

**STATE OF NEBRASKA
FY2001-02 / FY2002-03
BIENNIAL BUDGET**

**As Enacted by the
97th Legislature-First Session**

August 2001

TABLE OF CONTENTS

I. INTRODUCTION	1
II. 2001 SESSION HIGHLIGHTS	2
III. GENERAL FUND FINANCIAL STATUS.....	3
A. General Fund (and Cash Reserve Fund) Financial Status	4
1. Tax Rate Review Committee (July 16, 2001)	4
2. Sine Die 2001 Legislative Session (May 31, 2001).....	5
B. Components of the General Fund Financial Status	6
1. Beginning Balance	6
2. Estimated Receipts	6
3. Appropriations	7
4. Ending Balance (General Fund Reserve).....	7
5. Estimated Financial Status for the Following Biennium.....	7
IV. GENERAL FUND REVENUES.....	11
A. Actual and Projected Receipts	12
1. Changes from Sine Die.....	13
2. Historical General Fund Revenues.....	13
C. General Fund Transfers-Out.....	15
B. General Fund Transfers-In	15
D. Revenue Legislation - 2001 Session.....	16
E. Cash Reserve Fund Transfers and Status.....	18
V. GENERAL FUND APPROPRIATIONS.....	20
A. Overview	21
1. State Totals.....	21
2. Breakdown of Operations and Aid	22
3. Breakdown by Relative Size	24
4. Historical Appropriations (state totals).....	25
B. Significant Increases and Reductions.....	27
C. Highlights-General Fund State Aid to Individuals	30
1. Behavioral Health Services.....	30
2. Developmental Disabilities	30
3. Medicaid.....	31
4. Public Assistance	32
5. Aid to Aging Services.....	33
6. Higher Education Student Aid.....	33
7. Teacher Loan Forgiveness Program.....	34

D. Highlights-General Fund State Aid to Local Governments.....	35
1. Special Education	35
2. State Aid to Schools (TEEOSA).....	35
3. Early Childhood Program	37
4. Aid to Educational Service Units (ESU's)	37
5. Homestead Exemption Reimbursement	37
6. County Juvenile Services Aid (LB 640)	37
7. Resources Development Fund	38
8. County Jail Reimbursement	38
9. Community Colleges.....	38
10. Indigent Defense Reimbursement (LB 335)	39
E. Highlights-General Fund Agency Operations	40
1. Court System.....	40
2. Health and Human Services System.....	41
3. Dept of Correctional Services	42
4. State Colleges.....	43
5. University of Nebraska	43
6. State Patrol	44
6. Dept of Environmental Quality	44
7. State Employee Salary Increases	44
8. State Employee Health Insurance	46
9. Rent, Maintenance Contracts, and Depreciation Surcharge	48
10. Information Technology Infrastructure Fund	48
E. General Fund Appropriations By Agency.....	50
F. General Fund State Aid by Individual Aid Program.....	54
G. General Fund Appropriations by Bill.....	57
H. General Fund Vetoes and Overrides.....	58
VI. APPROPRIATIONS-ALL FUND SOURCES	59
A. State Totals and Summary	60
B. Cash Funds	60
1. Dept of Roads	61
2. Distribution of Tobacco Settlement Funds (LB 692)	61
C. Federal Funds	63
D. Revolving Funds.....	63
E. Mainline Bills vs "A" Bills - All Fund Sources	64
F. Listing of "A" Bills Enacted in the 2001 Session - All Fund Sources	65
G. Historical Appropriations-All Fund Sources	66
H. Appropriations by Agency - All Fund Sources.....	68

VII. CAPITAL CONSTRUCTION	79
A. Summary.....	80
B. Narrative Description of Major Projects	82
C. Project Listing - Reaffirmations.....	84
D. Project Listing-New - Construction	86
VIII. FY2000-01 DEFICIENCY APPROPRIATIONS	91
A. Chronology of FY2000-01 Appropriations	92
B. General Fund Deficiency Appropriation Items	92
C. Listing of FY2000-01 Deficiency Appropriations, (All Funds)	94
IX. DEFINITION OF TERMS	97
X. LEGISLATIVE FISCAL OFFICE STAFF AND AGENCY ASSIGNMENTS	104
A. Agency Assignments (numerical order)	105
B. Legislative Fiscal Office Staff	107

INTRODUCTION

This report contains a summary of the initial appropriations and budget actions for the FY2001-02 and FY2002-03 biennium as enacted during the 2001 Legislative Session. These are not the final appropriations as both fiscal years numbers can be changed during the 2002 Legislative Session, and FY2002-03 can further be changed during the 2003 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 along with a narrative description of the various components.

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 2001 Legislative Session that impact revenues.

General Fund Appropriations This section provides detailed information on General Fund appropriations as enacted during the 2001 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.

FY2000-01 Deficit Appropriations This section provides a detailed listing of all FY2000-01 deficiency appropriations. Also included is a chronology of FY2000-01 appropriations from when first enacted in the 1999 Session to the final appropriations after the 2001 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.

2001 SESSION HIGHLIGHTS

This report contains a summary of the FY2001-02 and FY2002-03 biennial budget as enacted during the 2001 Legislative Session. Details as to specific funding items, revenues, and balances are contained in the following sections. However, there are several highlights to address.

- A **balanced budget** was achieved at Sine Die but the projected ending balance was only \$1.5 million above the minimum reserve for the FY2001-02/FY2002-03 biennial budget. With the incorporation of FY2000-01 actual data in July, the projected status declined to a position \$37 million below the minimum reserve. Note that the minimum reserve requirement is applicable at the time a budget is enacted.
- **Revenue Forecasts** The enacted budget and Financial Status at Sine Die were based on the April 2001 revenue forecasts from the Nebraska Economic Forecast Advisory Board (NEFAB) for the current year (FY2000-01) and the two years of the biennial budget (FY2001-02 and FY2002-03) and reflected an average growth of 5.4%. A 6.6% average growth was utilized in the following biennium using a historical average methodology, resulting in a 5.9% average growth over the five-year financial status consistent with the historical average.
- **Budget growth** is 8.2% in FY2001-02 and 5.8% in FY2002-03 for a two-year average of 7.0%. Much of the large growth in the budget can be attributed to two extraordinary items: increased school aid due to the \$1.10 to \$1.00 decline in levy authority (\$89.3 million in FY02 and \$95.7 in FY03), and operations of the new Tecumseh prison (\$11.3 million in FY02 and \$19.6 million in FY03). Excluding these two items, and adjusting for deletion of the one-time \$30 million Community College aid, budget growth would average 5.3% each year.

Over the 2 year period, about 82% of the increase in the budget is in three areas: TEEOSA school aid (34.4% of total), the three main entitlement programs; employee salary and health insurance increases (24.5% of total), and Medicaid (23.1% of total),.
- **Cash Reserve Fund** At Sine Die, the unobligated balance in the Cash Reserve Fund, after enacted transfers, was projected to be \$78.8 million. To put this in perspective, this \$78.8 million projected balance is the equivalent of one and one-half weeks of state General Fund spending or 1.3% of projected revenues for the upcoming biennium. ***This \$78.8 million balance was also contingent on a \$33.3 million automatic transfer from the General Fund, which is the difference between the Sine Die FY2000-01 projected revenues and the certified forecast. However, actual FY2000-01 revenues were below the certified forecast negating this transfer and lowering the projected unobligated balance to \$45 million.***

GENERAL FUND FINANCIAL STATUS

GENERAL FUND FINANCIAL STATUS

Tax Rate Review Committee (July 16, 2001)

GENERAL FUND	Current Yr	Biennial Budget		Est for Following Biennium	
	FY2000-01	FY2001-02	FY2002-03	FY2003-04	FY2004-05
<u>BEGINNING BALANCE</u>					
Beginning Cash Balance	315,589,812	235,689,742	148,575,670	129,407,850	76,506,925
Cash Reserve Fund transfers-automatic	(77,576,670)	0	0	0	0
Lapse carryover obligations	0	0	0	0	0
Carryover obligations from FY00	0	(104,194,703)	0	0	0
Allocation for potential deficits	0	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)
Unobligated Beginning Balance	238,013,142	126,495,039	143,575,670	124,407,850	71,506,925
<u>REVENUES</u>					
Net Receipts (April 2001 Forecast+ bills)	2,456,861,855	2,628,204,929	2,740,198,950	2,911,118,450	3,108,768,450
General Fund transfers-out	(5,640,000)	(6,350,000)	(6,100,000)	(4,600,000)	(4,600,000)
General Fund transfers-in	In Receipts	In Receipts	In Receipts	0	0
Cash Reserve Fund transfers-legislative	24,500,000	59,800,000	64,900,000	0	0
Accounting Adjustment	(173,383)	0	0	0	0
General Fund Net Revenues	2,475,548,472	2,681,654,929	2,798,998,950	2,906,518,450	3,104,168,450
<u>APPROPRIATIONS</u>					
Appropriations Per 2001 Session	2,477,871,872	2,659,574,298	2,813,166,770	2,813,166,770	2,813,166,770
Projected increases-next biennium	na	na	na	141,252,605	300,151,898
Mid-biennium adjust-2002 Session	Na	??	??	??	??
"A" Bills-2002 Session	Na	??	??	??	??
General Fund Appropriations	2,477,871,872	2,659,574,298	2,813,166,770	2,954,419,375	3,113,318,668
<u>ENDING BALANCE</u>					
Dollar ending balance	235,689,742	148,575,670	129,407,850	76,506,925	62,356,706
Biennial Reserve (%)	--	--	2.32%	--	1.03%
Variance from Minimum Reserve	--	--	(37,087,595)	--	(116,481,005)

CASH RESERVE FUND	FY2000-01	Estimated FY2001-02	Estimated FY2002-03	Estimated FY2003-04	Estimated FY2004-05
Beginning Balance	142,159,429	170,236,099	110,066,099	45,536,099	45,536,099
Excess of certified forecasts	77,576,670	0	0	0	0
To/from Gen Fund (pre-2001 law)	(24,500,000)	(35,000,000)	0	0	0
To Relief to Property Taxpayers Fund	(25,000,000)	0	0	0	0
LB 541-To General Fund	0	(24,800,000)	(64,900,000)	0	0
LB 541-To/From Muni Gas Rev Fund	0	(370,000)	370,000	0	0
Ending Balance (Committee)	170,236,099	110,066,099	45,536,099	45,536,099	45,536,099

GENERAL FUND FINANCIAL STATUS

Sine Die 2001 Session (May 31, 2001)

GENERAL FUND	Current Yr	Biennial Budget		Est for Following Biennium	
	FY2000-01	FY2001-02	FY2002-03	FY2003-04	FY2004-05
<u>BEGINNING BALANCE</u>					
Beginning Cash Balance	315,589,812	181,308,113	171,832,744	166,082,924	136,834,999
Cash Reserve Fund transfers-automatic	(77,576,670)	(33,299,000)	0	0	0
Lapse carryover obligations	1,246,631	0	0	0	0
Carryover obligations from FY00	(120,935,600)	0	0	0	0
Allocation for potential deficits	0	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)
Unobligated Beginning Balance	118,324,173	143,009,113	166,832,744	161,082,924	131,834,999
<u>REVENUES</u>					
Net Receipts (April 2001 Forecast+ bills)	2,514,518,000	2,634,947,929	2,753,616,950	2,934,771,450	3,140,528,450
General Fund transfers-out	(5,640,000)	(6,350,000)	(6,100,000)	(4,600,000)	(4,600,000)
General Fund transfers-in	0	In Receipts	In Receipts	0	0
Cash Reserve Fund transfers-legislative	24,500,000	59,800,000	64,900,000	0	0
General Fund Net Revenues	2,533,378,000	2,688,397,929	2,812,416,950	2,930,171,450	3,135,928,450
<u>APPROPRIATIONS</u>					
Appropriations Per 2001 Session	2,470,394,060	2,659,574,298	2,813,166,770	2,813,166,770	2,813,166,770
Projected increases-next biennium	na	na	na	141,252,605	300,151,898
Mid-biennium adjust-2002 Session	na	??	??	??	??
"A" Bills-2002 Session	na	??	??	??	??
General Fund Appropriations	2,470,394,060	2,659,574,298	2,813,166,770	2,954,419,375	3,113,318,668
<u>ENDING BALANCE</u>					
Dollar ending balance	181,308,113	171,832,744	166,082,924	136,834,999	154,444,780
Biennial Reserve (%)	3.67%	--	3.03%	--	2.54%
Variance from Minimum Reserve	--	--	1,554,070	--	(27,075,108)

CASH RESERVE FUND	FY2000-01	Estimated	Estimated	Estimated	Estimated
	FY2000-01	FY2001-02	FY2002-03	FY2003-04	FY2004-05
Beginning Balance	142,159,429	170,236,099	143,365,099	78,835,099	78,835,099
Excess of certified forecasts	77,576,670	33,299,000	0	0	0
To/from Gen Fund (pre-2001 law)	(24,500,000)	(35,000,000)	0	0	0
To Relief to Property Taxpayers Fund	(25,000,000)	0	0	0	0
LB 541-To General Fund	0	(24,800,000)	(64,900,000)	0	0
LB 541-To/From Muni Gas Rev Fund	0	(370,000)	370,000	0	0
Ending Balance (Committee)	170,236,099	143,365,099	78,835,099	78,835,099	78,835,099

COMPONENTS OF THE GENERAL FUND FINANCIAL STATUS (JULY 16, 2001 STATUS)

BEGINNING BALANCE

For FY2001-02, the beginning balance is the actual **cash** balance on July 1, 2001, \$235.7 million. From this is subtracted \$104.2 million of reappropriations and encumbrances (i.e. spending obligations carried forward from FY00-01) net of lapsed amounts and a \$5 million allocation for potential deficits next session. The net result of these adjustments is an **unobligated** beginning balance of \$126.5 million.

REVENUES

While the individual line items under this category are summarized below, a more detailed explanation of each is included in the General Fund Revenue section of this report.

Net Receipts This line includes actual receipts for FY2000-01 and the April 2001 General Fund revenue forecasts made by the Nebraska Economic Forecast Advisory Board (NEFAB) for FY2001-02 and FY2002-03 adjusted for legislation passed during the 2001 Session. Figures for FY2003-04 and FY2004-05 are preliminary estimates calculated by the Legislative Fiscal Office to yield a five year average growth roughly equal to the historical average revenue growth.

General Fund Transfers-Out This line reflects situations where funds are transferred from the General Fund to another fund within the state treasury. These items are shown separately as they are neither legally valid appropriations (an appropriation from the receiving fund is ultimately necessary for the money to be expended) nor are they considered “refunds” or reductions to the revenue forecasts. The largest amounts are annual transfers from the General Fund to the Information Technology Fund (\$1.5 million each year) the Teacher Loan Forgiveness Fund (\$2.7 million each year) and Ethanol Production Credits Fund (EPIC) per LB536-2001 (\$1.5 million each year).

General Fund Transfers-In There are only a few instances in statute where monies in a cash fund can be transferred to the General Fund at the discretion of the Legislature. For accounting purposes, these are shown as “Transfers in” and are included as revenues. In the July 16 Financial Status, these transfers (not originally included in the NEFAB forecasts) are incorporated into the receipts line along with other legislation enacted in the 2001 Session. These transfers include transfers from the Securities Act Cash Fund to the General Fund amounting to \$15.5 million in FY2001-02 and \$1.5 million in FY2002-03 (after \$14 million veto), and a \$2 million transfer from the Dept of Insurance Cash Fund in both FY01-02 and FY02-03.

Cash Reserve Fund Transfers-Legislative In addition to those Cash Reserve Fund transfers that occur automatically as noted earlier, the Legislature can transfer monies to and from the Cash Reserve Fund by enacting legislation. The amounts shown in the Financial Status reflect current law as enacted in the 2000 Session or prior years plus changes contained in LB541 passed this session.

APPROPRIATIONS

For FY2001-02 and FY2002-03, this section shows General Fund appropriations as enacted in the 2001 Session.

ENDING BALANCE OR "RESERVE"

The General Fund reserve is actually the estimated unobligated ending balance for the second year of each biennial budget (FY2002-03 for the biennial budget being considered). The only statutory requirement is that the minimum 3% reserve is required at the end of the biennium being budgeted for. At Sine Die of the 2001 Session, based on the enacted budget, revenue forecasts at the time, and allocations for deficits, the projected ending balance for FY2002-03 would be \$166.1 million which is a 3.03% biennial reserve and \$1.55 million **above** the minimum reserve.

With the incorporation of the FY2000-01 actual revenues, the current financial status projects a \$129.4 million ending balance for FY2002-03 which translates into a 2.32% biennial reserve, \$37.1 million **below** the minimum reserve.

ESTIMATED FINANCIAL STATUS FOR THE 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 Preliminary estimates for FY2003-04 and FY2004-05 were prepared by the Legislative Fiscal Office. These preliminary estimates are arrived at by calculating the level of revenues that would yield a five year average growth (FY01 to FY05) roughly equal to the historical average revenue growth. This "historical average" methodology basically establishes the revenue level for the second year of the following biennium (ie.. FY04-05, fifth year in the Financial Status). After this is established, the first year of the following biennium (FY03-04, fourth year in the Financial Status) is then established at roughly the midpoint between the FY04-05 number and the FY02-03 as included in the NEFAB forecast.

Appropriations For the "following biennium" (FY03-04 and FY04-05), 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.

Special Education: Increases for FY03-04 and FY04-05 reflect a 5% per year increase as provided for in current law (LB1243-2000).

State Aid to Schools (TEEOSA) As required under current law (LB149-1999), by November 15 of each year the Department of Education (DOE) must provide to the Governor and the

Education, Revenue, and Appropriations Committees, an estimate of the amount of state aid that will be certified the following February 1 (FY2001-02 in this case). The Legislative Fiscal Office, Governors Budget Office, and Property Tax Administrator are to assist DOE in arriving at this estimate. A spreadsheet "model" was developed to project state aid per this requirement. Although statute only requires an estimate for the upcoming aid year, this model can

Table 1 Projected Budget Increases-Following Biennium

Numbers are annual increases	Factor	Est for Following Biennium	
		FY2003-04	FY2004-05
Special Education	5%	7,673,653	8,057,336
Aid to K-12 Schools (TEEOSA)	Calculated	32,588,384	42,125,362
Aid to ESU's (LB1100/1108-1998)	2.5%	335,543	343,932
Developmental Disability-transition	Estimated	1,200,000	1,200,000
Developmental Disability-rate equity	3%	1,646,125	1,731,509
Behavioral Health	3%	953,753	982,366
Public Assistance	8%	12,250,204	13,230,220
Medicaid-	10%	44,718,346	49,190,180
Resources Development Fund	Estimated	(1,750,000)	0
Inmate per diem costs	6%	1,991,736	2,111,240
Community Colleges	3%	2,064,072	2,125,994
Salaries (includes annualization)	3.25%	31,189,971	32,723,645
Health Insurance	10%	7,981,307	8,979,438
Operations increase	2%	2,819,960	2,876,359
Depreciation surcharge	Estimated	2,609,917	940,542
Construction	Reaff Only	(7,219,866)	(7,505,205)
All Other (net)	Na	199,500	(213,625)
Annual \$ Increase		141,252,605	158,899,293
Annual % Increase		5.0%	5.4%

also be extended to future years. The estimates for fiscal years beyond FY2001-02 found in this report utilize this spreadsheet model but with Fiscal Office assumptions and should be considered Fiscal Office estimates. The key assumptions in the estimates for the following biennium are growth in school disbursements (5.00% in both FY04 and FY05) and growth in property valuations (6% in FY04 and 5% in FY05).

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).

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.

Developmental Disability-Rate Equity There are two components to the projected increase in developmental disability aid. First is a \$1.2 million increase in both FY03-04 and FY04-05 for clients transitioning from K-12 programs. The second component, \$1.6 million increase in FY03-04 and an additional \$1.7 million in FY04-05 reflects a 3% increase in aid to maintain the 100% "rate equity" achieved from FY96 through FY03. The 3% increase approximates the state employee salary increases as the rate equity is keyed to salaries at the Beatrice State Developmental Center (BSDC).

Public Assistance A growth rate of 8.0% per year is utilized for the various Public Assistance programs for the following biennium. Although higher growth than the FY02/FY03 biennial budget as proposed, this higher growth rate is consistent with the average over the past ten years.

Medicaid Increases for the upcoming biennial budget reflect increases of 13.4% in FY01-02 and 10.0% in FY02-03 based on the Committee proposed budget. For the following biennium, a 10% per year increase is used reflecting the average growth (including FY02 and FY03) over the past 5 and 10 years.

Resources Development Fund The \$1.75 million reduction shown reflects the deletion of the one-time matching funds added in FY02 and FY03 for the three federally reviewed and authorized flood control projects.

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.

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 per RRS 85-1536.01 (LB269-1997). This increase amounts to about a \$2 million per year increase.

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 3.25% per year increase is included which approximates the current salary contract. Also included are funds to annualize mid-year salary increases.

Employee Health Insurance For illustration purposes, a 10% per year increase in health insurance is included for the following biennium. This rate of growth is consistent 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. This would include data processing, rent, fuel/oil, supplies, etc....

Depreciation Surcharge The depreciation surcharge to accompany agency rent charges is included in the enacted budget for FY02 (1.5%) and FY03 (2%). This 2% rate is carried over into the following biennium and no additional funds are included in the projected status. The increases shown are the "LB1100" surcharges that require the equivalent of a 2% depreciation charge be assessed on new buildings and major renovations. The amounts shown are based on estimated project completions

Capital Construction General Fund dollars included in the projected budget for the following biennium for capital construction reflect reaffirmations only based on the proposed FY02/FY03 biennial budget. These are dollar amounts needed to complete funding of previously approved projects. No allocation for new construction is included. Funding would still be available for the 309 Task Force through the earmark of cigarette tax funds and use of the depreciation surcharge.

GENERAL FUND REVENUES

GENERAL FUND REVENUES

ACTUAL / PROJECTED RECEIPTS

Table 2 includes the projected General Fund revenues as shown in the July 16, 2001 Financial Status. This includes actual receipts for FY2000-01, the April 2001 projections made by the Nebraska Economic Forecast Advisory Board (NEFAB) for FY2001-02 and FY2002-03, Legislative Fiscal Office (LFO) preliminary estimates for FY2003-04 and FY2004-05. These estimates are then adjusted items not incorporated into the forecasts which are subsequent legislation enacted in the 2001 Session and the impact of federal tax changes enacted in late May.

Along with the revenue numbers, the table also includes the "adjusted growth" for each year and a five-year average. The adjusted growth differs from a simple percent change in that impacts of legislation, rate changes and extraordinary items are excluded thereby isolating growth generated by economic activity and inflationary influences.

Table 2 Actual and Projected General Fund Revenues

Revenue Estimates Used in Financial Status	Actual FY2000-01	NEFAB FY2001-02	NEFAB FY2002-03	LFO Prelim FY2003-04	LFO Prelim FY2004-05
Forecast					
Sales and Use Tax	905,023,176	963,000,000	1,020,000,000	1,078,000,000	1,150,000,000
Individual Income Tax	1,233,363,553	1,340,000,000	1,415,000,000	1,528,000,000	1,657,000,000
Corporate Income Tax	138,040,082	150,000,000	155,000,000	167,000,000	173,000,000
Miscellaneous receipts	180,435,044	167,000,000	172,000,000	181,000,000	185,000,000
Total Projected Revenues	2,456,861,855	2,620,000,000	2,762,000,000	2,954,000,000	3,165,000,000
2001 Session Revenue Bills	In Actual	(6,052,071)	(11,883,050)	(19,228,550)	(24,471,550)
2001 Session Transfers-In	0	17,900,000	3,500,000	0	0
Federal tax changes	0	(3,643,000)	(13,418,000)	(23,653,000)	(31,760,000)
Net Receipts-Financial Status	2,456,861,855	2,628,204,929	2,740,198,950	2,911,118,450	3,108,768,450
Adjusted Growth					
Total General Fund Revenues	2.8%	7.9%	5.6%	6.7%	6.6%
Five Yr Average	6.7%	--	6.1%	--	6.0%

In the upcoming biennium (FY02/FY03), the NEFAB forecasts imply a revenue growth averaging 6.75% per year, higher than the 20-year historical average of 5.8%. This two-year average is somewhat inflated by the fact FY2000-01 actual receipts were significantly below forecast. Revenue growth for FY2000-01 is now calculated at 2.8%, almost half the Sine Die estimated growth of 5.4%. With the lower than projected FY00-01 receipts, revenue growth implied by the current revenue forecasts for the FY02/FY03 biennium increased to 7.9% in FY01-02 and 5.6% in FY02-03.

For the following biennium (FY04/FY05) the preliminary LFO estimates reflect a revenue growth that is above average, about 6.6% per year. Like previous years, these preliminary estimates for FY2003-04 and FY2004-05 are prepared by the Legislative Fiscal Office (LFO) by calculating the level of revenues that would yield a five year average growth (FY00 to FY05) roughly equal to the historical average revenue growth since 1981 (6.0%). This methodology incorporates the cyclical nature of revenues in that the revenue growth in those two "out years" counters the three NEFAB forecast years. For example, if revenue growth in the first three years is below average, then the estimates for the last two years would show above average growth in order to bring the five year average in line with the historical average. This in fact is what occurs in the financial status. Because revenue growth in FY01 to FY03 averages about 5.4%, the LFO preliminary estimated revenues for FY03-04 and FY04-05 average 6.6% per year to bring the five-year average to roughly 5.9%

Changes from Sine Die

Actual receipts for FY2000-01 and the impact of federal tax changes were two significant changes from Sine Die to the July 16 revised Financial Status. Both of these, unknown at Sine Die, significantly altered the current estimates as compared to those used at Sine Die and are shown in

Table 3 Changes in Revenue Estimates Since Sine Die

	<u>Sine Die 2001</u> Thousands \$	Growth	<u>July 16, 2001</u> Thousands \$	Growth	\$ Change
FY2000-01	2,517,618	5.4%	2,456,861	2.8%	-60,757
FY2001-02	2,631,848	5.4%	2,628,205	7.9%	-3,643
FY2002-03	2,753,617	5.6%	2,740,199	5.6%	-13,418
FY2003-04	2,934,771	6.7%	2,911,118	6.7%	-23,653
FY2004-05	3,140,528	6.6%	3,108,768	6.6%	-31,760

Table 3. FY2000-01 revenues were \$60 million below the forecasts at Sine Die. Also, federal tax changes start impacting on state revenues starting in FY2001-02.

Revenue growth for FY2000-01 is now calculated at 2.8%, almost half the Sine Die estimated growth of 5.4%. With the lower than projected FY00-01 receipts, revenue growth implied by the current revenue forecasts for the FY02/FY03 biennium increased to 7.9% in FY01-02 and 5.6% in FY02-03. The two-year average of 6.8% for the biennium is higher than the 20-year historical average of 5.8%.

The change in FY2000-01 revenues reflects the actual versus forecasts. The change in the other years is due to incorporation of the impact of federal tax law changes. H.R. 1836 (subsequently Public Law 107-16) the "Economic Growth and Tax Relief Reconciliation Act of 2001", was approved by the House and Senate on May 26 and signed into law on June 7, 2001. Several of the provisions of this bill result in a state revenue loss, the single largest item being reduction in estate taxes. Because of the timing of it's passage, these revenue loss figures have not been incorporated into any of the prior forecasts of the NEFAB.

Historical Revenues

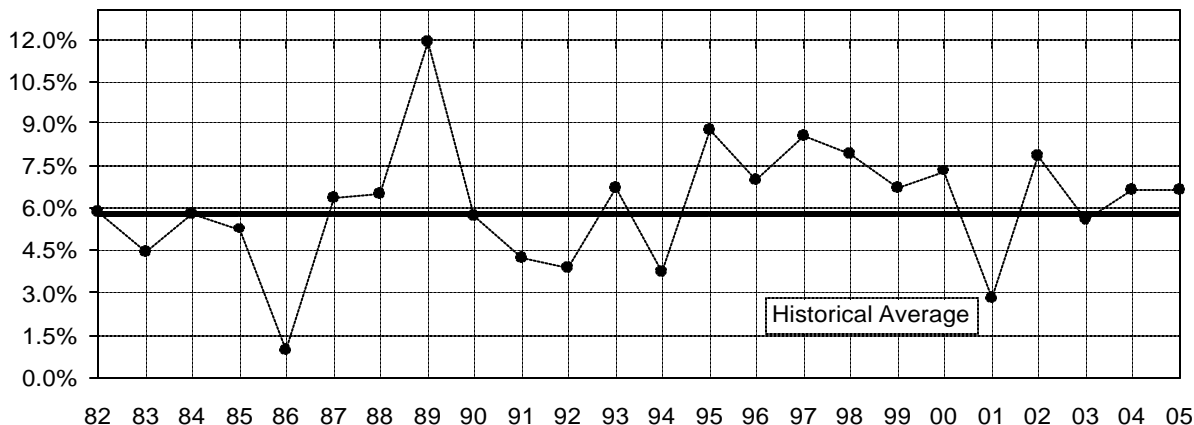
Table 4 contains historical General Fund revenues and the adjusted growth over the prior year. As can be seen, the average growth over the five years of this Financial Status (5.9%) is significantly

lower than the prior five-year period from FY1995-96 to FY1999-00 (7.5%) which was significantly above average.

Table 4 Historical General Fund Revenues: Dollars and Growth

(Millions of Dollars)	Sales/ Use	Individual Income	Corporate Income	Misc. Receipts	Total GF Receipts	Adjusted Growth
FY1985-86 Actual	310.4	357.2	54.5	112.1	834.2	0.9%
FY1986-87 Actual	345.2	365.8	67.4	108.0	886.4	6.3%
FY1987-88 Actual	393.1	437.7	73.8	111.4	1,016.0	6.5%
FY1988-89 Actual	430.1	479.7	80.6	143.0	1,133.4	11.9%
FY1989-90 Actual	444.2	501.1	71.9	135.4	1,152.6	5.8%
FY1990-91 Actual	547.4	609.4	81.9	128.3	1,367.0	4.3%
FY1991-92 Actual	592.4	658.6	103.6	135.7	1,490.3	3.9%
FY1992-93 Actual	586.4	690.3	102.7	145.2	1,524.6	6.7%
FY1993-94 Actual *	648.8	722.4	113.1	169.4	1,653.7	3.8%
FY1994-95 Actual *	683.8	746.7	123.9	151.0	1,705.4	8.7%
FY1995-96 Actual	711.0	846.5	126.8	152.4	1,836.7	7.0%
FY1996-97 Actual	755.9	944.1	137.3	172.2	2,009.5	8.5%
FY1997-98 Actual	803.8	981.6	142.2	177.8	2,105.4	7.9%
FY1998-99 Actual	744.7	1,078.5	135.0	165.7	2,123.9	6.7%
FY1999-00 Actual	900.4	1,180.4	140.0	183.1	2,403.9	7.4%
FY2000-01 Actual	905.0	1,233.4	138.1	180.4	2,456.9	2.8%
FY2001-02 NEFAB	963.0	1,335.7	148.9	180.6	2,628.2	7.9%
FY2002-03 NEFAB	1,020.0	1,405.7	152.4	162.0	2,740.2	5.6%
FY2003-04 LFO Prelim	1,078.0	1,514.4	161.7	157.0	2,911.1	6.7%
FY2004-05 LFO Prelim	1,150.0	1,640.2	163.1	155.4	3,108.8	6.7%
<u>AVERAGE GROWTH:</u>						
Status FY01 to FY05 (Five Yr)	5.2%	7.0%	3.7%	3.7%	5.9%	
FY94-95 to FY99-00 (Five Yr)	5.6%	10.3%	4.1%	3.3%	7.5%	
Historical Average (20 Yrs)	5.0%	7.8%	3.7%	1.7%	5.8%	
Above Average Years (11)	6.2%	9.8%	7.8%	3.3%	7.6%	
Below Average Years (9)	3.4%	6.1%	0.4%	2.2%	4.1%	

General Fund Adjusted Revenue Growth



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.

