Chnge	\$ Chnge	% Chnge
#70 Foster Care Review	Oper	1,224,583	1,255,759	1,292,903	31,176	2.5%	37,144	3.0%
#70 Foster Care Review	Total	1,224,583	1,255,759	1,292,903	31,176	2.5%	37,144	3.0%
#72 Economic Development	Aid	2,211,350	2,288,850	2,225,000	77,500	3.5%	(63,850)	-2.8%
#72 Economic Development	Oper	4,178,598	4,316,118	4,430,549	137,520	3.3%	114,431	2.7%
#72 Economic Development	Total	6,389,948	6,604,968	6,655,549	215,020	3.4%	50,581	0.8%
#76 Indian Commission	Oper	191,415	191,223	196,919	(192)	-0.1%	5,696	3.0%
#76 Indian Commission	Total	191,415	191,223	196,919	(192)	-0.1%	5,696	3.0%
#77 Industrial Relations	Oper	263,513	325,070	333,936	61,557	23.4%	8,866	2.7%
#77 Industrial Relations	Total	263,513	325,070	333,936	61,557	23.4%	8,866	2.7%
#78 Crime Commission	Aid	2,594,328	2,166,328	2,166,328	(428,000)	-16.5%	0	0.0%
#78 Crime Commission	Oper	8,207,267	8,762,409	8,930,072	555,142	6.8%	167,663	1.9%
#78 Crime Commission	Total	10,801,595	10,928,737	11,096,400	127,142	1.2%	167,663	1.5%
#81 Blind & Visually Impaired	Aid	149,261	190,000	190,000	40,739	27.3%	0	0.0%
#81 Blind & Visually Impaired	Oper	616,501	752,334	777,927	135,833	22.0%	25,593	3.4%
#81 Blind & Visually Impaired	Total	765,762	942,334	967,927	176,572	23.1%	25,593	2.7%
#82 Deaf & Hard of Hearing	Oper	734,998	837,669	860,199	102,671	14.0%	22,530	2.7%
#82 Deaf & Hard of Hearing	Total	734,998	837,669	860,199	102,671	14.0%	22,530	2.7%
#83 Community Colleges	Aid	68,566,476	84,066,476	87,266,476	15,500,000	22.6%	3,200,000	3.8%
#83 Community Colleges	Total	68,566,476	84,066,476	87,266,476	15,500,000	22.6%	3,200,000	3.8%
#84 Environmental Quality	Aid	2,861,885	4,642,972	4,660,972	1,781,087	62.2%	18,000	0.4%
#84 Environmental Quality	Oper	3,531,607	3,403,357	3,445,140	(128,250)	-3.6%	41,783	1.2%
#84 Environmental Quality	Total	6,393,492	8,046,329	8,106,112	1,652,837	25.9%	59,783	0.7%
#85 Retirement Board	Oper	32,203,573	19,140,688	19,134,688	(13,062,885)	-40.6%	(6,000)	0.0%
#85 Retirement Board	Total	32,203,573	19,140,688	19,134,688	(13,062,885)	-40.6%	(6,000)	0.0%
#87 Account/Disclosure	Oper	399,850	335,264	422,633	(64,586)	-16.2%	87,369	26.1%
#87 Account/Disclosure	Total	399,850	335,264	422,633	(64,586)	-16.2%	87,369	26.1%
#93 Tax Equal/Review Comm	Oper	747,300	771,426	799,900	24,126	3.2%	28,474	3.7%
#93 Tax Equal/Review Comm	Total	747,300	771,426	799,900	24,126	3.2%	28,474	3.7%
Capital Construction-	Total	31,878,981	8,150,822	8,150,822	(23,728,159)	-74.4%	0	0.0%
AGENCY OPERATIONS		1,151,463,639	1,172,764,317	1,223,747,872	21,300,678	1.8%	50,983,555	4.3%
STATE AID		1,997,508,157	2,124,785,824	2,248,657,882	127,277,667	6.4%	123,872,058	5.8%
CONSTRUCTION		31,878,981	8,150,822	8,150,822	(23,728,159)	-74.4%	0	0.0%
TOTAL GENERAL FUNDS		3,180,850,777	3,305,700,963	3,480,556,576	124,850,186	3.9%	174,855,613	5.3%

Agency #20 HHS Licensure and Regulation, #25 HHS Services, #26 HHS Finance and Support consolidated into #25 HHS System (LB 296)

Agency #96 Property Assessment and Taxation merged into #16 Dept of Revenue (LB 334)

# GENERAL FUND STATE AID BY AID PROGRAM

FY08 / FY09 Biennial Budget as Enacted in the 2007 Legislative Session

	Current Yr FY2006-07	Biennial Budget		FY08 vs Prior Yr		FY09 vs Prior Yr		
		FY2007-08	FY2008-09	\$ Chnge	% Chnge	\$ Chnge	% Chnge	
<b>#12-State Treasurer</b>								
Aid to NRD's	1,545,502	1,545,502	1,545,502	0	0.0%	0	0.0%	
Aid to Cities	11,257,193	11,257,193	11,257,193	0	0.0%	0	0.0%	
Aid to Counties	4,965,866	4,965,866	4,965,866	0	0.0%	0	0.0%	
<b>#13-Dept of Education</b>								
State Aid to Education (TEEOSA)	701,346,228	753,555,548	832,498,267	52,209,320	7.4%	78,942,719	10.5%	
Special Education	174,280,179	179,508,584	184,893,842	5,228,405	3.0%	5,385,258	3.0%	
Aid to ESU's	11,546,488	11,362,638	16,089,570	(183,850)	-1.6%	4,726,932	41.6%	
High ability learner programs	2,336,921	2,336,921	2,336,921	0	0.0%	0	0.0%	
Early Childhood program	3,680,471	3,626,267	3,615,426	(54,204)	-1.5%	(10,841)	-0.3%	
School Lunch	421,087	421,087	421,087	0	0.0%	0	0.0%	
Textbook loan program	420,000	435,000	450,000	15,000	3.6%	15,000	3.4%	
School Breakfast reimbursement	271,378	379,071	411,100	107,693	39.7%	32,029	8.4%	
Adult Education	230,574	230,574	230,574	0	0.0%	0	0.0%	
Rural Education Transition funds	650,000	0	0	(650,000)	-100.0%	0	na	
Vocational Education	450,000	450,000	450,000	0	0.0%	0	0.0%	
Learning Communities Aid:	0	0	500,000	0	na	500,000	na	
Vocational Rehabilitation	2,000,000	2,000,000	2,000,000	0	0.0%	0	0.0%	
<b>#16-Dept of Revenue</b>								
County Property Tax Relief	0	1,500,000	1,500,000	1,500,000	na	0	0.0%	
Homestead Exemption	56,473,000	70,056,960	76,120,104	13,583,960	24.1%	6,063,144	8.7%	
<b>#18-Dept of Agriculture</b>								
Riparian Vegetation grants	0	2,000,000	2,000,000	2,000,000	na	0	0.0%	
<b>#25-Health and Human Services System</b>								
Behavioral Health Aid	44,577,915	60,328,781	61,765,686	15,750,866	35.3%	1,436,905	2.4%	
Medical student assistance/RHOP	662,068	362,068	362,068	(300,000)	-45.3%	0	0.0%	
Nursing student/faculty assistance	150,000	0	0	(150,000)	-100.0%	0	na	
Juvenile predisposition detention	150,400	153,408	156,536	3,008	2.0%	3,128	2.0%	
County Juvenile Services aid	0	0	0	0	na	0	na	
Childrens Health Insurance	10,842,937	10,826,659	11,761,892	(16,278)	-0.2%	935,233	8.6%	
Public Assistance	231,888,617	234,052,687	241,622,331	2,164,070	0.9%	7,569,644	3.2%	
Medicaid	558,888,505	576,715,481	590,203,015	17,826,976	3.2%	13,487,534	2.3%	
Developmental disabilities	64,415,818	66,634,494	68,166,316	2,218,676	3.4%	1,531,822	2.3%	
Community health centers	2,675,000	3,525,000	3,525,000	850,000	31.8%	0	0.0%	
Public Health Aid	3,964,166	3,944,700	4,024,776	(19,466)	-0.5%	80,076	2.0%	
Care Management	1,878,915	1,935,282	1,993,340	56,367	3.0%	58,058	3.0%	
Area agencies on aging	4,163,298	4,562,586	4,973,853	399,288	9.6%	411,267	9.0%	
<b>#29-Dept of Natural Resources</b>								
Nebr Water Conservation Fund	2,688,454	2,688,454	2,688,454	0	0.0%	0	0.0%	
Resources Development Fund	3,588,368	3,373,066	3,373,066	(215,302)	-6.0%	0	0.0%	
Water Resource Development	2,700,000	0	0	(2,700,000)	-100.0%	0	na	
NRD Water Management grants	2,461,885	2,412,854	2,412,854	(49,031)	-2.0%	0	0.0%	
<b>#31-Military Department</b>								
Governors Emergency Fund	1,000,000	1,000,000	500,000	0	0.0%	(500,000)	-50.0%	
Guard tuition assistance	828,000	475,000	525,000	(353,000)	-42.6%	50,000	10.5%	



	Current Yr FY2006-07	Biennial Budget		FY08 vs Prior Yr		FY09 vs Prior Yr		
		FY2007-08	FY2008-09	\$ Chnge	% Chnge	\$ Chnge	% Chnge	
<b>#33-Game and Parks Commission</b>								
Niobrara Council	50,000	50,000	50,000	0	0.0%	0	0.0%	
<b>#34-Library Commission</b>								
Local libraries	1,229,292	1,220,998	1,220,998	(8,294)	-0.7%	0	0.0%	
<b>#461-Dept of Correctional Services</b>								
County jail cost reimbursement	3,910,000	3,910,000	3,910,000	0	0.0%	0	0.0%	
<b>#48-Postsecondary Education Coordinating Commission</b>								
Nebr Scholarship Program	5,717,065	6,717,065	6,717,065	1,000,000	17.5%	0	0.0%	
Access College Early Scholarship	49,750	49,750	49,750	0	0.0%	0	0.0%	
<b>#69-Arts Council</b>								
Aid to arts programs	586,654	661,654	661,654	75,000	12.8%	0	0.0%	
Council on Humanities	182,863	200,000	200,000	17,137	9.4%	0	0.0%	
<b>#72-Dept of Economic Development</b>								
Managing Mainstreet	113,850	113,850	0	0	0.0%	(113,850)	-100.0%	
Microenterprise Development Act	497,500	497,500	497,500	0	0.0%	0	0.0%	
Ag Opportunities/Value-Added grants	850,000	800,000	850,000	(50,000)	-5.9%	50,000	6.3%	
Building Entrepreneurial Communities	250,000	377,500	377,500	127,500	51.0%	0	0.0%	
Job training grants	0	0	0	0	na	0	na	
Tourism matching grant program	500,000	500,000	500,000	0	0.0%	0	0.0%	
<b>#78-Commission on Law Enforcement and Criminal Justice</b>								
Juvenile services grants	587,812	587,812	587,812	0	0.0%	0	0.0%	
County Juvenile Services aid	1,492,500	1,492,500	1,492,500	0	0.0%	0	0.0%	
Byrne Incentive Grant	428,000	0	0	(428,000)	-100.0%	0	na	
Crimestoppers program	13,457	13,457	13,457	0	0.0%	0	0.0%	
Victim Witness assistance	52,559	52,559	52,559	0	0.0%	0	0.0%	
Crime Victims reparations	20,000	20,000	20,000	0	0.0%	0	0.0%	
<b>#81 Commission for the Blind and Visually Impaired</b>								
Blind rehabilitation	149,261	190,000	190,000	40,739	27.3%	0	0.0%	
<b>#83 Community Colleges</b>								
Aid to Community Colleges	68,566,476	84,066,476	87,266,476	15,500,000	22.6%	3,200,000	3.8%	
<b>#84 Dept of Environmental Quality</b>								
Superfund cleanup	400,000	2,155,000	2,173,000	1,755,000	438.8%	18,000	0.8%	
Storm Water Management grants	2,461,885	2,487,972	2,487,972	26,087	1.1%	0	0.0%	
<hr/>								
Individuals/Other	938,524,594	978,026,675	1,003,637,214	39,502,081	4.2%	25,610,539	2.6%	
Local Government	1,058,983,563	1,146,759,149	1,245,020,668	87,775,586	8.3%	98,261,519	8.6%	
<hr/>								
Total State Aid	1,997,508,157	2,124,785,824	2,248,657,882	127,277,667	6.4%	123,872,058	5.8%	

# GENERAL FUND APPROPRIATIONS BY BILL

<i>General Fund Appropriations by Bill</i>	FY2006-07	FY2007-08	FY2008-09
LB 12 Change Commercial Dog/Cat operator inspection	0	266,929	200,929
LB 73 School breakfast reimbursement provisions	0	107,693	139,722
LB 211 Change CIR commissioner compensation	0	42,300	42,300
LB 247 Miscellaneous HHS changes	0	6,000	6,000
LB 305 Sales tax leased vehicles to Highway Funds	0	51,000	0
LB 316 Special Education Services Task Force	0	10,000	0
LB 324 State Patrol retirement contributions	0	443,022	443,022
LB 328 State/county retirement changes, law enforce survey	0	6,000	0
LB 342 Community Colleges aid formula changes	0	12,000,000	12,000,000
LB 343 Income tax credit, investments in biodiesel facilities	0	136,300	59,000
LB 351 Changes, transitional public assistance payments	0	(585,846)	(250,933)
LB 377 Reallocate judgeships, increase judges salaries	0	633,701	1,220,777
LB 425 Nebraska Operational Assistance Act	0	250,000	250,000
LB 470 Changes, dissemination of records of arrest	0	504,593	0
LB 516 Corporate Farming Policy Advisory Act	0	Shift	0
LB 540 Probation and Parole Services Study Act	0	25,000	0
LB 549 Provide for microdistilleries	0	2,000	0
LB 551 Convention Center financing, sales tax	0	58,400	55,300
LB 554 Adopt a new Parenting Act	0	(7,206)	41,687
LB 603 Change core service/technology funding, ESU's	0	0	4,726,932
LB 641 Learning community changes	0	0	500,000
LB 653 Changes, system for assessment of student learning	0	395,000	545,000
LB 701 Water/vegetation funding, bonds, tax levies	3,000,000	2,083,086	2,082,086
<b><i>Subtotal-"A" Bills</i></b>	<b>3,000,000</b>	<b>16,427,972</b>	<b>22,061,822</b>
LB 321 Mainline Budget Bill	0	3,260,342,141	3,429,380,474
LB 320 Capital Construction	0	8,150,822	8,150,822
LB 318 Legislator Salaries	0	632,982	632,982
LB 319 Constitutional Officers Salaries	0	20,147,046	20,330,476
LB 317 Deficits	(16,211,171)	0	0
LB 88 State Claims	1,626,732	0	0
<b><i>Subtotal-Mainline Bills</i></b>	<b>(14,584,439)</b>	<b>3,289,272,991</b>	<b>3,458,494,754</b>
<b>Total-Appropriations Bills (General Funds)</b>	<b>(11,584,439)</b>	<b>3,305,700,963</b>	<b>3,480,556,576</b>

# GOVERNOR VETOES AND OVERRIDES

The Governor vetoed a total of \$23.6 million General Funds over the two year period. About \$11 million related to various health care provider rates. In most instances, the Legislature originally included a 3% per year increase in provider rates. This was subsequently vetoed by the Governor back to a 2% per year increase. Special Education was reduced by \$5.4 million reduced by veto to a 3% per year increase rather than 4% resulting in a two year reduction of \$5.4 million.

In addition to the veto of appropriations, the Governor also vetoed \$20 million of proposed fund transfers to the General Fund shown as "revenues". In terms of the financial status, this reduced available General Fund revenues virtually offsetting the reduced General Fund appropriations per the vetoes.

Although there were several attempts, *THERE WERE NO OVERRIDES OF THE GOVERNORS VETOES*. The only override occurred with LB415 which included a cash fund appropriation.

