

STATE OF NEBRASKA FY2013-14 / FY2014-15 BIENNIAL BUDGET

**As Enacted in the
103rd Legislature-First Session**

August 2013

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Introduction

This report contains a summary of the initial appropriations and budget actions for the FY2013-14 and FY2014-15 biennium as enacted during the 2013 Legislative Session. These are not the final appropriations as both fiscal years numbers can be changed during the 2014 Legislative Session, and FY2014-15 can further be changed during the 2015 Legislative Session. The following is a brief description of what can be found in the various sections of this report.

General Fund Financial Status The state's General Fund financial status is displayed here, both the projected status at the end of 2013 Session in June (referred to as Sine Die) as well as the current status incorporating changes that have occurred since that time. Also included is a detailed chronology of the Financial Status for both the FY14/FY15 Biennium and projected for the FY16/FY17 Biennium.

General Fund Revenues This section details General Fund revenue projections, an overview of the growth in revenue both projected and historical, and lists legislation enacted during the 2013 Legislative Session that impact revenues.

General Fund Appropriations This section provides detailed information on General Fund appropriations as enacted during the 2013 Legislative Session including state totals, agency totals, historical appropriations, various breakdowns by state agency operations and state aid to individuals and local governments, and state aid listed by individual aid programs. This section also includes an extensive listing of the major changes in the budget as well as narrative descriptions of some of the major spending areas, both agency operations and state aid programs. A listing of General Fund "A" bills and vetoes and overrides is also included.

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

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

FY2012-13 Deficit Appropriations This section provides a detailed listing of all FY2012-13 deficiency appropriations. Also included is a chronology of FY2012-13 appropriations from when first enacted in the 2011 Session, changed during 2012 Session, and the final appropriations after the 2013 Session.

Definition of Terms This section of the report provides descriptions of the various terms used in this report as well as a complete chronology and description of the states' budget process.

Legislative Fiscal Office Staff The last section includes a numerical listing of all state agencies and the Legislative Fiscal Office staff assigned to that agency. Also included are phone numbers and email addresses of the LFO staff.

Highlights

This report contains a summary of the FY2013-14 and FY2014-15 biennial budget as enacted during the 2013 Legislative Session. Details as to specific funding items, revenues, and balances are contained in the following sections. However, there are several highlights to address at the start.

General Fund Financial Status

At the end of the 2013 session (Sine Die) the enacted budget results in a \$237.7 million unobligated ending balance at the end of the FY14/FY15 Biennial Budget which is \$964,205 above the minimum 3% reserve. This variance from the minimum reserve has fluctuated substantially over the past four months from the \$619 million shortfall projected at the end of the last legislative session, to a \$195 million shortfall based on October revenue forecasts and a projected budget based on agency requests, to a \$15.9 million positive balance based on the Appropriations Committee preliminary budget to \$41 million above the minimum reserve with the Appropriations Committee recommendation. A more complete chronology is on page 8 and highlights the various actions taken that contributed to the rise and fall of the projected shortfalls. In terms of the following biennium, the enacted showed a balance just slightly below the minimum 3% reserve.

Since Sine Die the FY2012-13 fiscal year was completed with actual receipts \$52.4 million above the Sine Die forecast. This amount was above the July certified forecast and by law is transferred to the Cash Reserve Fund. With changes in the reserve calculation and an estimate for lapsed appropriations, the current financial status yields a projected ending balance that is \$7.4 million above the minimum reserve.

Revenue Forecasts

The budget and financial status at Sine Die of the 2013 Session were based on the Nebraska Economic Forecast Advisory Board (NEFAB) April revenue forecasts adjusted by revenue legislation enacted in the 2013 Session. Rate and base adjusted revenue growth implied by these forecasts was 5.4% growth in FY12-13, 3.6% in FY13-14 and 4.7% in FY14-15 for an average growth of about 4.6% over the three years that affected the financial status. This reflects modest growth considering the 32 year average is 5.1% but is very close to the 4.5% average growth for the last ten years.

While the FY14 and FY15 rate and base adjusted revenue growth was 4.2% average, the nominal or unadjusted average revenue growth, which is what is actually available for budget purposes, is only 1.7%. The difference is that the revenue forecasts for the FY14/FY15 biennium incorporate the full impact of two revenue bills enacted in 2011 (LB84 Build Nebraska Act) and 2012 (LB970 income tax reduction) which had minimal impacts in the FY12/FY13 biennium but much larger impacts in the FY14/FY15 biennium

The opposite occurs with respect to FY2012-13 where \$125 million of estimated one-time capital gains tax is treated as a unique item and is an adjustment for purposes of calculating rate and base adjusted growth. In FY2012-13 the adjusted growth is 5.4% but the nominal unadjusted growth is 8.2%.