Significant changes from the current year budget include completion of ethanol credit transfers, and two new transfers: \$1.5 million transfers to the Information Technology Fund in both FY01-02 and FY02-03 to assist in paying the state's share of the wireless communication project, and \$2.7 million transfers each year for the Teacher Loan Forgiveness Program. The budget also includes a \$50,000 increase in the transfer amounts for the Trail Development Assistance Fund.

Table 5 General Fund Transfers-Out

	FY2000-01	FY2001-02	FY2002-03	FY2003-04	FY2004-05
Ethanol Credits (EPIC Fund)	(5,000,000)	0	0	0	0
Child Abuse Prevention Fund	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)
Trail Development Assistance Fund	(100,000)	(150,000)	(150,000)	(150,000)	(150,000)
Information Technology Fund	0	(1,500,000)	(1,500,000)	0	0
Teacher Loan Forgiveness Program	0	(2,700,000)	(2,700,000)	(2,700,000)	(2,700,000)
Law Enforcement Trnng Cntr Cash Fund	(290,000)	0	0	0	0
<i>Total-General Fund Transfers-Out</i>	(5,640,000)	(4,600,000)	(4,600,000)	(3,100,000)	(3,100,000)

Two bills enacted in the 2001 Session affected General Fund transfers-out. **LB 536** continues the ethanol credits requiring a \$1.5 million transfer from the General Fund to the EPIC Fund through FY2007-08. **LB 827** transfers \$250,000 to the Nebraska Internet Enhancement Fund for start-up costs and seed money. Subsequently, cash funds would be generated for this fund from profits generated from state/local government sale/lease of dark fiber and dark fiber optic capacity.

GENERAL FUND TRANSFERS-IN

There are only a few instances in statute where monies in a cash fund can be transferred to the General Fund at the discretion of the Legislature. For accounting purposes, these are shown as transfers-in and are included as revenues. For FY2000-01, a transfer of \$15 million from the Securities Act Cash Fund to the General Fund is already included in the revenue forecast.

Table 6 General Fund Transfers-In

	FY2000-01	FY2001-02	FY2002-03	FY2003-04	FY2004-05
Securities Act Cash Fund	In Forecast	15,500,000	1,500,000	0	0
Dept of Insurance Cash Fund	0	2,000,000	2,000,000	0	0
<i>Total-General Fund Transfers-In</i>	In Forecast	17,500,000	3,500,000	0	0

The budget as enacted include transfers from the Securities Act Cash Fund to the General Fund amounting to \$15.5 million in FY2001-02 and \$1.5 million in FY2002-03 (another \$14 million was retained in the Fund through a line-item veto of the transfer), and a \$2 million transfer from the Dept of Insurance Cash Fund in both FY01-02 and FY02-03. These transfers from the Dept of Insurance cash fund are mostly utilized as subsequent transfers-out to the Information Technology Fund to assist in covering the costs of the wireless communications project. Also included is a \$400,000 transfer of excess funds from the Collection Agency Cash Fund under the Secretary of State to the General Fund in FY2001-02 as authorized in LB541.

REVENUE LEGISLATION - 2001 SESSION

As noted in Table 1, the amount of revenue bills enacted in the 2001 Session was relatively modest in terms of the impact on the upcoming biennial budget. However, the impact on the following biennium is more significant as the impacts of the two largest revenue bills, LB516 and LB620 increase significantly in the 3rd and 4th years. Table 7 provides a list of the revenue bills enacted. Please note that this does not include bills that transfer monies between funds. These are shown later under General Fund Transfers In and Transfers Out.

Table 7 Revenue Bills Enacted - 2001 Session

	FY2000-01	FY2001-02	FY2002-03	FY2003-04	FY2004-05
LB 38 MV registration, license suspension/revocation	0	(7,821)	(23,700)	(23,700)	(23,700)
LB 83 Waiver, certain uncollectable court costs	0	(269,000)	(269,000)	(269,000)	(269,000)
LB 166 DUI blood alcohol content, .10 to .08	0	6,250	15,650	15,650	15,650
LB 168 MV fuel admin change, eliminate cash fund	0	712,000	0	0	0
LB 169 Enterprise zone tax credits, residency	0	(430,000)	(430,000)	(430,000)	(430,000)
LB 257 Accounting change, Medicaid rebates/refunds	0	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)
LB 313 Consolidation incentives, repeal Hardship Fund	3,100,000	0	0	0	0
LB 433 Business tax credit, child care services	0	(1,585,500)	(1,984,500)	(1,984,500)	(1,984,500)
LB 516 Extend doc stamp earmark, Affordable Housing	0	0	(3,209,500)	(6,981,000)	(6,981,000)
LB 541 Change Charitable Gaming allocation	518,000	512,000	512,000	512,000	512,000
LB 620 Invest Nebraska Act	0	0	(1,504,000)	(5,078,000)	(10,321,000)
LB 671 Shipping license for Internet sales **	0	10,000	10,000	10,000	10,000
<i>Total-Revenue Legislation by Bill</i>	3,518,000	(6,052,071)	(11,883,050)	(19,228,550)	(24,471,550)

LB 620 replaces the Quality Jobs Act with the Invest Nebraska Act. The new act allows qualified businesses to receive tax credits for up to 10 years that can be applied against corporate income tax liability or income withholding tax liability. Applications will be reviewed by an Invest Nebraska Board, comprised of the governor, state treasurer and the chairman of the Nebraska Investment Council. Businesses can qualify at one of three different levels:
Rural tier – \$10 million in new investment and create at least 25 new jobs at 100 percent of the state's annual average wage or better. Wage benefit credit of between 3 and 5 percent. New applications sunset June 1, 2005. Modified Quality Jobs Act tier –\$50 million in new investment and create at least 500 new jobs (minimum of 110% of the state's annual average wage) or better or \$100 million in

new investment and create at least 250 new jobs (also at minimum of 110% of the state's annual average wage). Wage benefit credit of between 3 and 5 percent. New applications sunset June 1, 2005. *Super tier* – Businesses that offer at least \$200 million in new investment and create at least 500 new jobs at 120 percent of the state's annual average wage or better are eligible for either a wage benefit credit of between 3 and 5 percent or an investment credit of 15 percent. New applications sunset Oct. 1, 2002.

LB 433 gives businesses providing child care services to employees a nonrefundable credit against their income taxes equal to 30 percent of the costs incurred in providing the service. The credit cannot be more than 50 percent of the business' total taxes owed and cannot be carried forward to the next tax year. Businesses will be eligible to receive tax credits for up to three years and for an additional two years if the business operates an accredited child care center. Tax credits will be offered for businesses expending funds to improve facilities for the use of a child care facility or for furnishing, licensing, staffing, operating or subsidizing a licensed child care facility that provides child care to its employees. The bill allows two or more businesses to share the costs of providing child care services to their employees. Each business will receive a tax credit proportionate to its share of the total cost. Companies have until the end of 2005 to qualify for the credit.

LB 516 permanently extends the earmarking of documentary stamp tax funds for affordable housing and homeless shelter programs. The documentary stamp tax is \$1.75 for each \$1,000 value of a real estate deed. Of this \$1.75 amount, 50 cents is distributed to the county general fund and 25 cents to the Homeless Shelter Assistance Trust Fund. The remaining \$1.00 originally was credited to the state General Fund. However, LB864 (passed in 1997) redirected this portion to the Affordable Housing Trust Fund until December 31, 2002. LB516 removes this 12/31/02 expiration of the \$1 earmark. The bill also transfers administration of the Homeless Shelter Assistance Trust Fund from the state Department of Economic Development to the state Department of Health and Human Services.

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 8 Cash Reserve Fund Status

	Actual FY2000-01	Est. FY2001-02	Est. FY2002-03	Est. FY2003-04	Est. FY2004-05
Beginning Balance	142,159,429	170,236,099	110,066,099	45,536,099	45,536,099
Cash Reserve Fund Transfers-automatic	77,576,670	0	0	0	0
To/From GF (prior laws)	(24,500,000)	(35,000,000)	0	0	0
To GF (LB541-2001)		0	(24,800,000)	(64,900,000)	0
Subtotal - Transfers to/from General Fund	(24,500,000)	(59,800,000)	(64,900,000)	0	0
To Relief to Property Taxpayers Fund (LB881-1999)	(25,000,000)	0	0	0	0
To/From Muni Natural Gas Rev Fund (LB541-2001)		0	(370,000)	370,000	0
Subtotal - Transfers to/from Other Funds	(25,000,000)	(370,000)	370,000	0	0
Ending Balance	170,236,099	110,066,099	45,536,099	45,536,099	45,536,099

Automatic Transfers 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. In FY00-01, \$77,576,670 is transferred reflecting the excess of FY99-00 actual receipts above the certified forecast. At Sine Die, a \$33.3 million transfer was anticipated in FY01-02 reflecting the difference between the forecast for FY2000-01 at that time (\$2,514,000,000) and the "certified" forecast (\$2,480,701,000). **This \$33.3 million was nullified by the fact FY2000-01 actual receipts were in fact lower than the certified forecast.**

Legislative Transfers-To/From General Fund Unlike the automatic transfers that occur after the close of the fiscal year and are statutorily required, other transfers can take place as specifically enacted by the Legislature. There were two legislatively enacted transfers in place prior to actions taken in the 2001 Session. For FY2000-01 \$24.5 million to the General Fund (LB401-1997 as amended by LB63 -1998, LB880-1999, and LB1217-2000) and in FY2001-02 a \$35 million transfer from the Cash Reserve Fund to the General Fund to assist in paying for the first year cost

of increased school aid attributed to the levy limit drop from \$1.10 to \$1.00. This transfer was also enacted in LB881-1999.

The enacted budget also includes transfers from the Cash Reserve Fund to the General Fund totaling \$89.7 million over the two-year biennium, \$24.8 million in FY01-02 and \$64.9 million in FY02-03.

Legislative Transfers-To/From Other Funds Transfers also are legislatively enacted transferring monies to and from funds other than the General Fund. The only CRF transfer to other funds shown in the five year financial status is \$25 million to the Relief to Property Taxpayers Fund for property tax credits in FY2000-01 as originally provided for in LB881 (1999) as amended by LB1214 (2000).

GENERAL FUND APPROPRIATIONS

GENERAL FUND OVERVIEW

The budget as enacted in the 2001 Session reflects an increase in General Fund appropriations amounting to \$200.8 million (8.2%) in FY2001-02 and another \$153.6 million (5.8%) in FY2002-03 (\$354.4 million when compared to the FY00-01 base referred to as the biennial basis). This amounts to an average growth over the two years of 7.0%.

Much of the large growth in the budget can be attributed to two extraordinary items: increased school aid due to the \$1.10 to \$1.00 decline in levy authority (\$89.3 million in FY02 and \$95.7 in

Table 9 General Fund Appropriations - 2001 Session

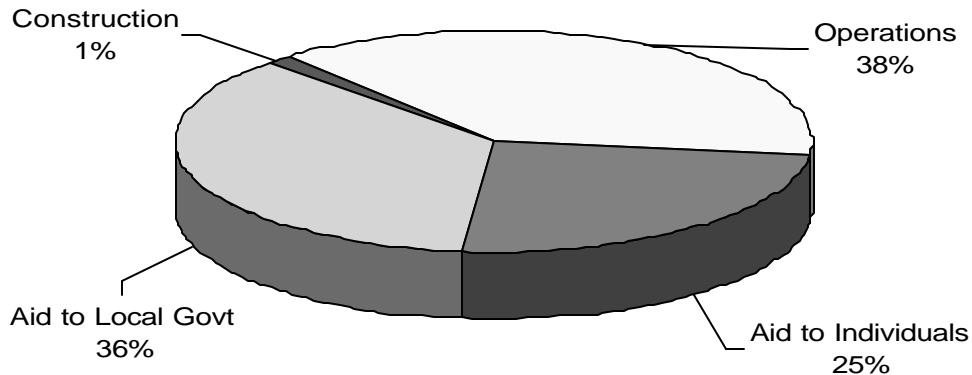
FY2001-02	Operations	State Aid	Construction	Total
Appropriations Committee Budget	1,010,483,705	1,648,694,965	36,497,441	2,695,676,111
Floor Amendments	(1,000)	(30,000,000)	0	(30,001,000)
Governor Vetoes	(2,144,657)	(3,907,450)	(2,700,000)	(8,752,107)
Veto Overrides	0	0	0	0
Subtotal-Mainline Budget Bills	1,008,338,048	1,614,787,515	33,797,441	2,656,923,004
"A" Bills	3,211,913	(560,619)	0	2,651,294
Total Per 2001 Session	1,011,549,961	1,614,226,896	33,797,441	2,659,574,298
Change over prior year (excluding deficits)				
Dollar	86,746,584	126,687,898	(12,649,417)	200,785,065
Percent	9.4%	8.5%	-27.2%	8.2%
FY2002-03	Operations	State Aid	Construction	Total
Appropriations Committee Budget	1,078,006,278	1,735,226,394	33,133,356	2,846,366,028
Floor Amendments	(1,000)	(30,000,000)	0	(30,001,000)
Governor Vetoes	(3,371,407)	(3,339,763)	(3,000,000)	(9,711,170)
Veto Overrides	0	0	0	0
Subtotal-Mainline Budget Bills	1,074,633,871	1,701,886,631	30,133,356	2,806,653,858
"A" Bills	3,361,250	3,151,662	0	6,512,912
Total Per 2001 Session	1,077,995,121	1,705,038,293	30,133,356	2,813,166,770
Change over prior year (excluding deficits)				
Dollar	66,445,160	90,811,397	(3,664,085)	153,592,472
Percent	6.6%	5.6%	-10.8%	5.8%
Two Year Avg Growth (excluding deficits)	8.0%	7.1%	-19.5%	7.0%

FY03), and operations of the new Tecumseh prison (\$11.3 million in FY02 and \$19.6 million in FY03). Excluding these two items, and adjusting for the deletion of the one-time \$30 million Community College aid, budget growth would be about 5.3% each year.

BREAKDOWN BY OPERATIONS AND AID

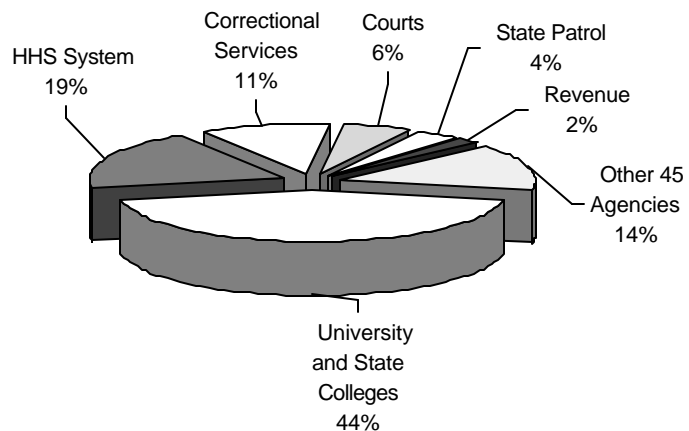
While Table 9 provides a general breakdown of operations, state aid and construction; Table 10 provides a more detailed breakdown of these general categories.

FY2001-02 General Fund Budget



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 FY01-02 proposed budget, 37.6% of all General Fund appropriations are for agency operations. Although there are 53 state agencies that receive General Fund appropriations, higher education (University of Nebraska and State Colleges) and the five largest agencies (Health and Human Services, Corrections, Courts, State Patrol, and Revenue) account for over 85% of state operations. The University of Nebraska and State Colleges account for almost half of the state operations and 17% of the *total* General Fund budget.

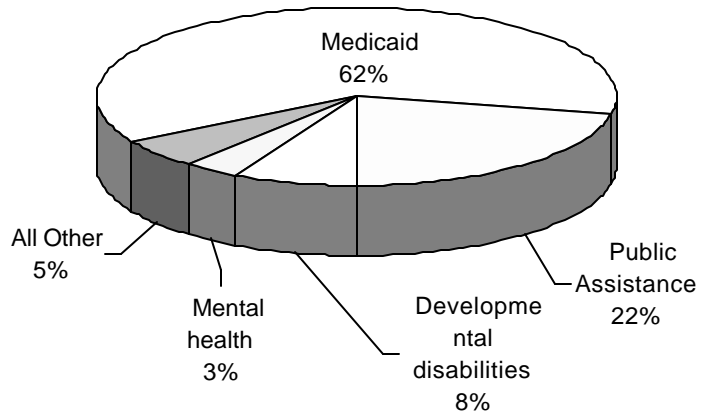
General Fund Operations FY2001-02



Aid to Individuals About 24.5% of all General Fund appropriations are classified as state aid to individuals. Aid to individuals includes programs such

as Medicaid, Public Assistance (which includes ADC , adoption and child welfare assistance), student scholarships, etc... This area also includes aid to quasi-government units that are those local agencies that do not have the authority to levy property taxes such as area agencies on aging, mental health regions and developmental disability regions. Medicaid alone accounts for 62% of all aid to individuals and 15% of the *total* General Fund budget.

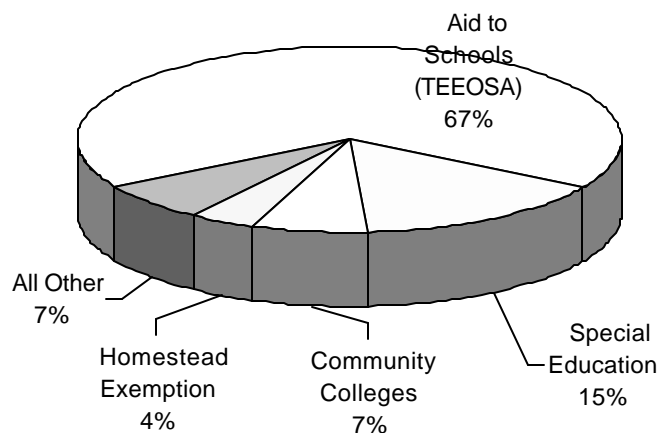
**General Fund Aid to Individuals
FY2001-02**



Aid to Local Governments

This area accounts for aid payments to local governments and accounts for 36% of all General Fund `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. Note that state payments for teachers 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. TEEOSA school aid accounts for 67% of all aid to local governments and 24% of the *total* General Fund budget.

**General Fund Aid to Local Govt
FY2001-02**



Capital construction, which accounts for about 2% of General Fund appropriations, 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. Note that road construction and maintenance is **not** included in this category. This is included under cash fund agency operations.

Table 10 Breakdown of General Fund Budget by Operations/Aid

	GF Biennial Budget		FY2001-02		FY2002-03	
	FY2001-02	FY2002-03	\$ Chnge	% Chnge	\$ Change	% Chnge
<u>AGENCY OPERATIONS</u>						
University/Colleges (excludes aid)	449,104,755	480,189,867	28,803,439	6.9%	31,085,112	6.9%
Health/Human Services System	191,232,921	202,025,125	22,508,750	13.3%	10,792,204	5.6%
Correctional Services	110,716,807	124,029,155	20,124,554	22.2%	13,312,348	12.0%
Courts	55,661,666	58,096,131	5,700,694	11.4%	2,434,465	4.4%
State Patrol	38,152,179	40,068,145	4,106,872	12.1%	1,915,966	5.0%
Revenue	20,550,579	21,212,703	746,897	3.8%	662,124	3.2%
Other 45Agencies	146,131,054	152,373,995	4,755,378	3.4%	6,242,941	4.3%
Total-GF Operations	1,011,549,961	1,077,995,121	86,746,584	9.4%	66,445,160	6.6%
<u>STATE AID TO INDIVIDUALS</u>						
Medicaid	405,505,932	447,183,458	43,192,397	11.9%	41,677,526	10.3%
Public Assistance	145,816,485	153,127,552	7,824,981	5.7%	7,311,067	5.0%
Developmental disabilities	51,012,023	54,870,832	4,437,837	9.5%	3,858,809	7.6%
Community based mental health	22,629,358	26,270,638	3,695,947	19.5%	3,641,280	16.1%
Higher Ed Student Aid programs	6,949,026	7,106,526	1,275,000	22.5%	157,500	2.3%
Other Aid to Individuals	16,369,801	16,919,729	(1,219,136)	-6.9%	549,928	3.4%
Other Aid to Other Entities	12,992,058	13,232,562	475,450	3.8%	240,504	1.9%
Total-GF Aid to Individuals/Other	661,274,683	718,711,297	59,682,476	9.9%	57,436,614	8.7%
<u>STATE AID TO LOCAL GOVT</u>						
State Aid to Education	638,580,733	657,263,816	86,237,028	15.6%	18,683,083	2.9%
Special Education	146,164,827	153,473,068	6,960,230	5.0%	7,308,241	5.0%
Aid to Community Colleges	65,529,518	68,802,400	(26,857,620)	-29.1%	3,272,882	5.0%
Homestead Exemption	36,000,000	36,000,000	(2,613,302)	-6.8%	0	0.0%
Aid to Cities	17,531,500	17,531,500	0	0.0%	0	0.0%
Aid to ESU's	13,094,375	13,421,735	319,375	2.5%	327,360	2.5%
Aid to Counties	7,393,808	7,393,808	0	0.0%	0	0.0%
County jail cost reimbursement	4,250,000	4,250,000	(2,550,000)	-37.5%	0	0.0%
County Property Tax Relief	6,007,165	6,007,165	0	0.0%	0	0.0%
Other Aid to Local Govt	18,400,287	22,183,504	5,509,711	42.7%	3,783,217	20.6%
Total-GF Aid to Local Govt	952,952,213	986,326,996	67,005,422	7.6%	33,374,783	3.5%
<u>CAPITAL CONSTRUCTION</u>	33,797,441	30,133,356	(12,649,417)	-27.2%	(3,664,085)	-10.8%
<u>GENERAL FUND TOTAL</u>	2,659,574,298	2,813,166,770	200,785,065	8.2%	153,592,472	5.8%

BREAKDOWN BY RELATIVE SIZE

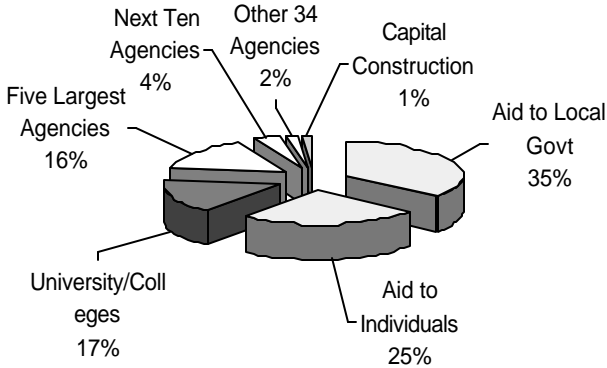
Although there are 53 agencies receiving General Funds (HHS System treated as one agency) and numerous aid programs, a significant portion of the budget is actually contained in just a few areas. About 93% of all General Fund appropriations are accounted for by state aid, higher education, and

the five largest state agencies: Health and Human Services System (includes Regulation, Services and Finance and Support), Dept of Corrections, Supreme Court (also includes County and District Court judges), State Patrol, and Dept of Revenue.

The next ten largest agencies are the Retirement Board, Legislative Council, Dept of Education, Game and Parks Commission, Dept of Administrative Services (DAS), Nebraska Educational Telecommunications Commission (NETC), Dept of Natural Resources, Dept of Agriculture, Dept of Property Assessment and Taxation, and Dept of Economic Development (DED).

Table 11 General Fund Appropriations by Relative Size

	FY2001-02 GF Budget	
	Dollars	% of Total
Aid to Local Govt	952,952,213	35.8%
Aid to Individuals/Other	658,727,573	24.8%
University/Colleges	451,651,865	17.0%
Five Largest Agencies	416,314,152	15.7%
Next Ten Agencies	100,848,603	3.8%
Other 34 Agencies	45,282,451	1.7%
Total GF	2,625,776,857	98.7%
Operations/Aid		
Capital Construction	33,797,441	1.3%
Total General Funds	2,659,574,298	100.0%



HISTORICAL GENERAL FUND APPROPRIATIONS

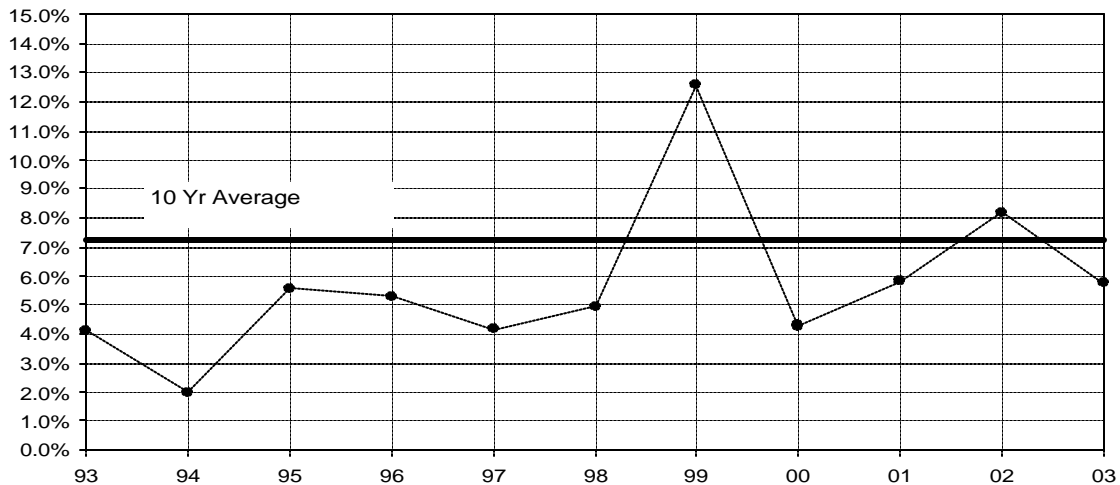
While the previous sections provide an overview of the FY2001-02 and FY2002-03 General Fund biennial budget, Table 12 provides an historical perspective showing appropriations for the ten-year period FY1993-94 through the enacted budget for FY2002-03. Also include is the average annual budget growth for each of the five biennial budgets contained in this 10-year period.

Over the past 10-year period, the average annual increase in General Fund appropriations is 5.8%. Aid to local government accounts for the largest **dollar** increase in this 10-year period reflecting large increases in aid to schools (LB1059-1990, LB806-1998 and LB543-2001). Aid to individuals has the highest average **percent** increase, almost 9% per year largely driven by Medicaid. Medicaid grew dramatically due to client growth, medical costs, and impacts of federal law changes. The 5.0% average growth in agency operations is slightly higher than inflation and reflects significant increases in the Dept of Correctional Services costs. Employee salary increases during this 10 year period averaged relatively close to the rate of inflation.

Table 12 Historical General Fund Appropriations

	Aid to Ind/Other	Agency Operations	Aid to Local Govt	Construction	Total	% Change
FY1993-94 Approp	348,937,150	674,301,241	597,470,895	7,264,678	1,627,973,964	2.0%
FY1994-95 Approp	387,291,974	692,909,807	632,800,849	5,954,449	1,718,957,079	5.6%
FY1995-96 Approp	412,969,639	723,504,856	652,872,658	20,831,107	1,810,178,260	5.3%
FY1996-97 Approp	442,941,891	748,398,912	674,626,255	19,843,088	1,885,810,146	4.2%
FY1997-98 Approp	463,942,181	778,765,482	695,809,228	41,250,742	1,979,767,633	5.0%
FY1998-99 Approp	491,631,928	815,714,470	860,238,657	60,994,066	2,228,579,121	12.6%
FY1999-00 Approp	525,581,531	874,824,607	868,861,646	54,676,163	2,323,943,947	4.3%
FY2000-01 Approp	601,497,912	924,897,129	885,946,791	46,446,858	2,458,788,690	5.8%
FY2001-02 Approp	661,274,683	1,011,549,961	952,952,213	33,797,441	2,659,574,298	8.2%
FY2002-03 Approp	718,711,297	1,077,995,121	986,326,996	30,133,356	2,813,166,770	5.8%
<u>Average Annual Growth</u>						
FY94/FY95 Biennium	9.6%	2.4%	2.0%	9.4%	3.8%	
FY96/FY97 Biennium	6.9%	3.9%	3.3%	82.6%	4.7%	
FY98/FY99 Biennium	5.4%	4.4%	12.9%	75.3%	8.7%	
FY00/FY01 Biennium	10.6%	6.5%	1.5%	-12.7%	5.0%	
FY02/FY03 Biennium	9.3%	8.0%	5.5%	-19.5%	7.0%	
Avg FY93 to FY03 (10 yr)	8.3%	5.0%	4.9%	19.7%	5.8%	

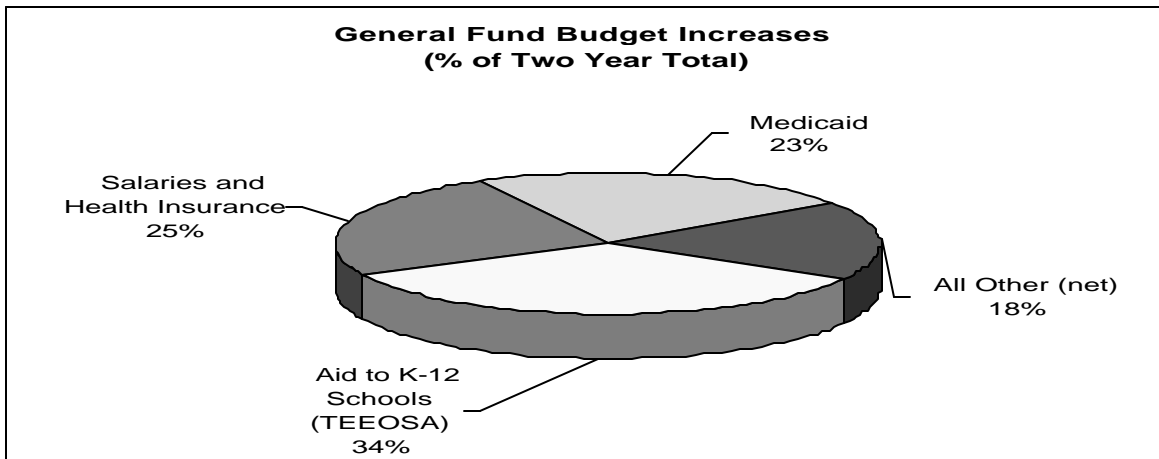
General Fund Budget Growth - Past 10 Years



SIGNIFICANT GENERAL FUND INCREASES AND REDUCTIONS

The FY01-02/FY02-03 budget represents the net result of numerous areas where the budget is increased, offset to some extent by areas that were reduced. Table 13 provides a listing of the major increases and reductions as compared to the current year (FY00-01) "base" budget in rank order based on the two year total.

The items listed account for 99% of the total change in the budget. Over the two-year period of the FY02/FY03 biennial budget, three areas account for 82% of the net increase in the budget: Employee salary and health insurance increases (24.5%), Medicaid (23.1%), and TEEOSA School Aid (34.4%).



While Table 13 details the major budget changes in rank order by amount, Table 14 highlights the major changes by major budget category; operations, aid to individuals and aid to local governments.

Operations had the largest dollar increase of the four major areas and accounted for 43% of the net increase in the budget. Salary and health insurance increases, the opening of the Tecumseh prison, and fund shifts under the HHS cost allocation plan account for 76% of the net increase in operations.

Aid to individuals accounts for 32% of the two-year budget increase. Medicaid accounts for 72% of the increase in aid to individuals.