<i>General Fund Vetoes</i>	FY2006-07	FY2007-08	FY2008-09
Courts-Salary adjustments-Court Employees	0	(353,290)	(353,290)
Courts-Salary adjustments-Probation Employees	0	(341,153)	(341,153)
Courts-Salary adjustments-Probation Employees	0	(38,252)	(38,252)
Courts-Specialized courts, prostitution related programs	0	(60,000)	(60,000)
Attorney General-reduce GF to offset increased cash funds	0	(200,000)	(200,000)
Attorney General-excess funds, child autopsy program	0	(100,000)	(100,000)
Treasurer-Long term care savings plan, one time funds	0	(20,000)	(20,000)
Education-Base reduction per Governor recommendation	0	(650,000)	(650,000)
Education-Special education aid (3% vs 4% growth)	0	(1,742,802)	(3,607,599)
Revenue-operating savings, contractor labor	0	(59,050)	(111,260)
Revenue-County Property Tax Relief program	0	(500,000)	(500,000)
HHS-Behavioral health, Heartland Family Srvc funds/earmark	0	(100,000)	(372,523)
HHS-Behavioral Health provider rates *	0	(766,152)	(1,547,628)
HHS-Nursing faculty loan *	0	(100,000)	(100,000)
HHS-Juvenile Predisposition Detention provider rates *	0	(1,504)	(3,068)
HHS-Public Assistance provider rates *	0	(1,385,121)	(2,874,616)
HHS-Medicaid (nursing facilities only) provider rates *	0	(669,621)	(1,393,314)
HHS-Developmental Disabled provider rates *	0	(754,612)	(1,516,770)
HHS-Public Health provider rates *	0	(39,642)	(79,680)
HHS-Additional funds for aging programs, Eastern Nebr AAA	0	(290,000)	(290,000)
Coord Comm-data and research analyst position.	0	(86,557)	(86,557)
University-additional funds for Area Health Education Centers	0	(250,000)	(500,000)
EEOC-replace declining federal funds with general funds	0	(75,000)	(150,000)
Foster Care-add one review specialist	0	(36,318)	(36,318)
<i>Subtotal- Mainline Bills</i>	0	(8,619,074)	(14,932,028)
None			
<i>Subtotal-"A" Bills</i>	0	0	0
Total-Appropriations Bills (General Funds)	0	(8,619,074)	(14,932,028)

# **APPROPRIATIONS ALL FUND SOURCES**

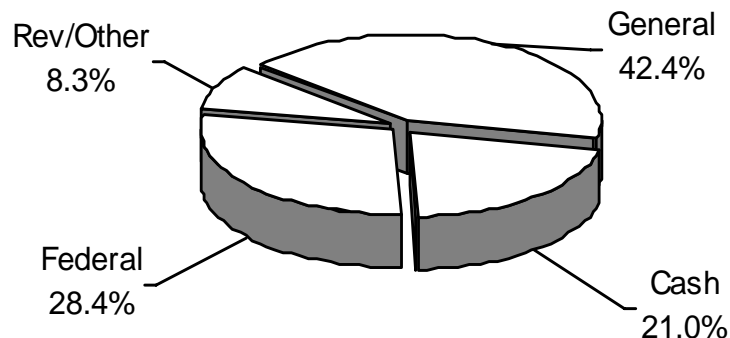
# APPROPRIATIONS - ALL FUND SOURCES

This section of the report reflects the budget enacted including all funds sources, not just General Funds. Table 27 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 27 Total Appropriations Per 2007 Session - All Fund Sources

	General	Cash	Federal	Rev/Other	Total
<b><u>FY2006-07 (without deficits)</u></b>					
Agency Operations	1,151,463,639	1,213,253,251	619,264,302	597,519,112	3,581,500,304
State Aid	1,997,508,157	264,508,256	1,670,767,974	1,292,244	3,934,076,631
Capital Construction	31,878,981	37,280,970	3,350,000	1,486,494	73,996,445
<b>FY2006-07 Total</b>	<b>3,180,850,777</b>	<b>1,515,042,477</b>	<b>2,293,382,276</b>	<b>600,297,850</b>	<b>7,589,573,380</b>
<b><u>FY2007-08</u></b>					
Agency Operations	1,172,764,317	1,210,470,985	625,635,618	599,522,333	3,608,393,253
State Aid	2,124,785,824	383,283,869	1,585,073,318	3,510,075	4,096,653,086
Capital Construction	8,150,822	43,946,907	5,191,150	40,818,058	98,106,937
<b>FY2007-08 Total</b>	<b>3,305,700,963</b>	<b>1,637,701,761</b>	<b>2,215,900,086</b>	<b>643,850,466</b>	<b>7,803,153,276</b>
Change over prior year					
Dollar	124,850,186	122,659,284	(77,482,190)	43,552,616	213,579,896
Percent	3.9%	8.1%	-3.4%	7.3%	2.8%
<b><u>FY2008-09</u></b>					
Agency Operations	1,223,747,872	1,205,269,517	632,374,016	606,286,488	3,667,677,893
State Aid	2,248,657,882	389,932,734	1,627,167,824	792,244	4,266,550,684
Capital Construction	8,150,822	45,283,872	5,490,000	38,550,538	97,475,232
<b>FY2008-09 Total</b>	<b>3,480,556,576</b>	<b>1,640,486,123</b>	<b>2,265,031,840</b>	<b>645,629,270</b>	<b>8,031,703,809</b>
Change over prior year					
Dollar	174,855,613	2,784,362	49,131,754	1,778,804	228,550,533
Percent	5.3%	0.2%	2.2%	0.3%	2.9%

**FY2007-08 Total Appropriations by Fund**



## CASH FUNDS

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

CASH FUNDS	FY2006-07	FY2007-08	FY2008-09	% of Total
Roads	659,358,880	634,316,888	634,182,088	38.7%
University of Nebraska	257,765,587	257,765,587	257,765,587	15.7%
HHS System	133,092,311	148,247,492	142,712,234	9.1%
Revenue	18,661,626	125,043,139	136,531,267	7.6%
Public Service Comm	94,399,836	83,843,477	79,263,322	5.1%
Game and Parks	53,150,021	57,377,302	58,599,335	3.5%
All Other	298,614,216	331,107,876	331,432,290	20.2%
Total - Cash Funds	1,515,042,477	1,637,701,761	1,640,486,123	100.0%
\$ Change		122,659,284	2,784,362	
% Change		8.1%	0.2%	

The Dept of Roads alone accounts for 38.7% of cash fund revenues and expenditures. The University of Nebraska accounts for 15.7% and HHS (including the Health Care Cash Fund) accounts for 9.1%. The Dept of Revenue shows a very large increase in cash funds due to the enactment of the property tax credits in LB367 as shown below. No other agency accounting for more than 5.5% of the total.

Budget growth for cash funds is 8.1% in FY07-08 mostly due to the LB367 property tax credits. This large increase is offset by a reduction in projected cash flow expenditures for the Dept of Roads and no change in University of Nebraska cash funds. With respect to University cash funds, the Legislature does not in fact appropriate these monies (per a Supreme Court opinion) and these amounts shown are simply included at the FY07 estimated level for comparison purposes. Spending growth in FY09 is virtually zero with the stagnant Roads and University cash fund levels.

### LB 367 Property Tax Credits

In addition to other tax changes as part of an omnibus tax bill, LB 367 creates the Property Tax Credit Act and the Property Tax Credit Cash Fund. The purpose of the Property Tax Credit Act is to provide property tax relief for property taxes levied against real property in the form of a property tax credit which appears on the property tax statement.

The amount of relief granted under the Property Tax Credit Act shall be \$105 million for tax year 2007 (FY2007-08) and \$115 million for tax year 2008 (FY2008-09). It is the intent of the Legislature to fund the Property Tax Credit Act for tax years after tax year 2008 using

available revenue. The State Treasurer is directed to transfer such amounts from the General Fund to the Property Tax Credit Cash Fund by August 1 of each year.

The amount in the fund is distributed to each county in its proportion to the total state real property valuation. The Property Tax Administrator then notifies each county of the amount by September 15. Each county treasurer then does a similar prorate calculation so that each parcel in the county receives a share of the funds based on the share each parcel represents of the valuation of real property of the entire county. These amounts are then credited to the real estate tax statement sent for each parcel in December.

Counties would receive the reimbursement for the credit in two payments on January 31 and April 1. The county treasurer then deducts the usual one percent and distributes the dollars to the appropriate taxing entities as reimbursement for the credit.

## **Dept of Roads**

The cash fund numbers shown in the table on page 82 for the Dept of Roads include state, federal, and local funds and reflect the best estimate of the cash flow of expenditures as projects are completed. The following provides information on only "state" highway funding and the impact of the enacted budget on the fuel tax.

The Department of Roads Construction Cost Price Index shows that construction costs increased 13.2% in 2004, 9.3% in 2005, and 10.1% in 2006, for a total of 36.2% during this three year time period while the increase in state receipts to the Highway Cash Fund during this same period was only 3.25%, or an average of about 1% per year. In recognition of this disparity between the growths in construction costs and state receipts the Appropriations Committee recommended, and the Legislature sent to the Governor, a modest increase in state funding for the Department.

The original recommendation for the Department of Roads provided \$356 million of state funding in FY08 and \$370 million in FY09 by setting the Highway Cash Fund appropriation at these levels. This was an increase of \$6 million (1.7%) over the current year's appropriation of \$350 million in FY08, and an increase of \$14 million (3.9%) in FY09 over the FY08 recommendation. Based on revenue projections at that time it was estimated that the total fuel tax required to generate sufficient revenue to meet the Highway Cash Fund appropriation would be 27.1¢ in FY08 and 28.9¢ in FY09. The then current FY07 tax was 27.1¢.

While leaving the FY08 appropriation untouched, the Governor subsequently vetoed \$19 million from the FY09 appropriation, which based on projections, would leave the gas tax at the 27.1 cent level and negate the projected 1.8 cent increase in FY09. This left the FY09 appropriation at \$351 million, only \$1 million higher than the two year prior FY07 level and \$5 million less than FY08.

In regards to mass transit aid, the FY08 appropriation continues funding at the current year's level (\$3,024,088) with no increase. The original FY09 appropriation increased funding \$500,000 to a total of \$3,524,088 but this was subsequently vetoed by the Governor back to \$3,024,088. With this veto the FY08 and FY09 appropriations for mass transit aid are the same as was provided in FY07.

## Ethanol Production Incentive Cash Fund (EPIC)

The ethanol production tax credit is set at 18 cents per gallon of production. The credits are given in the form of a nonrefundable, transferable fuel tax credit coupon. Ethanol plants then sell the coupon to an entity with a fuel tax liability. Because redemption of the coupons results in lower revenue to the Highway Trust Fund, the Ethanol Production Incentive Cash Fund (EPIC) was created. This fund receives revenue from various funding sources and is used to reimburse the Highway Trust Fund for unrealized revenue. Ethanol plants qualifying for the existing production credit program were required to do so by June 30, 2004. Six of the eleven ethanol plants qualifying for the production credit are currently operating.

The December 1, 2006 ethanol report, prepared by the Department of Revenue and the Ethanol Board, estimates that there may be an additional \$68.7 million dollar liability on the EPIC fund. Based on these assumptions, LB 322 enacted during the 2007 Session contains several provisions to cash flow the EPIC fund through the FY2007-09 biennium.

(1) A General Fund transfer of \$15,500,000 to the EPIC fund would be carried out on or before June 30, 2008. This transfer is in addition to the existing statutory General Fund transfers.

(2) The 7/8 cent per bushel or hundredweight checkoff that is deposited in the Ethanol Production Incentive Cash Fund (EPIC) is currently scheduled to end on October 1, 2010. LB 322 would extend the checkoff until October 1, 2012. The 7/8 cent checkoff currently yields about \$10,000,000 annually; it is estimated that slightly over \$20,000,000 would result from this extension.

In addition to the above provisions, LB 322 redirects the deposit of a portion of the non-highway fuel tax refund. From FY2007-08 through FY2011-12, any amount over \$550,000 that is designated for deposit in the Agricultural Alcohol Fuel Tax Fund would instead be deposited in the Ethanol Production Incentive Cash Fund. The amount of additional revenue that could be deposited in the EPIC fund will depend upon the growth in the non-highway fuel tax refund. At this time, the refund revenue does not exceed \$550,000, but is projected by the Ethanol Board to grow to as much as \$750,000 by the end of the FY2007-09 biennium. The Agricultural Alcohol Fuel Tax Fund is used to pay the operating costs of the Nebraska Ethanol Board.

## Health Care Cash Fund

The following table reflects the proposed distribution of the Health Care Cash Fund. This includes an increase in the overall allocation from \$52 million to \$55 million for an additional \$2 million for biomedical research and \$1 million for the autism treatment. LB 482 passed in the 2007 Session, enacted the Autism Treatment Program Act which provides \$1 million a year transfers to provide intensive behavioral services to children with autism through the Center for Autism Spectrum Disorders at the University of Nebraska Medical Center; for administration and treatment costs associated with application and implementation of a Medicaid waiver and services provided to children covered by the waiver. The transfer in any fiscal year is contingent upon the receipt of no less than one dollar of private funds for every two dollars transferred from the Health Care Cash Fund.



## HEALTH CARE CASH FUND

	Agency Program	Approp FY2003-04	Approp FY2004-05	Approp FY2005-06	Approp FY2006-07	2007 Session	
						FY2007-08	FY2008-09
<b><u>Behavioral Health Provider Increases</u></b>							
Regions	26-038	2,599,660	2,599,660	2,599,660	2,599,660	2,599,660	2,599,660
Child Welfare	26-347	2,734,444	2,734,444	2,734,444	2,734,444	2,734,444	2,734,444
Medicaid	26-348	2,165,896	2,165,896	2,165,896	2,165,896	2,165,896	2,165,896
Medicaid managed care / inpatient and RTC	26-348	2,600,000	2,600,000	2,600,000	2,600,000	2,600,000	2,600,000
Subtotal		10,100,000	10,100,000	10,100,000	10,100,000	10,100,000	10,100,000
<b><u>Service Capacity</u></b>							
Mental Health / Substance Abuse Regions	26-38	6,500,000	6,500,000	6,500,000	6,500,000	6,500,000	6,500,000
Juvenile Services	25-250	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Subtotal		7,500,000	7,500,000	7,500,000	7,500,000	7,500,000	7,500,000
<b><u>Emergency Protective Custody</u></b>	26-38	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
<b><u>Respite Care</u></b>							
Respite regions and personnel	25-341	250,000	250,000	404,643	404,643	404,643	404,643
Respite aid	26-347	810,000	810,000	810,000	810,000	810,000	810,000
Subtotal		1,060,000	1,060,000	1,214,643	1,214,643	1,214,643	1,214,643
<b><u>Developmental Disability Waiting List</u></b>	26-424	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
<b><u>Public Health</u></b>							
Public Health Staff	25-033	100,000	100,000	100,000	100,000	100,000	100,000
County Public Health county aid	26-502	5,600,000	5,600,000	5,600,000	5,600,000	5,600,000	5,600,000
Subtotal		5,700,000	5,700,000	5,700,000	5,700,000	5,700,000	5,700,000
<b><u>Minority Health</u></b>							
Qualified health clinics	26-502	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Additional Min. health clinic funding	26-502	400,000	400,000	400,000	400,000	400,000	400,000
Minority health aid	26-502	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000
Minority health satellites	25-033	220,000	220,000	220,000	220,000	220,000	220,000
Subtotal		3,200,000	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
<b><u>CHIP - Replace cash from original \$25M</u></b>	26-344	1,321,222	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
<b><u>Biomedical Research</u></b>	26-623	10,000,000	10,000,000	12,000,000	12,000,000	14,000,000	14,000,000
<b><u>Human Service Studies</u></b>	03-122	500,000	0	100,000	100,000	100,000	100,000
<b><u>Attorney General</u></b>	11-507	150,000	150,000	150,000	150,000	250,000	250,000
<b><u>EMS Technicians</u></b>	20-177	13,688	13,688	13,688	13,688	13,688	13,688
<b><u>Revenue Auditor Specialist</u></b>	16-102	34,244	34,244	34,244	34,244	52,686	52,686
<b><u>Compulsive Gamblers</u></b>							
Operations support	25-033	0	0	0	0	25,000	25,000
Aid	26-038	0	0	0	0	225,000	225,000
Subtotal		0	0	0	0	250,000	250,000
<b><u>Tobacco Prevention</u></b>	25-030	0	0	0	0	0	0
<b><u>Behavioral Health cost/rate study</u></b>	26-341	0	0	50,000	0	0	0
<b><u>Meth Study</u></b>	78-220	0	0	200,000	0	0	0
<b><u>Medicaid (General Fund offset)</u></b>	26-348	3,678,778	0	0	0	0	0
<b><u>Autism Treatment Program Act (LB482-2007)</u></b>		0	0	0	0	1,000,000	1,000,000
<b><u>Unallocated</u></b>		242,068	742,068	437,425	487,425	118,983	118,983
<b>FROM ALLOCATION</b>		50,000,000	50,000,000	52,000,000	52,000,000	55,000,000	55,000,000
To HHS cash fund, behavioral health reform (LB 1083)		1,328,190	4,671,810	0	0	0	0
To NCCF for Double YY and R Building renovations at LF		0	0	2,639,863	0	0	0
To UNMC Research Center of Excellence II (authorized in 2007)		0	2,000,000	2,000,000	2,000,000	0	0
Assist in covering the "transition" costs, Norfolk Sex Offender unit.		0	0	0	0	6,000,000	0
Medicaid reform implementation		0	0	0	0	250,000	0
Antiviral		0	0	0	0	658,000	0
<b>FROM BALANCE</b>		1,328,190	6,671,810	4,639,863	2,000,000	6,908,000	0
<b>TOTAL USE OF HEALTH CARE CASH FUND</b>		51,328,190	56,671,810	56,639,863	54,000,000	61,908,000	55,000,000

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## FEDERAL FUNDS

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Federal funds account for monies received from the federal government either as grants, contracts, or matching funds. Unlike other fund sources, federal fund appropriations are an estimate and agencies are not limited to the amount shown in the appropriation bills though receipts must meet expenditures. Similar to cash funds, there are numerous individual federal funds contained in the accounting system and they are generally limited to specific uses as authorized by the federal program from which the funds came from. Of the 80 state agencies, 38 receive some level of federal funds.

