
2023 Nebraska Long-Term Budget Planning Report

Prepared by the Legislative Fiscal Office

2023 Long-Term Budget Planning Report

Summary

Neb. Rev. Stat. sec. 50-419 requires the Legislative Fiscal Analyst to prepare a long-term budget for programs appropriated for major funds and tax types every four years. For purposes of this report, the Legislative Fiscal Office evaluated the revenue to and expenditures from the General Fund and Cash Reserve Fund through the biennium ending in FY2038-39, which is a fifteen-year period beyond the current fiscal year (FY2023-24).

General Fund Financial Status

To present the analysis related to the General Fund, an estimated General Fund Financial Status is shown for the analysis period. This is presented in three sections, for ease of reading, with FY23-FY27, FY28-33, and FY34-39 each presented on a different page. Additional detail regarding revenue and appropriation assumptions used in preparing this analysis follow these pages.

Estimated Long-Term General Fund Financial Status FY23-FY27 with adjustments

	Actual FY2022-23	Biennium FY2023-24 FY2024-25		Biennium FY2025-26 FY2026-27	
1 BEGINNING BALANCE					
2 Beginning Cash Balance	2,494,107,852	1,853,785,088	647,661,968	657,788,949	595,837,893
3 Cash Reserve transfers-automatic	(1,287,998,995)	(2,982,492)	(7,874,000)	0	0
4 Carryover obligations from FY23	0	(555,832,617)	0	0	0
5 Lapse FY23 reappropriations	0	126,449,292	0	0	0
6 Allocation for potential deficits	0	0	(5,000,000)	(5,000,000)	(5,000,000)
7 Unobligated Beginning Balance	1,206,108,857	1,421,419,271	634,787,968	652,788,949	590,837,893
8 REVENUES & TRANSFERS					
9 Net Receipts	6,367,982,492	6,445,000,000	6,365,000,000	6,359,890,000	6,267,132,000
10 General Fund transfers-out (current law)	(518,053,459)	(1,399,760,000)	(953,009,886)	(951,382,382)	(975,565,415)
11 General Fund transfers-in (current law+estimated)	in actual	in forecast	in forecast	40,000,000	40,000,000
12 Cash Reserve transfers (current law)	(50,000,000)	(440,000,000)	1,000,000	0	0
13 Accounting Adjustment	1,937,066	0	0	0	0
14 General Fund Net Revenues	5,801,866,099	4,605,240,000	5,412,990,114	5,448,507,618	5,331,566,585
15 APPROPRIATIONS					
16 Expenditures / Appropriations	5,154,189,868	5,125,672,253	5,125,672,253	5,389,989,133	5,389,989,133
17 Projected budget increases	0	253,325,050	264,316,880	115,469,540	277,765,234
21 General Fund Appropriations	5,154,189,868	5,378,997,303	5,389,989,133	5,505,458,673	5,667,754,368
22 ENDING BALANCE					
23 \$ Ending balance (per Financial Status)		647,661,968	657,788,949	595,837,893	254,650,110
24 \$ Ending balance			345,470,642		333,141,645
25 Excess (shortfall) from Minimum Reserve			312,318,307		(78,491,535)
26 Biennial Reserve (%)			5.9%		2.3%
32 On-Going Revenues vs Appropriations	726,193,847	(333,757,303)	22,000,982	(56,951,054)	(336,187,782)

