

Legislative Resolution 200
Interim Study Committee Report
Appropriations Committee

Examination of the progress and ability to expend federal Coronavirus State Fiscal Recovery Funds allocated to the State of Nebraska and appropriated to Nebraska state agencies for specific purposes

December 2023

Appropriations Committee:

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Prepared for the Appropriations Committee by the Legislative Fiscal Office

Overview

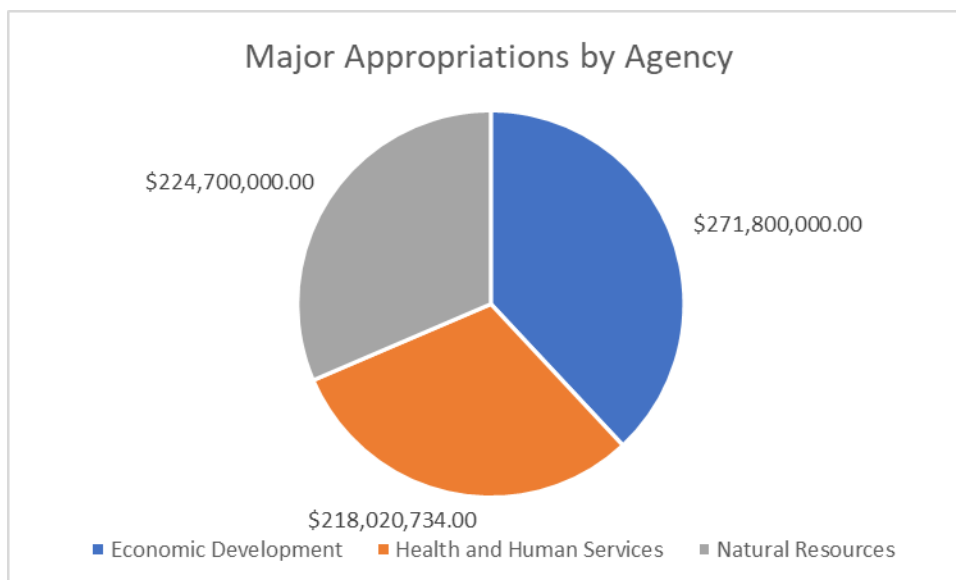
Per the American Rescue Plan Act (ARPA) of 2021, the state of Nebraska was allocated \$1,040,000,000 in Coronavirus State Fiscal Recovery Funds. Eligible use of these funds fit broadly within the following categories:

- Replacing lost public sector revenue;
- Responding to the public health emergency of COVID-19;
- Responding to the economic impacts of COVID-19;
- Public sector capacity;
- Premium pay;
- Water and sewer infrastructure; and
- Broadband infrastructure.

The 2023 Consolidated Appropriation Act (CAA) made amendments to the American Rescue Plan Act, notably expanding eligible uses to include surface transportation projects (capped at the greater of \$10,000,000 or 30% of a recipient's total award), expenditures on emergency relief resulting from a natural disaster, and certain Title I projects that are eligible activities under the Community Development Block Grant or the Indian Community Development Block Grant.

Distribution by Appropriation

At the end of the 2023 Legislature \$1,039,537,675 of ARPA has been appropriated, leaving \$462,325 unappropriated. Approximately 70% of appropriations are among three agencies: the Departments of Economic Development, Health and Human Services, and Natural Resources. This reflects the eligible use categories of response to the public health emergency, response to economic impacts, and water and sewer infrastructure.



As of November 1, 2023, \$475,907,920 has been obligated with \$298,086,541 expended. This represents about 46% being obligated and about 29% being expended. Under the federal law, the statutory date to obligate funds is December 31, 2024, and the dates for final expenditure of funds are September 30, 2026, for surface transportation Projects and December 31, 2026, for all other ARPA projects.

Obligations under ARPA refer to awarded grants or contracts for service. Programs that provide state aid on a reimbursement basis would not have advance obligation. Unless indicated in the Agency Comment section of this report, all agencies testified at the LR200 hearing that they anticipated meeting the obligation and expenditure deadlines for their programs.