FEDERAL FUNDS	FY2006-07	FY2007-08	FY2008-09	% of Total
HHS System	1,544,383,965	1,469,958,392	1,509,750,314	66.3%
Education	289,859,212	296,843,781	305,344,948	13.4%
University of Nebraska	273,092,667	273,092,667	273,092,667	12.3%
Labor	44,120,045	43,737,387	44,576,379	2.0%
Environmental Quality	35,647,694	30,197,409	29,616,120	1.4%
All Other	106,278,693	102,070,450	102,651,412	4.6%
Total - Federal Funds	2,293,382,276	2,215,900,086	2,265,031,840	100.0%
\$ Change		(77,482,190)	49,131,754	
% Change		-3.4%	2.2%	

Almost 2/3 of the federal funds (approximately 66%) is expended in the Health and Human Services System, a large portion for programs such as Medicaid, AFDC, and other public assistance program. Federal funds in the Dept of Education account for 13% of the total. This is mostly flow through monies to local K-12 schools for programs such as Title 1, School Lunch, and Special Education.

Estimated federal funds actually decline by 1.3% per year over the two years of the biennium. Most of the reduction reflects base adjustments in HHS due to lower than projected FY07 spending.

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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 87% of all revolving funds. The Dept of Correctional Services (through Cornhusker State Industries) accounts for another 8.3%.

<b>REVOLVING / OTHER</b>	<b>FY2006-07</b>	<b>FY2007-08</b>	<b>FY2008-09</b>	<b>% of Total</b>
University/Colleges	399,864,874	399,864,874	399,864,874	65.8%
Admin Services	178,212,736	179,670,176	186,055,718	29.5%
Corrections	16,798,389	17,154,712	17,575,461	2.8%
All Other	5,421,851	11,429,140	6,314,173	1.9%
<b>Total - Revolving Funds</b>	<b>600,297,850</b>	<b>608,118,902</b>	<b>609,810,226</b>	<b>100.0%</b>
NCCF (transfer from Cash Reserve)		35,731,564	35,819,044	--
<b>Total - Revolving/Other Funds</b>	<b>600,297,850</b>	<b>643,850,466</b>	<b>645,629,270</b>	<b>--</b>
\$ Change		43,552,616	1,778,804	
% Change		7.3%	0.3%	

About 66% 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.

In FY07-08 and FY08-09 the relatively large increase in the "All Other" category reflects the transfer of Cash Reserve Fund monies to the Nebraska Capital Construction Fund (NCCF) to finance construction projects.

## **APPROPRIATIONS BY BILL - ALL FUNDS**

Table 28 Breakdown by Mainline Bills and A Bills

	<b>General</b>	<b>Cash</b>	<b>Federal</b>	<b>Rev/Other</b>	<b>Total</b>
<b><u>FY2007-08 All Funds by Bill</u></b>					
LB 318 Legislator Salaries	632,982	0	0	0	632,982
LB 319 Constitutional Officers Salaries	20,147,046	1,020,195	0	0	21,167,241
LB 320 Capital Construction	8,150,822	43,946,907	5,191,150	40,818,058	98,106,937
LB 321 Mainline Budget Bill	3,260,342,141	1,476,837,105	2,207,083,415	603,032,408	7,547,295,069
<b>Mainline Bills</b>	<b>3,289,272,991</b>	<b>1,521,804,207</b>	<b>2,212,274,565</b>	<b>643,850,466</b>	<b>7,667,202,229</b>
<b>"A" Bills</b>	<b>16,427,972</b>	<b>115,897,554</b>	<b>3,625,521</b>	<b>0</b>	<b>135,951,047</b>
<b>Total</b>	<b>3,305,700,963</b>	<b>1,637,701,761</b>	<b>2,215,900,086</b>	<b>643,850,466</b>	<b>7,803,153,276</b>
<b><u>FY2004-05 All Funds by Bill</u></b>					
LB 318 Legislator Salaries	632,982	0	0	0	632,982
LB 319 Constitutional Officers Salaries	20,330,476	1,029,440	0	0	21,359,916
LB 320 Capital Construction	8,150,822	45,283,872	5,490,000	38,550,538	97,475,232
LB 321 Mainline Budget Bill	3,429,380,474	1,467,049,328	2,255,706,268	607,078,732	7,759,214,802
<b>Mainline Bills</b>	<b>3,458,494,754</b>	<b>1,513,362,640</b>	<b>2,261,196,268</b>	<b>645,629,270</b>	<b>7,878,682,932</b>
<b>"A" Bills</b>	<b>22,061,822</b>	<b>127,123,483</b>	<b>3,835,572</b>	<b>0</b>	<b>153,020,877</b>
<b>Total</b>	<b>3,480,556,576</b>	<b>1,640,486,123</b>	<b>2,265,031,840</b>	<b>645,629,270</b>	<b>8,031,703,809</b>

Table 29 "A" Bills Enacted - 2007 Session

Description	Fund	FY2006-07	FY2007-08	FY2008-09
LB 12 Change Commercial Dog/Cat operator inspection	General	0	266,929	200,929
LB 73 School breakfast reimbursement provisions	General	0	107,693	139,722
LB 80 Additional assistance, Safe Drinking Water Act projects	Cash	0	455,000	520,000
LB 211 Change CIR commissioner compensation	General	0	42,300	42300
LB 236 Misc health care profession licensing changes	Cash	0	233,968	199,088
LB 247 Miscellaneous HHS changes	General	0	6,000	6,000
LB 247 Miscellaneous HHS changes	Federal	0	9,000	9,000
LB 283 Medication aide licensing changes	Cash	0	138,000	138,000
LB 292 County match, Medicaid disproportionate share payments	Cash	0	3,000,000	3,000,000
LB 292 County match, Medicaid disproportionate share payments	Federal	0	4,100,000	4,100,000
LB 305 Sales tax leased vehicles to Highway Funds	General	0	51,000	0
LB 305 Sales tax leased vehicles to Highway Funds	Cash	0	3,531,000	4,803,000
LB 316 Special Education Services Task Force	General	0	10,000	0
LB 324 State Patrol retirement contributions	General	0	443,022	443,022
LB 324 State Patrol retirement contributions	Cash	0	66,060	66,060
LB 324 State Patrol retirement contributions	Cash	0	84,000	0
LB 328 State/county retirement changes, law enforce survey	General	0	6,000	0
LB 328 State/county retirement changes, law enforce survey	Cash	0	6,000	0
LB 334 Merge Property Assessment/Taxation into Dept of Revenue	General	0	0	0
LB 342 Community Colleges aid formula changes	General	0	12,000,000	12,000,000
LB 343 Income tax credit, investments in biodiesel facilities	General	0	136,300	59,000
LB 351 Changes, transitional public assistance payments	General	0	(585,846)	(250,933)
LB 351 Changes, transitional public assistance payments	Federal	0	(495,441)	(312,172)
LB 367 Omnibus revenue bill (property tax credits)	Cash	0	105,000,000	115,000,000
LB 368 Nebraska Limited Cooperative Association Act	Cash	0	66,369	60,589
LB 377 Reallocate judgeships, increase judges salaries	General	0	633,701	1,220,777
LB 377 Reallocate judgeships, increase judges salaries	Cash	0	31,666	59,347
LB 415 Changes, provisional MV operator's permits	Cash	0	45,000	0
LB 425 Nebraska Operational Assistance Act	General	0	250,000	250000
LB 441 Liquor shipping license fee, Winery/Grape Fund	Cash	0	69,500	99,500
LB 470 Changes, dissemination of records of arrest	General	0	504,593	0
LB 482 Autism Treatment Program Act	Cash	0	86,701	99,199
LB 482 Autism Treatment Program Act	Federal	0	95,917	122,699
LB 516 Corporate Farming Policy Advisory Act	General	0	Shift	0
LB 540 Probation and Parole Services Study Act	General	0	25,000	0
LB 549 Provide for microdistilleries	General	0	2,000	0
LB 551 Convention Center financing, sales tax	General	0	58,400	55,300
LB 554 Adopt a new Parenting Act	General	0	(7,206)	41,687
LB 554 Adopt a new Parenting Act	Federal	0	(83,955)	(83,955)
LB 588 Workers' comp fee schedule, loss of earnings	Cash	0	76,890	71,300
LB 603 Change core service/technology funding, ESU's	General	0	0	4,726,932
LB 629 Rural Community-Based Energy Development Act	Cash	0	7,400	7,400
LB 641 Learning community changes	General	0	0	500,000
LB 653 Changes, system for assessment of student learning	General	0	395,000	545,000
LB 701 Water/vegetation funding, bonds, tax levies	General	3,000,000	2,083,086	2,082,086
LB 701 Water/vegetation funding, bonds, tax levies	Cash	0	3,000,000	3,000,000
General		3,000,000	16,427,972	22,061,822
Cash		0	115,897,554	127,123,483
Federal		0	3,625,521	3,835,572
Total		3,000,000	135,951,047	153,020,877

# HISTORICAL APPROPRIATIONS-ALL FUNDS

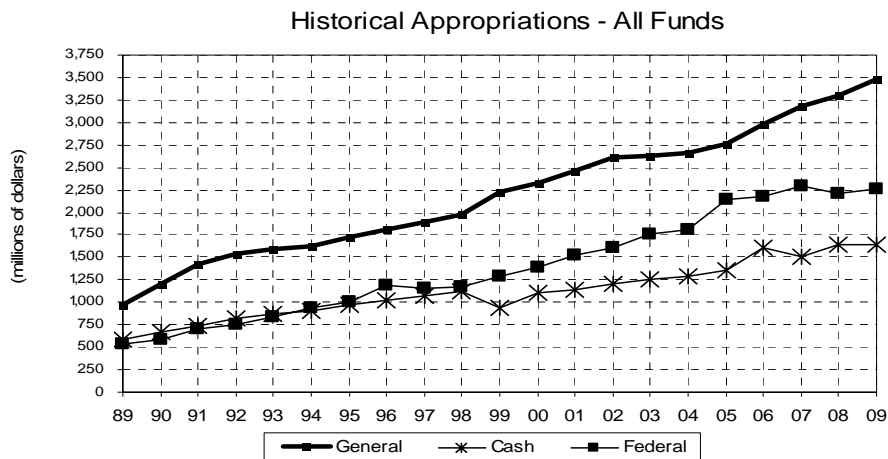
Table 30 contains historical appropriations from all fund sources for the past 20 years. All years exclude deficit appropriations. Also shown are average growth figures for the past 20 years as well as historical growth in biennial budgets.

Table 30 Historical Appropriations-All Funds (Exclude Deficits)

	General Funds	Cash Funds	Federal Funds	Revolving/Other	Total Funds
FY1987-88 Approp	886,692,463	527,072,700	470,710,628	201,153,179	2,085,628,970
FY1988-89 Approp	975,463,332	592,274,308	538,558,829	235,868,204	2,342,164,673
FY1989-90 Approp	1,213,239,466	669,923,305	592,886,952	251,071,830	2,727,121,553
FY1990-91 Approp	1,415,098,996	736,361,772	694,819,456	266,341,766	3,112,621,990
FY1991-92 Approp	1,532,922,851	821,901,188	755,923,617	281,938,493	3,392,686,149
FY1992-93 Approp	1,596,160,107	871,907,067	839,384,006	302,998,215	3,610,449,395
FY1993-94 Approp	1,628,020,298	908,707,645	934,011,649	313,568,194	3,784,307,786
FY1994-95 Approp	1,718,957,079	970,926,826	1,004,037,357	330,821,777	4,024,743,039
FY1995-96 Approp	1,810,178,260	1,016,908,962	1,187,791,863	346,310,774	4,361,189,859
FY1996-97 Approp	1,885,810,146	1,073,119,105	1,148,329,975	370,061,527	4,477,320,753
FY1997-98 Approp	1,979,767,634	1,121,968,313	1,179,866,825	393,815,064	4,675,417,836
FY1998-99 Approp	2,228,579,121	937,301,414	1,288,860,855	445,357,561	4,900,098,951
FY1999-00 Approp	2,323,943,947	1,100,726,077	1,390,725,054	470,160,784	5,285,555,862
FY2000-01 Approp	2,458,789,233	1,130,234,910	1,528,364,447	472,171,086	5,589,559,676
FY2001-02 Approp	2,606,951,336	1,210,661,243	1,602,142,264	492,780,254	5,912,535,097
FY2002-03 Approp	2,621,296,239	1,252,852,263	1,750,158,602	516,844,018	6,141,151,122
FY2003-04 Approp	2,655,289,608	1,285,728,367	1,814,045,740	509,307,018	6,264,370,733
FY2004-05 Approp	2,758,082,724	1,348,606,437	2,150,399,990	538,811,896	6,795,901,047
FY2005-06 Approp	2,972,439,069	1,599,561,441	2,183,758,870	546,381,840	7,302,141,220
FY2006-07 Approp	3,180,850,777	1,515,042,477	2,293,382,276	600,297,850	7,589,573,380
FY2007-08 Approp	3,305,700,963	1,637,701,761	2,215,900,086	643,850,466	7,803,153,276
FY2008-09 Approp	3,480,556,576	1,640,486,123	2,265,031,840	645,629,270	8,031,703,809

Average Annual Growth					
FY98 / FY98 Biennium	8.7%	-6.5%	5.9%	9.7%	4.6%
FY00 / FY01 Biennium	5.0%	9.8%	8.9%	3.0%	6.8%
FY02 / FY03 Biennium	3.3%	5.3%	7.0%	4.6%	4.8%
FY04 / FY05 Biennium	2.6%	3.8%	10.8%	2.1%	5.2%
FY06 / FY07 Biennium	7.4%	6.0%	3.3%	5.6%	5.7%
FY08 / FY09 Biennium	4.6%	4.1%	-0.6%	3.7%	2.9%
Avg FY89 to FY99 (10 yr)	8.6%	4.7%	9.1%	6.6%	7.7%
Avg FY99 to FY09 (10 yr)	4.6%	5.8%	5.8%	3.8%	5.1%
Avg FY89 to FY09 (20 yr)	6.6%	5.2%	7.4%	5.2%	6.4%