For the "following biennium", revenue growth is calculated at 5.4% per year, rate and base adjusted, using the historical average methodology. These calculated amounts are higher than preliminary, unofficial estimates prepared by the Nebraska Dept of Revenue (NDR) and Legislative Fiscal Office (LFO) using Global Insight forecasting information but lower than those derived using Moody's.

As noted above, since the end of the 2013 Legislative Session actual receipts for FY2012-13 (\$4,052,358,610) were \$52.4 million above the \$4,000,000,000 projection at 2013 Sine Die in June. Adjusted revenue growth for FY12-13 is calculated at 6.7% compared to 5.4% at Sine Die. AT THIS TIME THERE IS NO CHANGE IN THE FY13-14 AND FY14-15 REVENUE FORECASTS as the Nebraska Economic Forecast Advisory Board (NEFAB) will not meet again until October 2013 to evaluate

their current revenue forecasts. In light of the \$52.4 million above forecast revenues in FY12-13, the level of growth in FY13-14 to achieve the current forecast has declined from 3.6% to 2.3%.

Budget Growth

Budget growth in the enacted budget is 5.7% in FY14 and 5.3% in FY15 for a two year average of 5.5%. The largest increase on a percentage basis is in capital construction where the funding is for one-time items.

Gen Fund % Change	FY2013-14	FY2014-15	2 Yr Avg
Agency Operations	4.4%	6.1%	5.2%
State Aid to Individuals	6.8%	5.4%	6.1%
State Aid to Local Govt	5.6%	4.3%	4.9%
Capital Construction	24.3%	9.6%	16.7%
Annual % Change	5.7%	5.3%	5.5%

Growth in operations and aid to individuals is somewhat misleading as \$23.4 million is shifted from child welfare aid to the Supreme Court operations as part of the LB561 juvenile service delivery project. While the funds may be used for similar things, it's listed as operations under the courts to allow for full flexibility. This shift understates the FY15 and 2 year average for aid to individuals by 1% and overstates the same for operations.

TEEOSA School Aid

The budget includes funding for state aid to schools (TEEOSA) at the funding level required by the formula as amended by LB 407 as enacted in the 2013 session. The overall net change in total TEEOSA aid is an increase of \$62.6 million (7.4%) in FY2013-14 followed by a \$26.0 million (2.8%) increase in FY14-15. The General Fund amounts (excluding the amount financed by allocated Insurance Premium Tax monies) reflect a \$61.9 million (7.4%) increase in FY13-14 followed by a \$22.6 million (2.5%) increase in FY14-15.

Over the two years of the biennium, TEEOSA school aid funded with the LB407 changes is approximately \$78.4 million less than what was projected under law without LB407 changes. Under that prior law TEEOSA school aid was projected to increase by \$96 million (11.3%) in FY13-14 and an additional \$27.9 million (3.3%) in FY14-15.

Affordable Care Act (ACA)

The Patient Protection and Affordable Care Act (referred to here as ACA) made many changes regarding individuals, employers, health plans; and health coverage. Beginning in 2014, individuals will be required to maintain health insurance. Also several coverage reforms are made such as prohibition against lifetime benefit limits and coverage for preexisting health conditions. These various changes is estimated to have an impact on state funding based on existing programs and existing state law. A summary of the projected impact, including savings in behavioral health aid and allocation for a contingency, are shown below while a detail on the estimates can be found on page 40.

General Fund Impact ACA	FY2013-14	FY2014-15	Two Yr Total
Children's Health Insurance (SCHIP)	2,600,000	6,100,000	8,700,000
Medicaid	9,900,000	27,400,000	37,300,000
Behavioral Health aid	0	(15,000,000)	(15,000,000)
ACA Contingency	0	10,000,000	10,000,000
Total Aid	12,500,000	33,500,000	46,000,000
Administrative / Operating Costs	4,964,999	5,018,412	9,983,411
Total General Funds	17,464,999	38,518,412	55,983,411

On the revenue side, the guarantee coverage provision under the ACA is assumed to virtually eliminate the need for people to enroll in the Nebraska Comprehensive Health Insurance Pool (CHIP) program. Under current law, funds not needed for the CHIP program are run back through the statutory allocation of all insurance premium taxes which is 50% to cities, counties, and schools, 40% to the State General Fund, and 10% to the Mutual Finance Assistance Fund. The additional amount to the General Fund (\$4

million in FY14 and \$7.2 million in FY15) has already been incorporated into the current General Fund revenue forecasts. For K-12 schools, TEEOSA school aid is first certified and then that amount is financed by both the proceeds from the premium tax and General Funds. The budgeted General Fund amounts for TEEOSA school aid already recognize the additional amount of insurance premium tax (\$3 million in FY14 and \$5.4 million in FY15).