Agency Comment

On October 20, 2023 a hearing was held on LR200. Agencies provided updates on their anticipated schedule for obligation and expenditure of ARPA. Comments relating to any request for a shift in appropriation are as follows:

- Agency 82, Nebraska Commission for the Deaf and Hard of Hearing, identified the following challenges to expending their appropriation:
 - o A shortage of certified interpreters nationally and statewide;
 - o Unreliable rural broadband presents a barrier to interpretation in rural areas, in-person interpretation for rural areas creates a challenge as it may require hours to provide the service while interpreters are only reimbursed for the time of providing the service and not for travel;
 - o Recommends the language for providing services to include allowing for expenditures on auxiliary aids as defined by the ADA to ensure effective communication with individuals with hearing and/or visual impairments; and
 - o Recommends the language to allow for expenditures in urban areas as well as rural areas.
- Agency 14, Public Service Commission, identified that as no ARPA broadband money has been appropriated, the ARPA appropriation of \$324,875 for FTEs included in LB1144 is not needed.
- Agency 18, Nebraska Department of Agriculture, has indicated that the appropriation for the dairy industry study will be one invoice of \$92,500, which is \$32,500 under the appropriated amount.
- Agency 31, Nebraska Military Department, has indicated that the cost of administration of ARPA programs can be done for \$4,000,000 less than has been appropriated.
- Agency 72, Nebraska Department of Economic Development, is recommending a change regarding the appropriation for the Rural Workforce Housing Investment Act as there is a conflict with the federal government's interest in property purchased or improved using federal award dollars. The Department of Economic Development recommends a change to allowing affordable housing as defined by the Department of Housing and Urban Development to be an allowable use of the funds.
- Agency 25, Nebraska Department of Health and Human Services, has identified the \$2,500,000 award for the Behavioral Health Capital Expansion in rural areas as being unlikely to be obligated or expended with the current cap of \$250,000 per applicant. The agency recommends either a change increasing the grants to \$500,000 or more or zeroing out the appropriation.

Agency Appropriations, Obligations, and Expenditures

This section details the appropriations to each agency through the 2023 session, and the total obligated and expended funds in the state accounting system through November 1, 2023.

#13 – Department of Education

Prog.	One-liner	FY21-22	FY22-23	Total appropriations	Total Obligated	Total Expended
401	Services for Deaf and Hard of Hearing		\$1,000,000	\$1,000,000	\$782,758	\$0

#14 – Public Service Commission

Prog.	One-liner	FY21-22	FY22-23	Total appropriations	Total Obligated	Total Expended
793	Broadband		\$324,875	\$324,875		

#18 – Department of Agriculture

Prog.	One-liner	FY21-22	FY22-23	Total appropriations	Total Obligated	Total Expended
78	Independent Processors	\$9,875,000		\$9,875,000	\$4,759,247	\$4,759,247
78	Dairy Industry Study	\$125,000		\$125,000	\$92,500	
78	Noxious weed		\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000

An appropriation of \$10,000,000 to the Nebraska Department of Agriculture was created in LB1014 for FY2021-22 with \$9,875,000 earmarked for Independent Meat Processors and \$125,000 earmarked for a Dairy Industry Study.

LB805A appropriated \$2 million of ARPA funds for FY22-23 as state aid to Weed Management Districts with intent for \$2,000,000 to be appropriated for FY23-24 and FY24-25. However, it was found that the program was only eligible for ARPA under the “revenue loss” provisions, and in the 2023 session, appropriations for FY23-24 and FY24-25 were not made to this program.

#23 – Department of Labor

Prog.	One-liner	FY21-22	FY22-23	Total appropriations	Total Obligated	Total Expended
31	Workforce training		\$10,000,000	\$10,000,000	\$9,967,735	\$125,676

This appropriation provided funding for workforce training programs in the areas of teacher recruitment and retention, nursing recruitment and retention, and workforce development grants.