# APPROPRIATIONS BY AGENCY ALL FUNDS

FY08 / FY09 Biennial Budget as Enacted in the 2007 Legislative Session

	Fund	w/o Deficits FY2006-07	Total FY2007-08	Total FY2008-09	FY08 vs Prior Year		FY09 vs Prior Year		
					\$ Chnge	% Chnge	\$ Chnge	% Chnge	
3	Legislative Council	Gen	16,386,740	16,697,967	17,364,832	311,227	1.9%	666,865	4.0%
		Cash	268,966	268,966	268,966	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	16,694,976	17,006,203	17,673,068	311,227	1.9%	666,865	3.9%	
5	Supreme Court	Gen	62,225,402	65,212,791	67,459,602	2,987,389	4.8%	2,246,811	3.4%
		Cash	14,989,369	15,775,131	15,548,450	785,762	5.2%	(226,681)	-1.4%
		Fed	916,321	920,035	931,310	3,714	0.4%	11,275	1.2%
		Rev	0	0	0	0	na	0	na
	Total	78,131,092	81,907,957	83,939,362	3,776,865	4.8%	2,031,405	2.5%	
7	Governor	Gen	1,620,897	1,643,361	1,685,335	22,464	1.4%	41,974	2.6%
		Cash	642,878	653,635	665,960	10,757	1.7%	12,325	1.9%
		Fed	8,242,570	8,269,077	8,299,470	26,507	0.3%	30,393	0.4%
		Rev	0	0	0	0	na	0	na
	Total	10,506,345	10,566,073	10,650,765	59,728	0.6%	84,692	0.8%	
8	Lt. Governor	Gen	130,429	140,777	143,137	10,348	7.9%	2,360	1.7%
		Cash	0	0	0	0	na	0	na
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
	Total	130,429	140,777	143,137	10,348	7.9%	2,360	1.7%	
9	Secretary of State	Gen	769,029	717,369	731,511	(51,660)	-6.7%	14,142	2.0%
		Cash	5,992,309	7,060,325	6,079,399	1,068,016	17.8%	(980,926)	-13.9%
		Fed	100,000	110,300	98,300	10,300	10.3%	(12,000)	-10.9%
		Rev	1,104,408	1,079,040	967,516	(25,368)	-2.3%	(111,524)	-10.3%
	Total	7,965,746	8,967,034	7,876,726	1,001,288	12.6%	(1,090,308)	-12.2%	
10	Auditor	Gen	2,399,052	2,480,647	2,549,369	81,595	3.4%	68,722	2.8%
		Cash	1,143,889	1,049,777	1,076,556	(94,112)	-8.2%	26,779	2.6%
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
	Total	3,542,941	3,530,424	3,625,925	(12,517)	-0.4%	95,501	2.7%	
11	Attorney General	Gen	6,061,243	8,671,054	6,136,098	2,609,811	43.1%	(2,534,956)	-29.2%
		Cash	726,730	1,543,160	858,197	816,430	112.3%	(684,963)	-44.4%
		Fed	1,019,313	974,320	1,015,457	(44,993)	-4.4%	41,137	4.2%
		Rev	786,529	1,135,841	1,171,378	349,312	44.4%	35,537	3.1%
	Total	8,593,815	12,324,375	9,181,130	3,730,560	43.4%	(3,143,245)	-25.5%	

	Fund	w/o Deficits FY2006-07	Total FY2007-08	Total FY2008-09	FY08 vs Prior Year		FY09 vs Prior Year		
					\$ Chnge	% Chnge	\$ Chnge	% Chnge	
12	Treasurer	Gen	19,512,919	19,402,955	19,409,249	(109,964)	-0.6%	6,294	0.0%
		Cash	5,735,228	5,797,806	5,854,453	62,578	1.1%	56,647	1.0%
		Fed	2,605,727	2,383,924	2,400,369	(221,803)	-8.5%	16,445	0.7%
		Rev	0	0	0	0	na	0	na
		Total	27,853,874	27,584,685	27,664,071	(269,189)	-1.0%	79,386	0.3%
13	Education	Gen	912,943,127	970,310,087	1,060,493,021	57,366,960	6.3%	90,182,934	9.3%
		Cash	5,351,025	8,596,416	8,902,179	3,245,391	60.6%	305,763	3.6%
		Fed	289,859,212	296,843,781	305,344,948	6,984,569	2.4%	8,501,167	2.9%
		Rev	1,083,688	160,175	160,175	(923,513)	-85.2%	0	0.0%
		Total	1,209,237,052	1,275,910,459	1,374,900,323	66,673,407	5.5%	98,989,864	7.8%
14	Public Service Commission	Gen	2,475,009	2,607,328	2,647,939	132,319	5.3%	40,611	1.6%
		Cash	94,399,836	83,843,477	79,263,322	(10,556,359)	-11.2%	(4,580,155)	-5.5%
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
		Total	96,874,845	86,450,805	81,911,261	(10,424,040)	-10.8%	(4,539,544)	-5.3%
15	Parole Board	Gen	757,130	760,772	784,556	3,642	0.5%	23,784	3.1%
		Cash	0	0	0	0	na	0	na
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
		Total	757,130	760,772	784,556	3,642	0.5%	23,784	3.1%
16	Revenue	Gen	83,761,745	99,857,170	106,654,534	16,095,425	19.2%	6,797,364	6.8%
		Cash	19,263,315	125,644,828	137,132,956	106,381,513	552.2%	11,488,128	9.1%
		Fed	18,830	21,250	500	2,420	12.9%	(20,750)	-97.6%
		Rev	7,282	0	0	(7,282)	-100.0%	0	na
		Total	103,051,172	225,523,248	243,787,990	122,472,076	118.8%	18,264,742	8.1%
17	Aeronautics	Gen	0	0	0	0	na	0	na
		Cash	26,847,430	25,520,388	25,330,179	(1,327,042)	-4.9%	(190,209)	-0.7%
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
		Total	26,847,430	25,520,388	25,330,179	(1,327,042)	-4.9%	(190,209)	-0.7%
18	Agriculture	Gen	5,913,998	8,268,192	8,356,705	2,354,194	39.8%	88,513	1.1%
		Cash	6,681,922	6,738,554	6,986,749	56,632	0.8%	248,195	3.7%
		Fed	2,555,809	2,465,860	2,479,366	(89,949)	-3.5%	13,506	0.5%
		Rev	453,450	479,381	487,563	25,931	5.7%	8,182	1.7%
		Total	15,605,179	17,951,987	18,310,383	2,346,808	15.0%	358,396	2.0%
19	Banking	Gen	0	0	0	0	na	0	na
		Cash	5,586,398	6,174,551	6,467,886	588,153	10.5%	293,335	4.8%
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
		Total	5,586,398	6,174,551	6,467,886	588,153	10.5%	293,335	4.8%

	Fund		w/o Deficits FY2006-07	Total FY2007-08	Total FY2008-09	FY08 vs Prior Year		FY09 vs Prior Year	
						\$ Chnge	% Chnge	\$ Chnge	% Chnge
21	Fire Marshal	Gen	3,815,673	3,476,810	4,286,720	(338,863)	-8.9%	809,910	23.3%
		Cash	1,158,419	1,674,415	1,286,509	515,996	44.5%	(387,906)	-23.2%
		Fed	50,000	50,000	50,000	0	0.0%	0	0.0%
		Rev	0	0	0	0	na	0	na
		Total	5,024,092	5,201,225	5,623,229	177,133	3.5%	422,004	8.1%
22	Insurance	Gen	0	0	0	0	na	0	na
		Cash	8,986,175	9,340,774	10,700,772	354,599	3.9%	1,359,998	14.6%
		Fed	300,030	305,232	311,887	5,202	1.7%	6,655	2.2%
		Rev	0	0	0	0	na	0	na
		Total	9,286,205	9,646,006	11,012,659	359,801	3.9%	1,366,653	14.2%
23	Labor	Gen	554,989	572,059	586,757	17,070	3.1%	14,698	2.6%
		Cash	1,619,801	1,690,399	1,746,741	70,598	4.4%	56,342	3.3%
		Fed	44,120,045	43,737,387	44,576,379	(382,658)	-0.9%	838,992	1.9%
		Rev	0	0	0	0	na	0	na
		Total	46,294,835	45,999,845	46,909,877	(294,990)	-0.6%	910,032	2.0%
24	Motor Vehicles	Gen	0	0	0	0	na	0	na
		Cash	18,615,095	18,228,370	18,535,868	(386,725)	-2.1%	307,498	1.7%
		Fed	2,680,704	2,622,380	2,633,916	(58,324)	-2.2%	11,536	0.4%
		Rev	0	0	0	0	na	0	na
		Total	21,295,799	20,850,750	21,169,784	(445,049)	-2.1%	319,034	1.5%
25	HHS System	Gen	1,142,494,105	1,175,070,172	1,215,988,015	32,576,067	2.9%	40,917,843	3.5%
		Cash	133,092,311	148,247,492	142,712,234	15,155,181	11.4%	(5,535,258)	-3.7%
		Fed	1,544,383,965	1,469,958,392	1,509,750,314	(74,425,573)	-4.8%	39,791,922	2.7%
		Rev	0	0	0	0	na	0	na
		Total	2,819,970,381	2,793,276,056	2,868,450,563	(26,694,325)	-0.9%	75,174,507	2.7%
27	Roads	Gen	18,184	18,184	18,184	0	0.0%	0	0.0%
		Cash	659,358,880	634,316,888	634,182,088	(25,041,992)	-3.8%	(134,800)	0.0%
		Fed	0	0	0	0	na	0	na
		Rev	500,000	2,717,831	0	2,217,831	443.6%	(2,717,831)	-100.0%
		Total	659,877,064	637,052,903	634,200,272	(22,824,161)	-3.5%	(2,852,631)	-0.4%
28	Veterans Affairs	Gen	778,850	863,726	948,664	84,876	10.9%	84,938	9.8%
		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	778,850	863,726	948,664	84,876	10.9%	84,938	9.8%
29	Natural Resources	Gen	20,055,284	17,338,534	17,528,523	(2,716,750)	-13.5%	189,989	1.1%
		Cash	2,943,512	5,943,512	5,943,512	3,000,000	101.9%	0	0.0%
		Fed	942,771	693,733	693,733	(249,038)	-26.4%	0	0.0%
		Rev	0	0	0	0	na	0	na
		Total	23,941,567	23,975,779	24,165,768	34,212	0.1%	189,989	0.8%



	Fund	w/o Deficits FY2006-07	Total FY2007-08	Total FY2008-09	FY08 vs Prior Year		FY09 vs Prior Year	
					\$ Chnge	% Chnge	\$ Chnge	% Chnge
30 Electrical Board	Gen	0	0	0	0	na	0	na
	Cash	1,438,469	1,448,238	1,461,910	9,769	0.7%	13,672	0.9%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	1,438,469	1,448,238	1,461,910	9,769	0.7%	13,672	0.9%
31 Military Dept	Gen	5,358,123	5,109,211	4,739,876	(248,912)	-4.6%	(369,335)	-7.2%
	Cash	931,697	942,515	952,245	10,818	1.2%	9,730	1.0%
	Fed	17,090,313	17,371,092	17,594,186	280,779	1.6%	223,094	1.3%
	Rev	0	0	0	0	na	0	na
	Total	23,380,133	23,422,818	23,286,307	42,685	0.2%	(136,511)	-0.6%
32 Ed Lands & Funds	Gen	426,952	400,532	412,965	(26,420)	-6.2%	12,433	3.1%
	Cash	8,698,299	8,841,167	9,104,745	142,868	1.6%	263,578	3.0%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	9,125,251	9,241,699	9,517,710	116,448	1.3%	276,011	3.0%
33 Game and Parks	Gen	9,534,414	10,237,278	10,644,471	702,864	7.4%	407,193	4.0%
	Cash	53,150,021	57,377,302	58,599,335	4,227,281	8.0%	1,222,033	2.1%
	Fed	225,487	224,960	224,960	(527)	-0.2%	0	0.0%
	Rev	0	0	0	0	na	0	na
	Total	62,909,922	67,839,540	69,468,766	4,929,618	7.8%	1,629,226	2.4%
34 Library Commission	Gen	3,670,057	3,742,399	3,826,439	72,342	2.0%	84,040	2.2%
	Cash	95,349	95,349	95,349	0	0.0%	0	0.0%
	Fed	1,400,578	1,463,176	1,489,301	62,598	4.5%	26,125	1.8%
	Rev	0	0	0	0	na	0	na
	Total	5,165,984	5,300,924	5,411,089	134,940	2.6%	110,165	2.1%
35 Liquor Commission	Gen	847,718	946,127	956,998	98,409	11.6%	10,871	1.1%
	Cash	74,441	74,441	74,441	0	0.0%	0	0.0%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	922,159	1,020,568	1,031,439	98,409	10.7%	10,871	1.1%
36 Racing Commission	Gen	0	0	0	0	na	0	na
	Cash	1,011,366	1,031,523	1,049,479	20,157	2.0%	17,956	1.7%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	1,011,366	1,031,523	1,049,479	20,157	2.0%	17,956	1.7%
37 Workers Compensation	Gen	0	0	0	0	na	0	na
	Cash	4,974,097	4,727,330	4,833,765	(246,767)	-5.0%	106,435	2.3%
	Fed	30,055	30,628	31,300	573	1.9%	672	2.2%
	Rev	0	0	0	0	na	0	na
	Total	5,004,152	4,757,958	4,865,065	(246,194)	-4.9%	107,107	2.3%

	Fund		w/o Deficits FY2006-07	Total FY2007-08	Total FY2008-09	FY08 vs Prior Year		FY09 vs Prior Year	
						\$ Chnge	% Chnge	\$ Chnge	% Chnge
38 Status of Women	Gen		200,440	0	0	(200,440)	-100.0%	0	na
	Cash		0	5,000	5,000	5,000	na	0	0.0%
	Fed		0	0	0	0	na	0	na
	Rev		0	0	0	0	na	0	na
	Total		200,440	5,000	5,000	(195,440)	-97.5%	0	0.0%
39 Brand Committee	Gen		0	0	0	0	na	0	na
	Cash		4,125,727	4,255,491	4,432,504	129,764	3.1%	177,013	4.2%
	Fed		0	0	0	0	na	0	na
	Rev		0	0	0	0	na	0	na
	Total		4,125,727	4,255,491	4,432,504	129,764	3.1%	177,013	4.2%
40 Motor Vehicle Dealers	Gen		0	0	0	0	na	0	na
	Cash		611,806	629,731	648,664	17,925	2.9%	18,933	3.0%
	Fed		0	0	0	0	na	0	na
	Rev		0	0	0	0	na	0	na
	Total		611,806	629,731	648,664	17,925	2.9%	18,933	3.0%
41 Real Estate Commission	Gen		0	0	0	0	na	0	na
	Cash		1,024,907	1,061,957	1,091,130	37,050	3.6%	29,173	2.7%
	Fed		0	0	0	0	na	0	na
	Rev		0	0	0	0	na	0	na
	Total		1,024,907	1,061,957	1,091,130	37,050	3.6%	29,173	2.7%
45 Barber Examiners	Gen		0	0	0	0	na	0	na
	Cash		139,097	136,567	142,075	(2,530)	-1.8%	5,508	4.0%
	Fed		0	0	0	0	na	0	na
	Rev		0	0	0	0	na	0	na
	Total		139,097	136,567	142,075	(2,530)	-1.8%	5,508	4.0%
46 Correctional Services	Gen		140,706,113	145,977,755	151,107,860	5,271,642	3.7%	5,130,105	3.5%
	Cash		1,774,436	1,809,809	1,851,764	35,373	2.0%	41,955	2.3%
	Fed		666,645	351,537	368,192	(315,108)	-47.3%	16,655	4.7%
	Rev		16,798,389	17,154,712	17,575,461	356,323	2.1%	420,749	2.5%
	Total		159,945,583	165,293,813	170,903,277	5,348,230	3.3%	5,609,464	3.4%
47 Educational Telecomm.	Gen		9,568,882	9,682,282	9,887,664	113,400	1.2%	205,382	2.1%
	Cash		204,881	254,881	254,881	50,000	24.4%	0	0.0%
	Fed		0	0	0	0	na	0	na
	Rev		0	0	0	0	na	0	na
	Total		9,773,763	9,937,163	10,142,545	163,400	1.7%	205,382	2.1%
48 Postsecondary Coord Comm	Gen		6,994,969	8,027,321	8,066,112	1,032,352	14.8%	38,791	0.5%
	Cash		4,760,000	4,760,000	6,010,000	0	0.0%	1,250,000	26.3%
	Fed		997,944	997,944	997,944	0	0.0%	0	0.0%
	Rev		0	0	0	0	na	0	na
	Total		12,752,913	13,785,265	15,074,056	1,032,352	8.1%	1,288,791	9.3%