Estimated Long-Term General Fund Financial Status FY28-33

	Biennium		Biennium		Biennium	
	FY2027-28	FY2028-29	FY2029-30	FY2030-31	FY2031-32	FY2032-33
1 BEGINNING BALANCE						
2 Beginning Cash Balance	254,650,110	(260,304,934)	(571,375,007)	(875,731,002)	(1,277,725,323)	(1,648,058,897)
3 Cash Reserve transfers-automatic	0	0	(140,000,000)	(140,000,000)	0	0
4 Carryover obligations from FY23	0	0	0	0	0	0
5 Lapse FY23 reappropriations	0	0	0	0	0	0
6 Allocation for potential deficits	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)
7 Unobligated Beginning Balance	249,650,110	(265,304,934)	(716,375,007)	(1,020,731,002)	(1,282,725,323)	(1,653,058,897)
8 REVENUES & TRANSFERS						
9 Net Receipts	6,262,967,145	6,648,770,132	7,059,528,504	7,151,701,721	7,246,287,432	7,693,361,873
10 General Fund transfers-out (current law)	(1,000,069,855)	(1,024,906,950)	(1,126,588,343)	(1,156,826,085)	(1,187,132,648)	(1,219,520,941)
11 General Fund transfers-in (current law+estimated)	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000
12 Cash Reserve transfers (current law)	0	0	0	0	0	0
13 Accounting Adjustment	0	0	0	0	0	0
14 General Fund Net Revenues	5,302,897,290	5,663,863,183	5,972,940,161	6,034,875,636	6,099,154,784	6,513,840,932
15 APPROPRIATIONS						
16 Expenditures / Appropriations	5,667,754,368	5,667,754,368	5,969,933,256	5,969,933,256	6,291,869,956	6,291,869,956
17 Projected budget increases	145,097,967	302,178,888	162,362,900	321,936,701	172,618,402	342,369,912
21 General Fund Appropriations	5,812,852,335	5,969,933,256	6,132,296,155	6,291,869,956	6,464,488,359	6,634,239,869
22 ENDING BALANCE						
23 \$ Ending balance (per Financial Status)	(260,304,934)	(571,375,007)	(875,731,002)	(1,277,725,323)	(1,648,058,897)	(1,773,457,834)
24 \$ Ending balance		326,837,201		324,944,877		330,153,507
25 Excess (shortfall) from Minimum Reserve		(898,212,209)		(1,602,670,200)		(2,103,611,340)
26 Biennial Reserve (%)		-4.8%		-10.3%		-13.5%
32 On-Going Revenues vs Appropriations	(509,955,044)	(306,070,072)	(159,355,994)	(256,994,320)	(365,333,573)	(120,398,935)

Estimated Long-Term General Fund Financial Status FY34-39

	Biennium		Biennium		Biennium	
	FY2033-34	FY2034-35	FY2035-36	FY2036-37	FY2037-38	FY2038-39
1 BEGINNING BALANCE						
2 Beginning Cash Balance	(1,773,457,834)	(1,780,000,630)	(1,494,949,483)	(1,328,128,191)	(1,134,752,806)	(635,910,090)
3 Cash Reserve transfers-automatic	(140,000,000)	(140,000,000)	(140,000,000)	0	0	(140,000,000)
4 Carryover obligations from FY23	0	0	0	0	0	0
5 Lapse FY23 reappropriations	0	0	0	0	0	0
6 Allocation for potential deficits	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)
7 Unobligated Beginning Balance	(1,918,457,834)	(1,925,000,630)	(1,639,949,483)	(1,333,128,191)	(1,139,752,806)	(780,910,090)
8 REVENUES & TRANSFERS						
9 Net Receipts	8,169,365,902	8,676,267,225	8,789,202,748	8,905,123,331	9,456,824,225	10,044,346,043
10 General Fund transfers-out (current law)	(1,253,104,324)	(1,287,796,625)	(1,323,712,157)	(1,360,865,732)	(1,399,372,683)	(1,439,248,877)
11 General Fund transfers-in (current law+estimated)	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000
12 Cash Reserve transfers (current law)	0	0	0	0	0	0
13 Accounting Adjustment	0	0	0	0	0	0
14 General Fund Net Revenues	6,956,261,579	7,428,470,600	7,505,490,591	7,584,257,599	8,097,451,542	8,645,097,166
15 APPROPRIATIONS						
16 Expenditures / Appropriations	6,634,239,869	6,634,239,869	6,998,419,452	6,998,419,452	7,385,882,214	7,385,882,214
17 Projected budget increases	183,564,507	364,179,584	195,249,847	387,462,762	207,726,612	412,323,607
21 General Fund Appropriations	6,817,804,376	6,998,419,452	7,193,669,299	7,385,882,214	7,593,608,826	7,798,205,821
22 ENDING BALANCE						
23 \$ Ending balance (per Financial Status)	(1,780,000,630)	(1,494,949,483)	(1,328,128,191)	(1,134,752,806)	(635,910,090)	65,981,255
24 \$ Ending balance		359,163,330		391,887,341		450,518,327
25 Excess (shortfall) from Minimum Reserve		(1,854,112,814)		(1,526,640,147)		(384,537,073)
26 Biennial Reserve (%)		-10.8%		-7.8%		0.4%
32 <u>On-Going Revenues vs Appropriations</u>	138,457,204	430,051,148	311,821,293	198,375,386	503,842,717	846,891,346