#25 – Department of Health and Human Services

Prog.	One-liner	FY21-22	FY22-23	Total appropriations	Total Obligated	Total Expended
33, 250, 359, 365, 421	Premium Pay	\$12,757,934		\$12,757,934	\$12,204,895	\$12,204,895
38	Pediatric Trauma Technology (Behavioral Health)		\$1,800,000	\$1,800,000	\$1,678,144	\$121,9561
175	Repayments of education debts owed by health professionals	\$5,000,000		\$5,000,000	\$4,872,0497	\$1,934,372
176	Nursing scholarships	\$5,000,000		\$5,000,000	\$1,080,310	\$2,137,663
347	Food banks		\$20,000,000	\$20,000,000	\$11,176,106	\$8,981,389
347	Childcare		\$4,000,000	\$4,000,000	\$4,000,000	\$2,051,455
354	Provider rate increases (Child welfare)	\$10,000,000	\$15,000,000	\$25,000,000	\$10,207,000	\$10,207,000
354	Child welfare facility upgrades		\$1,000,000	\$1,000,000	\$1,000,000	
424	Rate increases for DDA		\$47,500,000	\$47,500,000	\$31,803,995	\$19,995,679
502	Local public health department infrastructure		\$10,000,000	\$10,000,000	\$9,990,000	\$2,589,464
502	Health aid (HIV)	\$500,000		\$500,000	\$121,098	
514	Model system of care		\$5,000,000	\$5,000,000	\$5,000,000	\$508,793
514	Assisted living facilities		\$5,462,800	\$5,462,800	\$5,400,400	\$5,068,000
514	Health aid for Medicaid Certified		\$47,500,000	\$47,500,000	\$20,000,000	\$33,283,274
514	Rural ambulance		\$20,000,000	\$20,000,000	\$18,985,383	\$2,663,911

514	Emergency Medical Services		\$5,000,000	\$5,000,000	\$4,998,000	\$1,123,252
514	DHHS & University - Behavioral health		\$2,500,000	\$2,500,000		

Pursuant to LB 1014 Section 7, \$12,757,934 of federal funds under the American Rescue Plan Act of 2021 (ARPA) were appropriated to the DHHS to be used for premium pay increases for essential workers in FY22. Of that total, \$2,987,914 was dedicated to Prog. 33 Administration, \$1,947,943 to Prog. 250 Juvenile Services Operations, \$12,041 to Prog. 359 Bridge to Independence, \$7,047,420 to Prog. 365 Mental Health Operations, and \$762,616 to Prog. 421 Beatrice State Developmental Center. Approximately 4% remains unobligated.

LB1014 provided \$1,800,000 of ARPA in FY23 to purchase technology for a pediatric trauma center at Children’s Hospital in Omaha which will support statewide pediatric mental health services via telehealth and telemonitoring. These funds have been entirely obligated and partially (7%) expended.

LB1014 provided \$5,000,000 of ARPA in FY22 for repayment of qualified educational debts owed by eligible health professionals practicing in a designated health profession shortage area in Nebraska. Most (91%) has been obligated and some (39%) has been expended.

LB1014 provided \$5,000,000 of ARPA in FY22 for Nursing scholarships for qualifying students of up to \$2,500 per semester. Approximately 43% has been expended.

LB1014 provided \$20,000,000 of ARPA in FY23 for food assistance grants to nonprofit organizations, administered by a third-party contractor. Of this amount, \$17.5m was to be awarded to qualifying nonprofits and \$2.5 was to be awarded for local capacity and innovation grants. Approximately 45% has been expended.

#28 – Department of Veterans Affairs

Prog.	One-liner	FY21-22	FY22-23	Total appropriations	Total Obligated	Total Expended
511	Premium Pay	\$3,546,602		\$3,546,602	\$3,546,602	

Pursuant to LB 1014 Section 7, federal funds appropriated to the VA were used for premium pay increases for essential workers.