Aid to local governments accounts for 30% of the budget increase. TEEOSA aid to schools is the single largest increase and accounts for virtually all the increase in aid to local governments. This large increase in TEEOSA was offset somewhat by reductions in homestead exemption, county jail cost reimbursement and Community College aid (deletion of the one-time \$30 million).

Capital construction actually shows a reduction, reflecting completion of funding for construction of the new Tecumseh prison.

Table 13 Significant General Fund Increases/Reductions In Rank Order

	Change over FY01 Base		
	FY2001-02	FY2002-03	Two Yr Total
<u>SIGNIFICANT INCREASES :</u>			
Aid to K-12 Schools (TEEOA)	86,237,028	104,920,111	191,157,139
Salaries+Health Insurance	44,986,704	91,109,292	136,095,996
Medicaid	43,192,397	84,869,923	128,062,320
Corrections-Tecumseh Prison, oper/staffing	11,282,825	19,550,724	30,833,549
Public Assistance	7,824,981	15,136,048	22,961,029
Special Education	6,960,230	14,268,471	21,228,701
Fund shift, revised cost allocation plan-HHS	7,941,284	7,941,284	15,882,568
Developmental Disability aid-rate equity+transition	4,437,837	8,296,646	12,734,483
DAS facilities-utilities/depreciation surcharge	5,054,945	6,780,500	11,835,445
Mental Health/Substance Abuse aid increases	3,695,947	7,337,227	11,033,174
Operating costs, utilities, depreciation (University)	3,622,927	6,609,313	10,232,240
Corrections, operations and staffing	3,303,402	4,734,671	8,038,073
County Juvenile services aid	1,545,000	3,555,000	5,100,000
Resources Development Fund	1,750,000	1,750,000	3,500,000
Operating costs, utilities, depreciation (State Colleges)	1,129,067	2,188,558	3,317,625
Early Childhood projects	1,000,000	2,000,000	3,000,000
County court/probation salary upgrades	1,694,975	1,697,974	3,392,949
Data processing costs-HHS	1,519,883	1,519,883	3,039,766
Computer projects-HHS	1,737,408	1,468,470	3,205,878
Facility operating costs-HHS	963,806	1,996,539	2,960,345
Higher Ed Student aid programs	1,275,000	1,432,500	2,707,500
Federal audit exception, IV-E funds-HHS	1,000,000	1,000,000	2,000,000
Patrol officers/communication spec/drug investigators-Patrol	700,003	921,989	1,621,992
Juvenile programs, community based-HHS	499,904	1,048,928	1,548,832
COPS MORE replace fed funds-Patrol	747,879	747,879	1,495,758
Increase judges salaries (LB 357)	421,590	1,041,343	1,462,933
Indigent defense reimbursement (LB 335)	442,500	950,000	1,392,500
Aid to Aging/Care Management	500,000	750,000	1,250,000
Subtotal-Increases Listed	245,467,522	395,623,273	641,090,795
<u>SIGNIFICANT REDUCTIONS :</u>			
Community Colleges	(26,857,620)	(23,584,738)	(50,442,358)
Construction	(12,649,417)	(16,313,502)	(28,962,919)
County jail cost reimbursement	(2,550,000)	(2,550,000)	(5,100,000)
Homestead Exemption	(2,613,302)	(2,613,302)	(5,226,604)
Subtotal-Reductions Listed	(44,670,339)	(45,061,542)	(89,731,881)
<u>OTHER NOT LISTED (NET)</u>	(12,118)	3,815,806	3,803,688
<u>TOTAL GENERAL FUND CHANGE</u>	200,785,065	354,377,537	555,162,602

Table 14 Significant General Fund Increases/Reductions by Major Area

	Change over FY01 Base		
	FY2001-02	FY2002-03	Two Yr Total
Aid to K-12 Schools (TEEOSA)	86,237,028	104,920,111	191,157,139
Special Education	6,960,230	14,268,471	21,228,701
Resources Development Fund	1,750,000	1,750,000	3,500,000
Early Childhood projects	1,000,000	2,000,000	3,000,000
County Juvenile services aid	1,545,000	3,555,000	5,100,000
Indigent defense reimbursement (LB 335)	442,500	950,000	1,392,500
Aid to ESU's	319,375	646,735	966,110
Mass transit aid	200,000	200,000	400,000
High ability learners program	179,346	278,789	458,135
County jail cost reimbursement	(2,550,000)	(2,550,000)	(5,100,000)
Homestead Exemption	(2,613,302)	(2,613,302)	(5,226,604)
Community Colleges	(26,857,620)	(23,584,738)	(50,442,358)
Other Not Listed (net)	392,865	559,139	952,004
AID TO LOCAL GOVERNMENTS	67,005,422	100,380,205	167,385,627
Medicaid	43,192,397	84,869,923	128,062,320
Public Assistance	7,824,981	15,136,048	22,961,029
Developmental Disability aid-rate equity+transition	4,437,837	8,296,646	12,734,483
Mental Health/Substance Abuse aid increases	3,695,947	7,337,227	11,033,174
Higher Ed Student aid programs	1,275,000	1,432,500	2,707,500
Aid to Aging/Care Management	500,000	750,000	1,250,000
Other Not Listed (net)	(1,243,686)	(703,254)	(1,946,940)
AID TO INDIVIDUALS / OTHER	59,682,476	117,119,090	176,801,566
Salaries (State Agencies+Colleges+NU)	38,075,297	75,649,725	113,725,022
Corrections-Tecumseh Prison, oper/staffing	11,282,825	19,550,724	30,833,549
Health Insurance (State Agencies+Colleges+NU)	6,911,407	15,459,567	22,370,974
Fund shift, revised cost allocation plan-HHS	7,941,284	7,941,284	15,882,568
DAS facilities-utilities/depreciation surcharge	5,054,945	6,780,500	11,835,445
Operating costs, utilities, depreciation (University)	3,622,927	6,609,313	10,232,240
Corrections, operations and staffing	3,303,402	4,734,671	8,038,073
County court/court reporter salary upgrades	1,694,975	1,697,974	3,392,949
Operating costs, utilities, depreciation (State Colleges)	1,129,067	2,188,558	3,317,625
Computer projects-HHS	1,737,408	1,468,470	3,205,878
Data processing costs-HHS	1,519,883	1,519,883	3,039,766
Facility operating costs-HHS	963,806	1,996,539	2,960,345
Federal audit exception, IV-E funds-HHS	1,000,000	1,000,000	2,000,000
Patrol officers/comm spec/drug investigators-Patrol	700,003	921,989	1,621,992
Juvenile programs, community based-HHS	499,904	1,048,928	1,548,832
COPS MORE replace fed funds-Patrol	747,879	747,879	1,495,758
Increase judges salaries (LB 357)	421,590	1,041,343	1,462,933
NETC-digital transmission/operating	300,012	980,015	1,280,027
Additional probation officers/staff	200,000	200,000	400,000
Other Not Listed (net)	(360,030)	1,654,382	1,294,352
AGENCY OPERATIONS	86,746,584	153,191,744	239,938,328
CAPITAL CONSTRUCTION	(12,649,417)	(16,313,502)	(28,962,919)
TOTAL GENERAL FUND CHANGE (w/o deficits)	200,785,065	354,377,537	555,162,602

HIGHLIGHTS

GENERAL FUND AID TO INDIVIDUALS

BEHAVIORAL HEALTH AID

The budget includes a 15.1% increase in General Funds for behavioral health aid (mental health and substance abuse) in FY01-02 and an additional 12.9% increase in FY02-03. This includes increases of \$1.5 million in FY01-02 and \$3.025 million in FY02-03 to continue services that were funded with federal funds in prior years and \$2 million in FY01-02 and \$4 million in FY02-03 to expand services and capacity.

Table 15 Behavioral Health Aid (General Funds)

	FY2001-02	FY2002-03
FY01 Base Year appropriation-Mental Health (MH)	18,933,411	18,933,411
FY01 Base Year appropriation-Substance Abuse	5,521,139	5,521,139
Additional mental health services	2,000,000	4,000,000
Replace fed funds, maintain current MH services	1,500,000	3,025,000
Drug funds, indigent	123,300	173,300
Federal match rate, Medicaid	72,647	138,927
Total (General Funds)	28,150,497	31,791,777
Annual \$ Change	3,695,947	3,641,280
Annual % Change	15.1%	12.9%

In addition to the General Funds noted above, **LB 692** also provided substantial increases through the tobacco settlement and intergovernmental transfer funds and are appropriated as cash funds. This includes \$2,684,062 FY01-02 and \$2,599,660 FY02-03 for increased behavioral health provider rates, \$6,500,000 in both FY01-02 and FY02-03 for development of additional community-based mental health and substance abuse services, including intermediate level residential mental health services, and \$1,500,000 in both FY01-02 and FY02-03 for the cost of maintenance and treatment of persons in emergency protective custody under the Nebraska Mental Health Commitment Act.

COMMUNITY-BASED DEVELOPMENTAL DISABILITIES AID

The budget includes increases of \$2.6 million in FY01-02 and \$4.7 million in FY02-03 to achieve 97.5% and then 100% rate equity targets as set out in previous budget bill intent language. This completes the phase-in of rate equity started in FY95-96. Also included is \$1.2 million in FY01-02 and \$2.4 million in FY02-03 for clients transitioning from K-12 school programs to community based programs. Additional funds to provide services to persons who are on the waiting list are provided in **LB 692** in the amount of \$3,000,000 in FY01-02 and \$5,000,000 in FY02-03. These are tobacco settlement funds and are appropriated as cash funds.

MEDICAID

For the FY01-02/FY02-03 biennium the budget reflects an average growth in General Fund appropriations for Medicaid of about 11.0% per year. There are three major components to this change: an increase attributed to a reduction in the federal match rate, price increases and client/utilization increases. The federal match rate is decreasing from 60.38% to 59.55% resulting in General Fund increases of \$7.5 million in FY01-02 and \$14.7 million in FY02-03. Increases relating to eligibility and utilization are projected at 7% in FY01-02 and 5.3% in FY02-03 resulting in additional General Fund dollars of \$18.4 million in FY01-02 and \$32.7 million in FY02-03. Price increases are projected to average 4% per year ranging from 2.5% to as high as 15% for drugs with accompanying increased General Fund dollars of \$18.6 million in FY01-02 and \$37.2 million in FY02-03. Another General Fund increase was \$2 million in each year to replace the one-time use of excess CHIP funds in FY2001-02.

Also funding for two bills originally referred to the Appropriations Committee was incorporated into the mainline budget.: LB 691 which provides additional funds for substance abuse/mental health services for juveniles in state custody (\$210,102 each year in Medicaid plus \$289,898 each year in HHS Office of Juvenile Services) and LB 344 which directs HHS to apply for an implement a Medicaid alcohol/substance abuse option (\$445,187 in FY02-03).

Table 16 Medicaid (General Funds)

	FY2000-01	FY2001-02	FY2002-03
Base Year appropriation	362,313,535	362,313,535	362,313,535
Adjust for federal match rate	0	7,574,104	14,672,784
Utilization (7% FY02, 5.3% FY03)	0	18,438,666	32,713,302
Cost Increases (4% avg/yr)	0	18,643,322	37,286,644
Program increases-assisted living	0	326,480	662,400
Telehealth services per LB559 (1999)	0	825,000	1,650,000
Replace one-time use of cash from CHIP	0	2,000,000	2,000,000
Medicaid option, alcohol/substance abuse (LB344)	0	0	445,187
Substance/mental health services-juveniles (LB691)	0	210,102	210,102
LB 257 Accounting change, Medicaid rebates/refunds	0	(5,000,000)	(5,000,000)
LB 677 Medicaid coverage, breast/cervical cancer	0	174,723	229,504
Medicaid Total General Funds	362,313,535	405,505,932	447,183,458
Annual \$ Change		43,192,397	41,677,526
Annual % Change		11.92%	10.28%

Two bills enacted in the 2001 session also impacted General Fund appropriations for Medicaid: **LB 257** changes the accounting method for Medicaid refunds and rebates. These refunds and rebates consist of third-party liability, surveillance and utilization and the pharmacy rebate program. LB 257 allows HHS to receive and post refunds and rebates to the program from which the payment was made. This effectively changes the accounting of these rebates from an increase in General Fund revenues to an offsetting reduction in General Fund expenditures. **LB 677** expands Medicaid coverage to certain women requiring treatment for breast or cervical cancer. To be eligible for coverage, women must have been screened for breast and cervical cancer under the Centers for Disease Control/Prevention breast and cervical cancer early detection program (called "Every

Woman Matters" in Nebraska), have been determined to need treatment, must not be covered by credible insurance, must be under 65 years of age, and must not be eligible for Medicaid under any mandatory categorically needy eligibility group.

LB 692 also increases cash and federal fund appropriations for Medicaid (cash provided from the tobacco settlement and intergovernmental transfer monies) This includes behavioral health provider rate increases (\$2,152,521 cash funds \$3,151,263 federal funds for FY1-02 and \$2,165,896 cash funds \$3,273,790 federal funds for FY02-03) and provider rate increases for inpatient and hospital based residential treatment under the Medicaid mental health managed care contract (\$2,400,000 cash funds \$3,564,215 federal funds FY01-02 and \$2,600,000 cash funds \$3,767,866 federal funds for FY02-03)

PUBLIC ASSISTANCE

This budget area includes many different social service programs such as TANF/ADC, educational assistance for state wards, child welfare services, foster care, subsidized childcare, and adoption assistance. Overall the General Fund budget reflects an increase of \$7.7 million (5.6%) in FY01-02 and an additional \$7.4 million (5.1%) in FY02-03. The largest increase (\$2.2 million) is in the State Supplement Program for increased reimbursement rates for community-based housing for low-income individuals with chronic mental illness. The overall growth in General Funds is partially moderated by an increase in federal Child Care Block Grant funds.

Table 17 Public Assistance by Program (General Funds Only)

(General Funds only)	Biennial Budget			\$ Change vs FY00-01	
	FY2000-01	FY2001-02	FY2002-03	FY01-02	FY02-03
Food Stamps	725,375	725,375	725,375	0	0
Adoption incentives	300,000	600,000	900,000	300,000	600,000
Food Stamp Training/Employ	271,185	271,185	271,185	0	0
Medically handicapped children	1,228,848	1,228,848	1,228,848	0	0
Title IV-E Foster Care	8,253,699	8,920,181	9,629,978	666,482	1,376,279
Title IV-E Adoption	2,549,786	2,755,680	2,974,955	205,894	425,169
Subsidized adoption	2,715,597	2,878,533	3,057,763	162,936	342,166
Domestic Violence	1,197,300	1,347,300	1,347,300	150,000	150,000
Education Assistance,s state wards	8,500,000	9,290,500	10,203,528	790,500	1,703,528
Disabled persons/family support	910,000	910,000	910,000	0	0
State Disability-Medical	6,516,821	6,810,078	7,116,532	293,257	599,711
State Disability-Maintenance	500,000	515,000	530,450	15,000	30,450
Title XX Social Services	4,406,104	4,406,104	4,406,104	0	0
State supplement-SSI	6,630,702	8,830,702	8,830,702	2,200,000	2,200,000
TANF/ADC	15,223,422	15,273,422	15,223,422	50,000	0
Title IV-D Child Care	19,422,755	19,002,927	20,002,927	(419,828)	580,172
Emergency Assistance	564,575	564,575	564,575	0	0
Employment First, job support	1,005,396	1,005,396	1,005,396	0	0
Child Welfare Services	55,835,329	59,246,070	62,963,902	3,410,741	7,128,573
Community Services Grant	290,013	290,013	290,013	0	0
Family Support Program	944,597	944,597	944,597	0	0
Total Public Assistance (General Funds)	137,991,504	145,816,486	153,127,552	7,824,982	15,136,048

LB 692 provides increased cash and federal fund appropriations (cash provided from the tobacco settlement and intergovernmental transfer monies) for respite services (\$810,000 cash funds in both FY01-02 and FY02-03) and behavioral health provider rate increases (\$2,663,417 cash funds \$294,424 federal funds for FY2001-02 and \$2,734,444 cash funds \$312,090 federal funds for FY02-03)

AID TO AGING SERVICES

The budget includes a substantial increase in aid to area agencies on aging, \$345,000 (10.8%) increase in FY01-02 and an additional \$195,000 (5.5%) in FY02-03; and care management \$155,000 (9.9%) increase in FY01-02 and an additional \$55,000 (3.2%) in FY02-03 . The Legislature originally included \$244,153 in both fiscal years to provide the general fund match for the new federal Family Caregivers Support Program, however these amounts were vetoed and not overridden.

HIGHER EDUCATION STUDENT AID

The Coordinating Commission distributes funds under three statutory student aid programs: State Scholarship Award Program (SSAP), Scholarship Assistance Program (SAP), and Postsecondary Education Award Program (PEAP). Overall the budget provides a 22.5% increase in this student financial aid funding in FY01-02 (25.2% over the biennium).

According to statute, General Funds appropriated for allocation to students under SSAP are to be “substantially equal” to General Funds appropriated for SAP. The budget includes an increase of \$425,000 in FY01-02 (\$477,500 in FY02-03) for each of SSAP and SAP. This represents an increase of 26.2% in funding for each of the two programs in FY01-02 (29.5% over the biennium). Additionally, the budget includes an increase of \$425,000 in FY01-02 (\$477,500 in FY02-03) for PEAP. This represents an increase of 17.5% in funding for PEAP in FY01-02 (19.6% over the biennium).

While statutory provisions for distribution of funds under each of the three programs differ, distribution of funds under each are based upon proportions of eligible needy students attending participating institutions. SSAP funds are allocated in greater proportion to students attending private and independent institutions and in lower proportion to students attending public institutions than is the case with statutory allocation of SAP funds. Allocation of funds under PEAP is limited by statute to financially needy students attending independent, non-profit institutions.

Table 18 Coordinating Commission Student Aid Programs

	Biennial Budget			\$ Change vs FY00-01	
	FY2000-01	FY2001-02	FY2002-03	FY01-02	FY02-03
SSIG grants	803,965	803,965	803,965	0	0
Scholarship Award Program (SSAP)	816,023	1,566,023	1,566,023	425,000	477,500
Scholarship Assistance Program (SAP)	1,619,988	2,369,988	2,369,988	425,000	477,500
Postsecondary Ed Award Prog (PEAP)	2,434,050	3,184,050	3,184,050	425,000	477,500
Total General Fund Student Aid	5,674,026	6,949,026	7,106,526	1,275,000	1,432,500
Annual \$ Change		1,275,000	157,500		
Annual % Change		22.5%	2.3%		

TEACHER LOAN FORGIVENESS PROGRAM

Although treated as a General Fund transfer rather than expenditure, the budget provides \$2.7 million for both years for the teacher loan forgiveness program. This program enacted in the 2000 Session (but not funded), provides annual loans of up to \$2,500 to teacher education students who major in subject shortage areas and commit to teach in public or private schools in the state upon graduation. Loans are forgiven for each year that the borrower teaches in the state in an amount equal to the amount borrowed for one year. This ratio is extended to two years forgiven for each one year of teaching for persons teaching in very sparse or high poverty school districts. As noted before, the General Fund support for this program is treated as a transfer to a cash fund, and then expended as a Cash Fund.

HIGHLIGHTS GENERAL FUND AID TO LOCAL GOVERNMENTS

SPECIAL EDUCATION

Increases for FY01-02 and FY02-03 reflect a 5% per year increase as provided for in current law (LB1243-2000). This 5% statutory limited growth is also applied to the years in the following biennium. Dollar increases amount to \$6,960,230 in FY01-02 and \$14,268,471 in FY02-03.

STATE AID TO SCHOOLS (TEEOSA)

The budget includes funding for state aid to schools (TEEOSA) based on current statute. This includes FY2001-02 state aid as certified February 1 and updated projections for FY2002-03. The certified TEEOSA aid for FY2001-02 totals \$645.0 million. This is financed with \$633.5 million General Funds and \$11.5 million Insurance Premium Tax which is also distributed through the TEEOSA formula. Adding in \$2 million for incentive payments authorized in LB1234 (1998) and \$3 million of additional base year incentives under LB313 (2001), yields a total of \$638.5 million General Funds, an \$86 million increase in General Funds compared to the current year.

The large overall increase in TEEOSA aid in FY2001-02 reflects an \$89 million increase due to the 10-cent drop in the local effort rate (LER) and levy limit. Note that the overall increase is actually less than the impact of the 10-cent levy drop. *In the absence of the drop in the LER, state aid would have actually decreased by \$6 million.* This is due to property valuation growth (8.9%) in excess of spending growth (5.35%).

For FY2002-03, TEEOSA aid is projected to increase by an additional \$21.2 million. The key assumptions in this estimate are growth in school disbursements (5.45%) and growth in property valuations (7.0%). General Fund aid is only projected to increase by \$18.7 million. This reflects a \$2 million reduction in base year incentives.

LB313 extended by one year the state program that provides incentive payments to consolidating or unifying school districts. Under previous law, school districts that reorganize by August 2, 2001, either by consolidation or unification, can receive incentive funds for up to three years to help cover the costs of the reorganization effort. Previous law also provided that the deadline for all incentive payments to be made is July 1, 2004. Under LB 313, schools will have until August 2, 2002 to reorganize and be eligible for incentive payments, and the deadline for all incentive payments to be made is extended to July 1, 2005. The bill increases from \$2 million to \$5 million the amount for base year incentive payments, and increases the limit on the total amount of incentive payments that can be made in any one year from 1% to 2% of all available school state aid funds. With the higher

base year incentives provided in LB313, reorganization incentive payments for the following years would also increase significantly (\$2.1 million in FY02-03, \$4.9 million in FY03-04 and \$7.4 million in FY04-05.)

Table 19 Calculation of TEEOSA School Aid

TEEOSA School Aid	Certified FY2000-01	Certified FY2001-02	Est Aid FY2002-03	Est Aid FY2003-04	Est Aid FY2004-05
<u>Input Assumptions</u>					
School Disbursements	4.82%	5.35%	5.45%	5.00%	5.00%
Property Valuations (assessed)	8.73%	8.89%	7.00%	6.00%	5.00%
Local Effort Rate	\$1.00	\$0.90	\$0.90	\$0.90	\$0.90
Total Formula Need	1,696,710,044	1,782,929,984	1,878,833,429	1,972,730,455	2,071,552,221
Effective Yield from Local Effort Rate	826,878,526	804,266,665	865,764,595	917,710,471	963,595,994
Net Option Funding	27,966,982	32,504,389	34,275,878	35,989,672	37,789,156
Allocated Income Tax	74,322,835	69,785,428	68,013,939	66,300,145	64,500,661
Other Actual Receipts	298,030,054	318,653,099	331,987,594	342,583,656	353,512,737
Minimum Levy Penalty	14,185,069	12,728,137	12,728,137	12,728,137	12,728,137
Total Formula Resources	1,241,522,367	1,237,148,245	1,312,770,143	1,375,312,080	1,432,126,685
Calculated Equalization Aid	455,187,677	545,781,738	566,063,287	597,418,375	639,425,535
Net Option Funding	27,966,982	32,504,389	34,275,878	35,989,672	37,789,156
Allocated Income Tax	74,322,835	69,785,428	68,013,939	66,300,145	64,500,661
Lopoff	(1,702,796)	(5,468,122)	(5,468,122)	(5,468,122)	(5,468,122)
Stabilization Factor	2,698,616	877,788	877,788	877,788	877,788
Non Equalized Levy Penalty	(704,471)	(1,042,423)	(1,042,423)	(1,042,423)	(1,042,423)
Small School Stabilization	695,863	90,115	90,115	90,115	90,115
Reorganization Incentive payments	2,881,177	2,485,294	3,361,196	2,000,000	0
Prior yr deficiencies/negative balances	(2,178)	(25,633)	0	0	0
TEEOSA State Aid	561,343,705	644,988,575	666,171,658	696,165,550	736,172,710
State General Funds	550,343,705	633,488,575	655,171,658	684,890,550	724,615,835
Insurance Premium Tax	11,000,000	11,500,000	11,000,000	11,275,000	11,556,875
Total TEEOSA Aid	561,343,705	644,988,575	666,171,658	696,165,550	736,172,710
<u>State General Fund Aid</u>					
TEEOSA (General Funds)	550,343,705	633,488,575	655,171,658	684,890,550	724,615,835
Incentive Payments (Base Year)	2,000,000	2,000,000	0	0	0
Incentive Payments (LB313-2001)		3,092,158	2,092,158	4,961,650	7,361,727
Total General Fund	552,343,705	638,580,733	657,263,816	689,852,200	731,977,562
Dollar Change from prior year	(31,208,490)	86,237,028	18,683,083	32,588,384	42,125,362
Percent Change from prior year	-5.3%	15.6%	2.9%	5.0%	6.1%
Estimated GF at \$1.00 LER	Na	549,216,798	565,562,893	592,649,222	629,914,435
Estimated GF at \$.90 LER	Na	638,580,733	657,263,816	689,852,200	731,977,562
Impact of Levy Drop	Na	89,363,934	91,700,923	97,202,978	102,063,127

EARLY CHILDHOOD PROGRAMS

The budget includes additional state funding totaling \$1 million in FY01-02 and \$2 million in FY02-03 for early childhood programs, more than doubling the \$560,000 in the prior year budget.

AID TO ESU'S

Aid to ESU's to support core services and technology infrastructure is increased at the same rate as the school basic allowable growth rate, 2.5% each year. Increased amounts total \$319,375 in FY01-02 and \$646,735 in FY02-03.

HOMESTEAD EXEMPTION REIMBURSEMENT

General Fund appropriations for homestead exemption reimbursements total \$36 million in both FY01-02 and FY02-03. This reflects a \$2.6 million reduction from the FY00-01 appropriation level prior to deficits. The original FY00-01 appropriation of \$38.6 million was also reduced by \$2.92 million due to lower number of qualifiers and lower tax levy rates.

COUNTY JUVENILE SERVICES AID PROGRAM

LB 640 enacts the County Juvenile Services Aid Program within the Office of Juvenile Services to help counties pay for implementing and operating community-based programs or services including assessment and evaluation, prevention of delinquent behavior, diversion, shelter care, intensive juvenile probation services, restitution, family support services, and family group conferencing. Capital construction or lease or acquisition of facilities is excluded. Counties must provide a 40 percent local match from non-state sources to receive the aid although current expenditures for community-based programs for juveniles may be applied toward the local match. Aid apportioned to counties is based solely on the total number of residents per county who are 12 to 18 years of age according to the most recently available federal census data. A total of \$1,545,000 for FY2001-02 and \$3,555,000 for FY2002-03 is provided for these grants.

Also, LB 640 requires the development and adoption of a comprehensive juvenile services plan by an individual or by multiple counties. The Crime Commission is appropriated \$125,000 for both FY01-02 and FY02-03 for planning grants to counties to assist in the development of their comprehensive juvenile services plan.

LB 640 also incorporates the provisions of LB652 which addresses the Nebraska Supreme Court ruling *In re Interest of Marie E.*, 260 Neb. 984, 2000, which found that the state was responsible for juvenile pre-evaluation detention costs. As a result of this lawsuit, pre-evaluation detention costs incurred after an order for an evaluation is issued shifted from the counties to the state. Costs amounted to \$3.7 million as a FY00-01 deficit and an estimated \$2 million annual cost thereafter.

LB 640 however, provides that counties are responsible for detention costs occurring before and after an evaluation prior to disposition by a juvenile court and for the costs of transporting the juvenile to and from an evaluation facility. The state is responsible for the costs incurred during an evaluation and for pre-evaluation detention costs incurred after the first 10 days from the date the evaluation is ordered by the court. Additional funds provided to meet this state responsibility amount to \$420,000 in both FY01-02 and FY02-03.

RESOURCES DEVELOPMENT FUND

The budget includes an additional \$1,750,000 General Funds in both FY01-02 and FY02-03 for the Resources Development Fund in the Department of Natural Resources. Additional funding would be used to provide a portion of the non-federal match for federally reviewed and authorized flood control projects that have received final approval by the U.S. Army Corp of Engineers and meet Resources Development Fund criteria. The three projects are the Antelope Valley project in the Lower Platte South Natural Resources District, the Western Sarpy County/Clear Creek project in the Papio- Missouri Natural Resources District and the Sand Creek Environmental Restoration Project in the Lower Platte North Natural Resources District. For future year budgeting purposes, this additional aid is considered as one-time funding.

COUNTY JAIL REIMBURSEMENT

Starting in FY99-00 and FY00-01, the budget included \$6.8 million for the Dept of Correctional Services to reimburse counties for costs associated with the holding of certain prisoners. This new aid program was enacted in LB695 (1998). The bill specified that the county is reimbursed \$35 per day for keeping "state prisoners". State prisoners are defined as a person who has been convicted and sentenced as an adult to the Dept of Correctional Services facility or placed upon probation for such an offense. The number of reimbursable days is based on the date the prisoner is first incarcerated by the county until released to the Dept of Correctional Services. The budget for FY01-02 and FY02-03 includes a \$2.8 million reduction in each year to a total of \$4.0 million per year. Actual reimbursements have been significantly less (\$4 million in FY99-00) allowing for this reduction to better match appropriations with actual experience.

Some of these "savings" were offset by the passage of **LB 163**, which extended the definition of state prisoner to include parolees being held for the Department of Correctional Services. A total of \$250,000 is appropriated for both FY01-02 and FY02-03 to cover the reimbursement under this expanded definition of "state prisoner".

AID TO COMMUNITY COLLEGES

The budget includes increased state aid to support operations budget increases and meet community college area aid eligibility per RRS 85-1536.01 (LB269-1997). This increase amounts to \$3,142,380 in FY01-02 and \$6,415,262 in FY02-03, a 3.4% per year increase.

These increases were offset by deletion of the one-time \$30 million property tax relief. This \$30 million was initially provided in the 1999 Session as one-time funding in FY99-00 and was financed by a transfer from the Cash Reserve Fund. Funding was extended to FY2000-01 in the 2000 Session as a direct General Fund appropriation and again was considered one-time funding for FY2000-01 only. Continuation of this \$30 million for FY2001-02 and FY2002-03 was originally included in both the Governors and Appropriations Committee recommendations but was deleted as a result of revised revenue forecasts in April.

INDIGENT DEFENSE REIMBURSEMENT

LB 335 creates a program within the Nebraska Commission on Public Advocacy to reimburse counties for certain indigent defense costs. Under LB 335, the commission must adopt guidelines and standards for county indigent defense systems with the assistance of the Indigent Defense Standards Advisory Council which is created in the bill. Counties choosing to abide by the guidelines and standards can be reimbursed for 25 percent of their costs for providing indigent defense in felony cases. To qualify for the funding, counties must submit three documents annually to the commission: a plan describing how the county would provide indigent defense services; a statement of intent to comply with the guidelines and standards; and a projection of the amount of money the county would spend on indigent defense.

Total General Fund appropriations for these reimbursements amounts to \$442,500 in FY2001-02 and \$950,000 in FY 2002-03

HIGHLIGHTS

GENERAL FUND AGENCY OPERATIONS

COURT SYSTEM

Court Operations The budget includes \$1,120,000 in both FY01-02 and FY02-03 for salary reclassifications/equalizations for county court staff, and \$134,975 in FY01-02 and \$137,974 in FY02-03 for court reporter salary upgrades. Substantial funds were also provided for computer and technology projects. A total of \$300,000 in FY01-02 and \$150,000 in FY02-03 is provided for court administration projects including additional laptop computers, software upgrades, remote LAN access and replacement of the network server and token-ring LAN system. Additional funds are also provided (\$363,500 in FY01-02 and \$508,000 in FY02-03) for court system productivity enhancement projects including judges workflow; remote access by non-court users; electronic filing of cases, garnishments and executions; courthouse access to court data, and on-line training.