	Fund		w/o Deficits	Total	Total	FY08 vs Prior Year		FY09 vs Prior Year	
			FY2006-07	FY2007-08	FY2008-09	\$ Chnge	% Chnge	\$ Chnge	% Chnge
50	Nebraska State Colleges	Gen	40,867,931	43,109,898	45,393,201	2,241,967	5.5%	2,283,303	5.3%
		Cash	21,821,486	21,821,486	21,821,486	0	0.0%	0	0.0%
		Fed	18,091,090	18,091,090	18,091,090	0	0.0%	0	0.0%
		Rev	6,516,616	6,516,616	6,516,616	0	0.0%	0	0.0%
	Total	87,297,123	89,539,090	91,822,393	2,241,967	2.6%	2,283,303	2.6%	
51	University of Nebraska	Gen	454,486,041	472,762,341	492,081,037	18,276,300	4.0%	19,318,696	4.1%
		Cash	257,765,587	257,765,587	257,765,587	0	0.0%	0	0.0%
		Fed	273,092,667	273,092,667	273,092,667	0	0.0%	0	0.0%
		Rev	393,348,258	393,348,258	393,348,258	0	0.0%	0	0.0%
	Total	1,378,692,553	1,396,968,853	1,416,287,549	18,276,300	1.3%	19,318,696	1.4%	
52	Board of Agriculture	Gen	0	0	0	0	na	0	na
		Cash	2,500,000	2,500,000	2,500,000	0	0.0%	0	0.0%
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
	Total	2,500,000	2,500,000	2,500,000	0	0.0%	0	0.0%	
53	Real Property Appraisers	Gen	0	0	0	0	na	0	na
		Cash	276,507	287,841	292,307	11,334	4.1%	4,466	1.6%
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
	Total	276,507	287,841	292,307	11,334	4.1%	4,466	1.6%	
54	Historical Society	Gen	4,247,921	4,298,929	4,368,269	51,008	1.2%	69,340	1.6%
		Cash	1,408,202	1,603,235	1,627,575	195,033	13.8%	24,340	1.5%
		Fed	695,115	710,702	731,394	15,587	2.2%	20,692	2.9%
		Rev	0	0	0	0	na	0	na
	Total	6,351,238	6,612,866	6,727,238	261,628	4.1%	114,372	1.7%	
56	Nebraska Wheat Board	Gen	0	0	0	0	na	0	na
		Cash	1,369,853	1,404,286	1,410,096	34,433	2.5%	5,810	0.4%
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
	Total	1,369,853	1,404,286	1,410,096	34,433	2.5%	5,810	0.4%	
57	Oil & Gas Commission	Gen	0	0	0	0	na	0	na
		Cash	510,930	566,352	580,547	55,422	10.8%	14,195	2.5%
		Fed	95,640	91,804	93,875	(3,836)	-4.0%	2,071	2.3%
		Rev	0	0	0	0	na	0	na
	Total	606,570	658,156	674,422	51,586	8.5%	16,266	2.5%	
58	Engineers Architects	Gen	0	0	0	0	na	0	na
		Cash	738,200	737,499	756,221	(701)	-0.1%	18,722	2.5%
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
	Total	738,200	737,499	756,221	(701)	-0.1%	18,722	2.5%	

	Fund		w/o Deficits	Total	Total	FY08 vs Prior Year		FY09 vs Prior Year	
			FY2006-07	FY2007-08	FY2008-09	\$ Chnge	% Chnge	\$ Chnge	% Chnge
59 Geologists Board	Gen		0	0	0	0	na	0	na
	Cash		31,500	36,345	33,850	4,845	15.4%	(2,495)	-6.9%
	Fed		0	0	0	0	na	0	na
	Rev		0	0	0	0	na	0	na
	Total		31,500	36,345	33,850	4,845	15.4%	(2,495)	-6.9%
60 Ethanol Board	Gen		0	0	0	0	na	0	na
	Cash		573,254	559,515	559,515	(13,739)	-2.4%	0	0.0%
	Fed		0	0	0	0	na	0	na
	Rev		0	0	0	0	na	0	na
	Total		573,254	559,515	559,515	(13,739)	-2.4%	0	0.0%
61 Dairy Board	Gen		0	0	0	0	na	0	na
	Cash		1,799,720	1,800,000	1,800,000	280	0.0%	0	0.0%
	Fed		0	0	0	0	na	0	na
	Rev		0	0	0	0	na	0	na
	Total		1,799,720	1,800,000	1,800,000	280	0.0%	0	0.0%
62 Land Surveyors	Gen		0	0	0	0	na	0	na
	Cash		32,995	33,336	33,615	341	1.0%	279	0.8%
	Fed		0	0	0	0	na	0	na
	Rev		0	0	0	0	na	0	na
	Total		32,995	33,336	33,615	341	1.0%	279	0.8%
63 Public Accountancy	Gen		0	0	0	0	na	0	na
	Cash		404,702	411,626	418,854	6,924	1.7%	7,228	1.8%
	Fed		0	0	0	0	na	0	na
	Rev		0	0	0	0	na	0	na
	Total		404,702	411,626	418,854	6,924	1.7%	7,228	1.8%
64 State Patrol	Gen		48,010,563	49,848,038	52,352,142	1,837,475	3.8%	2,504,104	5.0%
	Cash		11,260,685	11,373,836	14,829,292	113,151	1.0%	3,455,456	30.4%
	Fed		1,895,114	1,975,677	2,061,725	80,563	4.3%	86,048	4.4%
	Rev		0	770,378	796,047	770,378	na	25,669	3.3%
	Total		61,166,362	63,967,929	70,039,206	2,801,567	4.6%	6,071,277	9.5%
65 Admin Services (DAS)	Gen		9,868,312	12,794,705	14,620,364	2,926,393	29.7%	1,825,659	14.3%
	Cash		12,301,967	13,186,517	9,611,128	884,550	7.2%	(3,575,389)	-27.1%
	Fed		1,475,144	545,475	0	(929,669)	-63.0%	(545,475)	-100.0%
	Rev		178,212,736	179,670,176	186,055,718	1,457,440	0.8%	6,385,542	3.6%
	Total		201,858,159	206,196,873	210,287,210	4,338,714	2.1%	4,090,337	2.0%
66 Abstracter's Board	Gen		0	0	0	0	na	0	na
	Cash		38,712	40,607	42,728	1,895	4.9%	2,121	5.2%
	Fed		0	0	0	0	na	0	na
	Rev		0	0	0	0	na	0	na
	Total		38,712	40,607	42,728	1,895	4.9%	2,121	5.2%

	Fund		w/o Deficits FY2006-07	Total FY2007-08	Total FY2008-09	FY08 vs Prior Year		FY09 vs Prior Year	
						\$ Chnge	% Chnge	\$ Chnge	% Chnge
67 Equal Opportunity Commission	Gen		1,277,312	1,384,587	1,354,811	107,275	8.4%	(29,776)	-2.2%
	Cash		0	0	0	0	na	0	na
	Fed		842,367	632,402	661,446	(209,965)	-24.9%	29,044	4.6%
	Rev		0	0	0	0	na	0	na
	Total		2,119,679	2,016,989	2,016,257	(102,690)	-4.8%	(732)	0.0%
68 Mexican- American Commission	Gen		198,997	204,805	210,590	5,808	2.9%	5,785	2.8%
	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		198,997	204,805	210,590	5,808	2.9%	5,785	2.8%
69 Arts Council	Gen		1,350,741	1,468,035	1,476,562	117,294	8.7%	8,527	0.6%
	Cash		1,510,000	1,510,000	1,510,000	0	0.0%	0	0.0%
	Fed		649,400	649,400	649,400	0	0.0%	0	0.0%
	Rev		0	0	0	0	na	0	na
	Total		3,510,141	3,627,435	3,635,962	117,294	3.3%	8,527	0.2%
70 Foster Care Review Board	Gen		1,224,583	1,255,759	1,292,903	31,176	2.5%	37,144	3.0%
	Cash		6,000	6,000	6,000	0	0.0%	0	0.0%
	Fed		555,249	583,343	600,033	28,094	5.1%	16,690	2.9%
	Rev		0	0	0	0	na	0	na
	Total		1,785,832	1,845,102	1,898,936	59,270	3.3%	53,834	2.9%
72 Economic Development	Gen		6,389,948	6,604,968	6,655,549	215,020	3.4%	50,581	0.8%
	Cash		14,175,481	23,666,004	23,251,323	9,490,523	67.0%	(414,681)	-1.8%
	Fed		24,274,875	21,861,622	21,893,783	(2,413,253)	-9.9%	32,161	0.1%
	Rev		0	0	0	0	na	0	na
	Total		44,840,304	52,132,594	51,800,655	7,292,290	16.3%	(331,939)	-0.6%
73 Landscape Architects	Gen		0	0	0	0	na	0	na
	Cash		14,814	21,480	22,050	6,666	45.0%	570	2.7%
	Fed		0	0	0	0	na	0	na
	Rev		0	0	0	0	na	0	na
	Total		14,814	21,480	22,050	6,666	45.0%	570	2.7%
74 Power Review Board	Gen		0	0	0	0	na	0	na
	Cash		372,140	378,109	391,276	5,969	1.6%	13,167	3.5%
	Fed		0	0	0	0	na	0	na
	Rev		0	0	0	0	na	0	na
	Total		372,140	378,109	391,276	5,969	1.6%	13,167	3.5%
75 Investment Council	Gen		0	0	0	0	na	0	na
	Cash		793,127	1,552,009	1,479,434	758,882	95.7%	(72,575)	-4.7%
	Fed		0	0	0	0	na	0	na
	Rev		0	0	0	0	na	0	na
	Total		793,127	1,552,009	1,479,434	758,882	95.7%	(72,575)	-4.7%

	Fund		w/o Deficits FY2006-07	Total FY2007-08	Total FY2008-09	FY08 vs Prior Year		FY09 vs Prior Year	
						\$ Chnge	% Chnge	\$ Chnge	% Chnge
76	Indian Affairs	Gen	191,415	191,223	196,919	(192)	-0.1%	5,696	3.0%
		Cash	40,000	0	0	(40,000)	-100.0%	0	na
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
		Total	231,415	191,223	196,919	(40,192)	-17.4%	5,696	3.0%
77	Industrial Relations	Gen	263,513	325,070	333,936	61,557	23.4%	8,866	2.7%
		Cash	0	0	0	0	na	0	na
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
		Total	263,513	325,070	333,936	61,557	23.4%	8,866	2.7%
78	Crime Commission	Gen	10,801,595	10,928,737	11,096,400	127,142	1.2%	167,663	1.5%
		Cash	1,621,264	1,278,622	1,291,454	(342,642)	-21.1%	12,832	1.0%
		Fed	10,923,186	9,000,857	9,025,830	(1,922,329)	-17.6%	24,973	0.3%
		Rev	0	0	0	0	na	0	na
		Total	23,346,045	21,208,216	21,413,684	(2,137,829)	-9.2%	205,468	1.0%
81	Blind and Visually Impaired	Gen	765,762	942,334	967,927	176,572	23.1%	25,593	2.7%
		Cash	74,148	86,800	61,800	12,652	17.1%	(25,000)	-28.8%
		Fed	3,158,846	3,220,890	3,294,357	62,044	2.0%	73,467	2.3%
		Rev	0	0	0	0	na	0	na
		Total	3,998,756	4,250,024	4,324,084	251,268	6.3%	74,060	1.7%
82	Deaf and Hard of Hearing	Gen	734,998	837,669	860,199	102,671	14.0%	22,530	2.7%
		Cash	9,430	83,677	9,430	74,247	787.3%	(74,247)	-88.7%
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
		Total	744,428	921,346	869,629	176,918	23.8%	(51,717)	-5.6%
83	Community Colleges	Gen	68,566,476	84,066,476	87,266,476	15,500,000	22.6%	3,200,000	3.8%
		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	68,566,476	84,066,476	87,266,476	15,500,000	22.6%	3,200,000	3.8%
84	Environmental Quality (DEQ)	Gen	6,393,492	8,046,329	8,106,112	1,652,837	25.9%	59,783	0.7%
		Cash	32,917,166	33,209,568	33,504,726	292,402	0.9%	295,158	0.9%
		Fed	35,647,694	30,197,409	29,616,120	(5,450,285)	-15.3%	(581,289)	-1.9%
		Rev	0	0	0	0	na	0	na
		Total	74,958,352	71,453,306	71,226,958	(3,505,046)	-4.7%	(226,348)	-0.3%
85	Retirement Board	Gen	32,203,573	19,140,688	19,134,688	(13,062,885)	-40.6%	(6,000)	0.0%
		Cash	6,773,311	11,828,838	8,827,628	5,055,527	74.6%	(3,001,210)	-25.4%
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
		Total	38,976,884	30,969,526	27,962,316	(8,007,358)	-20.5%	(3,007,210)	-9.7%

	Fund	w/o Deficits FY2006-07	Total FY2007-08	Total FY2008-09	FY08 vs Prior Year		FY09 vs Prior Year	
					\$ Chnge	% Chnge	\$ Chnge	% Chnge
86 Dry Bean Board	Gen	0	0	0	0	na	0	na
	Cash	302,342	401,037	402,144	98,695	32.6%	1,107	0.3%
	Fed	0	0	0	0	na	0	na
	Total	302,342	401,037	402,144	98,695	32.6%	1,107	0.3%
87 Accountability & Disclosure	Gen	399,850	335,264	422,633	(64,586)	-16.2%	87,369	26.1%
	Cash	889,480	1,019,850	1,022,192	130,370	14.7%	2,342	0.2%
	Fed	0	0	0	0	na	0	na
	Total	1,289,330	1,355,114	1,444,825	65,784	5.1%	89,711	6.6%
88 Nebraska Corn Board	Gen	0	0	0	0	na	0	na
	Cash	5,195,187	5,183,270	5,195,538	(11,917)	-0.2%	12,268	0.2%
	Fed	390,300	221,320	399,018	(168,980)	-43.3%	177,698	80.3%
	Total	5,585,487	5,404,590	5,594,556	(180,897)	-3.2%	189,966	3.5%
92 Grain Sorghum Board	Gen	0	0	0	0	na	0	na
	Cash	508,263	301,919	304,242	(206,344)	-40.6%	2,323	0.8%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
Total	508,263	301,919	304,242	(206,344)	-40.6%	2,323	0.8%	
93 Tax Equalization & Review (TERC)	Gen	747,300	771,426	799,900	24,126	3.2%	28,474	3.7%
	Cash	20,000	40,000	40,000	20,000	100.0%	0	0.0%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
Total	767,300	811,426	839,900	44,126	5.8%	28,474	3.5%	
94 Public Advocacy	Gen	0	0	0	0	na	0	na
	Cash	3,286,973	3,499,438	3,649,950	212,465	6.5%	150,512	4.3%
	Fed	0	0	0	0	na	0	na
	Total	3,286,973	3,499,438	3,649,950	212,465	6.5%	150,512	4.3%
99 Capital Construction	Gen	31,878,981	8,150,822	8,150,822	(23,728,159)	-74.4%	0	0.0%
	Cash	37,280,970	43,946,907	45,283,872	6,665,937	17.9%	1,336,965	3.0%
	Fed	3,350,000	5,191,150	5,490,000	1,841,150	55.0%	298,850	5.8%
	Rev	1,486,494	40,818,058	38,550,538	39,331,564	2645.9%	(2,267,520)	-5.6%
Total	73,996,445	98,106,937	97,475,232	24,110,492	32.6%	(631,705)	-0.6%	
STATE TOTALS	Gen	3,180,850,777	3,305,700,963	3,480,556,576	124,850,186	3.9%	174,855,613	5.3%
	Cash	1,515,042,477	1,637,701,761	1,640,486,123	122,659,284	8.1%	2,784,362	0.2%
	Fed	2,293,382,276	2,215,900,086	2,265,031,840	(77,482,190)	-3.4%	49,131,754	2.2%
	Rev	600,297,850	643,850,466	645,629,270	43,552,616	7.3%	1,778,804	0.3%
Total	7,589,573,380	7,803,153,276	8,031,703,809	213,579,896	2.8%	228,550,533	2.9%	