#29 – Department of Natural Resources

Prog.	One-liner	FY21-22	FY22-23	Total appropriations	Total Obligated	Total Expended
314	Goshen-Gering Irrigation District	\$23,100,000		\$23,100,000		\$787,787
334	Data collection	\$1,200,000	\$1,200,000	\$2,400,000		
319	Lincoln Water Supply	\$20,000,000	\$177,200,000	\$179,200,000		\$868,530
319	Norfolk Water Project		\$2,000,000	\$2,000,000		

The Department of Natural Resources projects include funding for repairs to the Goshen-Gering Irrigation District tunnel collapse, data collection to enable better decision making in regards to drought, floodplain management and dam safety, the City of Lincoln’s second water source supply project and the City of Norfolk’s Johnson Park upgrades.

#31 – Military Department

Prog.	One-liner	FY21-22	FY22-23	Total appropriations	Total Obligated	Total Expended
191	Admin (up to \$14,000,000 for DHHS technology upgrades)	\$10,000,000	\$9,000,000	\$19,000,000	\$6,119,397	\$5,030,737

#33 – Game and Parks Commission

Prog.	One-liner	FY21-22	FY22-23	Total appropriations	Total Obligated	Total Expended
901	Wastewater repairs		\$8,100,000	\$8,100,000	\$7,148,220	\$5,838,374

Repairs and updates to wastewater and sewer systems at Niobrara State Park, Branched Oak State Recreation Area, Two Rivers State Recreation Area, Lewis and Clark State Recreation Area, and Mormon Island State Recreation Area.

#48 – Community Colleges

Prog.	One-liner	FY21-22	FY22-23	Total appropriations	Total Obligated	Total Expended
697	Capital projects - Community Colleges	\$25,000,000	\$35,000,000	\$60,000,000	\$59,000,000	\$34,602,628

This appropriation is for facility upgrades geared towards workforce development.

#50 – State Colleges

Prog.	One-liner	FY21-22	FY22-23	Total appropriations	Total Obligated	Total Expended
48	STEM Equipment		\$2,000,000	\$2,000,000	\$233,778	\$1,147,192
48	Water upgrades - State colleges		\$6,000,000	\$6,000,000	\$96,300	\$34,765

LB1014 (2022) Sec. 37 appropriated \$8 million in ARPA funds for the purchase of equipment and for water and sewer upgrade projects. Of this amount, \$2 million is to be used to purchase needed equipment to prepare health care professionals in combating the effects of COVID-19, and \$6 million is to be used to upgrade water and sewer systems on the three state college campuses.

#51 – University of Nebraska

Prog.	One-liner	FY21-22	FY22-23	Total appropriations	Total Obligated	Total Expended
781	Rural health complexes	\$10,000,000	\$50,000,000	\$60,000,000	\$56,226,753	\$4,746,831
781	Behavioral health		\$25,500,000	\$25,500,000	\$18,370,506	\$3,480,237
781	Climate report		\$150,000	\$150,000	\$111,884	\$26,996

LB1014 (2022) Sec. 38 appropriated \$10 million in ARPA funds for FY2021-22 and \$50 million for FY2022-23. The \$10 million for FY2021-22 was for startup costs related to the UNK-UNMC Rural Health Complex in Kearney, Nebraska. The \$50 million for FY2022-23 is for construction costs of the same UNK-UNMC complex.

Sec. 39 appropriated \$25,500,000 for FY2022-23 for the Behavioral Health Education Center, broken out as follows:

- \$13 million for graduate and postgraduate training opportunities
- \$8 million for expansion of telebehavioral health services in rural areas
- \$2.5 million for education & training opportunities related to behavioral health issues caused or exacerbated by COVID-19
- \$2 million for stipends for provisionally licensed professionals employed in the field of behavioral health.

The Assessing Climate Change report is due to the Governor and the Legislature by December 1, 2024.