Probation The budget includes \$440,000 in both FY01-02 and FY02-03 for probation officer salary reclassifications and upgrades, and \$200,000 in both years for six additional probation officers, case managers, and/or clerical help. **LB 451** establishes juvenile intake probation officers and provides for intake procedures. It gives the duty of juvenile intake services to the Nebraska Probation System. Only trained probation officers are authorized to administer the juvenile detention screening instrument. Under LB 451, any law enforcement officer who takes a juvenile into temporary custody must give custody of the juvenile to a juvenile intake officer to decide whether the juvenile should be released from custody or placed in detention (either a secure or non-secure facility) based upon the results of the standardized screening test. Intake services must be available to every juvenile court in the state. The bill provides for the hiring of seven additional probation officers to act in the capacity of juvenile probation intake officers with a cost of \$335,417 in FY2001-02 and \$344,755 in FY2002-03.

Judges Salaries Judges would receive a 3% increase on July 1, 2001 and 4.3% increase on July 1, 2002 under the provisions of **LB 357**. This would increase the salary of Supreme Court members from the current \$111,000 to \$114,358 on July 1, 2001 and then \$119,276 on July 1, 2002. Other judges would receive the same percentage increases as their salaries are set as a percentage of the Supreme Court salaries: Appellate Court Judges (95%), District and Juvenile Judges (92.5%) and County Court Judges (90% starting January 1, 2002). These salary increases are the same percentage increases as the NAPE master contract when calculated on an annualized basis.

Additional Judges Two additional judges were added this past session in two separate bills. An additional judge was provided in the Eleventh District Court in **LB 92**, increasing the number from three to four. The Eleventh District is comprised of the following counties: Arthur, Chase, Dawson, Dundy Frontier, Furnas, Gosper, Hayes, Hitchcock, Hooker, Keith, Lincoln, Logan, McPherson, Perkins, Red Willow, and Thomas. Salary, benefits, and travel costs for the new judge and accompanying court reporter amount \$177,624 in both FY01-02 and FY02-03. **LB 23** increases the number of juvenile court judges in counties having at least four hundred thousand inhabitants

from four to five. This adds one additional juvenile court judge to Douglas County at a total cost of \$177,624 in both FY01-02 and FY02-03.

HEALTH AND HUMAN SERVICES SYSTEM

There are several major funding items that relate to the operations of the three Health and Human Services agencies.

Cost Allocation Plan The Committee budget includes \$7.9 million General Funds in both years to offset declines in cash and federal funds under the cost allocation plan. A post merger cost allocation plan was developed by KPMG. The department is now able to determine to a greater degree of certainty, the amount of cash and federal revenues being generated or earned by the system. From the new plan, it was determined that two programs, TANF and Child Welfare have exceeded administrative limits. Child care is at the limit. Growth in these programs will have to come from General Funds. The new plan also more accurately applies federal dollars to the benefiting program. That is federal dollars are spent where they are earned.

Federal audit exceptions This exception, resulting in an additional \$1,000,000 General funds each year in HHS-Services, is a result of staff being coded to Title IV-E during their original training period but not being removed from the status once completed. As a result, the department incorrectly claimed the staff at the higher match rate of 75% rather than 50%, the rate of ongoing casework. A \$6.8 million retroactive assessment covering from 1994 to 1999 is also funded. The source is cash funds from a one-time transfer from the Medicaid Intergovernmental Cash Fund as provided in LB 541.

Juvenile Services The budget includes \$499,904 in FY01-02 and \$1,048,928 in FY02-03 to expand community-based juvenile services programs. This reflects an increase slightly under 10% per year. General funds totaling \$143,972 in each year are included to replace federal funds previously used for substance abuse counselors. Also included is \$289,898 in each year for additional substance abuse and mental health treatment including an additional chemical dependency counselor at Geneva and increased community-based services. These items were originally included in LB691 referred to the Appropriations Committee. Another portion of LB 691, ten additional beds at the Hastings Regional Center for substance abuse treatment for children in the juvenile justice system, is funded in the Medicaid program located in Agency 26, Program 348.

Data Processing Costs, CHARTS HHS is faced with two areas of increased data processing costs. First is an increase associated with higher DAS-IMS rates and volume amounts to \$1.5 million in both FY01-02 and FY02-03. Also included is \$1.7 million in FY01-02 and \$1.5 million in FY02-03 for development of several computer projects. This includes \$1.1 million each year for continued development of the CHARTS system. Nebraska is behind in implementing the federally required State Disbursement Unit (SDU) for centrally collected and disbursed child support. In order for the state to implement the SDU, the computer system used for child support requires enhancements to functionality and modification of the original design that did not meet federal approval. The state has already received a penalty of \$700,000. Additional penalties of up to \$5.8 million may be imposed if the system is not operational by October 1, 2001. The state is

currently under a time-limited waiver that will suspend a penalty of \$1.4 million if compliance is reached in the agreed upon timelines. The funding will be used to contract with programmers and analysts for system development.

Institution Inflationary Increases The budget includes inflationary costs for food, drugs, medical/clinical services, and medical supplies at the Regional Centers, Veterans Homes and BSDC. These increases range from 3% per year for food to 15% per year for drugs. Amounts included total \$963,806 in FY01-02 and \$1,996,539 in FY02-03. Large increases are also included in the maintenance/operations contracts between HHS and DAS for operation of the institutions. These amounts are shown under that category later in this section.

Operating reductions Incorporated into the budget is \$1,955,734 of operating reductions as recommended by the Governor at the regional centers (\$-826,998), Beatrice State Developmental Center (\$-288,609), veterans' homes (\$-177,273), youth rehabilitation and treatment centers at Kearney and Geneva (\$-35,449) and the general administration program (\$-627,273). According to the agency, these reductions would be made through attrition, outsourcing, task and program elimination, and work reassignments. Also according to the agency, these savings can be achieved without reducing direct care staff or protective service workers. Also included are a series of smaller cuts including: decreasing employment advertising in national publications (\$-23,000), eliminating the vacant Deputy Director-Finance and Support position (\$-99,000), eliminating NFOCUS upgrades contract position (\$-37,500), eliminating system consultant position (\$-42,258), eliminating temporary position used to replace extended sick leave employee (\$-32,198), reducing bar code projects (\$-88,250), reducing CHARTS and NFOCUS help desk support (\$-50,000), and reducing Lotus NOTES support team by one contract (\$-125,000).

DEPT OF CORRECTIONAL SERVICES

The budget includes several large increases for the Dept of Correctional Services. The first is phased-in full staffing and operations for the new Tecumseh prison. Some initial staffing was already included in the FY00-01 budget. This is further phased-in with an additional \$11.3 million in FY01-02 and then full year funding of \$19.6 million in FY02-03.

The budget also includes: funding for per diem expenses and utility increases (\$1.6 million in FY01-02 and \$2.8 million in FY02-03), General funds to replace expiring grants for substance abuse intervention and treatment (\$265,417 in FY01-02 and \$684,726 in FY02-03) and funds for nine additional medical staff (\$538,604 in FY01-02 and \$525,379 in FY02-03). Also included is \$1,593,125 each year for the 2% depreciation surcharge for the new Tecumseh and McCook facilities pursuant to LB666. This bill would reinstate the depreciation surcharge assessment on correctional facilities that had been inadvertently repealed in LB1216 (2000).

Additional funds totaling \$755,483 in FY01-02 and \$611,783 in FY02-03 are provided in LB154A to carry out the provisions of that bill. These funds are in addition to the medical staff added to the mainline budget as noted previously. **LB 154** implements the recommendations of the Governor's Task Force on the Department of Correctional Services Medical Services System. LB 154 requires the state Department of Correctional Services to employ a medical director (must be a medical

doctor) to coordinate inmate health care services, select and supervise staff, maintain medical records, and create medical-treatment protocols. The director also must develop a peer review and quality assurance program to review all cases involving the death of an inmate or cases in which there is a deviation from the standard treatment protocol. Additionally, the medical director must establish an acute-care clinic at each correctional facility, chronic-care clinics to provide services relating to chronic diseases, and an HIV infection and AIDS chronic-care clinic for the treatment, counseling, and education of inmates infected with HIV. Each correctional facility must have at least one medical doctor on call at all times. Any facility housing more than 500 inmates must have at least one full-time doctor assigned to the facility as his or her primary employment location. Further, LB 154 requires that all inmates entering or leaving a correctional services facility be screened for HIV, hepatitis A, hepatitis B, hepatitis C, tuberculosis, and sexually transmitted diseases.

STATE COLLEGES

In addition to salary and health insurance costs discussed separately later in this section, the other items in the budget include funding for the 2% depreciation assessments per LB1100 (\$43,534 in FY01-02 and \$346,938 in FY02-03), operations and maintenance costs for new and/or renovated facilities (\$194,501 in FY01-02 and \$268,868 in FY02-03), extraordinary utility costs at Wayne (\$347,492 in FY01-02 and \$355,292 in FY02-03), instructional technology equipment (\$482,678 in FY01-02 and \$975,010 in FY02-03), and non-personnel inflationary costs (\$502,120 in FY01-02 and \$1,030,002 in FY02-03).

These increases were offset in part by a Governor veto totaling \$621,000 in FY01-02 and \$1,124,000 in FY02-03. These vetoes did not relate to any specific item but consisted of half the amount the Legislature exceeded the Governors recommendation.

UNIVERSITY OF NEBRASKA

Similar to the State Colleges, the budget includes funding of salary and health insurance increases. Other items in the budget include funding for 2% depreciation assessments under LB1100-1998 (\$565,040 in FY01-02 and \$1,497,440 in FY02-03), utility cost increases (\$1,124,629 in FY01-02 and \$2,327,982 in FY02-03) and operations and maintenance costs for new and/or renovated facilities (\$1,201,551 in FY01-02 and \$2,260,134 in FY02-03). Also included is \$217,500 in FY01-02 and \$435,000 increased funding for the rural health residency program.

These increases were offset in part by a Governor veto totaling \$228,000 in FY01-02 and \$1,056,000 in FY02-03. These vetoes did not relate to any specific item but approximated half the difference between the Legislature proposed budget and the Governors original recommendation, excluding the rural health residency program increases.

STATE PATROL

Significant funding increases for the State Patrol include; General fund replacement of COPS MORE grant monies (\$747,879 in both years), six additional drug investigators (\$395,093 in both years), eight additional troopers (\$207,170 in FY01-02 and \$429,156 in FY02-03), three additional communications specialists (\$97,740 in both years), vehicle replacement (\$355,940 in both years), helicopter maintenance/repair (\$125,000 in FY02-03), and motor fuel cost increases (\$266,500 in both years).

DEPT OF ENVIRONMENTAL QUALITY (DEQ)

Additional General Funds were originally included in the mainline appropriations bill to replace unrealized cash fund revenue in the Livestock Waste Control program (\$220,993 in FY01-02 and \$279,136 in FY02-03). However, Appropriations Committee amendments to LB 541 transfer balances from the Weights and Measures Administrative Fund and the Noxious Weed Cash Fund in the Department of Agriculture to the Livestock Waste Management Cash Fund in the Department of Environmental Quality. This transfer authorized in LB 541 subsequently eliminate this need for additional General Funds in the FY2001-03 biennium.

STATE EMPLOYEE SALARY INCREASES

Collective bargaining agreements have been negotiated with the various bargaining units. Salary increases vary within these agreements as noted in the narratives below. Table 20 shows the General Fund cost of full funding the salary contracts.

Table 20 Salary Increase Costs (General Fund)

	FY2001-02	FY2002-03
Annualize FY01 salary increases	3,925,010	3,925,010
Non-classified employees	3,588,681	8,790,004
NAPE Master Contract	5,938,358	14,629,791
SLEBEC (Law Enforcement)	954,893	1,833,396
Shift differential/recruit/retention	2,006,223	2,028,817
State Colleges	1,844,408	3,789,422
University of Nebraska	19,817,724	40,653,285
Total General Fund costs	38,075,297	75,649,725

Annualize FY2000-01 Salary Increases The budget for the prior fiscal year (FY00-01) included funds to cover a full fiscal year of a July 1 salary increase and a half year cost of a January 1 increase (the state fiscal year runs from July to June). Because the prior year budget funds only a half-year for the January increase, funding for the other half needs to be added to FY01-02 to provide full year funding for the January 1, 2001 salary increase.

Nebraska Association of Public Employees (NAPE) Collective bargaining agreements have been reached with NAPE on a labor contract for FY2001-02 and FY2002-03. The contract calls for a July 1 increase of 2% in both years for pay grades 9 and below and 1.5% in both years for pay grades 10 and above. Also the step plan is continued for the next two years providing a 2.5% increase on January 1 for both fiscal years. The Engineering, Science, and Resources Unit within NAPE approved a slightly different pay increase with July 1 salary increases of 2.75% and 3% on July 1 of 2001 and 2002 respectively. Funds are also included for increases in shift differential for direct care staff ranging from \$1 to \$2.50 per hour and for increasing the hiring rates of nine different job classification including Corrections caseworkers and several Dept of Roads job classifications.

Non-Classified 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, funding for salary increases for these employees is set at the same rate as the NAPE/AFSCME Master Contract as noted above.

State Law Enforcement Bargaining Council (SLEBEC) also reached settlement providing for 5.5% salary increases on July 1 of both fiscal years. This contract covers approximately 500 employees in the State Patrol, Fire Marshal, and Game and Parks Commission.

State Colleges Agreements with the state college faculty, non-academic professional and support staff bargaining units call for a 5.5% increase on July 1 of each year of the biennium. Amounts added total \$1,844,408 in FY01-02 and \$3,789,422 in FY02-03.

University of Nebraska Based on the budget request of the Board of Regents, annual increases of 5.22% have been included for faculty and administrators and 4.75% for managerial and clerical for each year of the biennium. Only the faculty at UNO & UNK collectively bargain for terms and conditions of employment. General funds included total \$ 19,817,724 in FY01-02 and \$40,653,285 in FY02-03.

Historical Salary Increases Table 21 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 FY93 to FY03, employee salary increases averaged 3.2% per year with the Consumer Price Index rising at an annual rate of about 2.6%. Note that the average annual increase of higher salary employees would be less than the 3.2% per year average due to the flat dollar amount increases in FY94 and FY95 as well as the fact that for these two years, no increase was provided employees making over \$45,000.

Table 21 Historical Salary Increase-NAPE Master Contract

Fiscal Year	General Salary Policy	FY basis % Change
FY1990-91	4% on July 1, 1.5% to 2.5% on anniversary	5.56%
FY1991-92	3% on July 1, 1.5% to 2.5% on anniversary	4.55%
FY1992-93	3% on July 1, 1.5% to 2.5% on anniversary	4.55%
FY1993-94	\$300 on Jan 1 (< \$45,000 salary) and \$100 on anniversary	1.53%
FY1994-95	\$500 on July 1 (< \$45,000 salary) and \$100 on anniversary	2.90%
FY1995-96	4% on July 1	4.20%
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% to original step on Jan 1	2.77%
FY2000-01	2% on July 1, 2.5% step on Jan 1	4.04%
FY2001-02*	1.5% on July 1, 2.5% step on Jan 1	4.04%
FY2002-03	1.5% on July 1, 2.5% step on Jan 1	4.04%

* The average employee salary would be above Grade 10

STATE EMPLOYEE HEALTH INSURANCE

For the FY02/FY03 biennium, health insurance costs have increased at a rate less than the past several years. Some of this can be attributed to changes in the state program as noted below.

Table 22 Health Insurance Cost Increases (General Fund Only)

	FY2001-02	FY2002-03
State Employees	4,648,214	8,649,587
State Colleges	249,983	518,714
University of Nebraska	2,013,210	6,291,266
Total General Fund costs	6,911,407	15,459,567

State Employees Estimates for the FY01-02/FY02-03 biennium show a moderate increase over the current contract which runs to January 1, 2001. For the calendar year 2002 contract, costs for Blue Cross/Blue Shield coverage are estimated to increase by 10%, with an 8% increase projected for calendar year 2003. The cost share remains at the current level 79% employer 21% employee contribution ratio. These moderate rate increases however reflect some substantial changes in the various coverage provisions. For example, annual deductible per family would increase from \$400 to \$800 with annual out-of-pocket per family increasing from \$2,000 to \$2,800. Prescription drug coverage would increase from \$10 to \$15 for generic and \$15 to \$30 for brand. General Fund cost increases, on a fiscal year basis, are budgeted at \$4.7 million in FY01-02 and \$8.6 million in FY02-03.

Note the use of the phrases "estimated" and "projected". With the health insurance contracts running on a calendar year basis, bidding for the next contract (calendar year 2002 and 2003) will not start until this summer. Therefore, the increases for budgeting purposes

for the 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 as noted in the following table)

University At the University of Nebraska, health insurance costs are expected to increase by 7.9% in FY01-02 and 15.9% in FY02-03. Additional funding provided totals \$2,000,000 in FY01-02 and \$6,250,000 in FY02-03.

State Colleges The state colleges are covered under the NSEA health insurance plan with costs expected to increase by 7.5% in FY01-02. The same 7.5% increase is also assumed for FY02-03. Additional funding totals \$249,983 in FY01-02 and \$518,714 in FY02-03.

Table 23 shows the historical trends in health insurance rates using the Blue Cross/Blue Shield plan mostly commonly utilized by employees. The ten-year average annual increase, 7.5% is the same for both the state and employee. The low annual increase from FY93 to FY97 coupled with the draw down of the "trust funds" have subsequently been offset by substantial increases in following years most significantly FY99-00. **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.**

Table 23 Historical Health Insurance Rates

BC/BS Family High Option	Dollar Cost Per Employee - FY Basis				Percent of Total		
	Employee	Employer	Trust	Total	Employee	Employer	Trust
FY1990-91	962.00	3,620.00	In agency	4,582.00	21.0%	79.0%	In agency
FY1991-92	1,138.00	4,283.00	In agency	5,421.00	21.0%	79.0%	In agency
FY1992-93	1,305.00	4,911.00	In agency	6,216.00	21.0%	79.0%	In agency
FY1993-94	1,305.00	4,911.00	In agency	6,216.00	21.0%	79.0%	In agency
FY1994-95	579.00	4,911.00	946.00	6,436.00	9.0%	76.3%	14.7%
FY1995-96	579.00	4,911.00	648.00	6,138.00	9.4%	80.0%	10.6%
FY1996-97	579.00	4,911.00	1,286.00	6,776.00	8.5%	72.5%	19.0%
FY1997-98	1,075.20	4,944.00	407.00	6,426.20	16.7%	76.9%	6.3%
FY1998-99	1,138.00	5,200.00	410.00	6,748.00	21.0%	79.0%	0.0%
FY1999-00	2,061.00	7,752.00	0.00	9,813.00	21.0%	79.0%	0.0%
FY2000-01 Current Est	2,207.58	8,304.60	0.00	10,512.18	21.0%	79.0%	0.0%
FY2002-03 Current Est	2,472.12	9,299.81	0.00	11,771.93	21.0%	79.0%	0.0%
FY2002-03 Current Est	2,693.43	10,132.36	0.00	12,825.80	21.0%	79.0%	0.0%
<u>Average Annual Change</u> FY93 to FY03 (10 Yr)	7.5%	7.5%	Na	7.5%			

RENT, MAINTENANCE CONTRACTS, DEPRECIATION SURCHARGE

Increased General Funds (net of HHS fund offset) of \$3,461,820 in FY01-02 and \$5,187,375 are included in agency operations attributed to DAS charges for office rent and contract operations of facilities. The contract operations of facilities relate to the continued consolidation of operation and

maintenance of facilities under the Dept of Administrative Services. On a phased-in basis, operation of certain state facilities are being placed under DAS and paid for as contracts between the occupant agency and DAS. Major shifts in the upcoming biennium include operation of the Lincoln Regional Center in FY01-02 and Fitzgerald Veterans Home in FY02-03. Although utility increases are included, the major factor in these dollar increases is the continued phase-in (see below) of the depreciation surcharge under rent and provisions of LB530 contracts.

A depreciation surcharge is a portion of a building rent (or contract) cost that is set aside for future repairs, renovations, and/or replacement. The total amount of the surcharge to collect is based on a percent of a building's replacement cost. The assessment of a depreciation surcharge was initially authorized by LB530 (1995) at a 2% rate, and has been phased in starting in FY99-00 at 0.5% and FY00-01 at 1.0%. The phase in to the full 2% is included in the enacted budget at 1.5% in FY01-02 and 2.0% in FY02-03.

INFORMATION TECHNOLOGY INFRASTRUCTURE FUND

Although technically shown as cash fund appropriations, a description of this fund is included here as new transfers from the General Fund totaling \$1.5 million each year supply significant funds for the upcoming biennium. In addition to these General Fund transfers, the Information Technology Infrastructure Fund (IT Fund) receives the equivalent of two cents (\$.02) of cigarette tax revenue each fiscal year. This equates to approximately \$2.6 million per year. Also, the remaining balance in the Century Date Change subfund of the Building Renewal Allocation Fund shall be transferred to the IT Fund on or after July 1, 2001 and before July 15, 2001 (LB 1349, section 2 - 2000). The current estimated balance is projected to be \$1,200,000.

The proposed uses for the IT fund in the upcoming biennium is as follows:

- ◆ \$1,500,000 per year for the Public Safety Wireless Project. The Wireless Project is envisioned to create an integrated, wireless network for public safety. Examples of the project's benefit would include things such as ensuring that law enforcement entities are able to maintain constant communication contact in emergency situations. At this time, a total project cost is not available. A request for proposal (RFP) is expected to be released within the next few months.
- ◆ \$1,600,000 per year for the Nebraska Information System (NIS) Project. The NIS Project will replace the state's accounting (NAS) and human resource (NEIS) systems with an integrated human resource/financial management system. The total project cost is expected to be approximately \$26 million.
- ◆ \$450,000 per year for information technology (IT) grants through the CIO/NITC grant process. \$250,000 of the grant money is designated to assist state agencies as they initiate IT projects that are of a collaborative and/or multi-agency wide nature. \$200,000 of the grant money is designated to assist non-state agencies as they initiate IT projects to further community based technology projects.

- ◆ \$75,000 in FY2002-03 for Telecommunications Infrastructure Needs Assessment (TINA) funding. The TINA project envisions aggregating broadband access needs throughout the state so private entities will be more likely to provide services to under-served areas.

- ◆ \$250,000 per year for the Criminal Justice Information System (CJIS).

GENERAL FUND BY AGENCY

FY02/FY03 Biennial Budget as Enacted in the 2001 Legislative Session

	Type	w/o Deficits FY2000-01	Budget Per 2001 Session		FY2001-02:		FY2002-03	
			FY2001-02	FY2002-03	Change vs Prior Yr \$	Change vs Prior Yr %	Change vs Prior Yr \$	Change vs Prior Yr %
#03 Legislative Council	Oper	14,614,449	15,252,199	15,765,888	637,750	4.4%	513,689	3.4%
#03 Legislative Council	Total	14,614,449	15,252,199	15,765,888	637,750	4.4%	513,689	3.4%
#05 Supreme Court	Aid	270,000	270,000	270,000	0	0.0%	0	0.0%
#05 Supreme Court	Oper	49,960,972	55,661,666	58,096,131	5,700,694	11.4%	2,434,465	4.4%
#05 Supreme Court	Total	50,230,972	55,931,666	58,366,131	5,700,694	11.3%	2,434,465	4.4%
#07 Governor	Oper	1,437,673	1,494,572	1,631,501	56,899	4.0%	136,929	9.2%
#07 Governor	Total	1,437,673	1,494,572	1,631,501	56,899	4.0%	136,929	9.2%
#08 Lt. Governor	Oper	101,865	105,785	114,874	3,920	3.8%	9,089	8.6%
#08 Lt. Governor	Total	101,865	105,785	114,874	3,920	3.8%	9,089	8.6%
#09 Secretary of State	Oper	725,132	768,117	786,992	42,985	5.9%	18,875	2.5%
#09 Secretary of State	Total	725,132	768,117	786,992	42,985	5.9%	18,875	2.5%
#10 State Auditor	Oper	2,004,990	2,149,899	2,225,206	144,909	7.2%	75,307	3.5%
#10 State Auditor	Total	2,004,990	2,149,899	2,225,206	144,909	7.2%	75,307	3.5%
#11 Attorney General	Oper	3,588,227	3,927,822	4,066,204	339,595	9.5%	138,382	3.5%
#11 Attorney General	Total	3,588,227	3,927,822	4,066,204	339,595	9.5%	138,382	3.5%
#12 State Treasurer	Aid	27,226,446	27,226,446	27,226,446	0	0.0%	0	0.0%
#12 State Treasurer	Oper	1,838,380	2,294,056	2,325,795	455,676	24.8%	31,739	1.4%
#12 State Treasurer	Total	29,064,826	29,520,502	29,552,241	455,676	1.6%	31,739	0.1%
#13 Education	Aid	711,342,487	806,300,966	833,756,340	94,958,479	13.3%	27,455,374	3.4%
#13 Education	Oper	15,126,998	15,664,905	16,136,862	537,907	3.6%	471,957	3.0%
#13 Education	Total	726,469,485	821,965,871	849,893,202	95,496,386	13.1%	27,927,331	3.4%
#14 Public Service Comm	Oper	2,372,247	2,392,164	2,507,982	19,917	0.8%	115,818	4.8%
#14 Public Service Comm	Total	2,372,247	2,392,164	2,507,982	19,917	0.8%	115,818	4.8%
#15 Parole Board	Oper	629,387	659,540	691,208	30,153	4.8%	31,668	4.8%
#15 Parole Board	Total	629,387	659,540	691,208	30,153	4.8%	31,668	4.8%
#16 Revenue	Aid	44,620,467	42,007,165	42,007,165	(2,613,302)	-5.9%	0	0.0%
#16 Revenue	Oper	19,803,682	20,550,579	21,212,703	746,897	3.8%	662,124	3.2%
#16 Revenue	Total	64,424,149	62,557,744	63,219,868	(1,866,405)	-2.9%	662,124	1.1%
#17 Aeronautics	Aid	35,000	0	0	(35,000)	-100.0%	0	0.0%
#17 Aeronautics	Total	35,000	0	0	(35,000)	-100.0%	0	0.0%
#18 Agriculture	Aid	1,000,000	1,000,000	1,000,000	0	0.0%	0	0.0%
#18 Agriculture	Oper	6,258,263	6,325,558	6,810,114	67,295	1.1%	484,556	7.7%
#18 Agriculture	Total	7,258,263	7,325,558	7,810,114	67,295	0.9%	484,556	6.6%
#20 HHS-Regulation	Oper	6,807,370	7,194,398	7,706,575	387,028	5.7%	512,177	7.1%
#20 HHS-Regulation	Total	6,807,370	7,194,398	7,706,575	387,028	5.7%	512,177	7.1%
#21 Fire Marshal	Oper	1,199,520	1,268,005	1,296,568	68,485	5.7%	28,563	2.3%
#21 Fire Marshal	Total	1,199,520	1,268,005	1,296,568	68,485	5.7%	28,563	2.3%
#23 Labor	Oper	620,758	559,784	576,651	(60,974)	-9.8%	16,867	3.0%
#23 Labor	Total	620,758	559,784	576,651	(60,974)	-9.8%	16,867	3.0%

	Type	w/o Deficits FY2000-01	Budget Per 2001 Session		FY2001-02: Change vs Prior Yr		FY2002-03 Change vs Prior Yr	
			FY2001-02	FY2002-03	\$	%	\$	%
#25 HHS-Services	Aid	185,000	0	0	(185,000)	-100.0%	0	0.0%
#25 HHS-Services	Oper	133,405,115	146,678,621	156,039,192	13,273,506	9.9%	9,360,571	6.4%
#25 HHS-Services	Total	133,590,115	146,678,621	156,039,192	13,088,506	9.8%	9,360,571	6.4%
#26 HHS-Finance	Aid	580,129,615	641,711,277	700,631,959	61,581,662	10.6%	58,920,682	9.2%
#26 HHS-Finance	Oper	28,511,686	37,359,902	38,279,358	8,848,216	31.0%	919,456	2.5%
#26 HHS-Finance	Total	608,641,301	679,071,179	738,911,317	70,429,878	11.6%	59,840,138	8.8%
#27 Roads	Aid	596,000	796,000	796,000	200,000	33.6%	0	0.0%
#27 Roads	Oper	0	25,000	20,000	25,000	Na	(5,000)	-20.0%
#27 Roads	Total	596,000	821,000	816,000	225,000	37.8%	(5,000)	-0.6%
#28 Veterans Affairs	Oper	639,553	658,726	693,820	19,173	3.0%	35,094	5.3%
#28 Veterans Affairs	Total	639,553	658,726	693,820	19,173	3.0%	35,094	5.3%
#29 Natural Resources	Aid	6,324,147	8,224,147	8,324,147	1,900,000	30.0%	100,000	1.2%
#29 Natural Resources	Oper	11,207,131	11,069,916	11,813,096	(137,215)	-1.2%	743,180	6.7%
#29 Natural Resources	Total	17,531,278	19,294,063	20,137,243	1,762,785	10.1%	843,180	4.4%
#31 Military Dept	Aid	1,400,000	630,622	900,000	(769,378)	-55.0%	269,378	42.7%
#31 Military Dept	Oper	3,027,882	3,065,336	3,152,719	37,454	1.2%	87,383	2.9%
#31 Military Dept	Total	4,427,882	3,695,958	4,052,719	(731,924)	-16.5%	356,761	9.7%
#32 Ed Lands & Funds	Oper	396,455	421,758	438,633	25,303	6.4%	16,875	4.0%
#32 Ed Lands & Funds	Total	396,455	421,758	438,633	25,303	6.4%	16,875	4.0%
#33 Game & Parks	Aid	25,000	50,000	50,000	25,000	100.0%	0	0.0%
#33 Game & Parks	Oper	9,853,307	10,488,389	10,792,458	635,082	6.4%	304,069	2.9%
#33 Game & Parks	Total	9,878,307	10,538,389	10,842,458	660,082	6.7%	304,069	2.9%
#34 Library Commission	Aid	1,412,254	1,499,704	1,513,208	87,450	6.2%	13,504	0.9%
#34 Library Commission	Oper	2,209,512	2,310,738	2,406,110	101,226	4.6%	95,372	4.1%
#34 Library Commission	Total	3,621,766	3,810,442	3,919,318	188,676	5.2%	108,876	2.9%
#35 Liquor Control	Oper	748,526	803,575	814,274	55,049	7.4%	10,699	1.3%
#35 Liquor Control	Total	748,526	803,575	814,274	55,049	7.4%	10,699	1.3%
#38 Status of Women	Oper	195,518	204,477	212,943	8,959	4.6%	8,466	4.1%
#38 Status of Women	Total	195,518	204,477	212,943	8,959	4.6%	8,466	4.1%
#46 Correctional Services	Aid	6,800,000	4,250,000	4,250,000	(2,550,000)	-37.5%	0	0.0%
#46 Correctional Services	Oper	90,592,253	110,716,807	124,029,155	20,124,554	22.2%	13,312,348	12.0%
#46 Correctional Services	Total	97,392,253	114,966,807	128,279,155	17,574,554	18.0%	13,312,348	11.6%
#47 NETC	Oper	7,937,294	8,496,709	9,398,782	559,415	7.0%	902,073	10.6%
#47 NETC	Total	7,937,294	8,496,709	9,398,782	559,415	7.0%	902,073	10.6%
#48 Postsecond Coord	Aid	5,674,026	6,949,026	7,106,526	1,275,000	22.5%	157,500	2.3%
#48 Postsecond Coord	Oper	1,041,554	1,088,867	1,129,895	47,313	4.5%	41,028	3.8%
#48 Postsecond Coord	Total	6,715,580	8,037,893	8,236,421	1,322,313	19.7%	198,528	2.5%
#50 State Colleges	Aid	200,000	0	0	(200,000)	-100.0%	0	0.0%
#50 State Colleges	Oper	32,712,178	35,935,636	39,217,545	3,223,458	9.9%	3,281,909	9.1%
#50 State Colleges	Total	32,912,178	35,935,636	39,217,545	3,023,458	9.2%	3,281,909	9.1%
#51 University of Nebraska	Aid	3,259,367	2,547,110	2,585,054	(712,257)	-21.9%	37,944	1.5%
#51 University of Nebraska	Oper	387,589,138	413,169,119	440,972,322	25,579,981	6.6%	27,803,203	6.7%
#51 University of Nebraska	Total	390,848,505	415,716,229	443,557,376	24,867,724	6.4%	27,841,147	6.7%