General Fund Revenues

For FY2023-24 and FY2024-25, General Fund net receipts by tax type are the amounts set by the Nebraska Economic Forecasting Advisory Board, as determined at the October 30, 2023 meeting. For FY2025-26 and FY2026-27, General Fund net receipts by tax type are estimated using the same methodology as used in the November 2023 Tax Rate Review Committee report, which is the average of all four forecast estimates: the Moody’s Analytics and S&P Global forecasts, as calculated by LFO and the Department of Revenue.

For FY2027-28 through FY2038-39, the average annual unadjusted revenue growth is 4%. This growth rate is lower due to the negative growth in FY2027-28, as the final provisions of LB 754 (2023) are phased in and the individual and corporate income tax rates are lowered. In FY2027-28, average growth rates are used for sales/use and miscellaneous tax. In FY2028-29 and thereafter, there is an alternating pattern of above average growth in each tax type and below average growth in tax type. Using two years of above average growth for every year of below average growth yields a blended average of about 4.5%, which is consistent with the historical average unadjusted revenue growth for the four major tax types. This is used for FY2028-29 through FY2038-39. The above average and below average assumptions by tax type are shown in the following table.

<u>Cyclical Growth</u>	<u>Above Avg</u>	<u>Below Avg</u>
Sales	5.50%	2.50%
Individual	6.50%	0.75%
Corp	10.00%	-2.00%
<u>Misc</u>	<u>2.25%</u>	<u>0.25%</u>
Total GF Revenues	6.11%	1.19%

For purposes of this analysis, in the General Fund net receipts projections, above average and below average years are clustered together, as has been the case historically due to economic conditions driving growth in net receipts. Total General Fund net receipts by tax type are shown in the following Table.

Table 1 – Estimated General Fund Net Receipts FY24 to FY39 (in millions)

	Sales/ Use	Individual Income	Corporate Income	Misc. Receipts	Total GF Receipts
FY2023-24 NEFAB	2,500.0	3,000.0	650.0	295.0	6,445.0
FY2024-25 NEFAB	2,560.0	2,945.0	580.0	280.0	6,365.0
FY2025-26 LFO Prelim	2,658.7	2,959.4	515.7	226.1	6,359.9
FY2026-27 LFO Prelim	2,763.3	2,794.6	497.6	211.7	6,267.1
FY2027-28 (Calculated)	2,887.6	2,682.8	477.7	214.9	6,263.0
FY2028-29 (Calculated)	3,046.4	2,857.2	525.4	219.7	6,648.8
FY2029-30 (Calculated)	3,214.0	3,042.9	578.0	224.7	7,059.5
FY2030-31 (Calculated)	3,294.3	3,065.7	566.4	225.2	7,151.7
FY2031-32 (Calculated)	3,376.7	3,088.7	555.1	225.8	7,246.3
FY2032-33 (Calculated)	3,562.4	3,289.5	610.6	230.9	7,693.4
FY2033-34 (Calculated)	3,758.3	3,503.3	671.7	236.1	8,169.4
FY2034-35 (Calculated)	3,965.0	3,731.0	738.8	241.4	8,676.3
FY2035-36 (Calculated)	4,064.2	3,759.0	724.1	242.0	8,789.2
FY2036-37 (Calculated)	4,165.8	3,787.2	709.6	242.6	8,905.1
FY2037-38 (Calculated)	4,394.9	4,033.4	780.5	248.0	9,456.8
FY2038-39 (Calculated)	4,636.6	4,295.5	858.6	253.6	10,044.3

Automatic Transfers to the Cash Reserve Fund

The information presented assumes automatic transfers from the General Fund to the Cash Reserve Fund, pursuant to Neb. Rev. Stat. sec. 77-4602. Since 1996, when automatic transfers were first completed on a fiscal year basis, actual automatic transfers from the General Fund to the Cash Reserve Fund in years they have occurred have averaged about \$190 million per year. However, when eliminating the \$1.2 billion transfer due to higher than certified receipts in FY21, the average transfer in years in which they occurred is about \$140 million per year. Since 1996, there have been only seven years in which an automatic transfer did not take place.