#65 – Department of Administrative Services

Prog.	One-liner	FY21-22	FY22-23	Total appropriations	Total Obligated	Total Expended
560	Wyuka Cemetary		\$1,800,000	\$1,800,000	\$1,800,000	\$170,346

This appropriation is for upgrades to water systems at Wyuka Cemetary, a state owned property.

#72 – Department of Economic Development

Prog.	One-liner	FY21-22	FY22-23	Total appropriations	Total Obligated	Total Expended
601	Rural Workforce Housing Investment	\$6,000,000	\$4,000,000	\$10,000,000		
601	NIFA five and ten	\$10,500,000	\$10,000,000	\$20,500,000	\$20,500,000	
601	Refugee housing	\$4,000,000	\$4,000,000	\$8,000,000	\$6,000,000	
601	Refugee workforce training	\$1,000,000		\$1,000,000		
603	Horse event	\$500,000		\$500,000	\$500,000	\$500,000
603	Meat processing plant		\$20,000,000	\$20,000,000	\$20,000,000	
603	Mental health care facility	\$10,000,000	\$30,000,000	\$40,000,000	\$40,000,000	\$40,000,000
603	Shovel-ready	\$50,000,000	\$50,000,000	\$100,000,000	\$100,000,000	\$59,444,777
603	Nuclear study		\$1,000,000	\$1,000,000	\$863,000	\$60,750
611	Economic Recovery Act	\$1,000,000	\$69,800,000	\$70,800,000	\$28,500,000	\$19,784,078

The Department of Economic Development has been tasked with several programs related to economic recovery. Major programs are related to housing, Shovel-Ready – a grant program for capital projects for qualifying non-profits, and the Economic Recovery Act for North and South Omaha. A significant change occurred during the 2023 legislative session where the ARPA appropriation to the Economic Recovery Act was reduced by \$179,200,000 and replaced with a transfer from the Cash Reserve Fund.

#78 – Crime Commission

Prog.	One-liner	FY21-22	FY22-23	Total appropriations	Total Obligated	Total Expended
903	Law enforcement training center	\$47,700,000		\$47,700,000	\$4,500,000	\$401,912

This appropriation is for the construction of a training center near Grand Island, which will include driving and firearms training courses.

#82 – Commission for the Hearing Impaired

Prog.	One-liner	FY21-22	FY22-23	Total appropriations	Total Obligated	Total Expended
578	Deaf and hard of hearing		\$500,000	\$500,000	\$32,984	\$32,984

This appropriation provides translation services and training.

#83 – Community Colleges

Prog.	One-liner	FY21-22	FY22-23	Total appropriations	Total Obligated	Total Expended
151	Community Colleges – Tuition		\$15,000,000	\$15,000,000	\$5,000,000	\$5,000,000

This appropriation is to fund dual enrollment courses.

#84 – Department of Environment and Energy

Prog.	One-liner	FY21-22	FY22-23	Total appropriations	Total Obligated	Total Expended
513	Reverse osmosis		\$4,000,000	\$4,000,000	\$2,900,329	\$155,680
523	State fair grounds		\$20,000,000	\$20,000,000	\$20,000,000	\$94,880
528	Cedar-Knox County Water	\$1,000,000	\$6,000,000	\$7,000,000	\$7,000,000	

The reverse osmosis project contains two separate components: (1) To provide reimbursement to individuals whose private wells are shown to have high concentration of nitrates; and (2) Aid to Wisner, NE for construction of a reverse osmosis drinking water system. Should there be insufficient demand for private wells, the Department intends to increase the state aid to Wisner.

The State fairgrounds project is to remediate flooding on the grounds, and the Cedar-Knox county project provides aid to a Natural Resources District to provide a rural drinking water system.

[Additional Updates](#)

The Legislative Fiscal Office is regularly communicating with agencies on ARPA projects and monitoring expenditures and obligations within Nebraska and other states. Please contact our office for any further updates or details not contained within this brief report.

[LR200 Hearing Testimony](#)

Agency testimony from the October 20, 2023 hearing is available as an appendix to this report.