	Type	w/o Deficits FY2000-01	Budget Per 2001 Session		FY2001-02:		FY2002-03	
			FY2001-02	FY2002-03	Change vs Prior Yr \$ %	Change vs Prior Yr \$ %		
#52 State Fair Board	Oper	243,967	318,967	318,967	75,000	30.7%	0	0.0%
#52 State Fair Board	Total	243,967	318,967	318,967	75,000	30.7%	0	0.0%
#54 Historical Society	Oper	4,014,299	4,265,687	4,410,137	251,388	6.3%	144,450	3.4%
#54 Historical Society	Total	4,014,299	4,265,687	4,410,137	251,388	6.3%	144,450	3.4%
#64 State Patrol	Oper	34,045,307	38,152,179	40,068,145	4,106,872	12.1%	1,915,966	5.0%
#64 State Patrol	Total	34,045,307	38,152,179	40,068,145	4,106,872	12.1%	1,915,966	5.0%
#65 Admin Services (DAS)	Aid	200,000	0	0	(200,000)	-100.0%	0	0.0%
#65 Admin Services (DAS)	Oper	10,269,454	10,381,824	10,784,176	112,370	1.1%	402,352	3.9%
#65 Admin Services (DAS)	Total	10,469,454	10,381,824	10,784,176	(87,630)	-0.8%	402,352	3.9%
#67 Equal Opportunity	Oper	1,359,717	1,019,810	1,079,720	(339,907)	-25.0%	59,910	5.9%
#67 Equal Opportunity	Total	1,359,717	1,019,810	1,079,720	(339,907)	-25.0%	59,910	5.9%
#68 Mexican-American	Oper	172,236	215,014	220,289	42,778	24.8%	5,275	2.5%
#68 Mexican-American	Total	172,236	215,014	220,289	42,778	24.8%	5,275	2.5%
#69 Arts Council	Aid	927,013	927,013	927,013	0	0.0%	0	0.0%
#69 Arts Council	Oper	527,713	556,836	584,504	29,123	5.5%	27,668	5.0%
#69 Arts Council	Total	1,454,726	1,483,849	1,511,517	29,123	2.0%	27,668	1.9%
#70 Foster Care Review	Oper	1,145,465	1,213,605	1,262,563	68,140	5.9%	48,958	4.0%
#70 Foster Care Review	Total	1,145,465	1,213,605	1,262,563	68,140	5.9%	48,958	4.0%
#72 Economic Development	Aid	2,130,305	2,225,305	2,225,305	95,000	4.5%	0	0.0%
#72 Economic Development	Oper	4,038,389	3,936,178	4,146,437	(102,211)	-2.5%	210,259	5.3%
#72 Economic Development	Total	6,168,694	6,161,483	6,371,742	(7,211)	-0.1%	210,259	3.4%
#76 Indian Commission	Oper	177,418	196,096	201,959	18,678	10.5%	5,863	3.0%
#76 Indian Commission	Total	177,418	196,096	201,959	18,678	10.5%	5,863	3.0%
#77 Industrial Relations	Oper	231,938	247,798	255,125	15,860	6.8%	7,327	3.0%
#77 Industrial Relations	Total	231,938	247,798	255,125	15,860	6.8%	7,327	3.0%
#78 Crime Commission	Aid	1,164,586	1,209,725	1,209,725	45,139	3.9%	0	0.0%
#78 Crime Commission	Oper	2,193,877	2,885,817	2,977,457	691,940	31.5%	91,640	3.2%
#78 Crime Commission	Total	3,358,463	4,095,542	4,187,182	737,079	21.9%	91,640	2.2%
#81 Blind/Visually Impaired	Aid	104,147	156,646	167,005	52,499	50.4%	10,359	6.6%
#81 Blind/Visually Impaired	Oper	362,169	380,636	399,864	18,467	5.1%	19,228	5.1%
#81 Blind/Visually Impaired	Total	466,316	537,282	566,869	70,966	15.2%	29,587	5.5%
#82 Deaf/Hard of Hearing	Oper	638,524	729,360	752,875	90,836	14.2%	23,515	3.2%
#82 Deaf/Hard of Hearing	Total	638,524	729,360	752,875	90,836	14.2%	23,515	3.2%
#83 Community Colleges	Aid	92,387,138	65,529,518	68,802,400	(26,857,620)	-29.1%	3,272,882	5.0%
#83 Community Colleges	Total	92,387,138	65,529,518	68,802,400	(26,857,620)	-29.1%	3,272,882	5.0%
#84 Environmental Quality	Aid	126,000	273,726	340,000	147,726	117.2%	66,274	24.2%
#84 Environmental Quality	Oper	7,664,716	6,842,367	7,415,901	(822,349)	-10.7%	573,534	8.4%
#84 Environmental Quality	Total	7,790,716	7,116,093	7,755,901	(674,623)	-8.7%	639,808	9.0%
#85 Retirement Board	Oper	14,523,142	14,872,630	14,872,630	349,488	2.4%	0	0.0%
#85 Retirement Board	Total	14,523,142	14,872,630	14,872,630	349,488	2.4%	0	0.0%
#87 Account/Disclosure	Oper	421,875	443,298	459,267	21,423	5.1%	15,969	3.6%
#87 Account/Disclosure	Total	421,875	443,298	459,267	21,423	5.1%	15,969	3.6%

	Type	w/o Deficits FY2000-01	Budget Per 2001 Session		FY2001-02: Change vs Prior Yr		FY2002-03 Change vs Prior Yr	
			FY2001-02	FY2002-03	\$	%	\$	%
#90 Railway Council	Oper	6,651	6,651	6,651	0	0.0%	0	0.0%
#90 Railway Council	Total	6,651	6,651	6,651	0	0.0%	0	0.0%
#93 Tax Equal/Review	Oper	575,252	714,538	764,931	139,286	24.2%	50,393	7.1%
#93 Tax Equal/Review	Total	575,252	714,538	764,931	139,286	24.2%	50,393	7.1%
#94 Public Advocacy	Aid	0	442,500	950,000	442,500	0.0%	507,500	114.7%
#94 Public Advocacy	Oper	485,978	682,445	744,141	196,467	40.4%	61,696	9.0%
#94 Public Advocacy	Total	485,978	1,124,945	1,694,141	638,967	131.5%	569,196	50.6%
#95 Rural Development	Oper	355,792	365,305	377,580	9,513	2.7%	12,275	3.4%
#95 Rural Development	Total	355,792	365,305	377,580	9,513	2.7%	12,275	3.4%
#96 Property Assess/Tax	Oper	4,192,483	4,360,295	4,530,246	167,812	4.0%	169,951	3.9%
#96 Property Assess/Tax	Total	4,192,483	4,360,295	4,530,246	167,812	4.0%	169,951	3.9%
Construction-Reaffirm	Const	31,635,595	19,289,864	17,367,190	(12,345,731)	-39.0%	(1,922,674)	-10.0%
Construction-New	Const	14,811,263	14,507,577	12,766,166	(303,686)	-2.1%	(1,741,411)	-12.0%
Construction-Total	Total	46,446,858	33,797,441	30,133,356	(12,649,417)	-27.2%	(3,664,085)	-10.8%
OPERATIONS		924,803,377	1,011,549,961	1,077,995,121	86,746,584	9.4%	66,445,160	6.6%
STATE AID		1,487,538,998	1,614,226,896	1,705,038,293	126,687,898	8.5%	90,811,397	5.6%
CONSTRUCTION		46,446,858	33,797,441	30,133,356	(12,649,417)	-27.2%	(3,664,085)	-10.8%
TOTAL GEN FUNDS		2,458,789,233	2,659,574,298	2,813,166,770	200,785,065	8.2%	153,592,472	5.8%

GENERAL FUND STATE AID BY AID PROGRAM

FY02/FY03 Biennial Budget as Enacted in the 2001 Session

Agency	Aid Program	w/o Deficits			\$ Change vs Prior Year	
		FY2000-01	Budget Per 2001 Session FY2001-02	FY2002-03	FY01-02	FY02-03
Courts	Dispute resolution	270,000	270,000	270,000	0	0
Treasurer	Aid to NRD's	2,301,138	2,301,138	2,301,138	0	0
Treasurer	Aid to Cities	17,531,500	17,531,500	17,531,500	0	0
Treasurer	Aid to Counties	7,393,808	7,393,808	7,393,808	0	0
Education	State Aid to Schools (TEEOSA)	552,343,705	638,580,733	657,263,816	86,237,028	18,683,083
Education	Option Enrollment	172,200	197,200	197,200	25,000	0
Education	Special Education	139,204,597	146,164,827	153,473,068	6,960,230	7,308,241
Education	School Lunch	492,500	492,500	492,500	0	0
Education	Early Childhood program	560,000	1,560,000	2,560,000	1,000,000	1,000,000
Education	Adult Education	201,884	251,884	251,884	50,000	0
Education	Textbook loan program	349,225	424,225	424,225	75,000	0
Education	School reorganization (LB1050)	20,000	20,000	20,000	0	0
Education	Aid to ESU's	12,775,000	13,094,375	13,421,735	319,375	327,360
Education	High ability learner programs	3,151,875	3,331,221	3,430,664	179,346	99,443
Education	School Breakfast reimbursement	232,390	317,390	317,390	85,000	0
Education	Teacher Loan Forgiveness	0	Transfer	Transfer	0	0
Education	Teacher World Program	0	0	37,247	0	37,247
Education	Economic education program	0	27,500	27,500	27,500	0
Education	Teacher certification	750	750	750	0	0
Education	Vocational Rehabilitation	1,838,361	1,838,361	1,838,361	0	0
Revenue	Homestead Exemption	38,613,302	36,000,000	36,000,000	(2,613,302)	0
Revenue	County Property Tax Relief	6,007,165	6,007,165	6,007,165	0	0
Aeronautics	Civil Air Patrol	35,000	Cash	Cash	(35,000)	0
Agriculture	Ag Opportunities/Value-Added	1,000,000	1,000,000	1,000,000	0	0
HHS-Services	Nebr lifespan respite services	185,000	to Oper	to Oper	NA	NA
HHS-Finance	Alcohol/Drug programs	5,521,139	5,521,139	5,521,139	0	0
HHS-Finance	Family practice residency	517,500	517,500	517,500	0	0
HHS-Finance	Medical student assistance	355,400	155,400	155,400	(200,000)	0
HHS-Finance	Nursing student loans	0	140,000	280,000	140,000	140,000
HHS-Finance	Juvenile predisposition detention	0	420,000	420,000	420,000	0
HHS-Finance	County Juvenile Services aid	0	1,545,000	3,555,000	1,545,000	2,010,000
HHS-Finance	Mental health	18,933,411	22,629,358	26,270,638	3,695,947	3,641,280
HHS-Finance	Developmental disabilities	46,574,186	51,012,023	54,870,832	4,437,837	3,858,809
HHS-Finance	Public Assistance	137,991,504	145,816,485	153,127,552	7,824,981	7,311,067
HHS-Finance	Medicaid	362,313,535	405,505,932	447,183,458	43,192,397	41,677,526
HHS-Finance	Renal disease/tuberculosis	854,653	854,653	854,653	0	0
HHS-Finance	Immunization/vaccinations	320,000	320,000	320,000	0	0
HHS-Finance	Pap/Chlamydia testing	550,000	550,000	550,000	0	0

Agency	Aid Program	w/o Deficits	Budget Per 2001 Session		\$ Change vs Prior Year	
		FY2000-01	FY2001-02	FY2002-03	FY01-02	FY02-03
HHS-Finance	Mammography screening	125,000	125,000	125,000	0	0
HHS-Finance	Nebr Advocacy Services	179,250	204,750	236,750	25,500	32,000
HHS-Finance	Genetic testing	34,369	34,369	34,369	0	0
HHS-Finance	Community health services	3,933	3,933	3,933	0	0
HHS-Finance	Metabolic screening, food supplement	42,000	42,000	42,000	0	0
HHS-Finance	Emergency Medical Services, training	200,000	200,000	200,000	0	0
HHS-Finance	Native American health services	500,000	500,000	500,000	0	0
HHS-Finance	Voter regist, WIC/MCH	16,760	16,760	16,760	0	0
HHS-Finance	Ryan White HIV/AIDS treatment	150,000	150,000	150,000	0	0
HHS-Finance	Care Management	1,561,558	1,716,558	1,771,558	155,000	55,000
HHS-Finance	Area agencies on aging	3,185,417	3,530,417	3,725,417	345,000	195,000
HHS-Finance	Senior Companion Volunteer	200,000	200,000	200,000	0	0
Roads	Local transit authorities	475,000	675,000	675,000	200,000	0
Roads	Intercity bus subsidy	121,000	121,000	121,000	0	0
Nat Resources	Small Watershed Fund	200,000	100,000	200,000	(100,000)	100,000
Nat Resources	Nebr Water Conservation Fund	3,954,147	3,954,147	3,954,147	0	0
Nat Resources	Resources Development Fund	2,170,000	3,920,000	3,920,000	1,750,000	0
Nat Resources	Nat Resources Water Quality Fund	0	250,000	250,000	250,000	0
Military Dept	Governors Emergency Fund	500,000	0	0	(500,000)	0
Military Dept	Guard tuition assistance	900,000	630,622	900,000	(269,378)	269,378
Game & Parks	Niobrara Council	25,000	50,000	50,000	25,000	0
Library Comm	Local libraries	1,412,254	1,499,704	1,513,208	87,450	13,504
Corrections	County jail cost reimbursement	6,800,000	4,250,000	4,250,000	(2,550,000)	0
Coord. Comm	SSIG grants	803,965	803,965	803,965	0	0
Coord. Comm	Scholarship Award Program (SSAP)	816,023	1,241,023	1,293,523	425,000	52,500
Coord. Comm	Scholarship Assistance Program (SAP)	1,619,988	2,044,988	2,097,488	425,000	52,500
Coord. Comm	Postsecond Ed Award Prog (PEAP)	2,434,050	2,859,050	2,911,550	425,000	52,500
St Colleges	Minority student scholarship	200,000	0	0	(200,000)	0
University	Vet student contracts-UNL	1,816,000	1,895,568	1,933,512	79,568	37,944
University	Optometry student contracts	577,635	585,810	585,810	8,175	0
University	Minority student scholarship	800,000	0	0	(800,000)	0
University	Other misc aid (NU)	65,732	65,732	65,732	0	0
DAS	Local govt technology grants	200,000	0	0	(200,000)	0
Arts Council	Aid to arts programs	803,075	803,075	803,075	0	0
Arts Council	Council on Humanities	123,938	123,938	123,938	0	0
Econ Develop	Microenterprise Development t	500,000	500,000	500,000	0	0
Econ Develop	Community redevelop analysis	30,000	0	0	(30,000)	0
Econ Develop	Managing Mainstreet	Oper	125,000	125,000	0	0
Econ Develop	Industrial training grants	1,600,305	1,600,305	1,600,305	0	0

Agency	Aid Program	w/o Deficits	Budget Per 2001 Session		\$ Change vs Prior Year	
		FY2000-01	FY2001-02	FY2002-03	FY01-02	FY02-03
Crime Comm	Juvenile services grants	625,000	625,000	625,000	0	0
Crime Comm	Juvenile services planning grants	0	125,000	125,000	125,000	0
Crime Comm	Law Enforce-Indian affairs	97,681	97,820	97,820	139	0
Crime Comm	Crimes Against Children Fund	60,000	80,000	80,000	20,000	0
Crime Comm	Byrne Incentive Grant	100,000	0	0	(100,000)	0
Crime Comm	Crimestoppers program	14,775	14,775	14,775	0	0
Crime Comm	Victim Witness assistance	57,130	57,130	57,130	0	0
Crime Comm	Crime Victims reparations	210,000	210,000	210,000	0	0
Blind/Vis Imp	Blind rehabilitation	104,147	156,646	167,005	52,499	10,359
Comm Colleges	Aid to Community Colleges	92,387,138	65,529,518	68,802,400	(26,857,620)	3,272,882
Environ Cntrl	Superfund cleanup	126,000	273,726	340,000	147,726	66,274
Public Advocacy	Indigent defense reimbursement	0	442,500	950,000	442,500	507,500
	Individuals	523,568,002	574,641,244	624,337,265	51,073,242	49,696,021
	Local Government	885,946,791	952,952,213	986,326,996	67,005,422	33,374,783
	Other entities	78,024,205	86,633,439	94,374,032	8,609,234	7,740,593
	Total General Fund State Aid	1,487,538,998	1,614,226,896	1,705,038,293	126,687,898	90,811,397

GENERAL FUND APPROPRIATIONS BY BILL

As Enacted in the 2001 Session

	FY2001-02	FY2002-03	FY03-04 Est	FY4-05 Est
LB 23 Additional juvenile court judge, Douglas County	177,624	177,624	177,624	177,624
LB 24 Nebraska Immunization Registry Task Force	31,000	0	0	0
LB 75 Legislative Employees Supplemental Retirement	400,000	0	0	0
LB 83 Waiver, certain uncollectable court costs	31,000	31,000	31,000	31,000
LB 92 Provide an additional district court judge, 11th Dist.	177,624	177,624	177,624	177,624
LB 97 Indian Affairs, remains/burial goods	3,000	3,000	3,000	3,000
LB 152 Continue brain injury/Parkinsons Disease registry	105,000	105,000	105,000	105,000
LB 154 Dept of Corrections, division of medical services	755,483	611,783	611,783	611,783
LB 163 Parole revocations, county jail reimbursement	250,000	250,000	250,000	250,000
LB 209 Misc HHS changes, repeal Parkinsons Disease Registry	(10,000)	(10,000)	(10,000)	(10,000)
LB 225 Nebraska Venture Capital Forum	100,000	200,000	200,000	0
LB 244 Midwest Rail Compact	25,000	20,000	20,000	20,000
LB 257 Accounting change, Medicaid rebates/refunds	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)
LB 278 New Class D-1 liquor license	10,000	0	0	0
LB 303 Create the Education Roundtable	14,550	15,000	15,000	15,000
LB 313 School consolidation incentives, repeal Hardship Fund	3,092,158	2,092,158	4,961,650	7,361,727
LB 329 Natural Resources Water Quality Fund	300,000	300,000	300,000	300,000
LB 334 Telehealth system access, deaf and hard of hearing	9,000	7,000	7,000	7,000
LB 335 Public Advocacy, indigent defense reimbursements	442,500	993,500	993,500	993,500
LB 357 Increase judges' salaries	421,590	1,041,343	1,041,343	1,041,343
LB 432 Genetic testing/discrimination	22,000	15,000	36,500	43,000
LB 433 Business tax credit, child care services	142,305	0	0	0
LB 451 Juvenile intake procedures/services	335,417	344,755	344,755	344,755
LB 465 TERC appeal procedures	118,914	147,903	147,903	147,903
LB 468 Nursing Student Loan Act	155,000	338,781	338,781	338,781
LB 593 Prohibit racial profiling by law enforcement agencies	20,000	17,125	20,125	0
LB 640 County Juvenile Services Aid Program	90,000	4,100,000	4,420,000	4,420,000
LB 659 DNA testing	145,000	145,000	0	0
LB 671 Shipping license for Internet sales	10,000	0	0	0
LB 677 Medicaid coverage, breast/cervical cancer	199,723	229,504	229,504	229,504
LB 772 Create the Nebraska Futures Center	77,406	159,812	159,812	159,812
Subtotal-"A" Bills (net of vetoes)	2,651,294	6,512,912	9,581,904	11,768,356
LB 539 Constitutional Officers Salaries	16,740,261	16,955,990	16,955,990	16,955,990
LB 540 Legislator Salaries	632,982	632,982	632,982	632,982
LB 542 Capital Construction	33,797,441	30,133,356	22,913,490	15,408,285
LB 543 Mainline Budget Bill	2,604,159,195	2,757,338,405	2,902,741,884	3,066,959,930
LB 666 Depreciation Surcharge, Corrections	1,593,125	1,593,125	1,593,125	1,593,125
Subtotal-Mainline Bills (after vetoes)	2,656,923,004	2,806,653,858	2,944,837,471	3,101,550,312
Total-Appropriations Bills-General Fund	2,659,574,298	2,813,166,770	2,954,419,375	3,113,318,668

GENERAL FUND VETOES AND OVERRIDES

As Enacted in the 2001 Session

		Veto		Override	
		FY2001-02	FY2002-03	FY2001-02	FY2002-03
LB 542	Kearney YRTC-Nine bed level 4 housing (five units)	(2,050,000)	0	0	0
LB 542	UNO-CPACS engineering building renovations	(500,000)	(2,500,000)	0	0
LB 542	Hist Society museum planning, record and archives storage	(150,000)	(500,000)	0	0
LB 543	Courts-Audits shifted to State Auditor	(80,000)	(80,000)	0	0
LB 543	Courts-Salary upgrades, court reporters (half the increase)	(134,000)	(137,000)	0	0
LB 543	Courts-Salary upgrades, probation staff (half the increase)	(440,000)	(440,000)	0	0
LB 543	Courts-Additional probation staff (half the increase)	(200,000)	(200,000)	0	0
LB 543	Education-Half of amount above Gov (Option Enroll)	(25,000)	(25,000)	0	0
LB 543	Education-Half of amount above Gov (Adult Ed)	(50,000)	(50,000)	0	0
LB 543	Education-Half of amount above Gov (High Ability Learner)	(66,500)	(52,000)	0	0
LB 543	Education-Half of amount above Gov (Teacher World)	0	(37,500)	0	0
LB 543	Education-Half of amount above Gov (Economic education)	(27,500)	(27,500)	0	0
LB 543	Education-Half of amount above Gov (Diagnostic Rsrce Cntr)	(25,000)	0	0	0
LB 543	Education-Half of amount above Gov (shaken-baby syndrome)	(2,500)	0	0	0
LB 543	Education-Half of amount above Gov (assessment/reporting)	(23,000)	(46,000)	0	0
LB 543	HHS Services-Organ and tissue donor awareness (LB288)	(100,000)	(100,000)	0	0
LB 543	HHS Finance-Medicaid option, substance abuse (LB344)	(54,813)	(54,813)	0	0
LB 543	HHS Finance-Medicaid option, substance abuse (1st yr only)	(445,187)	0	0	0
LB 543	HHS Finance-Amount above Gov (Family Caregivers match)	(244,153)	(244,153)	0	0
LB 543	Roads-Mass Transit aid (half the increase)	(200,000)	(200,000)	0	0
LB 543	Natural Resources-Development Fund (half the increase)	(1,750,000)	(1,750,000)	0	0
LB 543	Game/Parks-Half the amount above the Governor	(17,000)	(15,000)	0	0
LB 543	Game/Parks-Half the amount above the Governor	(90,000)	(92,000)	0	0
LB 543	Library Comm-Half the amount above the Governor	(87,000)	(99,000)	0	0
LB 543	Coord Comm-SSAP aid (half the amount above the Governor)	(325,000)	(272,500)	0	0
LB 543	Coord Comm-SAP aid (half the amount above the Governor)	(325,000)	(272,500)	0	0
LB 543	Coord Comm-PEAP aid (basically half amount above the Gov)	(325,000)	(272,500)	0	0
LB 543	State Colleges-Half the amount above Governor	(621,000)	(1,124,000)	0	0
LB 543	University-Half amount above Gov (exclude rural residency)	(228,000)	(1,056,000)	0	0
LB 543	EEOC-Amounts above Governor	(11,552)	(2,499)	0	0
LB 543	Arts Council-Amount above Gov (info technology)	(41,710)	(24,095)	0	0
LB 543	Arts Council-Amount above Gov (Humanities, Capitol forum)	(37,110)	(37,110)	0	0
LB 543	Foster Care-Amount above Governor	(16,082)	0	0	0
LB 543	Crime Comm-substance abuse task force	(60,000)	0	0	0
Subtotal - Mainline Bills		(8,752,107)	(9,711,170)	0	0
LB 238A	Certification of Emergency Medical Instructors	(3,995)	(2,000)	0	0
LB 451A	Juvenile intake procedures/services	(335,417)	(344,755)	335,417	344,755
LB 671A	Shipping license for Internet sales	(10,000)	0	10,000	0
LB 772A	Create the Nebraska Futures Center (line item veto)	(12,594)	(25,188)	0	0
Subtotal - "A" bills		(362,006)	(371,943)	345,417	344,755
LB 543	Securities Act Cash Fund transfer to General Fund	0	(14,000,000)	0	0
LB 671	Shipping license for Internet sales	(10,000)	(10,000)	10,000	10,000
Subtotal - Revenue bills		(10,000)	(14,010,000)	10,000	10,000
Total Vetoes-Appropriations		(9,114,113)	(10,083,113)	345,417	344,755
Total Vetoes-Revenues		(10,000)	(14,010,000)	10,000	10,000

APPROPRIATIONS ALL FUND SOURCES

APPROPRIATIONS - ALL FUND SOURCES

This section of the report reflects the enacted budget for all funds sources, not just General Funds. Table 24 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 24 Appropriations - All Fund Sources

	General	Cash	Federal	Rev/Other	Total
<u>FY2000-01 (w/o deficits)</u>					
Agency Operations	924,872,672	885,969,171	355,098,324	458,360,576	2,624,300,743
State Aid	1,487,469,703	224,485,923	1,172,991,123	4,792,497	2,889,739,246
Capital Construction	46,446,858	19,779,816	275,000	9,018,013	75,519,687
FY2000-01 Total	2,458,789,233	1,130,234,910	1,528,364,447	472,171,086	5,589,559,676
<u>FY2001-02</u>					
Agency Operations	1,011,549,961	914,970,728	355,485,765	484,154,569	2,766,161,023
State Aid	1,614,226,896	255,549,272	1,245,193,518	4,792,497	3,119,762,183
Capital Construction	33,797,441	32,427,150	3,222,981	1,333,622	70,781,194
FY2001-02 Total	2,659,574,298	1,202,947,150	1,603,902,264	490,280,688	5,956,704,400
Change over prior year					
Dollar	200,785,065	72,712,240	75,537,817	18,109,602	367,144,724
Percent	8.2%	6.4%	4.9%	3.8%	6.6%
<u>FY2002-03</u>					
Agency Operations	1,077,995,121	912,232,937	371,792,269	492,504,833	2,854,525,160
State Aid	1,705,038,293	261,232,540	1,300,787,768	4,792,497	3,271,851,098
Capital Construction	30,133,356	35,179,328	3,325,000	3,514,622	72,152,306
FY2002-03 Total	2,813,166,770	1,208,644,805	1,675,905,037	500,811,952	6,198,528,564
Change over prior year					
Dollar	153,592,472	5,657,655	72,002,773	10,531,264	241,784,164
Percent	5.8%	0.5%	4.5%	2.1%	4.1%

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 74 different agencies. Only 8 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 24 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. The Dept of Roads alone accounts for 47% of cash fund revenues and expenditures. The University of Nebraska accounts for 11.4% with no other agency accounting for more than 8% of the total.

The budget reflects growth in cash fund appropriations of 6.4% in FY01-02 and only .5% in FY02-03. Over half of the increase in cash funds is attributed to distribution of the tobacco settlement funds as described contained in LB692 which is detailed below. The next largest increase (\$9.6 million in FY02 and \$8 million in FY03) is in the Dept of Aeronautics where aid to local airports reflects large federal grants that will flow through the Department to the Lincoln and Omaha airports. Moderate increases in other areas are largely offset by a reduction of \$25 million in cash fund appropriations in FY2001-02 attributed to the one-time property tax credits from the Relief to Property Taxpayers Fund (LB1214-2000) under the Dept of Revenue.

Department of Roads

The state appropriation for the Department of Roads was set at a level that was intended to continue the fuel tax at 23.9 cents per gallon in both FY01-02 and FY02-03. Based on projections prepared by the Department during the Legislative Session, the Highway Cash Fund (HCF) total appropriation was set at \$325 million in FY02 and \$337 million in FY03. By comparison, the FY00-01 HCF appropriation was \$316 million. However, updated revenue projections available after the Legislative Session ended required the variable fuel tax to be set higher than anticipated to generate sufficient revenue to fund the appropriation. The actual fuel tax required during FY02 turned out to be 24.5 cents per gallon, which was .6 cent higher than anticipated.

It is estimated that this state appropriation, combined with federal highway construction funding, will allow a highway construction program of \$320 million per year as compared to \$307 million in FY00-01. Other priorities of the Department include equipment replacement, staff training, information technology, highway maintenance, and capital facilities. A staff reduction of 40 FTE is planned by FY02-03, which will reduce salary and benefit expenditures by \$1,500,000 per year. A portion of these savings will be used to contract for some of the services previously performed by the 40 FTE. The balance of any savings from switching to contractual services or through other efficiencies will be used for additional highway construction.

LB 692 Nebraska Health Care Cash Fund

LB 692 rearranges how Nebraska will spend its share of the tobacco settlement and intergovernmental transfer monies. It makes numerous and comprehensive changes to the Nebraska Health Care Funding Act. Its provisions pertain to public health, mental illness and substance abuse treatment, developmental disabilities, services for juveniles with mental illness, respite care, and biomedical research.

Prior to the enactment of LB 692, tobacco funds received by the state were allocated to the Tobacco Prevention and Control Cash Fund and the Nebraska Tobacco Settlement Trust Fund. The investment income from the settlement fund was allocated to the Nebraska Health Care Cash Fund for project grants to public health programs, emergency medical services programs, and community-based aging services. The Health Care Cash Fund also included investment income from the intergovernmental Medicaid transfer payments received by the state from government nursing facilities. The intergovernmental transfer funds were initially used to assist certain qualified nursing homes transition to assisted-living facilities and for children's health insurance. The nursing home transition program sunsets in 2003.

LB 692 authorizes the transfer of up to \$50 million each year from the Medicaid Intergovernmental Trust Fund and the Nebraska Tobacco Settlement Trust Fund to the Nebraska Health Care Fund. The state investment officer would determine the amounts to be transferred from each fund. It allows the state to spend income and principal, whereas the prior law allowed only the income to be used. Each year the investment officer is to report on the sustainability of the transfers.

Monies allocated in the bill total \$47,035,000 in FY01-02 and \$48,735,000 in FY02-03 and is distributed as shown below. The net increase amounts to \$39.4 million in FY01-02 and \$41.2 million in FY02-03 as this distribution replaces the \$7.6 million that was originally allocated for health care grants.