Additionally, historically there has been a pattern of a period of four or five years with an automatic transfer occurring, followed by two or three years of no automatic transfer. For purposes of this analysis, LFO assumes an automatic transfer to the Cash Reserve Fund of \$140 million in the fiscal year following above average revenue growth, and no transfer in the fiscal year following below average revenue growth. This analysis does not take into account whether any such transfer would be reduced due to the provision in Neb. Rev. Stat. sec. 77-4602(4)(c) related to whether the balance in the Cash Reserve Fund exceeds 16% of budgeted General Fund expenditures.

General Fund Transfers In

Transfers from cash funds into the General Fund are incorporated into the General Fund revenue forecast as miscellaneous receipts for FY2023-24 and FY2024-25. Future transfers are only authorized with legislative action, and once enacted, are incorporated into the General Fund forecast in net receipts. Beginning in FY2025-26, revenue estimates do not include transfers into the General Fund until enacted each biennium, as can be seen in the relatively large decrease in miscellaneous tax net receipts between FY2024-25 and FY2025-26. For purposes of this report, LFO assumes General Fund transfers in each fiscal year equal to the average amount of transfers in over the previous 30 years, which is about \$40 million per year.

General Fund Transfers Out

Pursuant to the statutory authority governing transfers from the General Fund to particular cash funds, the following table shows the estimated General Fund transfers out from FY2023-24 to FY2038-39. Increases in the transfers out to the Community College Future Fund are estimated to grow at 3.5% per year. Increases in transfers out to the Property Tax Credit Fund are based on the provisions of LB 754 (2023) to reflect set amounts in FY2023-24 through FY2028-29 and a \$75 million increase in FY2029-30, and also increase by 3.5% per year beginning in FY2029-30.

Table 2 – Estimated General Fund Transfers Out FY24 to FY39

	Property Tax Credit Fund	Cultural Preservation Endowment	Water Sustainability Fund	Education Future Fund	Community College Future Fund	All Other Funds
FY2023-24	(360,000,000)	(1,000,000)	(11,000,000)	(1,000,000,000)	0	(27,760,000)
FY2024-25	(395,000,000)	(1,000,000)	(11,000,000)	(250,000,000)	(253,499,886)	(42,510,000)
FY2025-26	(427,000,000)	(1,000,000)	(11,000,000)	(250,000,000)	(262,372,382)	(10,000)
FY2026-27	(442,000,000)	(1,000,000)	(11,000,000)	(250,000,000)	(271,555,415)	(10,000)
FY2027-28	(457,000,000)	(1,000,000)	(11,000,000)	(250,000,000)	(281,059,855)	(10,000)
FY2028-29	(472,000,000)	(1,000,000)	(11,000,000)	(250,000,000)	(290,896,950)	(10,000)
FY2029-30	(563,500,000)	(1,000,000)	(11,000,000)	(250,000,000)	(301,078,343)	(10,000)
FY2030-31	(583,200,000)	(1,000,000)	(11,000,000)	(250,000,000)	(311,616,085)	(10,000)
FY2031-32	(603,600,000)	0	(11,000,000)	(250,000,000)	(322,522,648)	(10,000)
FY2032-33	(624,700,000)	0	(11,000,000)	(250,000,000)	(333,810,941)	(10,000)
FY2033-34	(646,600,000)	0	(11,000,000)	(250,000,000)	(345,494,324)	(10,000)
FY2034-35	(669,200,000)	0	(11,000,000)	(250,000,000)	(357,586,625)	(10,000)
FY2035-36	(692,600,000)	0	(11,000,000)	(250,000,000)	(370,102,157)	(10,000)
FY2036-37	(716,800,000)	0	(11,000,000)	(250,000,000)	(383,055,732)	(10,000)
FY2037-38	(741,900,000)	0	(11,000,000)	(250,000,000)	(396,462,683)	(10,000)
FY2038-39	(767,900,000)	0	(11,000,000)	(250,000,000)	(410,338,877)	(10,000)