Agency #20 HHS Licensure & Regulation, #25 HHS Services, #26 HHS Finance and Support consolidated into #25 HHS System (LB 296)  
Agency #96 Property Assessment and Taxation merged into #16 Dept of Revenue (LB 334)

# CAPITAL CONSTRUCTION



# CAPITAL CONSTRUCTION SUMMARY

	Reaffirmations	New Projects	Total
<b>FY2007-08</b>			
General Funds (SBF)	6,625,000	1,525,822	8,150,822
Cash Funds	33,281,207	10,665,700	43,946,907
Federal Funds	4,400,000	791,150	5,191,150
Revolving/Other Funds	1,886,494	1,200,000	3,086,494
Nebr Capital Const Fund (NCCF)	34,696,564	3,035,000	37,731,564
<b>FY2007-08 Total</b>	<b>80,889,265</b>	<b>17,217,672</b>	<b>98,106,937</b>
<b>FY2008-09</b>			
General Funds (SBF)	6,625,000	1,525,822	8,150,822
Cash Funds	34,453,622	10,830,250	45,283,872
Federal Funds	0	5,490,000	5,490,000
Revolving/Other Funds	2,086,494	2,645,000	4,731,494
Nebr Capital Const Fund (NCCF)	24,459,044	9,360,000	33,819,044
<b>FY2008-09 Total</b>	<b>67,624,160</b>	<b>29,851,072</b>	<b>97,475,232</b>
<b>FY2009-10</b>			
General Funds (SBF)	12,125,000	1,525,822	13,650,822
Cash Funds	11,000,000	0	11,000,000
Federal Funds	0	0	0
Revolving/Other Funds	1,734,068	0	1,734,068
Nebr Capital Const Fund (NCCF)	12,501,341	11,880,000	24,381,341
<b>FY2009-10 Total</b>	<b>37,360,409</b>	<b>13,405,822</b>	<b>50,766,231</b>
<b>FY2010-11</b>			
General Funds (SBF)	12,125,000	1,525,822	13,650,822
Cash Funds	11,000,000	0	11,000,000
Federal Funds	0	0	0
Revolving/Other Funds	1,734,068	0	1,734,068
Nebr Capital Const Fund (NCCF)	1,000,000	0	1,000,000
<b>FY2010-11 Total</b>	<b>25,859,068</b>	<b>1,525,822</b>	<b>27,384,890</b>

*New Construction* refers to projects initiated in the 2007 Session while *Reaffirmations* refers to funding needed to complete projects authorized and for which initial funding was provided in prior legislative sessions. General Funds utilized for capital construction are actually appropriated as State Building Funds (SBF). Although technically a separate fund, the source of funds for the SBF is transfers from the General Fund.

The Nebraska Capital Construction Fund (NCCF) was originally created to account for a five cent cigarette tax earmark to build the Devaney Sports Center. Since that time, the five cents has been basically reallocated and earmarked for other items. The NCCF is used in the Committee proposal to receive transfers from the Cash Reserve Fund.

The budget uses \$96.6 million of Cash Reserve Funds for capital construction projects that will be completed within the four year financial status by way of transfers to the Nebraska Capital Construction Fund (NCCF). The transfers include: (1) \$75,000,000 in FY08 and

\$9,590,000 in FY09 to the NCCF to pay for capital construction projects that will be completed within the four year financial status and would otherwise have been General Funds, and (2) \$12 million to the NCCF for acquisition of property in the Capitol Environs, (Assurity Insurance property).

Over the two years of the biennium, about 84% of the General and NCCF Funds for capital construction are reaffirmations of projects initiated in prior sessions. This includes \$5.7 million in each year for continuation of the NETV digital conversion project, \$5.9 million in each year for the state's share of deferred maintenance and repair projects at the University and State Colleges as authorized under LB1100 (1998), \$6.6 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), \$9.6 million in FY07-08 for completion of the UNO CPACS project, and \$8.7 million in FY07-08 and \$8.3 million in FY08-09 for continued funding of the State Capitol masonry and structural repair project.

Table 31 contains a complete listing of General Fund (State Building Fund) projects and NCCF projects financed with the Cash Reserve Fund transfers. A complete list of all reaffirmations and new construction projects, including all fund sources, follows.

Table 31 General Fund +NCCF Listing-Capital Construction Projects

		Fund	2007-08	2008-09	2009-10	2010-11	Future Yrs
<b><u>REAFFIRMATIONS</u></b>							
#47-NETC	NEB*SAT-replace Network 3 equipment	NCCF	100,000	100,000	0	0	0
#47-NETC	Transponder replacement, digitize NETC signal	NCCF	5,700,000	5,700,000	4,692,327	0	0
#47-NETC	Carpenter (NETC) Building renovations	NCCF	1,738,671	1,488,671	0	0	0
#50-Colleges	PSC-Library Building / WSC Power Plant	NCCF	2,009,360	2,009,360	0	0	0
#50-Colleges	Deferred maintenance/repair (LB1100-1998)	NCCF	400,000	400,000	0	0	0
#51-University	Deferred maintenance/repair (LB1100-1998)	NCCF	5,500,000	5,500,000	0	0	0
#51-University	UNO CPACS - Engineering Building Renovation	NCCF	9,572,500	0	0	0	0
#65-DAS	State Capitol-renovations/improvements	NCCF	1,000,000	1,000,000	1,000,000	1,000,000	0
#65-DAS	Masonry/Structural repair-State Capitol *	NCCF	8,676,033	8,261,013	6,809,014	0	0
#50-Colleges	Deferred maintenance/repair (LB605-2006)	General	1,125,000	1,125,000	1,125,000	1,125,000	10,125,000
#51-University	Deferred maintenance/repair (LB605-2006)	General	5,500,000	5,500,000	11,000,000	11,000,000	99,000,000
<b><u>NEW CONSTRUCTION</u></b>							
#25-HHS	Resurface parking lots, GI Veterans Home	NCCF	300,000	0	0	0	0
#31-Military Dept	Flood mitigation - State Penitentiary *	NCCF	225,000	610,000	0	0	0
#47-NETC	Final DTV Transmitter Conversion	NCCF	0	250,000	900,000	0	0
#50-State Colleges	WSC South Sioux City Center *	NCCF	1,000,000	2,500,000	0	0	0
#54-Hist Society	Headquarters Building Renovation *	NCCF	200,000	6,000,000	0	0	0
#65-DAS	Acquire property, Capitol Environs (Assurity Life)	NCCF	1,220,000	0	10,980,000	0	0
#65-DAS	Planning funds for Capitol parking. (LB574)	NCCF	90,000	0	0	0	0
#65-DAS	Public Safety Tower Financing	General	1,525,822	1,525,822	1,525,822	1,525,822	4,577,466
<b><u>Reaffirmation</u></b>							
General Fund			6,625,000	6,625,000	12,125,000	12,125,000	109,125,000
NCCF			34,696,564	24,459,044	12,501,341	1,000,000	0
Total - Reaffirmation			41,321,564	31,084,044	24,626,341	13,125,000	109,125,000
<b><u>New Construction</u></b>							
General Fund			1,525,822	1,525,822	1,525,822	1,525,822	4,577,466
NCCF			3,035,000	9,360,000	11,880,000	0	0
Total - New Construction			4,560,822	10,885,822	13,405,822	1,525,822	4,577,466
<b>Total General Fund</b>			<b>8,150,822</b>	<b>8,150,822</b>	<b>13,650,822</b>	<b>13,650,822</b>	<b>113,702,466</b>
<b>Total NCCF</b>			<b>37,731,564</b>	<b>33,819,044</b>	<b>24,381,341</b>	<b>1,000,000</b>	<b>0</b>

## Flood Mitigation - State Penitentiary

As a result of the urbanization of Lincoln and recent FEMA floodplain re-mapping efforts along Beal Slough, the vast majority of the Penitentiary (NSP) is now within the 100-year floodplain. Beal Slough is located directly south of NSP.

The project provides for major drainage improvements to Beal Slough. This project is primarily comprised of civil engineering work and includes the construction of a diversion channel along a railroad spur, major drainage improvements along Beal Slough, replacement of the 14th Street Bridge, and stream grade stabilization. The project also includes the "flood-proofing" of the NSP's Central Utility Plant. The project would effectively remove NSP from the 100-year floodplain and ultimately save the facility from a major catastrophe in the event of a major storm occurrence.

Funding will be a combination of state, local and federal hazard mitigation funds. The federal hazard mitigation funds will pay for 75% of this project, and their availability is a direct result of the federal emergency declaration for last winter's ice storms. These federal funds are administered by the Nebraska Emergency Management Agency and for this reason the appropriation for this project is contained in the Military Department's budget.

FY2007-08	225,000	NCCF Funds
FY2007-08	675,000	Federal Funds
FY2008-09	610,000	NCCF Funds
FY2008-09	5,490,000	Federal Funds

## Historical Society Headquarters Renovation

This funding will address fire/life safety issue, HVAC needs, ADA compliance, and space utilization needs at the Historical Society Headquarters at the north end of Centennial Mall. This building is 54 years old. Bathrooms are not ADA compliant. The stairwells are in violation of fire code. Parts are no longer made for the boiler (original equipment) and have to be hand tooled if needed. Cash funds shown are included in anticipation of donations and contributions assisting in the project.

Specific issues that will be addresses include:

- New audio and visual alarms to bring the building into code compliance
- New wet pipe fire suppression systems (sprinklers)
- Enclosed stairwells for fireproof emergency egress
- ADA compliant access, egress and restroom facilities
- Artwork, as required by statute

FY2007-08	200,000	NCCF Funds
FY2008-09	1,500,000	Cash Funds
FY2008-09	6,000,000	NCCF Funds

## South Sioux City College Center

Under this project, Wayne State College and Northeast Community College will construct a facility of approximately 44,500 gross square feet to house a college center in South Sioux City. The facility would be located on 57 acres donated by the South Sioux City Community

Development Agency. The center will house general and distance learning classrooms, labs for science, computer training and nursing education, and a multi-purpose conference area that could be used for business and industry training as well as community activities. Space for academic and administrative support as well as student services and a small library will also be included in the facility. The Northeast Community College Area will share in facility costs in an amount equivalent to related state outlays. Additionally, federal funding in the amount of \$3.2 million is being sought to finance the facility. Private donations in the amount of \$1,734,743 will be pursued to finance moveable and technology equipment for the center. Total project cost, including an estimated \$2.1 million valuation of donated land, is estimated at \$14,619,087. Annual facility operating costs are estimated at \$255,100. Related costs are proposed to be shared equally for the first four years of operation. For future years, a portion of facility operating costs will be prorated based on prior year credit hours generated by the respective institutions. Annual depreciation charges based on 2% of state funding requested for the project plus amounts previously expended for planning would approximate \$75,903.

FY2007-08	1,000,000	NCCF Funds
FY2008-09	2,500,000	NCCF Funds

### **Acquire Capitol Environs district property, (Assurity Insurance property)**

The Legislature enacted a \$12,000,000 transfer from the Cash Reserve Fund to the Nebraska Capital Construction Fund (NCCF) on July 9, 2007 and then a subsequent NCCF appropriation of \$1,220,000 for 2007-08 and a minimum of \$10,980,000 from 2009-10 through 2013-14 to acquire the Assurity Insurance Company property located at 1526 K Street, directly across the street north of the State Capitol Building.

This facility is a 4 story above grade building, with a full basement, that was constructed in two phases, 1955 and 1970. Gross square footage of the current building is 122,304 sq. ft. Exterior walls of the building are high grade limestone which is very complementary to the Capitol Environs. The facility's main on-site parking consists of 94 stalls with an off-site surface parking lot at 17th and K street (one block east) consisting of 226 stalls, (24 stalls are leased from another property owner), for a total of 320 parking stalls. Based on the terms of the purchase agreement, the closing date and possession of the property shall not be earlier than three (3) years or later than five (5) years after the execution of the purchase agreement. The Seller determines the closing date. An initial review and analysis of the operating costs for the facility indicate that DAS/State Building Division could operate this building at an estimated rental rate of \$9.81/sq. ft. DAS/SBD currently has over 428,000 sq. ft. of office space under commercial lease in Lincoln at an annual cost of \$4.9 million which represents an average rental rate of approximately \$11.45/sq. ft. An April 2007 appraisal values the property at \$12.3 million.

In addition to the purchase price, up to \$2,100,000 of interest accruing to the NCCF is authorized to be expended by DAS to purchase moveable and fixed equipment as well as to pay moving, rental and miscellaneous expenses associated with relocating agencies into any building which is acquired.

## **Public Safety Tower Financing**

As noted in the Agency Operations section on page 66 funding to implement a statewide public safety communication system is included in the upcoming biennium. The system will be interoperable, secure, and scalable. In essence, the Department of Administrative Services (DAS) will provide the system into which state agencies and interested local community groups will connect. State operations funding is provided to three state agencies, the State Fire Marshal, Game and Park Commission, and the State Patrol, who will utilize the centralized system. Funding is included to address those agencies' needs for equipment as well as their cost to operate the system. System central operations are included in DAS program 245.

Local entities which will utilize the system will be responsible for acquiring equipment to meet their needs and meet minimum system requirements for interoperability. Much of the equipment purchases will be funded with Federal Homeland Security Dollars. Those funds pass through the Military Department's Emergency Management program. Currently, eighty percent of the Homeland Security dollars received by the state are designated for local uses such as interoperable communications equipment that will enable access to the system.

Under capital construction, the Legislature authorizes the Chief Information Officer to enter into a seven-year master lease financing agreement through DAS for costs of radio towers and network equipment associated with implementing the Nebraska Public Safety Communication System. The budget includes \$1,525,822 annually for FY2007-08 through FY2013-14 to accommodate the project.

## **University Revenue Bond Projects**

Pursuant to the provisions of section 85-408 and a recommendation for approval by the Coordinating Commission for Postsecondary Education, the Legislature approved the request by the University of Nebraska for the expenditure of \$2,241,300 from bond surplus funds for window replacement for the Abel-Sandoz Residence Hall Complex at the University of Nebraska - Lincoln campus, and the request by the University of Nebraska for a \$32,000,000 revenue bond issuance to finance a 384-bed student housing complex and a 900-stall parking structure on the University of Nebraska at Omaha Dodge Campus.