- \$5 million for grants awarded by the Nebraska Health Care Council, including \$700,000 for grants to improve racial and minority health;
- \$7.5 million in each of FY2001-02 and FY2002-03 to increase rates paid to providers of mental health and substance abuse services;
- \$2.4 million in FY2001-02 and \$2.6 million in FY2002-03 to increase rates paid to providers of inpatient hospital mental health services, or hospital-sponsored residential care mental health services under the Medicaid mental health managed care contract;
- \$6.5 million in each of FY2001-02 and FY2002-03 for development of community-based mental health and substance abuse services, including intermediate-level residential care services, funds to be distributed to the mental health regions based on a formula established by the Department of Health and Human Services in consultation with the regional governing boards, providers, and other interested parties;
- \$1.5 million in each of FY2001-02 and FY 2002-03 for mental health emergency protective custody services;
- \$1 million in each of FY2001-02 and FY2002-03 to the Office of Juvenile Services for mental health services for juvenile offenders;
- \$3 million in FY2001-02 and \$5 million in FY2002-03 to the Department of Health and Human Services (HHS) Finance and Support for services to individuals with developmental disabilities who are on the state waiting list for services, beginning with those who have been on the waiting list for the greatest length of time past their date of need;

- \$5.7 in each of FY2001-02 and FY2002-03 for local public health services, public health planning, and public health infrastructure development, including \$5.6 million to be used by HHS Finance and Support to aid counties in the development of local public health departments;
- \$2.8 million in each of FY2001-02 and FY2002-03 for minority public health services;
- \$1.06 million in each of FY2001-02 and FY2002-03 for statewide respite care services;
- \$10 million in each of FY2001-02 and FY2002-03, \$12 million in each of FY2003-04 and FY2004-05, and \$14 million in FY2005-06 and each fiscal year thereafter to the University of Nebraska and other postsecondary educational institutions with colleges of medicine in Nebraska and their associated research hospitals for biomedical research, including \$700,000 for research for the improvement of racial and ethnic minority health and excluding research involving human fetal tissue or human embryonic stem cells; and
- \$500,000 in FY2001-02 for an evaluation and planning study relating to publicly funded health and human services in Nebraska.

FEDERAL FUNDS

Federal funds account for monies received from the federal government either as grants, contracts, or matching funds. Unlike other fund sources, federal fund appropriations are an estimate and agencies are not limited to the amount shown in the appropriation bills though receipts must meet expenditures. Similar to cash funds, there are numerous individual federal funds contained in the accounting system and they are generally limited to specific uses as authorized by the federal program from which the funds came from. Of the 74 state agencies, 34 receive some level of federal funds.

Over 2/3 of the federal funds (approximately 68%) 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 12% of the total. This is mostly flow through monies to local K-12 schools for programs such as Chapter 1, School Lunch, and Special Education.

Estimated federal funds increase at about 4.7% per year over the two years of the biennium. Although there are numerous increases and reductions in various agencies, all of the net increase in federal funds can be attributed to programs within the HHS System.

REVOLVING FUNDS

These type of funds account for transactions where one agency provides goods or services to another agency. For example, the Dept of Education pays DAS-Information Management Services

for use of the states' mainframe computer. 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, lease payments on computers, utilities, etc... This in essence double-counts expenditures; once when an agency pays another agency for goods/services rendered, the second time when the receiving agency then pays for costs incurred in providing the goods or services. Like cash and federal funds, there are numerous individual revolving funds within the state system. Excluding the University and State Colleges, DAS accounts for 89% of all revolving funds. The Dept of Correctional Services (through Cornhusker State Industries) accounts for another 8.6%.

About 62% 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.

Most of the large percent increase in revolving funds in FY01-02 is in DAS and can be attributed to the on-going centralization of real property leases and operation/maintenance of various state facilities pursuant to LB1241-1992 and LB530-1995.

Table 25 Total Appropriations by Mainline / A Bills (All Funds)

	General	Cash	Federal	Rev/Other	Total
<u>FY2001-02 All Funds by Bill</u>					
LB 539 Constitutional Officers Salaries	16,740,261	815,118	0	0	17,555,379
LB 540 Legislator Salaries	632,982	0	0	0	632,982
LB 542 Capital Construction	33,797,441	32,427,150	3,222,981	1,333,622	70,781,194
LB 543 Mainline Budget Bill	2,604,159,195	1,111,744,094	1,600,199,079	488,927,066	5,805,029,434
LB 666 Depreciation Surcharge, Corrections	1,593,125	0	0	0	1,593,125
Mainline Bills	2,656,923,004	1,144,986,362	1,603,422,060	490,260,688	5,895,592,114
"A" Bills	2,651,294	57,960,788	480,204	20,000	61,112,286
Total	2,659,574,298	1,202,947,150	1,603,902,264	490,280,688	5,956,704,400
<u>FY2002-03 All Funds by Bill</u>					
LB 539 Constitutional Officers Salaries	16,955,990	818,648	0	0	17,774,638
LB 540 Legislator Salaries	632,982	0	0	0	632,982
LB 542 Capital Construction	30,133,356	35,179,328	3,325,000	3,514,622	72,152,306
LB 543 Mainline Budget Bill	2,757,338,405	1,111,816,081	1,671,652,492	497,277,330	6,038,084,308
LB 666 Depreciation Surcharge, Corrections	1,593,125	0	0	0	1,593,125
Mainline Bills	2,806,653,858	1,147,814,057	1,674,977,492	500,791,952	6,130,237,359
"A" Bills	6,512,912	60,830,748	927,545	20,000	68,291,205
Total	2,813,166,770	1,208,644,805	1,675,905,037	500,811,952	6,198,528,564

Table 26 "A" Bills Enacted - 2001 Session (All Funds)

Bill / Description	Fund	FY2001-02	FY2002-03
LB 23 Add an additional juvenile court judge, Douglas County	General	177,624	177,624
LB 24 Nebraska Immunization Registry Task Force	General	31,000	0
LB 25 Scope of practice, podiatry	Cash	1,200	0
LB 75 Legislative Employees Supplemental Retirement Plan	General	400,000	0
LB 83 Waiver, certain uncollectable court costs	General	31,000	31,000
LB 83 Waiver, certain uncollectable court costs	Cash	(31,000)	(31,000)
LB 92 Provide an additional district court judge, 11th Dist.	General	177,624	177,624
LB 97 Indian Affairs, remains/burial goods of American Indians	General	3,000	3,000
LB 113 Registration, food/dietary supplements	Cash	18,600	22,000
LB 128 Investigate/remediate landfill sites	Cash	1,000,000	1,000,000
LB 152 Continue the brain injury/Parkinsons Disease registry	General	105,000	105,000
LB 154 Dept of Corrections, division of medical services	General	755,483	611,783
LB 163 Parole revocations, county jail reimbursement	General	250,000	250,000
LB 166 DUI blood alcohol content, .10 to .08	Cash	22,000	20,500
LB 168 Misc MV fuel admin changes, eliminate cash fund	General	Transfer	Transfer
LB 170 Various TERC and DPAT changes	Cash	185,088	169,559
LB 186 County retirement system changes	Cash	0	3,000
LB 191 Nebraska Emergency Medical Systems Operations Fund	Cash	776,080	926,000
LB 209 Misc HHS changes, repeal Parkinsons Disease Registry	General	(10,000)	(10,000)
LB 209 Misc HHS changes, repeal Parkinsons Disease Registry	Cash	1,200	0
LB 225 Nebraska Venture Capital Forum	General	100,000	200,000
LB 244 Midwest Rail Compact	General	25,000	20,000
LB 257 Accounting change, Medicaid rebates/refunds	General	(5,000,000)	(5,000,000)
LB 257 Accounting change, Medicaid rebates/refunds	Federal	(7,000,000)	(7,000,000)
LB 270 Acupuncture, Uniform Licensing Law.	Cash	3,000	1,500
LB 278 New Class D-1 liquor license	General	10,000	0
LB 303 Create the Education Roundtable	General	14,550	15,000
LB 313 School consolidation incentives, repeal Hardship Fund	General	3,092,158	2,092,158
LB 329 Natural Resources Water Quality Fund	General	300,000	300,000
LB 329 Natural Resources Water Quality Fund	Cash	1,550,000	1,250,000
LB 334 Telehealth system access, deaf and hard of hearing	General	9,000	7,000
LB 334 Telehealth system access, deaf and hard of hearing	Cash	0	2,000
LB 335 Public Advocacy, indigent defense reimbursements	General	442,500	993,500
LB 346 Continuing ed, occupational therapists/assistants	Cash	6,500	8,000
LB 357 Increase judges' salaries	General	421,590	1,041,343
LB 357 Increase judges' salaries	Cash	23,910	56,179

Bill / Description	Fund	FY2001-02	FY2002-03
LB 398 Misc changes, HHS-Licensure/Regulation laws	Cash	34,654	32,350
LB 432 Genetic testing/discrimination	General	22,000	15,000
LB 433 Business tax credit, child care services	General	142,305	0
LB 435 Agricultural Suppliers Lease Protection Act.	Cash	18,300	18,300
LB 451 Juvenile intake procedures/services **	General	335,417	344,755
LB 461 Fee collection, DEQ air quality program	Revolving	20,000	20,000
LB 465 TERC appeal procedures	General	118,914	147,903
LB 468 Nursing Student Loan Act	General	155,000	338,781
LB 516 Extend doc stamp earmark, Affordable Housing	Cash	100,000	200,000
LB 536 Ethanol production incentives	General	Transfer	Transfer
LB 574 Digital driver's license, state ID card system	Cash	215,000	675,000
LB 585 Enhanced Wireless 911 surcharge	Cash	4,069,130	4,560,234
LB 593 Prohibit racial profiling by law enforcement agencies	General	20,000	17,125
LB 640 County Juvenile Services Aid Program	General	90,000	4,100,000
LB 657 Primary/Metro Class Develop Funds, cig tax earmark	Cash	2,500,000	2,500,000
LB 659 DNA testing	General	145,000	145,000
LB 667 Well registration changes	Cash	125,126	125,126
LB 668 Alternative radon mitigation program	Cash	57,000	57,000
LB 671 Shipping license for Internet sales	General	10,000	0
LB 677 Medicaid coverage, breast/cervical cancer	General	199,723	229,504
LB 677 Medicaid coverage, breast/cervical cancer	Federal	470,302	573,799
LB 692 Allocation of IGT and tobacco settlement funds	Cash	47,035,000	48,735,000
LB 692 Allocation of IGT and tobacco settlement funds	Federal	7,009,902	7,353,746
LB 772 Create the Nebraska Futures Center	General	77,406	159,812
LB 827 Sale or lease of dark fiber by governmental entities	Cash	250,000	500,000
	General	2,651,294	6,512,912
	Cash	57,960,788	60,830,748
	Federal	480,204	927,545
	Revolving	20,000	20,000
	NCCF	0	0
	Total	61,112,286	68,291,205

HISTORICAL APPROPRIATIONS-ALL FUNDS

Table 27 contains historical appropriations from all fund sources for the past 20 years. Also included are average growth figures for the past 20 years as well as historical growth in biennial budgets.

One significant item to note is the cash fund decline in FY98-99. This relates to the merger of Clarkson Hospital and the University of Nebraska Medical Center Hospital into a non-profit private corporation, Nebraska Health Systems. Because the new entity is "private", this took the University Hospital's patient revenues (and cash fund expenditures) out of the state's accounting system amounting to over \$200 million.

Table 27 Historical Appropriations-All Funds

* Excluded Deficits	General Funds	Cash Funds	Federal Funds	Rev/Other	Total Funds
FY1982-83	724,830,266	420,898,925	373,314,509	165,522,304	1,684,566,004
FY1983-84	759,224,796	465,878,954	361,098,012	156,599,674	1,742,801,436
FY1984-85	831,650,043	508,749,726	392,057,466	163,460,949	1,895,918,184
FY1985-86	824,594,846	540,419,089	406,654,534	181,025,297	1,952,693,766
FY1986-87	852,957,713	550,381,738	434,889,025	197,750,807	2,035,979,283
FY1987-88	895,808,825	529,449,619	483,048,428	203,443,587	2,111,750,459
FY1988-89	990,817,906	594,083,847	552,691,133	235,972,514	2,373,565,400
FY1989-90	1,232,386,426	674,984,134	595,070,435	253,392,317	2,755,833,312
FY1990-91	1,421,660,959	737,748,254	694,865,444	266,473,436	3,120,748,093
FY1991-92	1,534,761,838	824,074,551	755,886,585	283,641,747	3,398,364,721
FY1992-93	1,604,238,201	871,608,209	839,410,206	302,748,148	3,618,004,764
FY1993-94	1,628,738,485	913,074,906	934,040,131	314,120,478	3,789,974,000
FY1994-95	1,712,078,019	971,696,337	1,004,487,357	332,140,236	4,020,401,949
FY1995-96	1,804,174,932	1,037,504,532	1,181,867,901	346,981,088	4,370,528,453
FY1996-97	1,882,429,606	1,074,409,430	1,148,399,528	375,385,670	4,480,624,234
FY1997-98	1,979,798,321	1,121,968,313	1,179,866,825	393,815,064	4,675,448,523
FY1998-99	2,233,965,145	942,554,123	1,290,628,299	449,567,228	4,916,714,795
FY1999-00	2,339,081,677	1,105,960,607	1,396,017,895	472,548,265	5,313,608,444
FY2000-01*	2,458,789,233	1,130,234,910	1,528,364,447	472,171,086	5,589,559,676
FY2001-02*	2,695,676,111	1,154,274,671	1,604,036,762	490,207,733	5,944,195,277
FY2002-03*	2,846,366,028	1,155,813,812	1,674,892,027	500,738,997	6,177,810,864
Average Annual Growth					
FY83 to FY03 (20 yr)	7.0%	5.4%	7.8%	5.7%	6.7%
FY91-92/FY93-94 Biennium	6.2%	8.7%	9.9%	6.6%	7.7%
FY93-94/FY94-95 Biennium	3.3%	5.6%	9.4%	4.7%	5.4%
FY95-96/FY96-97 Biennium	4.9%	5.2%	6.9%	6.3%	5.6%
FY97-98/FY98-99 Biennium	8.9%	-6.3%	6.0%	9.4%	4.8%
FY99-00/FY00-01 Biennium	4.9%	9.5%	8.8%	2.5%	6.6%
FY01-02/FY02-03 Biennium	7.0%	3.4%	4.7%	3.0%	5.3%

APPROPRIATIONS BY AGENCY (ALL FUND SOURCES)

FY02/FY03 Biennial Budget as Enacted in the 2001 Session

			w/o Deficits	Total	Total	FY02 vs Prior Year		FY03 vs Prior Year	
		Fund	FY2000-01	FY2001-02	FY2002-03	\$ Change	% Change	\$ Change	% Change
3	Legislative Council	Gen	14,614,449	15,252,199	15,765,888	637,750	4.4%	513,689	3.4%
		Cash	135,222	608,454	108,454	473,232	350.0%	(500,000)	-82.2%
		Fed	68,580	82,575	68,580	13,995	20.4%	(13,995)	-16.9%
		Rev	0	0	0	0	na	0	na
		Total	14,818,251	15,943,228	15,942,922	1,124,977	7.6%	(306)	0.0%
5	Supreme Court	Gen	50,230,972	55,931,666	58,366,131	5,700,694	11.3%	2,434,465	4.4%
		Cash	1,100,858	1,512,687	1,546,594	411,829	37.4%	33,907	2.2%
		Fed	811,909	876,713	892,413	64,804	8.0%	15,700	1.8%
		Rev	0	0	0	0	na	0	na
		Total	52,143,739	58,321,066	60,805,138	6,177,327	11.8%	2,484,072	4.3%
7	Governor	Gen	1,437,673	1,494,572	1,631,501	56,899	4.0%	136,929	9.2%
		Cash	1,007,632	1,011,334	1,028,546	3,702	0.4%	17,212	1.7%
		Fed	5,277,644	5,419,302	5,314,421	141,658	2.7%	(104,881)	-1.9%
		Rev	0	0	0	0	na	0	na
		Total	7,722,949	7,925,208	7,974,468	202,259	2.6%	49,260	0.6%
8	Lt. Governor	Gen	101,865	105,785	114,874	3,920	3.8%	9,089	8.6%
		Cash	0	0	0	0	na	0	na
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
		Total	101,865	105,785	114,874	3,920	3.8%	9,089	8.6%
9	Secretary of State	Gen	725,132	768,117	786,992	42,985	5.9%	18,875	2.5%
		Cash	3,396,540	3,635,915	3,561,619	239,375	7.0%	(74,296)	-2.0%
		Fed	0	0	0	0	na	0	na
		Rev	1,014,486	1,031,136	1,052,049	16,650	1.6%	20,913	2.0%
		Total	5,136,158	5,435,168	5,400,660	299,010	5.8%	(34,508)	-0.6%
10	Auditor	Gen	2,004,990	2,149,899	2,225,206	144,909	7.2%	75,307	3.5%
		Cash	664,449	909,716	941,807	245,267	36.9%	32,091	3.5%
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
		Total	2,669,439	3,059,615	3,167,013	390,176	14.6%	107,398	3.5%
11	Attorney General	Gen	3,588,227	3,927,822	4,066,204	339,595	9.5%	138,382	3.5%
		Cash	115,493	196,154	202,051	80,661	69.8%	5,897	3.0%
		Fed	0	0	0	0	na	0	na
		Rev	465,951	486,140	507,169	20,189	4.3%	21,029	4.3%
		Total	4,169,671	4,610,116	4,775,424	440,445	10.6%	165,308	3.6%

	Fund	w/o Deficits	Total	Total	FY02 vs Prior Year		FY03 vs Prior Year	
		FY2000-01	FY2001-02	FY2002-03	\$ Change	% Change	\$ Change	% Change
12 Treasurer	Gen	29,064,826	29,520,502	29,552,241	455,676	1.6%	31,739	0.1%
	Cash	7,019,834	7,247,424	7,267,616	227,590	3.2%	20,192	0.3%
	Fed	2,058,402	3,442,671	3,455,601	1,384,269	67.2%	12,930	0.4%
	Rev	0	0	0	0	na	0	na
	Total	38,143,062	40,210,597	40,275,458	2,067,535	5.4%	64,861	0.2%
13 Education	Gen	726,469,485	821,965,871	849,893,202	95,496,386	13.1%	27,927,331	3.4%
	Cash	24,678,889	24,636,532	24,679,369	(42,357)	-0.2%	42,837	0.2%
	Fed	191,675,520	193,262,047	195,734,886	1,586,527	0.8%	2,472,839	1.3%
	Rev	500,429	515,805	531,508	15,376	3.1%	15,703	3.0%
	Total	943,324,323	1,040,380,255	1,070,838,965	97,055,932	10.3%	30,458,710	2.9%
14 Public Service Commission	Gen	2,372,247	2,392,164	2,507,982	19,917	0.8%	115,818	4.8%
	Cash	61,815,308	70,622,584	75,486,894	8,807,276	14.2%	4,864,310	6.9%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	64,187,555	73,014,748	77,994,876	8,827,193	13.8%	4,980,128	6.8%
15 Parole Board	Gen	629,387	659,540	691,208	30,153	4.8%	31,668	4.8%
	Cash	0	0	0	0	na	0	na
	Fed	0	0	0	0	na	0	na
	Total	629,387	659,540	691,208	30,153	4.8%	31,668	4.8%
16 Revenue	Gen	64,424,149	62,557,744	63,219,868	(1,866,405)	-2.9%	662,124	1.1%
	Cash	20,012,648	19,063,425	19,075,078	(949,223)	-4.7%	11,653	0.1%
	Fed	25,000	25,000	25,000	0	0.0%	0	0.0%
	Rev	7,997	6,466	6,678	(1,531)	-19.1%	212	3.3%
	Total	84,469,794	81,652,635	82,326,624	(2,817,159)	-3.3%	673,989	0.8%
17 Aeronautics	Gen	35,000	0	0	(35,000)	-100.0%	0	na
	Cash	19,776,614	29,930,418	27,539,592	10,153,804	51.3%	(2,390,826)	-8.0%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	19,811,614	29,930,418	27,539,592	10,118,804	51.1%	(2,390,826)	-8.0%
18 Agriculture	Gen	7,258,263	7,325,558	7,810,114	67,295	0.9%	484,556	6.6%
	Cash	5,382,518	6,348,643	6,114,862	966,125	17.9%	(233,781)	-3.7%
	Fed	1,692,210	1,510,377	1,501,470	(181,833)	-10.7%	(8,907)	-0.6%
	Rev	490,838	592,157	609,841	101,319	20.6%	17,684	3.0%
	Total	14,823,829	15,776,735	16,036,287	952,906	6.4%	259,552	1.6%
19 Banking	Gen	0	0	0	0	na	0	na
	Cash	4,551,784	4,791,313	4,926,945	239,529	5.3%	135,632	2.8%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	4,551,784	4,791,313	4,926,945	239,529	5.3%	135,632	2.8%

	Fund	w/o Deficits FY2000-01	Total FY2001-02	Total FY2002-03	FY02 vs Prior Year		FY03 vs Prior Year	
					\$ Change	% Change	\$ Change	% Change
20 HHS- Regulation	Gen	6,807,370	7,194,398	7,706,575	387,028	5.7%	512,177	7.1%
	Cash	9,881,711	11,289,397	11,656,149	1,407,686	14.2%	366,752	3.2%
	Fed	8,749,520	8,960,500	9,230,655	210,980	2.4%	270,155	3.0%
	Rev	0	0	0	0	na	0	na
	Total	25,438,601	27,444,295	28,593,379	2,005,694	7.9%	1,149,084	4.2%
21 Fire Marshal	Gen	1,199,520	1,268,005	1,296,568	68,485	5.7%	28,563	2.3%
	Cash	2,586,375	3,101,660	2,893,530	515,285	19.9%	(208,130)	-6.7%
	Fed	155,402	118,121	121,705	(37,281)	-24.0%	3,584	3.0%
	Rev	0	0	0	0	na	0	na
	Total	3,941,297	4,487,786	4,311,803	546,489	13.9%	(175,983)	-3.9%
22 Insurance	Gen	0	0	0	0	na	0	na
	Cash	6,460,295	6,618,183	7,036,368	157,888	2.4%	418,185	6.3%
	Fed	262,844	264,966	268,004	2,122	0.8%	3,038	1.1%
	Rev	0	0	0	0	na	0	na
	Total	6,723,139	6,883,149	7,304,372	160,010	2.4%	421,223	6.1%
23 Labor	Gen	620,758	559,784	576,651	(60,974)	-9.8%	16,867	3.0%
	Cash	1,861,190	2,060,593	2,111,442	199,403	10.7%	50,849	2.5%
	Fed	34,371,573	34,895,444	34,966,189	523,871	1.5%	70,745	0.2%
	Rev	0	0	0	0	na	0	na
	Total	36,853,521	37,515,821	37,654,282	662,300	1.8%	138,461	0.4%
24 Motor Vehicles	Gen	0	0	0	0	na	0	na
	Cash	16,790,830	18,262,465	15,435,130	1,471,635	8.8%	(2,827,335)	-15.5%
	Fed	2,493,244	2,468,311	2,488,818	(24,933)	-1.0%	20,507	0.8%
	Rev	0	0	0	0	na	0	na
	Total	19,284,074	20,730,776	17,923,948	1,446,702	7.5%	(2,806,828)	-13.5%
25 HHS- Services	Gen	133,590,115	146,678,621	156,039,192	13,088,506	9.8%	9,360,571	6.4%
	Cash	31,952,514	37,360,327	30,647,690	5,407,813	16.9%	(6,712,637)	-18.0%
	Fed	88,226,900	90,206,181	101,373,812	1,979,281	2.2%	11,167,631	12.4%
	Rev	0	0	0	0	na	0	na
	Total	253,769,529	274,245,129	288,060,694	20,475,600	8.1%	13,815,565	5.0%
26 HHS- Finance	Gen	608,641,301	679,071,179	738,911,317	70,429,878	11.6%	59,840,138	8.8%
	Cash	46,603,756	83,785,501	85,014,510	37,181,745	79.8%	1,229,009	1.5%
	Fed	928,672,836	989,013,877	1,048,640,838	60,341,041	6.5%	59,626,961	6.0%
	Rev	0	0	0	0	na	0	na
	Total	1,583,917,893	1,751,870,557	1,872,566,665	167,952,664	10.6%	120,696,108	6.9%
27 Roads	Gen	596,000	821,000	816,000	225,000	37.8%	(5,000)	-0.6%
	Cash	526,373,729	540,009,367	545,134,213	13,635,638	2.6%	5,124,846	0.9%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	526,969,729	540,830,367	545,950,213	13,860,638	2.6%	5,119,846	0.9%

		Fund	w/o Deficits FY2000-01	Total FY2001-02	Total FY2002-03	FY02 vs Prior Year		FY03 vs Prior Year	
					\$ Change	% Change	\$ Change	% Change	
28	Veterans Affairs	Gen	639,553	658,726	693,820	19,173	3.0%	35,094	5.3%
		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	639,553	658,726	693,820	19,173	3.0%	35,094	5.3%
29	Natural Resources	Gen	17,531,278	19,294,063	20,137,243	1,762,785	10.1%	843,180	4.4%
		Cash	3,401,840	2,465,251	2,288,951	(936,589)	-27.5%	(176,300)	-7.2%
		Fed	149,000	210,000	210,000	61,000	40.9%	0	0.0%
		Rev	0	0	0	0	na	0	na
		Total	21,082,118	21,969,314	22,636,194	887,196	4.2%	666,880	3.0%
30	Electrical Board	Gen	0	0	0	0	na	0	na
		Cash	954,149	1,194,744	1,226,246	240,595	25.2%	31,502	2.6%
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
		Total	954,149	1,194,744	1,226,246	240,595	25.2%	31,502	2.6%
31	Military Dept	Gen	4,427,882	3,695,958	4,052,719	(731,924)	-16.5%	356,761	9.7%
		Cash	573,917	599,214	615,598	25,297	4.4%	16,384	2.7%
		Fed	10,291,787	10,599,050	10,794,292	307,263	3.0%	195,242	1.8%
		Rev	0	0	0	0	na	0	na
		Total	15,293,586	14,894,222	15,462,609	(399,364)	-2.6%	568,387	3.8%
32	Ed Lands & Funds	Gen	396,455	421,758	438,633	25,303	6.4%	16,875	4.0%
		Cash	2,780,350	7,677,081	7,757,389	4,896,731	176.1%	80,308	1.0%
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
		Total	3,176,805	8,098,839	8,196,022	4,922,034	154.9%	97,183	1.2%
33	Game and Parks	Gen	9,878,307	10,538,389	10,842,458	660,082	6.7%	304,069	2.9%
		Cash	47,618,831	51,443,874	53,158,323	3,825,043	8.0%	1,714,449	3.3%
		Fed	162,150	289,150	344,150	127,000	78.3%	55,000	19.0%
		Rev	0	0	0	0	na	0	na
		Total	57,659,288	62,271,413	64,344,931	4,612,125	8.0%	2,073,518	3.3%
34	Library Commission	Gen	3,621,766	3,810,442	3,919,318	188,676	5.2%	108,876	2.9%
		Cash	136,387	136,387	136,387	0	0.0%	0	0.0%
		Fed	1,053,246	1,053,246	1,053,246	0	0.0%	0	0.0%
		Rev	0	0	0	0	na	0	na
		Total	4,811,399	5,000,075	5,108,951	188,676	3.9%	108,876	2.2%
35	Liquor Commission	Gen	748,526	803,575	814,274	55,049	7.4%	10,699	1.3%
		Cash	54,441	54,441	54,441	0	0.0%	0	0.0%
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
		Total	802,967	858,016	868,715	55,049	6.9%	10,699	1.2%

	Fund	w/o Deficits	Total	Total	FY02 vs Prior Year		FY03 vs Prior Year	
		FY2000-01	FY2001-02	FY2002-03	\$ Change	% Change	\$ Change	% Change
36 Racing Commission	Gen	0	0	0	0	na	0	na
	Cash	751,636	784,768	804,984	33,132	4.4%	20,216	2.6%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	751,636	784,768	804,984	33,132	4.4%	20,216	2.6%
37 Workers Compensation	Gen	0	0	0	0	na	0	na
	Cash	3,405,855	3,687,738	3,812,484	281,883	8.3%	124,746	3.4%
	Fed	27,157	27,157	27,157	0	0.0%	0	0.0%
	Rev	0	0	0	0	na	0	na
	Total	3,433,012	3,714,895	3,839,641	281,883	8.2%	124,746	3.4%
38 Status of Women	Gen	195,518	204,477	212,943	8,959	4.6%	8,466	4.1%
	Cash	5,000	5,000	5,000	0	0.0%	0	0.0%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	200,518	209,477	217,943	8,959	4.5%	8,466	4.0%
39 Brand Committee	Gen	0	0	0	0	na	0	na
	Cash	3,711,265	3,597,585	3,838,582	(113,680)	-3.1%	240,997	6.7%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	3,711,265	3,597,585	3,838,582	(113,680)	-3.1%	240,997	6.7%
40 Motor Vehicle Dealers	Gen	0	0	0	0	na	0	na
	Cash	528,370	528,221	546,809	(149)	0.0%	18,588	3.5%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	528,370	528,221	546,809	(149)	0.0%	18,588	3.5%
41 Real Estate Commission	Gen	0	0	0	0	na	0	na
	Cash	873,709	887,610	913,400	13,901	1.6%	25,790	2.9%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	873,709	887,610	913,400	13,901	1.6%	25,790	2.9%
45 Barber Examiners	Gen	0	0	0	0	na	0	na
	Cash	112,703	117,348	121,951	4,645	4.1%	4,603	3.9%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	112,703	117,348	121,951	4,645	4.1%	4,603	3.9%
46 Correctional Services	Gen	97,392,253	114,966,807	128,279,155	17,574,554	18.0%	13,312,348	11.6%
	Cash	582,737	582,737	582,737	0	0.0%	0	0.0%
	Fed	442,896	409,015	240,182	(33,881)	-7.6%	(168,833)	-41.3%
	Rev	10,797,172	16,204,092	16,337,510	5,406,920	50.1%	133,418	0.8%
	Total	109,215,058	132,162,651	145,439,584	22,947,593	21.0%	13,276,933	10.0%

	Fund	w/o Deficits	Total	Total	FY02 vs Prior Year		FY03 vs Prior Year	
		FY2000-01	FY2001-02	FY2002-03	\$ Change	% Change	\$ Change	% Change
47 Educational Telecomm.	Gen	7,937,294	8,496,709	9,398,782	559,415	7.0%	902,073	10.6%
	Cash	316,439	338,579	341,951	22,140	7.0%	3,372	1.0%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	8,253,733	8,835,288	9,740,733	581,555	7.0%	905,445	10.2%
48 Postsecondary Coord Comm	Gen	6,715,580	8,037,893	8,236,421	1,322,313	19.7%	198,528	2.5%
	Cash	4,100	4,100	4,100	0	0.0%	0	0.0%
	Fed	621,102	621,102	621,102	0	0.0%	0	0.0%
	Rev	0	0	0	0	na	0	na
	Total	7,340,782	8,663,095	8,861,623	1,322,313	18.0%	198,528	2.3%
50 State Colleges	Gen	32,912,178	35,935,636	39,217,545	3,023,458	9.2%	3,281,909	9.1%
	Cash	14,112,246	14,112,246	14,112,246	0	0.0%	0	0.0%
	Fed	15,602,090	15,602,090	15,602,090	0	0.0%	0	0.0%
	Rev	5,983,475	6,071,946	6,163,610	88,471	1.5%	91,664	1.5%
	Total	68,609,989	71,721,918	75,095,491	3,111,929	4.5%	3,373,573	4.7%
51 University of Nebr.	Gen	390,848,505	415,716,229	443,557,376	24,867,724	6.4%	27,841,147	6.7%
	Cash	131,247,358	131,247,358	131,247,358	0	0.0%	0	0.0%
	Fed	167,026,594	167,026,594	167,026,594	0	0.0%	0	0.0%
	Rev	296,765,001	296,765,001	296,765,001	0	0.0%	0	0.0%
	Total	985,887,458	1,010,755,182	1,038,596,329	24,867,724	2.5%	27,841,147	2.8%
52 Board of Agriculture	Gen	243,967	318,967	318,967	75,000	30.7%	0	0.0%
	Cash	7,500	7,500	7,500	0	0.0%	0	0.0%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	251,467	326,467	326,467	75,000	29.8%	0	0.0%
53 Real Estate Appraisers	Gen	0	0	0	0	na	0	na
	Cash	175,527	183,814	188,476	8,287	4.7%	4,662	2.5%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	175,527	183,814	188,476	8,287	4.7%	4,662	2.5%
54 Historical Society	Gen	4,014,299	4,265,687	4,410,137	251,388	6.3%	144,450	3.4%
	Cash	1,131,210	1,373,927	1,421,327	242,717	21.5%	47,400	3.4%
	Fed	429,482	489,814	504,359	60,332	14.0%	14,545	3.0%
	Rev	0	0	0	0	na	0	na
	Total	5,574,991	6,129,428	6,335,823	554,437	9.9%	206,395	3.4%
56 Nebraska Wheat Board	Gen	0	0	0	0	na	0	na
	Cash	1,219,009	1,232,065	1,244,172	13,056	1.1%	12,107	1.0%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	1,219,009	1,232,065	1,244,172	13,056	1.1%	12,107	1.0%