Appropriations

LFO utilizes historical average growth in appropriations in major budget categories to estimate the overall growth in appropriations for FY2025-26 through FY2038-39. For some categories, thirty five years of data was used to calculate the historical average. For newer programs, data available was utilized. Historical average annual General Fund budget growth has been just over 5% per year (FY85 to FY23). However, the analysis presented in this report based on the historical average of specific existing programs results in a lower growth trend than this historical average growth, at 2.75% per year from FY25 to FY39. This is more in line with more

recent budget growth trends, as average annual General Fund budget growth the previous 15 years is about 3% (FY08 to FY23).

Increases or decreases in appropriations to a few specific programs are accounted for in FY2023-24 and FY2024-25. Those changes include the following 2024 mid-biennium requested or estimated changes for the following programs: TEEOSA, retirement contributions, special education, and the homestead exemption program. These increases or decreases are accounted for in order to better account for planning in future years.

Table 3 - GF Appropriations Assumed Percentage Increases FY2025-26 to FY2038-39

Special Education	3.5%
Aid to K-12 Schools (TEEOSA)*	2.0%
Homestead Exemption	4.5%
Community Colleges	2.5%
Developmental Disabilities Aid	5.0%
Behavioral Health aid	1.5%
Public Assistance	2.0%
Children’s Health Insurance (CHIP)	3.5%
Child Welfare Aid	2.5%
Medicaid (GF only)	3.5%
Aging Programs	1.0%
Career Scholarships	2.0%
Salaries (agencies)	3.0%
Health Insurance (agencies)	4.5%
University and State Colleges	2.5%
Operations increase	1.5%
Inmate per diem costs	3.0%
Juvenile Services (through probation)	2.0%
<u>Retirement Plans</u>	<u>3.0%</u>
Total GF Appropriations	2.75%

*Specific calculated TEEOSA estimates from LFO include FY25-26 and FY26-27, and as a result, the 2.0% increase based on historical average increase begins in FY27-28 for the long-term budget planning analysis.

There is a specific amount in FY2025-26 included for anticipated capital construction costs, but due to the sporadic nature of construction costs, there is not an ongoing increase for construction built into this analysis. While this potentially understates capital construction costs paid directly from the General Fund, these costs are usually a very small percentage of General Fund expenditures (less than 1%).

The estimated growth by general category varies slightly as well, with agency operations estimated to grow by 2.6% per year from FY26 to FY39, state aid to individuals/other estimated to grow by 3.0% per year from FY26 to FY39, and state aid to local governments estimated to grow by 2.3% per year from FY26 to FY39.