## Project Listing - Reaffirmations

Reaffirmations		Fiscal Yr	Dollar Amt	Fund
#25-HHS	New Eastern Nebr veterans home.	2005-06	2,025,556	NCCF
#28-Veterans Affairs	State veteran cemetery, Alliance	2007-08	4,400,000	Fed
#47-NETC	NEB*SAT-replace Network 3 equipment	2007-08	100,000	NCCF
	NEB*SAT-replace Network 3 equipment	2008-09	100,000	NCCF
#47-NETC	Transponder replacement, digitize NETC signal	2007-08	5,700,000	NCCF
	Transponder replacement, digitize NETC signal	2008-09	5,700,000	NCCF
	Transponder replacement, digitize NETC signal	2009-10	4,692,327	NCCF
#47-NETC	Carpenter (NETC) Building renovations	2007-08	1,738,671	NCCF
	Carpenter (NETC) Building renovations	2008-09	1,488,671	NCCF
#50-Colleges	PSC-Library Building / WSC-Power Plant	2007-08	2,009,360	NCCF
	PSC-Library Building / WSC-Power Plant	2008-09	2,009,360	NCCF
#50-Colleges	Deferred maintenance/repair (LB1100)	2007-08	400,000	NCCF
	Deferred maintenance/repair (LB1100)	2007-08	952,426	Rev
	Deferred maintenance/repair (LB1100)	2008-09	400,000	NCCF
	Deferred maintenance/repair (LB1100)	2008-09	952,426	Rev
#50-Colleges	Deferred maintenance/repair (LB605)	2007-08	1,125,000	Gen
	Deferred maintenance/repair (LB605)	2007-08	400,000	Rev
	Deferred maintenance/repair (LB605)	2008-09	1,125,000	Gen
	Deferred maintenance/repair (LB605)	2008-09	600,000	Rev
	Deferred maintenance/repair (LB605)	2009-10	1,125,000	Gen
	Deferred maintenance/repair (LB605)	2009-10	1,200,000	Rev
	Deferred maintenance/repair (LB605)	2010-11	1,125,000	Gen
	Deferred maintenance/repair (LB605)	2010-11	1,200,000	Rev
#51-University	Deferred maintenance/repair (LB1100)	Future	10,125,000	Gen
	Deferred maintenance/repair (LB605)	Future	10,800,000	Rev
	Deferred maintenance/repair (LB1100)	2007-08	5,500,000	NCCF
	Deferred maintenance/repair (LB1100)	2007-08	5,200,000	Cash
	Deferred maintenance/repair (LB1100)	2008-09	5,500,000	NCCF
#51-University	Deferred maintenance/repair (LB1100)	2008-09	5,200,000	Cash
	Deferred maintenance/repair (LB1100)	2009-10	5,200,000	Cash
	Deferred maintenance/repair (LB605)	2007-08	5,500,000	Gen
	Deferred maintenance/repair (LB605)	2007-08	3,260,000	Cash
	Deferred maintenance/repair (LB605)	2008-09	5,500,000	Gen
	Deferred maintenance/repair (LB605)	2008-09	4,890,000	Cash
	Deferred maintenance/repair (LB605)	2009-10	11,000,000	Gen
	Deferred maintenance/repair (LB605)	2009-10	5,800,000	Cash
	Deferred maintenance/repair (LB605)	2010-11	11,000,000	Gen
	Deferred maintenance/repair (LB605)	2010-11	11,000,000	Cash
#51-University	Deferred maintenance/repair (LB605)	Future	99,000,000	Gen
	Deferred maintenance/repair (LB605)	Future	94,420,000	Cash
#51-University	UNO CPACS - Engineering Building Renovation	2007-08	9,572,500	NCCF
#51-University	Agricultural Field Laboratory (UNL)	2007-08	219,267	Cash
	Agricultural Field Laboratory (UNL)	2008-09	8,500	Cash
#51-University	Agricultural Research Land acquisition (UNL)	2007-08	665,156	Cash
	Agricultural Research Land acquisition (UNL)	2008-09	50,000	Cash
#65-DAS	State Capitol-renovations/improvements	2007-08	1,000,000	NCCF
	State Capitol-renovations/improvements	2008-09	1,000,000	NCCF
	State Capitol-renovations/improvements	2009-10	1,000,000	NCCF
	State Capitol-renovations/improvements	2010-11	1,000,000	NCCF

Reaffirmations (continued)		Fiscal Yr	Dollar Amt	Fund
#65-DAS	Parking garage expansion	2007-08	323,304	Rev
	Parking garage expansion	2008-09	323,304	Rev
	Parking garage expansion	2009-10	323,304	Rev
	Parking garage expansion	2010-11	323,304	Rev
	Parking garage expansion	Future	1,697,346	Rev
#65-DAS	Executive Building-Exercise purchase option	2007-08	210,764	Rev
	Executive Building-Exercise purchase option	2008-09	210,764	Rev
	Executive Building-Exercise purchase option	2009-10	210,764	Rev
	Executive Building-Exercise purchase option	2010-11	210,764	Rev
	Executive Building-Exercise purchase option	Future	969,515	Rev
#65-DAS	State Capitol-Masonry/Structural repair	2007-08	8,676,033	NCCF
	State Capitol-Masonry/Structural repair	2008-09	8,261,013	NCCF
	State Capitol-Masonry/Structural repair	2009-10	6,809,014	NCCF
	State Capitol-Masonry/Structural repair	2010-11	0	NCCF
#65-DAS	LB309 Task Force, deferred repair/maint (cig tax)	2007-08	23,936,784	Cash
	LB309 Task Force, deferred repair/maint (cig tax)	2008-09	24,305,122	Cash

## Project Listing - New Construction Projects

New Construction		Fiscal Yr	Dollar Amt	Fund
#25-HHS	Resurface parking lots, GI Veterans Home	2007-08	300,000	NCCF
#27-Roads	Statewide-planning for building projects	2007-08	0	Cash
	Alliance-purchase property	2007-08	0	Cash
	Grand Island-district operations center addition	2007-08	0	Cash
	Gretna-yard and facility	2007-08	0	Cash
	Holdrege-office, shop and storage	2007-08	0	Cash
	Lump sum FY07-08	2007-08	5,000,000	Cash
#27-Roads	Greenwood - Equipment Storage Bldng	2008-09	0	Cash
	Valentine-yard & facility	2008-09	0	Cash
	Wallace Office, Shop & Storage	2008-09	0	Cash
	Statewide - Salt storage buildings.	2008-09	0	Cash
	Lump sump (FY08-09)	2008-09	5,000,000	Cash
#31-Military Dept	Flood mitigation - State Penitentiary	2007-08	225,000	NCCF
	Flood mitigation - State Penitentiary	2007-08	675,000	Fed
	Flood mitigation - State Penitentiary	2008-09	610,000	NCCF
	Flood mitigation - State Penitentiary	2008-09	5,490,000	Fed
	Flood mitigation - State Penitentiary	2009-10	0	Gen
#33-Game & Parks	Motor boat access.	2007-08	75,000	Cash
#33-Game & Parks	State Park System - Deferred maintenance.	2007-08	300,000	Cash
	State Park System - Deferred maintenance.	2008-09	300,000	Cash
#33-Game & Parks	Platte River State Park - Swimming pool /bath house	2007-08	100,000	Cash
#33-Game & Parks	State park projects - Contingency for overruns.	2007-08	55,000	Cash
	State park projects - Contingency for overruns.	2008-09	46,000	Cash
#33-Game & Parks	Ponca State Park - Group lodging facility.	2007-08	950,000	Cash
	Ponca State Park - Group lodging facility.	2008-09	800,000	Cash
#33-Game & Parks	Fort Robinson - Misc repairs to historic buildings	2007-08	50,000	Cash
	Fort Robinson - Misc repairs to historic buildings	2008-09	100,000	Cash
#33-Game & Parks	Platte River State Park - Picnic shelter	2008-09	20,000	Cash

New Construction (continued)		Fiscal Yr	Dollar Amt	Fund
#33-Game & Parks	State Parks System - Basic facilities.	2007-08	100,000	Cash
	State Parks System - Basic facilities.	2008-09	100,000	Cash
#33-Game & Parks	Trail development assistance.	2007-08	0	Cash
	Trail development assistance.	2008-09	0	Cash
#33-Game & Parks	State recreation area projects-Contingency	2007-08	5,000	Cash
	State recreation area projects - Contingency	2008-09	9,250	Cash
#33-Game & Parks	Lewis and Clark SRA - Boat slips	2007-08	100,000	Cash
#33-Game & Parks	Willow Creek SRA - Shower/latrine facility	2008-09	60,000	Cash
#33-Game & Parks	Lake Wanahoo - Shop building.	2008-09	0	Gen
#33-Game & Parks	Wildlife Management Areas - Misc. improvements	2007-08	260,000	Cash
#33-Game & Parks	Big Alkali WMA - Campground renovation and upgrade	2007-08	130,000	Cash
	Big Alkali WMA - Campground renovation and upgrade	2008-09	130,000	Cash
#33-Game & Parks	Sacramento-Wilcox WMA - Research Center	2007-08	0	Cash
#33-Game & Parks	District Offices - Alliance office expansion	2007-08	79,200	Cash
#33-Game & Parks	Emergency repairs, state park facilities.	2007-08	100,000	Cash
	Emergency repairs, state park facilities.	2008-09	100,000	Cash
#33-Game & Parks	Emergency repairs, fish and wildlife facilities	2007-08	100,000	Cash
#33-Game & Parks	Schramm Park - Canyon ponds and aquarium renovation	2007-08	250,000	Cash
	Schramm Park - Canyon ponds and aquarium renovation	2008-09	250,000	Cash
#33-Game & Parks	Calumus Fish Hatchery - New Pond Liners	2007-08	175,000	Cash
#33-Game & Parks	Fishing access development.	2007-08	55,000	Cash
#33-Game & Parks	Aquatic habitat enhancement and restoration.	2007-08	2,750,000	Cash
	Aquatic habitat enhancement and restoration.	2008-09	1,250,000	Cash
#46-Corrections	Building additions - Cornhusker State Industries	2007-08	1,200,000	Rev
	Building additions - Cornhusker State Industries	2008-09	2,645,000	Rev
#47-NETC	Final DTV Transmitter Conversion	2007-08	31,500	Cash
	Final DTV Transmitter Conversion	2007-08	116,150	Fed
	Final DTV Transmitter Conversion	2008-09	250,000	NCCF
	Final DTV Transmitter Conversion	2008-09	1,165,000	Cash
	Final DTV Transmitter Conversion	2009-10	900,000	NCCF
#50-State Colleges	WSC South Sioux City Center	2007-08	1,000,000	NCCF
	WSC South Sioux City Center	2008-09	2,500,000	NCCF
#54-Hist Society	Headquarters Building Renovation (Life Safety/ADA)	2007-08	200,000	NCCF
	Headquarters Building Renovation (Life Safety/ADA)	2008-09	1,500,000	Cash
	Headquarters Building Renovation (Life Safety/ADA)	2008-09	6,000,000	NCCF
#65-DAS	Public Safety Tower Financing	2007-08	1,525,822	Gen
	Public Safety Tower Financing	2008-09	1,525,822	Gen
	Public Safety Tower Financing	2009-10	1,525,822	Gen
	Public Safety Tower Financing	2010-11	1,525,822	Gen
	Public Safety Tower Financing	Future	4,577,466	Gen
#65-DAS	Acquire property, Capitol Environs District	2007-08	1,220,000	NCCF
	Acquire property, Capitol Environs District	2008-09	0	NCCF
	Acquire property, Capitol Environs District	2009-10	10,980,000	NCCF
#65-DAS	Planning funds for Capitol parking. (LB574)	2007-08	90,000	NCCF



# **FY2006-07 DEFICIENCY APPROPRIATIONS**

## CHRONOLOGY OF FY2006-07 APPROPRIATIONS

General Funds	Operations	State Aid	Construction	Total
Total Per 2005 Session	1,140,640,722	2,000,805,982	21,350,531	3,162,797,235
2006 Session-Committee Proposed	10,867,347	(4,921,025)	6,500,450	12,446,772
2006 Session-Floor Amendments	(579,971)	978,000	0	398,029
2006 Session-Mainline Governor Vetoes	(7,565,504)	(5,023,214)	(2,672,000)	(15,260,718)
2006 Session-Mainline Veto Overrides	0	218,750	0	218,750
2006 Session "A" bills	8,101,045	5,449,664	6,700,000	20,250,709
Post 2006 Session	0	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
2006 Session Budget Actions	10,822,917	(3,297,825)	10,528,450	18,053,542
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Total Per 2006 Session	1,151,463,639	1,997,508,157	31,878,981	3,180,850,777
2007 Session Deficits	(7,235,402)	(9,373,871)	398,102	(16,211,171)
2007 Session State Claims	1,626,732	0	0	1,626,732
2007 Session "A" bills	0	3,000,000	0	3,000,000
	<hr/>	<hr/>	<hr/>	<hr/>
Final Appropriation per 2007 Session	1,145,854,969	1,991,134,286	32,277,083	3,169,266,338

All Funds	General	Cash	Federal	Rev/Other	Total
Total Per 2005 Session	3,162,797,235	1,432,968,123	2,285,836,199	542,698,627	7,424,300,184
2006 Session-Legislature	12,844,801	17,631,711	(32,030,383)	2,099,396	545,525
2006 Session Vetoes	(15,260,718)	(23,707)	0	(432,607)	(15,717,032)
2006 Session Overrides	218,750	0	0	0	218,750
2006 Session "A" bills	20,250,709	7,802,552	1,000,707	78,486	29,132,454
Post 2006 Session	0	0	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
2006 Session Actions	18,053,542	25,410,556	(31,029,676)	1,745,275	14,179,697
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Per 2006 Session	3,180,850,777	1,458,378,679	2,254,806,523	544,443,902	7,438,479,881
Update cash/federal estimates	0	56,663,798	38,575,753	55,853,948	151,093,499
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Adjusted Per 2006 Session	3,180,850,777	1,515,042,477	2,293,382,276	600,297,850	7,589,573,380
2007 Session Deficits	(16,211,171)	1,070,328	87,000	0	(15,053,843)
2007 Session State Claims	1,626,732	20,000	0	183,000	1,829,732
2007 Session "A" bills	3,000,000	0	0	0	3,000,000
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Final per 2007 Session	3,169,266,338	1,516,132,805	2,293,469,276	600,480,850	7,579,349,269

## SUMMARY LISTING OF GENERAL FUND DEFICIT ITEMS

Deficits adjustments for FY06-07 actually reduce General Fund appropriations by \$11.6 million. Most of the reductions relate to lower than projected spending in HHS aid programs, Medicaid and CHIP. The only significantly large increases were \$3 million General Fund add to TEEOSA aid to reflect lower than projected insurance premium funds which help fund the certified aid and \$3 million in LB701 for the Dept of Natural Resources to undertake measures in FY06-07 to further facilitate compliance with interstate water compact or decree stipulations.

Agency	Item	Type	General Funds
13 Education	TEEOSA School Aid, revised Insurance Premium tax	Aid	3,030,985
29 Nat Resources	LB 701 Water/vegetation funding, bonds, tax levies	Aid	3,000,000
65 DAS	State Claims (LB 88)	Oper	1,626,732
31 Military Dept	Governor's Emergency Fund, costs related to 2006 fires and the ice storm	Aid	1,450,000
46 Corrections	NCCW Renovation Phase II - Increased costs to begin project	Const	398,102
16 Revenue	Homestead exemption deficit	Aid	260,000
5 Courts	Leave Payouts	Oper	115,000
50 State Colleges	New enhanced phone system at Wayne State College	Oper	63,412
16 Revenue	Change in tax commissioner, payout & salary difference	Oper	36,500
31 Military Dept	Fully fund Fed Operations/Maintenance Agreement (FOMA)	Oper	29,000
35 Liquor Comm Postsecondary	Leave Payouts	Oper	28,712
48 Coord.	Temp contractor, review of capital construction projects	Oper	25,000
50 State Colleges	Restore C-Hill and defray the cost of wood chips lost in wildfires	Oper	24,128
21 Fire Marshal	Transfer funds, self-contained breathing apparatus	Oper	15,521
50 State Colleges	LB1100 Depreciation Assessment, Peru Admin. Bldg. renovation	Oper	11,150
54 Historical Society	K Street Records Center, DAS rent increase	Oper	10,016
21 Fire Marshal	Transfer funds, self-contained breathing apparatus	Oper	(15,521)
16 Revenue	Offset for change in tax commissioner, payout & salary difference	Oper	(36,500)
13 Education	Delete funds, LB1024 High Needs Coordinator, court injunction	Oper	(114,200)
5 Courts	FY06 Delayed Staff Hiring	Oper	(177,620)
78 Crime Comm	FY06 Excess unobligated appropriation, County Juvenile Services aid	Aid	(194,207)
31 Military Dept	Transfer unused Guard Tuition Assistance Funds to Gov Emergency Fund	Aid	(200,000)
31 Military Dept	Transfer unused Emerg Management Funds to Gov Emergency Fund	Oper	(250,000)
31 Military Dept	FY06 Excess unobligated funds, Guard tuition assistance	Aid	(470,649)
13 Education	Reduce funds, LB126 rural education transition aid, voter repeal	Aid	(650,000)
26 HHS-Finance	CHIP - base adjustment	Aid	(2,400,000)
26 HHS-Finance	CHIP - Reduce to offset available reappropriation	Aid	(3,700,000)
26 HHS-Finance	Medicaid - base adjustment	Aid	(13,500,000)
25 HHS-Services	Behavioral health, regional center savings to community based	Oper	(7,000,000)
26 HHS-Finance	Behavioral health, regional center savings to community based	Aid	7,000,000
	Operations	Oper	(5,608,670)
	State Aid	Aid	(6,373,871)
	Construction	Const	398,102
	Total General Fund Deficits	Total	(11,584,439)