	Fund	w/o Deficits FY2000-01	Total FY2001-02	Total FY2002-03	FY02 vs Prior Year		FY03 vs Prior Year	
					\$ Change	% Change	\$ Change	% Change
57 Oil & Gas Commission	Gen	0	0	0	0	na	0	na
	Cash	366,972	467,417	485,656	100,445	27.4%	18,239	3.9%
	Fed	94,280	90,100	90,100	(4,180)	-4.4%	0	0.0%
	Rev	0	0	0	0	na	0	na
	Total	461,252	557,517	575,756	96,265	20.9%	18,239	3.3%
58 Engineers Architects	Gen	0	0	0	0	na	0	na
	Cash	414,968	432,770	468,729	17,802	4.3%	35,959	8.3%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	414,968	432,770	468,729	17,802	4.3%	35,959	8.3%
59 Geologists Board	Gen	0	0	0	0	na	0	na
	Cash	150,000	20,900	24,370	(129,100)	-86.1%	3,470	16.6%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	150,000	20,900	24,370	(129,100)	-86.1%	3,470	16.6%
60 Ethanol Board	Gen	0	0	0	0	na	0	na
	Cash	599,338	618,794	631,796	19,456	3.2%	13,002	2.1%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	599,338	618,794	631,796	19,456	3.2%	13,002	2.1%
61 Dairy Board	Gen	0	0	0	0	na	0	na
	Cash	1,400,000	1,767,717	1,801,700	367,717	26.3%	33,983	1.9%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	1,400,000	1,767,717	1,801,700	367,717	26.3%	33,983	1.9%
62 Land Surveyors	Gen	0	0	0	0	na	0	na
	Cash	25,349	28,799	28,799	3,450	13.6%	0	0.0%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	25,349	28,799	28,799	3,450	13.6%	0	0.0%
63 Public Accountancy	Gen	0	0	0	0	na	0	na
	Cash	458,460	443,217	462,297	(15,243)	-3.3%	19,080	4.3%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	458,460	443,217	462,297	(15,243)	-3.3%	19,080	4.3%
64 State Patrol	Gen	34,045,307	38,152,179	40,068,145	4,106,872	12.1%	1,915,966	5.0%
	Cash	6,592,987	6,867,908	7,112,942	274,921	4.2%	245,034	3.6%
	Fed	1,141,785	1,197,510	1,247,393	55,725	4.9%	49,883	4.2%
	Rev	0	0	0	0	na	0	na
	Total	41,780,079	46,217,597	48,428,480	4,437,518	10.6%	2,210,883	4.8%

	Fund	w/o Deficits		Total	Total	FY02 vs Prior Year		FY03 vs Prior Year	
		FY2000-01	FY2001-02	FY2001-02	FY2002-03	\$ Change	% Change	\$ Change	% Change
65 Admin Services (DAS)	Gen	10,469,454	10,381,824	10,784,176	(87,630)	-0.8%	402,352	3.9%	
	Cash	11,187,481	10,236,582	10,524,628	(950,899)	-8.5%	288,046	2.8%	
	Fed	0	0	0	0	na	0	na	
	Rev	146,627,724	166,774,323	174,823,964	20,146,599	13.7%	8,049,641	4.8%	
	Total	168,284,659	187,392,729	196,132,768	19,108,070	11.4%	8,740,039	4.7%	
66 Abstracter's Board	Gen	0	0	0	0	na	0	na	
	Cash	25,410	30,033	31,846	4,623	18.2%	1,813	6.0%	
	Fed	0	0	0	0	na	0	na	
	Rev	0	0	0	0	na	0	na	
	Total	25,410	30,033	31,846	4,623	18.2%	1,813	6.0%	
67 Equal Opportunity Commission	Gen	1,359,717	1,019,810	1,079,720	(339,907)	-25.0%	59,910	5.9%	
	Cash	0	0	0	0	na	0	na	
	Fed	746,512	1,310,194	1,344,407	563,682	75.5%	34,213	2.6%	
	Rev	0	0	0	0	na	0	na	
	Total	2,106,229	2,330,004	2,424,127	223,775	10.6%	94,123	4.0%	
68 Mexican-American Commission	Gen	172,236	215,014	220,289	42,778	24.8%	5,275	2.5%	
	Cash	0	3,900	0	3,900	na	(3,900)	-100.0%	
	Fed	0	0	0	0	na	0	na	
	Rev	0	0	0	0	na	0	na	
	Total	172,236	218,914	220,289	46,678	27.1%	1,375	0.6%	
69 Arts Council	Gen	1,454,726	1,483,849	1,511,517	29,123	2.0%	27,668	1.9%	
	Cash	1,525,000	1,525,000	1,525,000	0	0.0%	0	0.0%	
	Fed	563,846	568,081	568,081	4,235	0.8%	0	0.0%	
	Rev	0	0	0	0	na	0	na	
	Total	3,543,572	3,576,930	3,604,598	33,358	0.9%	27,668	0.8%	
70 Foster Care Review Board	Gen	1,145,465	1,213,605	1,262,563	68,140	5.9%	48,958	4.0%	
	Cash	6,000	6,000	6,000	0	0.0%	0	0.0%	
	Fed	336,283	530,953	544,408	194,670	57.9%	13,455	2.5%	
	Rev	0	0	0	0	na	0	na	
	Total	1,487,748	1,750,558	1,812,971	262,810	17.7%	62,413	3.6%	
72 Economic Development	Gen	6,168,694	6,161,483	6,371,742	(7,211)	-0.1%	210,259	3.4%	
	Cash	12,993,858	11,626,776	12,399,319	(1,367,082)	-10.5%	772,543	6.6%	
	Fed	28,009,598	24,923,747	24,955,124	(3,085,851)	-11.0%	31,377	0.1%	
	Rev	0	0	0	0	na	0	na	
	Total	47,172,150	42,712,006	43,726,185	(4,460,144)	-9.5%	1,014,179	2.4%	
73 Landscape Architects	Gen	0	0	0	0	na	0	na	
	Cash	12,835	12,565	13,165	(270)	-2.1%	600	4.8%	
	Fed	0	0	0	0	na	0	na	
	Total	12,835	12,565	13,165	(270)	-2.1%	600	4.8%	

	Fund	w/o Deficits FY2000-01	Total FY2001-02	Total FY2002-03	FY02 vs Prior Year		FY03 vs Prior Year	
					\$ Change	% Change	\$ Change	% Change
74	Power Review Board	Gen	0	0	0	na	0	na
		Cash	269,732	326,025	332,473	56,293	6,448	2.0%
		Fed	0	0	0	na	0	na
		Rev	0	0	0	na	0	na
		Total	269,732	326,025	332,473	56,293	6,448	2.0%
75	Investment Council	Gen	0	0	0	na	0	na
		Cash	555,625	641,616	662,782	85,991	21,166	3.3%
		Fed	0	0	0	na	0	na
		Rev	0	0	0	na	0	na
		Total	555,625	641,616	662,782	85,991	21,166	3.3%
76	Indian Affairs	Gen	177,418	196,096	201,959	18,678	5,863	3.0%
		Cash	0	0	0	na	0	na
		Fed	0	0	0	na	0	na
		Rev	0	0	0	na	0	na
		Total	177,418	196,096	201,959	18,678	5,863	3.0%
77	Industrial Relations	Gen	231,938	247,798	255,125	15,860	7,327	3.0%
		Cash	0	0	0	na	0	na
		Fed	0	0	0	na	0	na
		Rev	0	0	0	na	0	na
		Total	231,938	247,798	255,125	15,860	7,327	3.0%
78	Crime Commission	Gen	3,358,463	4,095,542	4,187,182	737,079	91,640	2.2%
		Cash	956,476	1,209,667	1,236,707	253,191	27,040	2.2%
		Fed	13,483,641	13,273,499	13,291,399	(210,142)	17,900	0.1%
		Rev	0	0	0	na	0	na
		Total	17,798,580	18,578,708	18,715,288	780,128	136,580	0.7%
81	Blind and Visually Impaired	Gen	466,316	537,282	566,869	70,966	29,587	5.5%
		Cash	93,611	46,835	48,210	(46,776)	1,375	2.9%
		Fed	2,819,110	3,337,648	3,477,023	518,538	139,375	4.2%
		Rev	0	0	0	na	0	na
		Total	3,379,037	3,921,765	4,092,102	542,728	170,337	4.3%
82	Deaf and Hard of Hearing	Gen	638,524	729,360	752,875	90,836	23,515	3.2%
		Cash	28,447	94,591	23,700	66,144	(70,891)	-74.9%
		Fed	0	0	0	na	0	na
		Rev	0	0	0	na	0	na
		Total	666,971	823,951	776,575	156,980	(47,376)	-5.7%
83	Community Colleges	Gen	92,387,138	65,529,518	68,802,400	(26,857,620)	3,272,882	5.0%
		Cash	0	0	0	na	0	na
		Fed	0	0	0	na	0	na
		Total	92,387,138	65,529,518	68,802,400	(26,857,620)	3,272,882	5.0%

	Fund	w/o Deficits FY2000-01	Total FY2001-02	Total FY2002-03	FY02 vs Prior Year		FY03 vs Prior Year	
					\$ Change	% Change	\$ Change	% Change
84 Environmental Quality (DEQ)	Gen	7,790,716	7,116,093	7,755,901	(674,623)	-8.7%	639,808	9.0%
	Cash	27,397,164	26,621,553	25,618,818	(775,611)	-2.8%	(1,002,735)	-3.8%
	Fed	20,422,304	28,449,248	26,431,538	8,026,944	39.3%	(2,017,710)	-7.1%
	Rev	0	0	0	0	na	0	na
	Total	55,610,184	62,186,894	59,806,257	6,576,710	11.8%	(2,380,637)	-3.8%
85 Retirement Board	Gen	14,523,142	14,872,630	14,872,630	349,488	2.4%	0	0.0%
	Cash	6,987,464	3,842,937	4,635,375	(3,144,527)	-45.0%	792,438	20.6%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	21,510,606	18,715,567	19,508,005	(2,795,039)	-13.0%	792,438	4.2%
86 Dry Bean Board	Gen	0	0	0	0	na	0	na
	Cash	450,000	400,000	400,000	(50,000)	-11.1%	0	0.0%
	Fed	0	0	0	0	na	0	na
	Total	450,000	400,000	400,000	(50,000)	-11.1%	0	0.0%
87 Accountability & Disclosure	Gen	421,875	443,298	459,267	21,423	5.1%	15,969	3.6%
	Cash	361,305	606,302	609,734	244,997	67.8%	3,432	0.6%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	783,180	1,049,600	1,069,001	266,420	34.0%	19,401	1.8%
88 Nebraska Corn Board	Gen	0	0	0	0	na	0	na
	Cash	4,126,690	4,541,554	4,702,415	414,864	10.1%	160,861	3.5%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	4,126,690	4,541,554	4,702,415	414,864	10.1%	160,861	3.5%
90 Railway Council	Gen	6,651	6,651	6,651	0	0.0%	0	0.0%
	Cash	0	0	0	0	na	0	na
	Fed	0	0	0	0	na	0	na
	Rev	500,000	500,000	500,000	0	0.0%	0	0.0%
	Total	506,651	506,651	506,651	0	0.0%	0	0.0%
92 Grain Sorghum Board	Gen	0	0	0	0	na	0	na
	Cash	810,746	703,235	709,624	(107,511)	-13.3%	6,389	0.9%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	810,746	703,235	709,624	(107,511)	-13.3%	6,389	0.9%
93 Tax Equalization & Review (TERC)	Gen	575,252	714,538	764,931	139,286	24.2%	50,393	7.1%
	Cash	11,500	11,548	11,588	48	0.4%	40	0.3%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	586,752	726,086	776,519	139,334	23.7%	50,433	6.9%

	Fund	w/o Deficits FY2000-01	Total FY2001-02	Total FY2002-03	FY02 vs Prior Year		FY03 vs Prior Year	
					\$ Change	% Change	\$ Change	% Change
94	Public							
	Advocacy							
	Gen	485,978	1,124,945	1,694,141	638,967	131.5%	569,196	50.6%
	Cash	940,000	940,000	940,000	0	0.0%	0	0.0%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	1,425,978	2,064,945	2,634,141	638,967	44.8%	569,196	27.6%
95	Rural							
	Development							
	Commission							
	Gen	355,792	365,305	377,580	9,513	2.7%	12,275	3.4%
	Cash	20,000	20,000	20,000	0	0.0%	0	0.0%
	Fed	125,000	125,000	125,000	0	0.0%	0	0.0%
	Rev	0	0	0	0	na	0	na
	Total	500,792	510,305	522,580	9,513	1.9%	12,275	2.4%
96	Property							
	Assessment							
	and							
	Taxation							
	Gen	4,192,483	4,360,295	4,530,246	167,812	4.0%	169,951	3.9%
	Cash	25,814,908	1,162,079	1,158,933	(24,652,829)	-95.5%	(3,146)	-0.3%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	30,007,391	5,522,374	5,689,179	(24,485,017)	-81.6%	166,805	3.0%
	Capital							
	Construction							
	Gen	46,446,858	33,797,441	30,133,356	(12,649,417)	-27.2%	(3,664,085)	-10.8%
	Cash	19,779,816	32,427,150	35,179,328	12,647,334	63.9%	2,752,178	8.5%
	Fed	275,000	3,222,981	3,325,000	2,947,981	1072.0%	102,019	3.2%
	Rev	9,018,013	1,333,622	3,514,622	(7,684,391)	-85.2%	2,181,000	163.5%
	Total	75,519,687	70,781,194	72,152,306	(4,738,493)	-6.3%	1,371,112	1.9%
STATE	Gen	2,458,789,233	2,659,574,298	2,813,166,770	200,785,065	8.2%	153,592,472	5.8%
TOTALS	Cash	1,130,234,910	1,202,947,150	1,208,644,805	72,712,240	6.4%	5,697,655	0.5%
	Fed	1,528,364,447	1,603,902,264	1,675,905,037	75,537,817	4.9%	72,002,773	4.5%
	Rev	472,171,086	490,280,688	500,811,952	18,109,602	3.8%	10,531,264	2.1%
	Total	5,589,559,676	5,956,704,400	6,198,528,564	367,144,724	6.6%	241,824,164	4.1%

CAPITAL CONSTRUCTION

CAPITAL CONSTRUCTION SUMMARY

	Reaffirmations	New Projects	Total
<u>FY2001-02</u>			
General Funds (SBF)	19,289,864	14,507,577	33,797,441
Cash Funds	19,300,000	13,127,150	32,427,150
Federal Funds	0	3,222,981	3,222,981
Revolving/Other Funds	1,322,622	11,000	1,333,622
FY2001-02 Total	39,912,486	30,868,708	70,781,194
<u>FY2002-03</u>			
General Funds (SBF)	17,367,190	12,766,166	30,133,356
Cash Funds	21,300,000	13,879,328	35,179,328
Federal Funds	0	3,325,000	3,325,000
Revolving/Other Funds	1,314,622	2,200,000	3,514,622
FY2002-03 Total	39,981,812	32,170,494	72,152,306
<u>FY2003-04</u>			
General Funds (SBF)	15,881,768	7,031,722	22,913,490
Cash Funds	5,200,000	0	5,200,000
Federal Funds	0	0	0
Revolving/Other Funds	1,283,622	0	1,283,622
FY2003-04 Total	22,365,390	7,031,722	29,397,112
<u>FY2004-05</u>			
General Funds (SBF)	14,408,285	1,000,000	15,408,285
Cash Funds	5,200,000	0	5,200,000
Federal Funds	0	0	0
Revolving/Other Funds	1,283,622	0	1,283,622
FY2004--05 Total	20,891,907	1,000,000	21,891,907

New Construction refers to projects initiated in the 2001 Session while ***Reaffirmations*** refers to funding needed to complete projects authorized and initial funding 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 sole source of funds for the SBF are transfers from the General Fund and therefore are in fact General Funds.

About 57% of the General Funds budgeted for capital construction are reaffirmations of projects initiated in prior sessions. This includes \$5.7 million in each year for continuation of the NETC 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), and \$5.3 million in FY01-02 and \$2.1 million in FY02-03 for the State Capitol masonry and structural repair project. Descriptions of these projects are contained in past end of session summaries.

The remaining 43% of General Fund capital construction appropriations is for new projects. Several of the major projects are described below.

Table 28 contains a complete listing of General Fund (State Building Fund) projects. ***A complete list of all reaffirmations and new construction projects, including all fund sources, follows the narrative description of several of the major new projects.***

Table 28 General Fund Listing-Capital Construction Projects

		FY2001-02	FY2002-03	FY2003-04	FY2004-05
Reaffirmations					
#25-HHS	Geneva YRTC-Replace/renovate facilities	970,848	0	0	0
#47-NETC	NEB*SAT-replace Network 3 equipment	100,000	100,000	100,000	100,000
#47-NETC	Transponder replacement, digitize NETC signal	5,700,000	5,700,000	5,700,000	5,700,000
#50-Colleges	PSC-Library Building addition/renovation	1,334,140	3,598,424	1,547,445	0
#50-Colleges	Deferred maintenance/repair (LB1100-1998)	400,000	400,000	400,000	400,000
#51-University	Deferred maintenance/repair (LB1100-1998)	5,500,000	5,500,000	5,500,000	5,500,000
#65-DAS	Masonry/Structural repair-State Capitol	5,284,876	2,068,766	2,634,323	2,708,285
New Construction					
#25-HHS	West Nebr Vets Home-Multipurpose building	492,945	0	0	0
#25-HHS	Geneva YRTC-Replace/renovate facilities	469,150	469,150	0	0
#25-HHS	Kearney YRTC-Nine bed level 4 housing (5 units)	50,000	2,100,000	2,050,000	0
#46-Corrections	Center for Women York-additions/upgrades	4,101,588	3,394,200	0	0
#47-NETC	Carpenter (NETC) Building renovations	1,333,267	3,792,116	3,981,722	0
#47-NETC	Replace KUON Transmitter (Lincoln)	300,000	0	0	0
#47-NETC	Replace KPNE Transmitter (North Platte)	0	325,000	0	0
#47-NETC	NEB*SAT #1 projects	164,000	310,000	0	0
#47-NETC	UNO TV equipment	145,000	0	0	0
#50-Colleges	Power plant-Wayne State College	3,803,877	0	0	0
#51-University	NCTA-acreage acquisition	236,250	0	0	0
#51-University	NCTA-instructional facility improvements	75,000	75,000	0	0
#51-University	UNL-Sheldon Art Gallery, vapor barrier	1,600,000	0	0	0
#51-University	UNO-CPACS engineering building renovations	VETO	VETO	VETO	0
#52-Fair Board	Repairs, utility/electrical distribution systems	500,000	500,000	0	0
#54-Hist Society	Museum of Nebraska History-planning	50,000	0	0	0
#54-Hist Society	Record and archives storage	0	VETO	0	0
#65-DAS	Lincoln Reg Center-city water system connection	186,500	800,700	0	0
#65-DAS	State Capitol-renovations/improvements	1,000,000	1,000,000	1,000,000	1,000,000
	Reaffirmation	19,289,864	17,367,190	15,881,768	14,408,285
	New Construction	14,507,577	12,766,166	7,031,722	1,000,000
	Total	33,797,441	30,133,356	22,913,490	15,408,285

Center for Women at York-Facility Improvements/Additions

This project accounts for a large portion of new construction funding from the General Fund. This is a \$12 million project consisting of a 150 bed multi-custody housing unit, a 15 bed segregation unit, a food service and laundry facility, water tower, and fire sprinklers for existing and new housing units. These projects meet the most notable problems at the institution, which are overcrowding and insufficient beds for violent offenders. The current design capacity is 139 with a population typically exceeding 190. The projects would be funded 40% state dollars and 60% federal VOI/TIS (Violent Offender Incarceration/Truth in Sentencing) funds.

	<u>FY2001-02</u>	<u>FY2002-03</u>	<u>Total</u>
General	\$4,101,588	\$3,394,000	\$7,495,788
Federal	2,007,512	3,000,000	5,007,512
Total	<u>6,109,100</u>	<u>6,394,000</u>	<u>12,503,300</u>

Nebraska Educational Telecommunications Center Renovations

The budget includes new funding for renovations of the Terry Carpenter Nebraska Educational Telecommunications Center. Funds are provided to upgrade the heating, ventilating and air conditioning systems, upgrade mechanical and electrical systems, and address fire/life safety and handicap access problems. Funding is also included to renovate several limited use spaces for network operations space and dressing room configurations and minor renovations of studios 3 and 4. Besides meeting fire/life safety and handicap access problems, the bulk of the renovation is required to protect the state's investment in digital technology. The new retransmission and production equipment related to DTV that will be housed in the building will cost an estimated \$21 million.

	<u>FY2001-02</u>	<u>FY2002-03</u>	<u>FY2003-04</u>	<u>Total</u>
General	\$1,333,267	\$3,792,116	3,971,722	\$9,107,105
Cash	0	1,882,500	0	1,882,500
Other	0	2,200,000	0	2,200,000
Total	<u>1,333,267</u>	<u>7,874,616</u>	<u>3,971,722</u>	<u>13,189,605</u>

Wayne State College Power Plant

A total of \$3,803,877 General Funds is appropriated in FY01-02 to construct a plant at Wayne State to serve the heating and cooling needs of the campus. A long-term (30-year) contract with an external vendor for steam and chilled water service expired in February 2000. Negotiations for renewal of the contract produced terms the Board of Trustees found unacceptable, with rate increases (outside of annual adjustments for fuel, labor and other costs) in excess of 20 percent proposed by the vendor. Steam and chilled water service are currently being purchased under an interim agreement with the vendor. Following its receipt of the proposal from the vendor for renewal of the service contract, the State College System contracted with an engineering firm to assess the vendor's proposal and to consider the feasibility of purchasing and updating the existing facility or constructing a new facility. Results of the study reflected potential savings under either

self-operation alternative with the viability of the purchase option being dependent upon ability to negotiate an acceptable fair market value for the existing facility. Funds are appropriated at a level sufficient for construction of a new plant with language that authorizes such construction. However, the Board of Trustees is alternatively authorized to purchase and improve the existing plant should such an alternative prove to be in the greater long-term financial interest of the state. Prior to exercising its authority to undertake either alternative, the Board is to secure the approval of the Governor.

Kearney YRTC - Nine Bed Level 4 Housing

The budget includes General Funds of \$50,000 in FY01-02 and \$2.1 million in FY02-03 for new housing units at the YRTC in Kearney. The FY01-02 appropriation reflects a \$2,050,000 veto out of the original amount. Because this basically reflected a deferral and a Governor couldn't increase an amount in a bill, for planning purposes it's assumed that this amount will be deferred to FY03-04. The next highest priority recommended in the Nebraska Juvenile Services Master Plan is construction of five units of nine-bed Level 4 housing at the Kearney YRTC to provide housing that is appropriate for rehabilitation and treatment of our juvenile offenders. Most of the youth (over 70%) are placed in large open dormitory units that are overcrowded. Standards for Juvenile Training Schools require housing that is primarily designed for single occupancy sleeping rooms. Also, small group separation in sleeping and living areas of these housing units is not achievable and the facilities are also not A.D.A. accessible.

Project Listing - Reaffirmations

Agency	Project	FY	General (SBF)	Cash	Federal	Rev (Other)	Total
#25-HHS	Geneva YRTC-Replace/renovate facilities	2001-02	970,848	0	0	0	970,848
#47-NETC	NEB*SAT-replace Network 3 equipment	2001-02	100,000	0	0	0	100,000
	NEB*SAT-replace Network 3 equipment	2002-03	100,000	0	0	0	100,000
	NEB*SAT-replace Network 3 equipment	2003-04	100,000	0	0	0	100,000
	NEB*SAT-replace Network 3 equipment	2004-05	100,000	0	0	0	100,000
	NEB*SAT-replace Network 3 equipment	Future	400,000	0	0	0	400,000
#47-NETC	Transponder replacement, digitize NETC signal	2001-02	5,700,000	0	0	0	5,700,000
	Transponder replacement, digitize NETC signal	2002-03	5,700,000	0	0	0	5,700,000
	Transponder replacement, digitize NETC signal	2003-04	5,700,000	0	0	0	5,700,000
	Transponder replacement, digitize NETC signal	2004-05	5,700,000	0	0	0	5,700,000
	Transponder replacement, digitize NETC signal	Future	22,800,000	0	0	0	22,800,000
#50-Colleges	PSC-Library Building addition/renovation	2001-02	1,334,140	0	0	0	1,334,140
	PSC-Library Building addition/renovation	2002-03	3,598,424	0	0	0	3,598,424
	PSC-Library Building addition/renovation	2003-04	1,547,445	0	0	0	1,547,445
#50-Colleges	Deferred maintenance/repair (LB1100)	2001-02	400,000	0	0	710,180	1,110,180
	Deferred maintenance/repair (LB1100)	2002-03	400,000	0	0	710,180	1,110,180
	Deferred maintenance/repair (LB1100)	2003-04	400,000	0	0	710,180	1,110,180
	Deferred maintenance/repair (LB1100)	2004-05	400,000	0	0	710,180	1,110,180
	Deferred maintenance/repair (LB1100)	Future	1,600,000	0	0	2,840,720	4,440,720
#51-University	Deferred maintenance/repair (LB1100)	2001-02	5,500,000	5,200,000	0	0	10,700,000
	Deferred maintenance/repair (LB1100)	2002-03	5,500,000	5,200,000	0	0	10,700,000
	Deferred maintenance/repair (LB1100)	2003-04	5,500,000	5,200,000	0	0	10,700,000
	Deferred maintenance/repair (LB1100)	2004-05	5,500,000	5,200,000	0	0	10,700,000
	Deferred maintenance/repair (LB1100)	Future	22,000,000	23,800,000	0	0	45,800,000
#51-University	Agricultural Field Laboratory (UNL)	2001-02	0	0	0	YES	0
	Agricultural Field Laboratory (UNL)	2002-03	0	0	0	YES	0
#51-University	Agricultural Research Land acquisition (UNL)	2001-02	0	0	0	39,000	39,000
	Agricultural Research Land acquisition (UNL)	2002-03	0	0	0	31,000	31,000

Agency	Project	FY	General (SBF)	Cash	Federal	Rev (Other)	Total
#65-DAS	Parking garage expansion	2001-02	0	0	0	355,200	355,200
	Parking garage expansion	2002-03	0	0	0	355,200	355,200
	Parking garage expansion	2003-04	0	0	0	355,200	355,200
	Parking garage expansion	2004-05	0	0	0	355,200	355,200
	Parking garage expansion	Future	0	0	0	3,996,000	3,996,000
#65-DAS	State Capitol-Masonry/Structural repair	2001-02	5,284,876	0	0	0	5,284,876
	State Capitol-Masonry/Structural repair	2002-03	2,068,766	0	0	0	2,068,766
	State Capitol-Masonry/Structural repair	2003-04	2,634,323	0	0	0	2,634,323
	State Capitol-Masonry/Structural repair	2004-05	2,708,285	0	0	0	2,708,285
	State Capitol-Masonry/Structural repair	Future	0	0	0	0	0
#65-DAS	LB309 Task Force, deferred repair/maint (cig tax)	2001-02	0	14,100,000	0	0	14,100,000
	LB309 Task Force, deferred repair/maint (cig tax)	2002-03	0	16,100,000	0	0	16,100,000
#65-DAS	Executive Building-Exercise purchase option	2001-02	0	0	0	218,242	218,242
	Executive Building-Exercise purchase option	2002-03	0	0	0	218,242	218,242
	Executive Building-Exercise purchase option	2003-04	0	0	0	218,242	218,242
	Executive Building-Exercise purchase option	2004-05	0	0	0	218,242	218,242
	Executive Building-Exercise purchase option	Future	0	0	0	2,313,172	2,313,172
REAFFIRMATION	FY2001-02	2001-02	19,289,864	19,300,000	0	1,322,622	39,912,486
TOTALS	FY2002-03	2002-03	17,367,190	21,300,000	0	1,314,622	39,981,812
	FY2002-03	2003-04	15,881,768	5,200,000	0	1,283,622	22,365,390
	FY2003-04	2004-05	14,408,285	5,200,000	0	1,283,622	20,891,907
	Future	Future	46,800,000	23,800,000	0	9,149,892	79,749,892

Project Listing - New Construction

Agency	Project	FY	General (SBF)	Cash	Federal	Rev (Other)	Total
#25-HHS	West Nebr Vets Home-Multipurpose building	2001-02	492,945	0	915,469	0	1,408,414
#25-HHS	Geneva YRTC-Replace/renovate facilities	2001-02	469,150	0	0	0	469,150
	Geneva YRTC-Replace/renovate facilities	2002-03	469,150	0	0	0	469,150
#25-HHS	Kearney YRTC-Nine bed level 4 housing (five units)	2001-02	50,000	0	0	0	50,000
	Kearney YRTC-Nine bed level 4 housing (five units)	2002-03	2,100,000	0	0	0	2,100,000
	Kearney YRTC-Nine bed level 4 housing (five units)	2003-04	2,050,000	0	0	0	2,050,000
#27-Roads	Office Addition (Lexington)	2001-02	0	66,658	0	0	66,658
	Office Addition (Ogallala)	2001-02	0	50,000	0	0	50,000
	Office/equipment storage (Naper)	2001-02	0	544,600	0	0	544,600
	Electrical upgrade (Lincoln/Central)	2001-02	0	1,003,200	0	0	1,003,200
	Office/shop/equipment storage (Big Springs)	2001-02	0	1,434,450	0	0	1,434,450
	New Yard (Bennet)	2001-02	0	2,049,992	0	0	2,049,992
	Salt Storage (York)	2001-02	0	135,700	0	0	135,700
	Salt Storage (Omaha 108th St.)	2001-02	0	661,200	0	0	661,200
	New Building/Office (Lincoln)	2002-03	0	1,000,374	0	0	1,000,374
	Office Addition (Holdredge)	2002-03	0	138,510	0	0	138,510
	Office/shop (Fullerton)	2002-03	0	889,160	0	0	889,160
	Yard/Building/Office (Harrison)	2002-03	0	987,595	0	0	987,595
	Tech Support Office (North Platte)	2002-03	0	443,949	0	0	443,949
	Brine Building (Dist 3)	2002-03	0	210,000	0	0	210,000
	Salt Storage (David City)	2002-03	0	110,400	0	0	110,400
	Misc Storage (Valentine)	2002-03	0	35,640	0	0	35,640
#33-Game & Parks	State Parks-deferred maintenance/repair	2001-02	0	300,000	0	0	300,000
	State Parks-deferred maintenance/repair	2002-03	0	300,000	0	0	300,000
#33-Game & Parks	Wildlife land acquisition/improvements	2001-02	0	1,430,000	0	0	1,430,000
	Wildlife land acquisition/improvements	2002-03	0	1,430,000	0	0	1,430,000
#33-Game & Parks	Emergency repairs-state parks system	2001-02	0	100,000	0	0	100,000
	Emergency repairs-state parks system	2002-03	0	100,000	0	0	100,000