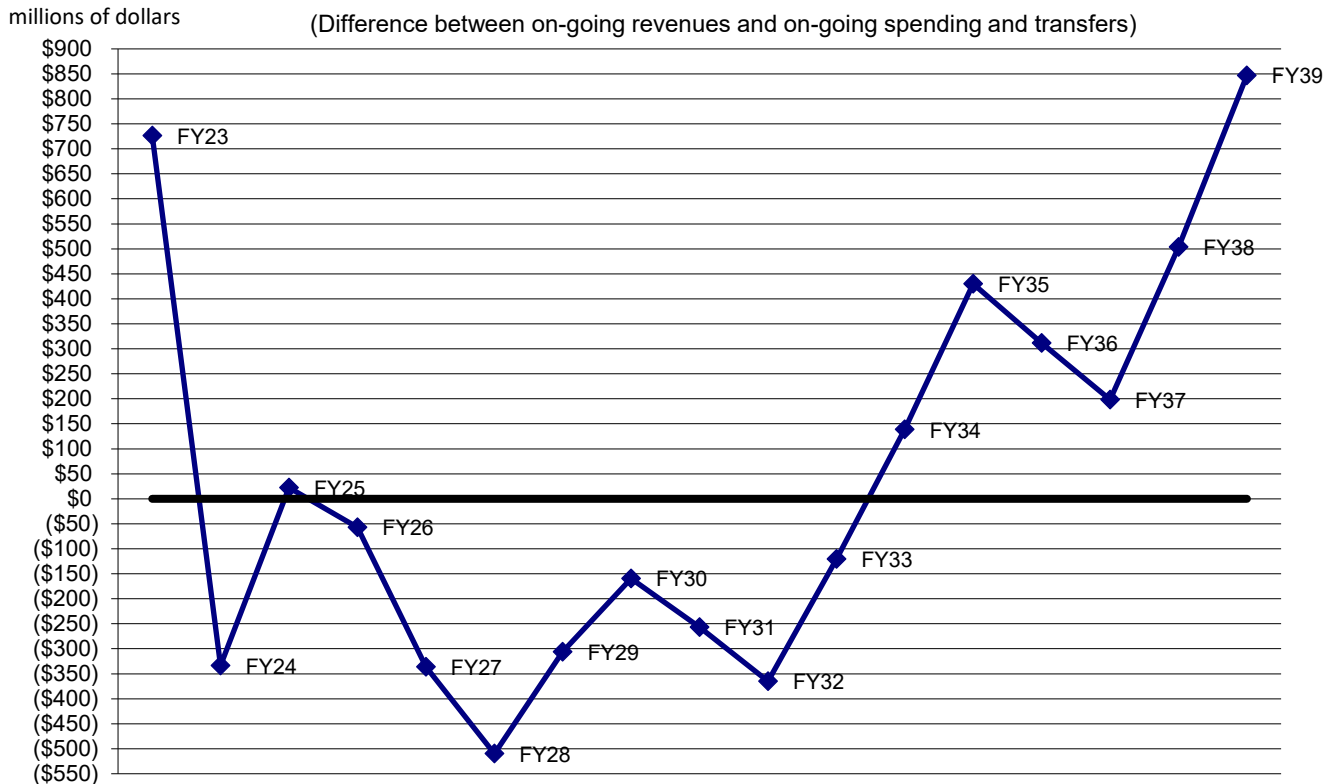
The following table shows the total General Fund appropriations, including the allocation for potential deficits, for FY24 through FY39, as estimated using this methodology. The table also shows the calculated net revenues as compared to the total appropriations amounts (without deficits) each year, which is often referred to as structural balance, and the change in this calculation from the prior year (whether the structural balance is improving or worsening, year over year).

Table 4 – Estimated Appropriations and Ongoing Revenues vs. Appropriations for FY24 to FY39

Fiscal Year	Gen Fund Approp (net)	Revenues vs Appropriations	Change in Rev vs Approp
FY2023-24 Status	5,378,997,303	(333,757,303)	(1,059,951,150)
FY2024-25 Status	5,394,989,133	22,000,982	355,758,285
FY2025-26 Status	5,510,458,673	(56,951,054)	(78,952,036)
FY2026-27 Status	5,672,754,368	(336,187,782)	(279,236,727)
FY2027-28 Calculated	5,817,852,335	(509,955,044)	(173,767,262)
FY2028-29 Calculated	5,974,933,256	(306,070,072)	203,884,972
FY2029-30 Calculated	6,137,296,155	(159,355,994)	146,714,078
FY2030-31 Calculated	6,296,869,956	(256,994,320)	(97,638,326)
FY2031-32 Calculated	6,469,488,359	(365,333,573)	(108,339,254)
FY2032-33 Calculated	6,639,239,869	(120,398,935)	244,934,638
FY2033-34 Calculated	6,822,804,376	138,457,204	258,856,140
FY2034-35 Calculated	7,003,419,452	430,051,148	291,593,944
FY2035-36 Calculated	7,198,669,299	311,821,293	(118,229,855)
FY2036-37 Calculated	7,390,882,214	198,375,386	(113,445,907)
FY2037-38 Calculated	7,598,608,826	503,842,717	305,467,331
FY2038-39 Calculated	7,803,205,821	846,891,346	343,048,629

Structural balance, the calculation of net revenues compared to total appropriations, is shown in the following chart. A period of structural imbalance for a period of eight years is followed by structural balance for the remaining six years.