## LISTING OF FY2006-07 APPROPRIATIONS DEFICITS

Agency / Issue	Fund	Type	Amount
<b>#05-Supreme Court</b>			
52 Leave Payouts	Gen	Oper	115,000
67 FY06 Delayed Staff Hiring	Gen	Oper	(177,620)
<b>#11-Attorney General</b>			
507 Earmark for specific program classification	Cash	Oper	YES
<b>#12-State Treasurer</b>			
503 Treasury Management Shortage	Cash	Oper	80,442
665 Convention Center Support Fund	Cash	Aid	799,636
<b>#13-Dept of Education</b>			
25 Delete funds, LB1024 High Needs Coordinator, court injunction	Gen	Oper	(114,200)
158 Reduce funds, LB126 rural education transition aid, voter repeal	Gen	Aid	(650,000)
158 TEEOSA School Aid, revised Insurance Premium tax	Gen	Aid	3,030,985
<b>#16-Dept of Revenue</b>			
13 Change in tax commissioner, payout & salary difference	Gen	Oper	36,500
102 Offset for change in tax commissioner, payout & salary difference	Gen	Oper	(36,500)
108 Homestead exemption deficit	Gen	Aid	260,000
<b>#19-Dept of Banking</b>			
65 Add 3 FTE - Bank Examiners (\$70,350 PSL)	PSL	Oper	YES
65 Add 1 FTE - Examiner Trainer (\$50,250 PSL)	PSL	Oper	YES
65 Shift Secretary II from Temp to Full time (\$8,306 PSL)	PSL	Oper	YES
66 Shift Secretary II from Temp to Full time (\$5,538 PSL)	PSL	Oper	YES
<b>#21-Fire Marshal</b>			
193 Transfer funds, self-contained breathing apparatus	Gen	Oper	(15,521)
340 Transfer funds, self-contained breathing apparatus	Gen	Oper	15,521
<b>#22-Dept of Insurance</b>			
68 Increase Contract Claims Processing	Cash	Oper	44,450
<b>#23-Dept of Labor</b>			
31 Adjust PSL, Omaha's WIA program, retirements, overtime (\$845,333)	PSL	Oper	YES
<b>#25-HHS Services</b>			
365 Behavioral health, regional center savings to community based	Gen	Oper	(7,000,000)
<b>#26-HHS Finance/Support</b>			
38 Behavioral health, regional center savings to community based	Gen	Aid	7,000,000
344 CHIP - base adjustment	Gen	Aid	(2,400,000)
344 CHIP - Reduce to offset available reappropriation	Gen	Aid	(3,700,000)
348 Medicaid - base adjustment	Gen	Aid	(13,500,000)
<b>#29-Natural Resources</b>			
310 LB 701 Water/vegetation funding, bonds, tax levies	Gen	Aid	3,000,000
<b>#31 Military Dept</b>			
192 Governor's Emergency Fund, costs related to 2006 fires and the ice storm	Gen	Aid	1,450,000
544 Fully fund Fed Operations/Maintenance Agreement (FOMA)	Gen	Oper	29,000
544 Fully fund Fed Operations/Maintenance Agreement (FOMA)	Fed	Oper	87,000
545 Transfer unused Emerg Management Funds to Gov Emergency Fund	Gen	Oper	(250,000)
548 FY06 Excess unobligated funds, Guard tuition assistance	Gen	Aid	(470,649)
548 Transfer unused Guard Tuition Assistance Funds to Gov Emergency Fund	Gen	Aid	(200,000)

Agency / Issue	Fund	Type	Amount
<b>#35 Liquor Control Commission</b>			
73 Leave Payouts	Gen	Oper	28,712
<b>#46 Correctional Services</b>			
916 NCCW Renovation Phase II - Increased costs to begin project	Gen	Const	398,102
<b>#47 Nebr Educational Telecommunications</b>			
913 Increase total project cost, in order to spend excess interest	Gen	Const	NO
<b>#48 Postsecondary Coordinating Commission</b>			
640 Temp contractor, review of capital construction projects	Gen	Oper	25,000
<b>#50 State Colleges</b>			
48 Restore C-Hill and defray the cost of wood chips lost in wildfires	Gen	Oper	24,128
48 LB1100 Depreciation Assessment, Peru Admin. Bldg. renovation	Gen	Oper	11,150
48 New enhanced phone system at Wayne State College	Gen	Oper	63,412
919 Correct reference to SBF rather than General Fund	Gen	Oper	YES
951 Shift planning funds, South Sioux City project	Gen	Oper	132,450
48 Shift planning funds, South Sioux City project	Gen	Oper	(132,450)
<b>#51 University of Nebraska</b>			
915 Allow expenditure of cash balances, Ag Field Lab fund	Rev	Const	YES
937 Allow expenditure of cash balances, Ag Research Land fund	Rev	Const	YES
920 Correct reference to SBF rather than General Fund	Gen	Oper	YES
<b>#54 Historical Society</b>			
258 K Street Records Center, DAS rent increase	Gen	Oper	10,016
<b>#64 State Patrol</b>			
100 Temporary salary for contract with Corrections to transport inmates	Cash	Oper	10,000
100 Correct cash fund reference	Cash	Oper	YES
<b>#65 Administrative Services</b>			
na State Claims (LB 88)	Gen	Oper	1,626,732
na State Claims (LB 88)	Cash	Oper	20,000
na State Claims (LB 88)	Rev	Oper	183,000
<b>#69 Arts Council</b>			
326 Adjust personal service limit adjustment. (\$7,626)	PSL	Oper	YES
<b>#75 Investment Council</b>			
610 Management Consultant Services - offset lower commission recapture	Cash	Oper	35,000
610 Direct Investment in Private Equity Funds.	Cash	Oper	80,000
<b>#78-Crime Commission</b>			
155 FY06 Excess unobligated appropriation, County Juvenile Services aid	Gen	Aid	(194,207)
<b>#82 Deaf and Hard of Hearing</b>			
578 Mentor Prog Coordinator, 2 year grant from NDE-Voc Rehab (PSL \$18,247)	PSL	Oper	YES
<b>#93-Tax Equalization and Review Commission</b>			
115 Leave Payouts, retiring Commissioner, training for new commissioner	Cash	Oper	20,800
General Funds			(11,584,439)
Cash Funds			1,090,328
Federal Funds			87,000
Revolving Funds			183,000
Total			(10,224,111)

# 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 100th Legislature will exist for two years, with the first session held in 2007, the second session in 2008. Although the State Constitution prohibits one Legislature from enacting appropriations that are binding on a future Legislature, the first session of the 100th Legislature can bind the second session of the same 100th Legislature. Therefore the 100th Legislature, meeting in 2007, can enact appropriations for FY2007-08 and FY2008-09 without binding the 101st 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 2007 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 carryout 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, 2007 through June 30, 2008 is referred to as FY2007-08, FY07-08, or simply FY08. Within this 12-month period, agencies are limited to only those appropriations made for FY2007-08. The fiscal year covering the period July 1, 2008 through June 30, 2009 is referred to as FY2008-09, FY08-09, or simply FY09.

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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 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, 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 Dept of Roads accounts for almost 50% 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 63% of the federal funds is 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 Chapter 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). The NCCF accounts for cigarette tax that is earmarked for capital construction. Because these amounts are 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 actually operating state agencies including costs such as employee salaries and benefits, data processing, utilities, vehicle and equipment purchases, fuel and oil, etc...

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

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

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

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## AGENCY AND PROGRAM STRUCTURE

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

The only legally valid appropriations are made to budget programs with agency totals being for informational purposes only. Funds can only be shifted from one program to another by

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

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## **BUDGET PROCESS AND CHRONOLOGY**

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

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

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

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

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

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

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

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

to the entire Legislature, the other standing committees again have the opportunity to review and/or hold hearings on the recommendations for the agencies under their jurisdiction.

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

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

Step 10 Final Reading The number of votes required for passage of budget bills depends on whether the bill has the emergency clause (i.e.. 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 (i.e.. 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 FY07-08 and FY08-09 biennial budget was enacted in the 2007 Session. Both years can be changed during the 2007 Session, even though at that time, the state will be nine months into FY07-08. The second year of the biennial budget (FY2008-09) can also be subject to change prospectively during the 2008 Session and again during the 2009 Session as a "deficit" during the fiscal year.

# **LEGISLATIVE FISCAL OFFICE**

## **AGENCY ASSIGNMENTS AND STAFF**

# AGENCY ASSIGNMENTS

(AGENCIES IN NUMERICAL ORDER)

Agency	Analyst
#03 Legislative Council	Tom Bergquist
#05 Supreme Court	Doug Nichols
#07 Governor/PRO/Energy	Scott Danigole
#08 Lieutenant Governor	Scott Danigole
#09 Secretary of State	Scott Danigole
#10 State Auditor	Scott Danigole
#11 Attorney General	Doug Nichols
#12 State Treasurer	Scott Danigole
#13 Dept of Education	Sandy Sostad
#14 Public Service Commission	Scott Danigole
#15 Board of Pardons and Parole	Doug Nichols
#16 Dept of Revenue	Dave Rippe
#17 Dept of Aeronautics	Mike Lovelace
#18 Dept of Agriculture	Jeanne Glenn
#19 Dept of Banking	Phil Hovis
#21 State Fire Marshal	Scott Danigole
#22 Dept of Insurance	Sandy Sostad
#23 Dept of Labor	Dave Rippe
#24 Dept of Motor Vehicles	Sandy Sostad
#25 Dept of Health & Human Services System Behavioral Health, Developmental Disabilities related All Other HHS Programs	Sandy Sostad, Liz Hruska
#27 Dept of Roads	Mike Lovelace
#28 Dept of Veterans Affairs	Mike Lovelace
#29 Dept of Natural Resources	Jeanne Glenn
#30 State Electrical Board	Scott Danigole
#31 Military Department	Mike Lovelace
#32 Board of Educational Lands and Funds	Sandy Sostad
#33 Game and Parks Commission	Mike Lovelace
#34 Library Commission	Phil Hovis
#35 Liquor Control Commission	Dave Rippe
#36 Racing Commission	Dave Rippe
#37 Workers' Compensation Commission	Doug Nichols
#38 Commission on the Status of Women	Liz Hruska
#39 Brand Committee	Jeanne Glenn
#40 Motor Vehicle Industry Licensing Board	Sandy Sostad
#41 Real Estate Commission	Mike Lovelace
#45 Board of Barber Examiners	Liz Hruska
#46 Dept of Correctional Services	Doug Nichols
#47 Educational Telecommunications Commission	Kathy Tenopir
#48 Coordinating Commission Postsecondary Education	Phil Hovis
#50 State Colleges	Phil Hovis
#51 University of Nebraska	Kathy Tenopir
#52 State Fair Board	Jeanne Glenn
#53 Real Property Appraiser Board	Mike Lovelace

Agency	Analyst
#54 Historical Society	Scott Danigole
#56 Wheat Board	Jeanne Glenn
#57 Oil and Gas Conservation Commission	Scott Danigole
#58 Board of Examiners for Engineers and Architects	Dave Rippe
#59 Board of Geologists	Jeanne Glenn
#60 Ethanol Board	Jeanne Glenn
#61 Dairy Industry Development Board	Jeanne Glenn
#62 Board of Examiners for Land Surveyors	Dave Rippe
#63 Board of Public Accountancy	Mike Lovelace
#64 State Patrol	Doug Nichols
#65 Dept of Administrative. Services Personnel, Employee Relations, Risk Management, Building Division, Capitol Commission, 309 Task Force All Other Divisions	Kathy Tenopir Phil Hovis Scott Danigole
#66 Abstractors Board of Examiners	Dave Rippe
#67 Equal Opportunity Commission	Liz Hruska
#68 Mexican American Commission	Liz Hruska
#69 Nebraska Arts Council	Jeanne Glenn
#70 Foster Care Review Board	Liz Hruska
#72 Dept of Economic Development	Jeanne Glenn
#73 Bd of Examiners for Landscape Architects	Dave Rippe
#74 Power Review Board	Scott Danigole
#75 Investment Council	Kathy Tenopir
#76 Commission on Indian Affairs	Liz Hruska
#77 Commission of Industrial Relations	Kathy Tenopir
#78 Crime Commission	Doug Nichols
#81 Commission for the Blind and Visually Impaired	Sandy Sostad
#82 Commission on the Deaf and Hard of Hearing	Liz Hruska
#83 Community Colleges	Phil Hovis
#84 Dept of Environmental Quality	Jeanne Glenn
#85 Public Employees Retirement Board	Kathy Tenopir
#86 Dry Bean Commission	Jeanne Glenn
#87 Political Accountability and Disclosure	Scott Danigole
#88 Corn Board	Jeanne Glenn
#90 Nebraska Railway Council	Mike Lovelace
#92 Grain Sorghum Board	Jeanne Glenn
#93 Tax Equalization and Review Commission	Dave Rippe
#94 Commission on Public Advocacy	Doug Nichols
#95 Rural Development Commission	Jeanne Glenn
#96 Dept of Property Taxation and Assessment	Dave Rippe

# LEGISLATIVE FISCAL OFFICE STAFF

Name	Phone	Email	Responsibilities
Calvert, Michael	471-0059	Mcalvert@leg.ne.gov	Director
Bergquist, Tom	471-0062	Tbergquist@leg.ne.gov	Deputy Director
Hayes, Susan	471-2264	Shayes@leg.ne.gov	Fiscal Assistance
McNally, Wanda	471-2263	Wmcnally@leg.ne.gov	Fiscal Assistance
Yelick, Don	471-0061	Dyelick@leg.ne.gov	Economic and Tax Research Analyst, Revenue Forecasting Economic
Danigole, Scott	471-0055	Sdanigole@leg.ne.gov	Governor/PRO/Energy, Lt. Governor, Secretary of State, State Auditor, Attorney General, State Treasurer, Public Service Commission, State Fire Marshal, State Electrical Board, Historical Society, Oil & Gas Conservation Commission, DAS Administrative Services, Power Review Board, Accountability & Disclosure Commission
Glenn, Jeanne	471-0056	Jglenn@leg.ne.gov	Agriculture, Natural Resources, Brand Committee, Fair Board, Wheat Board, Geologists Board, Ethanol Board, Dairy Industry Development Board, Arts Council, Economic Development, Environmental Quality, Dry Bean Commission, Corn Board, Grain Sorghum Board, Rural Development Commission
Hovis, Phil	471-0057	Phovis@leg.ne.gov	Banking, Library Commission, Postsecondary Ed Coordinating Commission, State College System, DAS Building Division/Task Force for Building Renewal/Capitol Commission, Community Colleges
Hruska, Liz	471-0053	Lhruska@leg.ne.gov	Health & Human Services, Commission on the Status of Women, Barber Examiners Board, Equal Opportunity Commission, Mexican-American Commission, Foster Care Review Board, Indian Affairs Commission, Hearing Impaired Commission
Lovelace, Mike	471-0050	Mlovelace@leg.ne.gov	Aeronautics, Roads, Veterans Affairs, Military Department, Game & Parks Commission, Real Estate Commission, Real Property Appraisers Board, Public Accountancy Board, Railway Council

Nichols, Doug	471-0052	Dnichols@leg.ne.gov	Supreme Court, Board of Pardons and Parole, Workers' Compensation Commission, Corrections, State Patrol, Crime Commission, Commission on Public Advocacy
Rippe, Dave	471-0051	Drippe@leg.ne.gov	Revenue, Labor, Liquor Control Commission, Racing Commission, Engineers & Architects Examiners Board, Land Surveyors Examiners Board, Abstractors Examiners Board, Landscape Architects Examiners Board, Tax Equalization and Review Commission
Sostad, Sandy	471-0054	Ssostad@leg.ne.gov	Education, Insurance, Health & Human Services (Behavioral Health & Developmental Disabilities), Motor Vehicles, Educational Lands & Funds Board, Motor Vehicle Industry Licensing Board
Tenopir, Kathy	471-0058	Ktenopir@leg.ne.gov	Educational Television Commission, University of Nebraska, DAS Personnel Division, DAS Employee Relations Division, DAS Risk Mgmt Division/State Claims, Commission on Industrial Relations, Investment Council, Public Employees Retirement Board