Agency	Project	FY	General (SBF)	Cash	Federal	Rev (Other)	Total	
#33-Game & Parks	Emergency repairs-fish/wildlife facilities	2001-02	0	50,000	0	0	50,000	
	Emergency repairs-fish/wildlife facilities	2002-03	0	100,000	0	0	100,000	
#33-Game & Parks	State Parks-facility improvements	2001-02	0	100,000	0	0	100,000	
	State Parks-facility improvements	2002-03	0	600,000	0	0	600,000	
#33-Game & Parks	Aquatic habitat improvements	2001-02	0	0	0	0	0	
	Aquatic habitat improvements	2002-03	0	3,000,000	0	0	3,000,000	
#33-Game & Parks	Emergency repairs-Cowboy Trail	2001-02	0	50,000	0	0	50,000	
	Emergency repairs-Cowboy Trail	2002-03	0	50,000	0	0	50,000	
#33-Game & Parks	Wildlife Mgmt Areas-Facility improvements	2001-02	0	357,000	0	0	357,000	
	Wildlife Mgmt Areas-Facility improvements	2002-03	0	372,000	0	0	372,000	
#33-Game & Parks	Fremont SRA-aeration system	2001-02	0	75,000	0	0	75,000	
	Lake McConaughy SRA-boat storage	2001-02	0	14,000	0	0	14,000	
	Calamus Hatchery-effluent drain renovation	2001-02	0	135,000	0	0	135,000	
	North Platte Hatchery-water supply main	2001-02	0	300,000	0	0	300,000	
	Lake acquisition and development-statewide	2001-02	0	200,000	0	0	200,000	
	Fishing access development-statewide	2001-02	0	200,000	0	0	200,000	
	Hatcheries improvements statewide	2001-02	0	75,000	0	0	75,000	
	Calamus Hatchery-effluent drain renovation	2002-03	0	130,000	0	0	130,000	
	North Platte Hatchery-water supply main	2002-03	0	400,000	0	0	400,000	
	Lake acquisition and development-statewide	2002-03	0	200,000	0	0	200,000	
	Fishing access development-statewide	2002-03	0	300,000	0	0	300,000	
	Hatcheries improvements statewide	2002-03	0	75,000	0	0	75,000	
	#33-Game & Parks	Chadron SP-well/water system	2001-02	0	50,000	0	0	50,000
		Chadron SP-residence addition	2001-02	0	45,000	0	0	45,000
Ft Robinson SP-cabin renovations		2001-02	0	50,000	0	0	50,000	
Ft Robinson SP-sewer line inspection/repairs		2001-02	0	50,000	0	0	50,000	
Mahoney SP-sanitary facility upgrade, cabin loop/pool		2001-02	0	125,000	0	0	125,000	
Ponca SP-water system renovations		2001-02	0	100,000	0	0	100,000	
All SP-cost overrun contingency		2001-02	0	38,750	0	0	38,750	

Agency	Project	FY	General (SBF)	Cash	Federal	Rev (Other)	Total
	Chadron SP-laundry facilities	2002-03	0	75,000	0	0	75,000
	Mahoney SP-campground electrical upgrade	2002-03	0	50,000	0	0	50,000
	All SP-cost overrun contingency	2002-03	0	31,250	0	0	31,250
#33-Game & Parks	Central Office-facility improvements	2001-02	0	183,000	0	0	183,000
	Statewide dist offices-facility improvements	2001-02	0	35,100	0	0	35,100
	Norfolk district office-storage improvements	2001-02	0	15,000	0	0	15,000
	North Platte district office-office improvements	2001-02	0	17,000	0	0	17,000
	Central Office-facility improvements	2002-03	0	100,000	0	0	100,000
	Statewide dist offices-facility improvements	2002-03	0	34,200	0	0	34,200
	Norfolk district office-office addition	2002-03	0	60,000	0	0	60,000
	North Platte district office-office improvements	2002-03	0	15,000	0	0	15,000
#33-Game & Parks	Red Willow SRA-electrical upgrade	2001-02	0	40,000	0	0	40,000
	Victoria Springs SRA-new shelter house	2001-02	0	25,000	0	0	25,000
	Victoria Springs SRA-electrical upgrade/dump station	2001-02	0	50,000	0	0	50,000
	Oliver Reservoir SRA-trailer dump station	2001-02	0	15,000	0	0	15,000
	All SRA-cost overrun contingency	2001-02	0	6,500	0	0	6,500
	Calamus Reservoir SRA-electrical upgrades	2002-03	0	25,000	0	0	25,000
	Johnson Lake SRA-electrical upgrades	2002-03	0	50,000	0	0	50,000
	All SRA-cost overrun contingency	2002-03	0	3,750	0	0	3,750
#33-Game & Parks	Arbor Lodge SHP-storage building renovation	2001-02	0	40,000	0	0	40,000
	Arbor Lodge SHP-storage building renovation	2002-03	0	30,000	0	0	30,000
#33-Game & Parks	Trail development grants	2001-02	Transfer	150,000	0	0	150,000
	Trail development grants	2002-03	Transfer	150,000	0	0	150,000
#33-Game & Parks	Shooting Range-statewide	2001-02	0	760,000	0	0	760,000
#33-Game & Parks	Shooting Range-statewide	2002-03	0	500,000	0	0	500,000
#46-Corrections	Center for Women York-facility additions/upgrades	2001-02	4,101,588	0	2,007,512	0	6,109,100
	Center for Women York-facility additions/upgrades	2002-03	3,394,200	0	3,000,000	0	6,394,200

Agency	Project	FY	General (SBF)	Cash	Federal	Rev (Other)	Total
#47-NETC	Carpenter (NETC) Building renovations	2001-02	1,333,267	0	0	0	1,333,267
	Carpenter (NETC) Building renovations	2002-03	3,792,116	1,882,500	0	2,200,000	7,874,616
	Carpenter (NETC) Building renovations	2003-04	3,981,722	0	0	0	3,981,722
#47-NETC	Replace KUON Transmitter (Lincoln)	2001-02	300,000	0	300,000	0	600,000
#47-NETC	Replace KPNE Transmitter (North Platte)	2002-03	325,000	0	325,000	0	650,000
#47-NETC	NEB*SAT #1	2001-02	164,000	0	0	0	164,000
	NEB*SAT #1	2002-03	310,000	0	0	0	310,000
#47-NETC	DTV construction	2001-02	0	2,000,000	0	0	2,000,000
#47-NETC	UNO TV equipment	2001-02	145,000	0	0	0	145,000
#50-Colleges	WSC-Power plant	2001-02	3,803,877	0	0	0	3,803,877
#50-Colleges	Expend arbitrage rebate funds, LB410 [1983] bond	2001-02	0	0	0	11,000	11,000
#51-University	NCTA-Johnson acreage acquisition	2001-02	236,250	0	0	0	236,250
#51-University	NCTA-instructional facility improvements	2001-02	75,000	0	0	0	75,000
	NCTA-instructional facility improvements	2002-03	75,000	0	0	0	75,000
#51-University	UNL-Sheldon Art Gallery, vapor barrier	2001-02	1,600,000	0	0	0	1,600,000
#51-University	UNO-CPACS engineering building renovations	2001-02	VETO	0	0	0	0
	UNO-CPACS engineering building renovations	2002-03	VETO	0	0	0	0
	UNO-CPACS engineering building renovations	2003-04	VETO	0	0	0	0
#52-Fair Board	Repairs, utility/electrical distribution systems	2001-02	500,000	0	0	0	500,000
	Repairs, utility/electrical distribution systems	2002-03	500,000	0	0	0	500,000
#54-Hist Society	Museum of Nebraska History-planning	2001-02	50,000	0	0	0	50,000
#54-Hist Society	Record and archives storage	2002-03	VETO	0	0	0	0

Agency	Project	FY	General (SBF)	Cash	Federal	Rev (Other)	Total
#65-DAS	Lincoln Reg Center-city water system connection	2001-02	186,500	0	0	0	186,500
	Lincoln Reg Center-city water system connection	2002-03	800,700	0	0	0	800,700
#65-DAS	GI Vets Home-emergency power	2001-02	0	0	0	0	0
#65-DAS	State Capitol-renovations/improvements	2001-02	1,000,000	0	0	0	1,000,000
	State Capitol-renovations/improvements	2002-03	1,000,000	0	0	0	1,000,000
	State Capitol-renovations/improvements	2003-04	1,000,000	0	0	0	1,000,000
	State Capitol-renovations/improvements	2004-05	1,000,000	0	0	0	1,000,000
	State Capitol-renovations/improvements	Future	6,000,000	0	0	0	6,000,000
NEW	FY2001-02	2001-02	14,507,577	13,127,150	3,222,981	11,000	30,868,708
CONSTRUCTION	FY2002-03	2002-03	12,766,166	13,879,328	3,325,000	2,200,000	32,170,494
TOTALS	FY2003-04	2003-04	7,031,722	0	0	0	7,031,722
	FY2004-05	2004-05	1,000,000	0	0	0	1,000,000
	Future	Future	6,000,000	0	0	0	6,000,000

**FY2000-01 DEFICIENCY
APPROPRIATIONS**

CHRONOLOGY OF FY2000-01 APPROPRIATIONS

GENERAL FUNDS	Operations	State Aid	Construction	Total
Total Per 1999 Session	908,851,512	1,436,163,180	45,161,388	2,390,176,080
2000 Session-Committee	14,932,204	47,593,657	2,772,470	65,298,331
2000 Session-Floor Amendments	182,450	0	0	182,450
2000 Session-Mainline Governor Vetoes	(2,780,000)	(3,050,000)	(1,487,000)	(7,317,000)
2000 Session-Mainline Veto Overrides	0	2,000,000	0	2,000,000
2000 Session "A" bills (net of vetoes)	3,710,963	4,737,866	0	8,448,829
Adjust #81 approp from LB352A	543	0	0	543
Other Oper/aid shifts	(94,295)	94,295	0	0
Adjusted Total Per 2000 Session	924,803,377	1,487,538,998	46,446,858	2,458,789,233
2001 Session Deficits	9,031,582	1,686,318	(101,114)	10,616,786
2001 Session State Claims	896,229	0	0	896,229
2001 Session "A" bills	0	92,158	0	92,158
Final Appropriation per 2001 Session	934,731,188	1,489,317,474	46,345,744	2,470,394,406

ALL FUNDS	General	Cash	Federal	Rev/Other	Total
Total Per 1999 Session	2,390,176,080	1,110,434,099	1,421,939,565	461,846,079	5,384,395,823
2000 Session-Mainline	60,163,781	2,408,754	47,691,761	5,260,294	115,524,590
2000 Session Vetoes	0	0	0	0	0
2000 Session Overrides	0	0	0	0	0
2000 Session "A" bills	8,448,829	25,748,207	2,410,966	173,000	36,781,002
Update cash/federal estimates	543	(8,356,150)	56,322,155	4,891,713	52,858,261
Adjusted Per 2000 Session	2,458,789,233	1,130,234,910	1,528,364,447	472,171,086	5,589,559,676
2001 Session Deficits	10,616,786	6,947,195	9,203,972	9,975,475	36,743,428
2001 Session State Claims	896,229	65,207	0	0	961,436
2001 Session "A" bills	92,158	0	0	0	92,158
Final per 2001 Session	2,470,394,406	1,137,247,312	1,537,568,419	482,146,561	5,627,356,698

LISTING OF GENERAL FUND ITEMS

Table 29 highlights in order of dollar amount, the FY2000-01 General Fund deficiency appropriations. The largest single item is a \$5.6 million deficit for Health and Human Services related to their revised cost allocation plan. A discussion of this issue is contained in the General Fund Operations narrative description. Other large deficit amounts include \$3.7 million for payments to counties resulting from a Supreme Court decision regarding payment of care for

juveniles waiting evaluation, \$2.9 million public assistance due to federal audit exceptions, \$2.9 million for Medicaid due to eligibilities, \$1.7 million University utilities, \$1.5 million for Emergency psychiatric care services, Region VI, and \$1.3 million for developmental disability aid for transition clients.

These large increases are partially offset by a \$6.8 million reduction in County Jail reimbursement which are significantly below projected and a \$3 million reduction in amount needed to fund Homestead Exemption reimbursements.

A detailed listing of all FY2000-01 deficit appropriations, including all fund sources, is included in Appendix C.

Table 29 FY2000-01 Deficiency Appropriations (General Funds Only)

Agency	Item	Dollar Amt	
26	HHS-Finance	Fund shift-Cost Allocation plan	5,639,351
26	HHS-Finance	County juvenile evaluation costs, Marie E case	3,700,000
26	HHS-Finance	Emergency assistance audit	2,948,535
26	HHS-Finance	Increase in Medicaid eligibles	2,944,884
51	University	Utilities increases	1,794,000
26	HHS-Finance	Emergency psychiatric care services, Region VI	1,500,000
26	HHS-Finance	DD Youth Transition Services	1,319,671
65	DAS	State Claims	896,229
64	State Patrol	Increased gasoline costs	292,500
78	Crime Comm	Training Center cash flow	278,080
65	DAS	Capitol energy costs	235,620
50	Colleges	Fuel expense increase-WSC,PSC	208,267
84	DEQ	Livestock program fund mix	193,000
84	DEQ	Air Program permitting	125,000
13	Education	LB 313 School consolidation incentives	92,158
33	Game & Parks	Increased fuel costs	67,509
64	State Patrol	Settlement, overtime dispute	60,303
64	State Patrol	Training Center-moving expenses	50,000
13	Education	Enrollment Option Transportation	46,654
78	Crime Comm	Rent shortfall	46,404
47	NETC	Falls City tower	23,886
35	Liquor Control	Employee retirement costs	19,909
78	Crime Comm	Food contract price increase	12,071
11	Attorney General	Constitutional officer benefits	10,879
50	Colleges	Electricity expense increase-CSC	8,267
9	Secretary of State	Reprint letterhead, new secretary of state	8,000
85	Retirement	Public employees retirement	0
23	Labor	Unused funds, LB1363A	(8,424)
78	Crime Comm	Victim Notification System match	(9,500)
50	Colleges	Ramsey Theatre project-WSC	(125,000)
13	Education	TEEOSA - additional Premium Tax	(1,053,426)
16	Revenue	Homestead Exemption	(2,920,000)
46	Corrections	Excess jail reimbursement - base	(6,800,000)
General Fund Total Deficiency Appropriations		11,605,173	

FY2000-01 Deficiency Appropriations (All Funds)

		Fund	Type	\$ Amount
<u>#05-Supreme Court</u>				
4	Constitutional officer salaries	Gen	Oper	40,000
5	Constitutional officer salaries	Gen	Oper	40,000
6	Constitutional officer salaries	Gen	Oper	(40,000)
7	Constitutional officer salaries	Gen	Oper	(40,000)
52	Counsel on Discipline	Cash	Oper	250,000
52	Operations	Gen	Oper	200,000
67	Operations	Gen	Oper	(200,000)
67	Drug court support-Sarpy and Douglas	Cash	Oper	60,000
67	Drug court support-Lancaster	Cash	Oper	35,000
67	Lab supplies	Cash	Oper	75,000
67	County contractual services	Cash	Oper	147,000
<u>#09-Secretary of State</u>				
22	Reprint letterhead, new secretary of state	Gen	Oper	8,000
51	Data conversion for Corp. & UCC Div.	Cash	Oper	44,182
53	Employee retirement costs (\$5,874 PSL)	Cash	Oper	5,874
<u>#10-Auditor</u>				
10	Constitutional officer benefits	Gen	Oper	625
506	Constitutional officer benefits	Gen	Oper	(625)
<u>#11-Attorney General</u>				
11	Constitutional officer benefits	Gen	Oper	10,879
507	Lapse: reappropriation savings (\$75,000 Gen)	Gen	Oper	YES
<u>#13-Dept of Education</u>				
25	Gates Foundation grant	Cash	Oper	1,300,000
25	Enrollment Option Transportation	Gen	Aid	46,654
25	TEEOSA - additional Premium Tax	Gen	Aid	(1,053,426)
25	Intent, base funding high ability learners program	Gen	Aid	YES
25	LB 313 School consolidation incentives	Gen	Aid	92,158
<u>#14-Public Service Commission</u>				
64	Telephone Relay System Fund	Cash	Oper	103,678
<u>#16-Dept of Revenue</u>				
108	Homestead Exemption	Gen	Aid	(2,920,000)
<u>#23-Dept of Labor</u>				
31	Fire damage not covered by insurance	Cash	Oper	120,000
194	Unused funds, LB1363A	Gen	Oper	(8,081)
<u>#25-HHS Services</u>				
30	Tobacco Program transfer (+\$38,647 PSL)	PSL	Oper	YES
365	Tobacco Program transfer (-\$38,647 PSL)	PSL	Oper	YES
<u>#26-HHS Finance/Support</u>				
316	County juvenile evaluation costs, Marie E case	Gen	Aid	3,700,000

	Fund	Type	\$ Amount
341 Fund shift-Cost Allocation plan	Gen	Oper	5,639,351
341 Fund shift-Cost Allocation plan	Cash	Oper	(1,571,216)
341 Fund shift-Cost Allocation plan	Fed	Oper	(4,068,135)
347 Emergency assistance audit	Gen	Aid	2,948,535
348 Increase in Medicaid eligibles	Gen	Aid	2,944,884
348 Increase in Medicaid eligibles	Cash	Aid	5,000,000
348 Increase in Medicaid eligibles	Fed	Aid	12,107,827
366 Emergency psychiatric care services, Region VI	Gen	Aid	1,500,000
424 DD Youth Transition Services	Gen	Aid	1,319,671
424 DD Youth Transition Services	Fed	Aid	879,780
<u>#33-Game and Parks Commission</u>			
330 Increased fuel costs	Cash	Oper	20,864
336 Increased fuel costs	Gen	Oper	6,996
336 Increased fuel costs	Cash	Oper	79,536
337 Increased fuel costs	Gen	Oper	1,000
337 Increased fuel costs	Cash	Oper	3,760
549 Increased fuel costs	Gen	Oper	31,096
549 Increased fuel costs	Cash	Oper	75,107
550 Increased fuel costs	Gen	Oper	2,500
617 Increased fuel costs	Gen	Oper	25,917
617 Increased fuel costs	Cash	Oper	27,649
967 Ponca visitor center (IN LB 505)	Cash	Const	900,000
<u>#35-Liquor Control Commission</u>			
73 Employee retirement costs	Gen	Oper	19,909
<u>#41-Real Estate Commission</u>			
77 Employee retirement costs (\$6,000 PSL)	PSL	Oper	YES
<u>#46-Correctional Services</u>			
750 Excess jail reimbursement - base	Gen	Aid	(6,800,000)
750 Lapse: Excess reimburse reapprop (\$507,745)	Gen	Oper	YES
<u>#47-Nebr Educational Telecommunications</u>			
917 Lapse: FM antenna damage repair (\$23,886)	Gen	Const	YES
918 Falls City tower	Gen	Const	23,886
<u>#50-State Colleges</u>			
807 Electricity expense increase-CSC	Gen	Oper	8,267
827 Fuel expense increase-PSC	Gen	Oper	16,775
837 Fuel expense increase-WSC	Gen	Oper	191,492
949 Wayne power plant-WSC	Gen	Const	See FY02
938 Ramsey Theatre project-WSC	Gen	Const	(125,000)
900 Intent language, PSC sewer/water system repairs	Gen	Const	YES
<u>#51-University of Nebraska</u>			
515 Utilities increases	Gen	Oper	1,794,000
<u>#64-State Patrol</u>			
100 Training Center-moving expenses	Gen	Oper	50,000
100 Increased gasoline costs	Gen	Oper	292,500
100 Settlement, overtime dispute	Gen	Oper	60,306

		Fund	Type	\$ Amount
100	Settlement, overtime dispute	Cash	Oper	31,960
<u>#65-Administrative Services</u>				
173	State/Local communication costs	Cash	Oper	527,781
173	State/Local communication costs	Rev	Oper	7,675,475
173	Leave balance payout (\$9,594 PSL)	PSL	Oper	YES
560	Capitol energy costs	Gen	Oper	235,620
593	Workers' compensation	Rev	Oper	2,300,000
na	LB 849 State Claims	Gen	Oper	896,229
na	LB 849 State Claims	Cash	Oper	65,207
<u>#78-Crime Commission</u>				
150	Adjust PSL (\$3,080 PSL)	PSL	Oper	YES
198	Adjust PSL (\$13,283 PSL)	PSL	Oper	YES
198	Victim Notification System match	Gen	Oper	(9,500)
198	Victim Notification System match	Fed	Oper	9,500
199	Training Center cash flow	Gen	Oper	278,080
199	Training Center cash flow	Cash	Oper	(278,080)
199	Rent shortfall	Gen	Oper	46,404
199	Food contract price increase	Gen	Oper	12,071
201	Adjust PSL (\$4,003 PSL)	PSL	Oper	YES
215	Adjust PSL (\$811 PSL)	PSL	Oper	YES
903	Lapse: excess colocation funds (\$290,000)	Gen	Const	YES
903	Transfer: excess to Training Center Cash (\$290,000)	Gen	Const	YES
<u>#81-Blind & Visually Impaired</u>				
357	Fully match Federal Funds	Gen	Oper	0
357	Transition grant	Fed	Aid	152,076
357	Transition grant	Fed	Oper	122,924
<u>#83-Community Colleges</u>				
99	Lapse: excess Electronics Center funds (\$350,000)	Gen	Aid	YES
<u>#84-Dept of Environmental Quality</u>				
513	Livestock program fund mix	Gen	Oper	193,000
513	Livestock program fund mix	Cash	Oper	(193,000)
513	Air Program permitting	Gen	Oper	125,000
513	Air Program permitting	Cash	Oper	175,000
<u>#85-Public Employees Retirement Board</u>				
41	Employee retirement costs	Cash	Oper	7,100
515	Public employees retirement	Gen	Oper	0
<u>#93-Tax Equalization and Review Commission</u>				
115	Adjust PSL (\$4,077 PSL)	PSL	Oper	YES
<hr/>				
	General Funds		Total	11,605,173
	Cash Funds		Total	7,012,402
	Federal Funds		Total	9,203,972
	Revolving Funds		Total	9,975,475
	Total		Total	37,797,022

DEFINITION OF TERMS

DEFINITION OF TERMS

STATE BIENNIAL BUDGET

A biennium is the time period for which the same Legislature exists. For example, the 97th Legislature will exist for two years, with the first session held in 2001, the second session in 2002. Although the State Constitution prohibits one Legislature from enacting appropriations that are binding on a future Legislature, the first session of the 97th Legislature can bind the second session of the same 97th Legislature. Therefore the 97th Legislature, meeting in 2001, can enact appropriations for FY2001-02 and FY2002-03 without binding the 98th 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 2001 session, can be revised and amended in subsequent legislative sessions, up until the end of a fiscal year.

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

FISCAL YEAR

The time period for which appropriations are made is the states' fiscal year that runs from July 1st through June 30th of the following year. The fiscal year covering the period July 1, 2001 through June 30, 2002 is referred to as FY2001-02, FY01-02, or simply FY02. Within this 12-month period, agencies are limited to only those appropriations made for FY2001-02. The fiscal year covering the period July 1, 2002 through June 30, 2003 is referred to as FY2002-03, FY02-03, or simply FY03.

FUND TYPES

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

General Fund - This fund accounts for all the receipts not specified by statute to be credited to another fund. The majority of General Fund revenues come from sales and use taxes, and individual and corporate income taxes. Also deposited into the General Fund are liquor taxes, and approximately half of the cigarette tax and insurance premium taxes. There is only a single General Fund. **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.**

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 76 different agencies. In many instances, an agency has multiple cash funds. For example, the Dept of Agriculture has 25 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. Over 2/3 of the federal funds (approximately 70%) 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 12% 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-Information Management Services for use of the states' mainframe computer. The expenditure is charged against Education's budget (be it General, Cash, or Federal) as data processing expenses. DAS-IMS then receives these funds which are credited to a revolving fund from which DAS-IMS pays staff salaries, lease payments on computers, utilities, 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.

OPERATIONS, STATE AID, CONSTRUCTION

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

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

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

AGENCY AND PROGRAM STRUCTURE

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

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

BUDGET PROCESS AND CHRONOLOGY

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

Step 1 Budget Request Instructions By July 15, statutes require the Dept. of Administrative Services (DAS) 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 stage of floor debate and again the budget bills are subject to debate and amendment.

Step 10 Final Reading The number of votes required for passage of budget bills depends on whether the bill has the emergency clause (ie.. the bill becomes law immediately after signed by the Governor), and whether the appropriation exceeds the Governor's recommendation. Any bill with the emergency clause (including budget bills) requires a 2/3 vote of the 49 members of the Legislature (33 votes). Since the fiscal year starts on July 1, and voting on budget bills normally occurs at the end of May or first part of June, the mainline budget bills will require the emergency clause in order for agencies to have funding available by the start of the new fiscal year. Some appropriations can go into effect after the fiscal year has begun as the mainline bill provides adequate cash flow until 90 days after the session ends when bills without the emergency clause go into effect. In cases of bills without the emergency clause the number of votes depends on whether the appropriation is in excess of the Governor's recommendation (30 votes) or at or below the Governor's recommendation (simple majority, 25 votes). By legislative rule, all bills which have a General Fund impact (ie.. General Fund "A" bill or General Fund revenue loss) are held on the final stage of consideration until the mainline budget bills have been passed.

Step 11 Governor Vetoes The Governor has five calendar days (excluding Sunday) to sign bills as enacted, let the bill become law without his/her signature, or return the bill with vetoes. In addition to the authority to veto a bill in total, the Governor also has the authority to line-item veto which means the Governor can strike a number and insert a lower number for any specific item of appropriation.

Step 12 Veto Overrides By legislative rule, if more than one item in a bill is vetoed, the Appropriations Committee must make a report to the Legislature within one legislative day. The rules further lay out the order for considering override attempts: (1) the Committee may offer to override the entire bill; (2) the Committee may offer to override selected line item vetoes; (3) any member of the Legislature may then offer a motion to override the entire bill; and (4) any member may then offer motions to override selected line item vetoes. In the Committee report, the Appropriations Committee can either recommend or not recommend overrides, or as in some cases, remain silent on the disposition of vetoes. In all cases, veto overrides require 30 votes.

Step 13 Deficit Appropriations A budget enacted for a fiscal year can be amended or changed up to the last day of that fiscal year. Deficit appropriations are changes made to the originally enacted appropriations. There are several chances to amend a biennial budget once it has been enacted. For example, the FY01-02 and FY02-03 biennial budget was enacted in the 2001 Session. Both years can be changed during the 2002 Session, even though at that time, the state will be nine months into FY01-02. The second year of the biennial budget (FY2002-03) can also be subject to change during the 2002 Session and again during the 2003 Session.

LEGISLATIVE FISCAL OFFICE

AGENCY ASSIGNMENTS AND STAFF

AGENCY ASSIGNMENTS

(Agencies in numerical order)

Agency	Analyst
#03 Legislative Council	Tom Bergquist
#05 Supreme Court	Howard Kensinger
#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	Howard Kensinger
#12 State Treasurer	Scott Danigole
#13 Dept of Education	Sandy Sostad
#14 Public Service Commission	Scott Danigole
#15 Board of Pardons and Parole	Howard Kensinger
#16 Dept of Revenue	Doug Nichols
#17 Dept of Aeronautics	Mike Lovelace
#18 Dept of Agriculture	Jeanne Glenn
#19 Dept of Banking	Phil Hovis
#20 Dept of Health & Human Services-Regulation	Liz Hruska
#21 State Fire Marshal	Scott Danigole
#22 Dept of Insurance	Sandy Sostad
#23 Dept of Labor	Doug Nichols
#24 Dept of Motor Vehicles	Sandy Sostad
#25 Dept of Health & Human Services-Services	Sandy Sostad
#26 Dept of Health & Human Services-Finance	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	Doug Nichols
#36 Racing Commission	Doug Nichols
#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	Howard Kensinger

Agency	Analyst
#47 Educational Telecommunications Commission	Kathy Tenopir
#48 Coordinating Comm for Postsecondary Ed	Phil Hovis
#50 State Colleges	Phil Hovis
#51 University of Nebraska	Kathy Tenopir
#52 Fair Board	Jeanne Glenn
#53 Real Estate Appraisers Board	Mike Lovelace
#54 Historical Society	Scott Danigole
#56 Wheat Board	Jeanne Glenn
#57 Oil and Gas Conservation Commission	Scott Danigole
#58 Brd of Examiners for Engineers and Architects	Doug Nichols
#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	Doug Nichols
#63 Board of Public Accountancy	Mike Lovelace
#64 State Patrol	Howard Kensinger
#65 Dept of Admin. Services	Scott Danigole et al
#66 Abstractors Board of Examiners	Doug Nichols
#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	Doug Nichols
#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	Howard Kensinger
#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	Doug Nichols
#94 Commission on Public Advocacy	Howard Kensinger
#95 Rural Development Commission	Jeanne Glenn
#96 Dept of Property Taxation and Assessment	Doug Nichols

LEGISLATIVE FISCAL OFFICE STAFF

Name	Phone	Email	Responsibilities
Calvert, Michael	471-0059	Mcalvert@unicam.state.ne.us	Director
Bergquist, Tom	471-0062	Tbergquist@unicam.state.ne.us	Deputy Director
Hayes, Susan	471-2264	Shayes@unicam.state.ne.us	Fiscal Assistance
McNally, Wanda	471-2263	Wmcnally@unicam.state.ne.us	Fiscal Assistance
Cho, Iksoo	471-2345	Icho@unicam.state.ne.us	Economic and Tax Research Analyst, Computable General Equilibrium
Yelick, Don	471-0061	Dyelick@unicam.state.ne.us	Economic and Tax Research Analyst, Revenue Forecasting Economic
Danigole, Scott	471-0055	Sdanigole@unicam.state.ne.us	Governor/PRO/Energy, Lt. Governor, Secretary of State, State Auditor, 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@unicam.state.ne.us	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@unicam.state.ne.us	Banking, Library Commission, Postsecondary Ed Coordinating Commission, State College System, DAS Building Division/Task Force for Building Renewal, Community Colleges

Name	Phone	Email	Responsibilities
Hruska, Liz	471-0053	Lhruska@unicam.state.ne.us	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
Kensinger, Howard	471-0051	Hkensinger@unicam.state.ne.us	Supreme Court, Attorney General, Board of Pardons and Parole, Corrections, State Patrol, Crime Commission, Commission on Public Advocacy
Lovelace, Mike	471-0050	Mlovelace@unicam.state.ne.us	Aeronautics, Roads, Veterans Affairs, Military Department, Game & Parks Commission, Real Estate Commission, Real Estate Appraisers Board, Public Accountancy Board, Railway Council
Nichols, Doug	471-0052	Dnichols@unicam.state.ne.us	Revenue, Labor, Liquor Control Commission, Racing Commission, Workers' Compensation Court, 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@unicam.state.ne.us	Education, Insurance, Health & Human Services, Motor Vehicles, Educational Lands & Funds Board, Motor Vehicle Industry Licensing Board
Tenopir, Kathy	471-0058	Ktenopir@unicam.state.ne.us	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