Structural Balance or Imbalance



Cash Reserve Fund

As discussed in the previous section on automatic transfers from the General Fund to the Cash Reserve Fund, LFO assumes a certain number of automatic transfers pursuant to statute in the fiscal year following above average revenue growth. Statute must be amended for transfers from the fund to be made, and as a result, LFO does not assume any new obligations or transfers out of the Cash Reserve Fund for purposes of this analysis.

However, for reference, from FY1983-84 through FY2022-23, in addition to the automatic transfers from the General Fund:

- In 21 of those years, there have been transfers out of the Cash Reserve Fund to the General Fund, averaging a net reduction of nearly \$60 million per year.
- In 8 of those years, there have been transfers into the Cash Reserve Fund from the General Fund, averaging a net increase of about \$22 million per year.
- In 25 of those years, there have been transfers into or out of the Cash Reserve Fund from other funds, averaging a net reduction to the Cash Reserve Fund of \$61 million per year.

The following table shows the estimated balance, estimated automatic transfers, existing obligations, and the estimated ending balance as a percentage of revenues and expenditures for FY24 through FY39.

Table 5 – Estimated Cash Reserve Fund Balance FY24 to FY39

	Beginning Balance	Automatic Transfers (1)	Legislative Transfers (2)		Ending Balance	EB as % of revenues	EB as % of expend
			Gen Fund	Other Funds			
FY2023-24 Est	1,637,851,590	2,982,492	440,000,000	(1,222,558,825)	858,275,257	13.3%	16.0%
FY2024-25 Est	858,275,257	7,874,000	(1,000,000)	(25,458,800)	839,690,457	13.2%	15.6%
FY2025-26 Est	839,690,457	0	0	(50,000,000)	789,690,457	12.4%	14.3%
FY2026-27 Est	789,690,457	0	0	(50,000,000)	739,690,457	11.8%	13.1%
FY2027-28 Est	739,690,457	0	0	(50,000,000)	689,690,457	11.0%	11.9%
FY2028-29 Est	689,690,457	0	0	(50,000,000)	639,690,457	9.6%	10.7%
FY2029-30 Est	639,690,457	140,000,000	0	(50,000,000)	729,690,457	10.3%	11.9%
FY2030-31 Est	729,690,457	140,000,000	0	(50,000,000)	819,690,457	11.5%	13.0%
FY2031-32 Est	819,690,457	0	0	0	819,690,457	11.3%	12.7%
FY2032-33 Est	819,690,457	0	0	0	819,690,457	10.7%	12.4%
FY2033-34 Est	819,690,457	140,000,000	0	0	959,690,457	11.7%	14.1%
FY2034-35 Est	959,690,457	140,000,000	0	0	1,099,690,457	12.7%	15.7%
FY2035-36 Est	1,099,690,457	140,000,000	0	0	1,239,690,457	14.1%	17.2%
FY2036-37 Est	1,239,690,457	0	0	0	1,239,690,457	13.9%	16.8%
FY2037-38 Est	1,239,690,457	0	0	0	1,239,690,457	13.1%	16.3%
FY2038-39 Est	1,239,690,457	140,000,000	0	0	1,379,690,457	13.7%	17.7%

- (1) Automatic transfers reflect the prior year variance from forecast. For example, the \$2.9 million transfer in FY23-24 actually reflects the FY22-23 “excess” receipts compared to the certified forecast. Prior to FY95-96, transfers occurred in all cases. After FY95-96 transfers only occurred if receipts were above forecast.
- (2) Legislative transfers are enacted by legislation and include transfers to the General Fund or other funds.

Conclusion

This analysis indicates several years on the estimated the General Fund financial status where the ending balance for the biennium is below the required minimum reserve, as well as a period of several years with structural imbalance. Should these come to fruition, the Legislature will need to take action to address each biennial budget to balance General Fund revenue and expenditures. However, it is very important to note that this is a planning exercise, and the methodology is based on estimating revenues and expenditures with the best available data many years into the future. The broad range of policy changes that have recently been enacted make this an even more challenging exercise, and one in which averages, for revenues and expenditures, may vary in the future from what they have been in the past.