Expand Nebraska Juvenile Service Delivery Project statewide (LB 561)

The Nebraska Juvenile Service Delivery Project (Project) began in January 2009 in Judicial District #4 (Douglas County). The Office of Probation Administration (Probation) and the Department of Health and Human Services (DHHS) worked together to provide services and options to juveniles and families in Nebraska's juvenile justice system. The Project provided funding for needed rehabilitative services, allowing juveniles to stay in their home while being served in the community on probation. In 2012, LB985 expanded the Project to include Judicial District #11 (North Platte) and Judicial District #12 (Gering/Scottsbluff), in addition to Judicial District #4 (Douglas County)

LB561 enacted in the 2013 session, expands the Project statewide in a three step, phase-in process beginning July 1, 2013 with full implementation by July 1, 2014. The transfer of the cases and funding from the Office of Juvenile Services (OJS) to the Nebraska Juvenile Service Delivery Project (Project) will reduce costs in DHHS and increase costs in Probation. In FY14, \$15,756,126 is reduced from HHS and added to Probation. Additional funding of \$4,000,000 is provided to Probation to cover transition and infrastructure costs. In FY15 when all cases will be under the jurisdiction of Probation, the DHHS appropriation is reduced by \$39,131,653 and provided to Probation. Additional funding of \$4,833,670 is also provided to Probation for ongoing infrastructure costs and cost differences between HHS and Probation.

The bill also increases state aid for community based juvenile services programs by \$1,522,425 in FY14 and \$3,522,425 in FY15 bringing the total amount of aid funding to \$3,000,000 in FY14 and \$5,000,000 in FY15. A more detailed explanation can be found on page 60

Developmental Disability Aid

Funding for developmental disability aid has one of the largest percent growth in the budget. Funding was included for three specific areas of increase: (1) rate methodology, (2) transition clients, and (3) waiting list and amounted to a two year average growth of 11.3%

Defined Benefit Retirement Plans

Each fall, actuaries provide an assessment as to the status of the defined benefit plans to which the state provides funding. These are K-12 school employees, judges and the State Patrol. Other state employees have a defined contribution or cash balance which is in essence a defined return plan. The fall 2012 report showed an investment return of 1% or less for the various plans leading to actuarial projected additional contributions of \$52.7 million in FY14 and \$67.7 million in FY15 or \$120 million over the biennium.

These projected increases were largely negated due to changes enacted in LB553 passed this session. The net two year amount of additional contributions under LB 553 is \$22.5 million most related to the increase in the state contribution rate from 1% to 2% of total compensation beginning July 1, 2014 for the school plan. Although there are additional costs incurred under LB553, the amounts are significantly less than what would have been necessary with no statutory change.

GENERAL FUND
FINANCIAL STATUS

General Fund Financial Status

Tax Rate Review Committee (July 23, 2013)

	Current Yr	Biennial Budget		Following Biennium	
	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17
1 <u>BEGINNING BALANCE</u>					
2 Beginning Cash Balance	498,526,356	814,678,170	257,921,459	252,557,794	218,860,862
3 Cash Reserve transfers-automatic	(104,789,781)	(285,292,610)	0	0	0
4 Carryover obligations from FY 13	0	(294,682,194)	0	0	0
5 Lapse FY 12 / FY 13 reappropriations	0	20,000,000	0	0	0
6 Allocation for potential deficits	0	0	(5,000,000)	(5,000,000)	(5,000,000)
7 Unobligated Beginning Balance	393,736,575	254,703,366	252,921,459	247,557,794	213,860,862
8 <u>REVENUES</u>					
9 Net Receipts (April 2013 NEFAB+Hist Avg+bills)	4,047,001,258	4,020,687,000	4,157,329,000	4,349,887,000	4,609,898,000
10 General Fund transfers-out (current law)	(114,700,000)	(121,300,000)	(116,800,000)	(117,050,000)	(117,050,000)
11 General Fund transfers-in (current law)	in forecast	in forecast	in forecast	0	0
12 Cash Reserve transfers (current law)	78,000,000	(53,000,000)	0	0	0
13 2014 Cash Reserve transfers	0	0	0	0	0
14 2014 General Fund transfers-out	0	0	0	0	0
15 2013 General Fund transfers-in	0	0	0	0	0
16 2014 Revenue Bills	0	0	0	0	0
17 General Fund Net Revenues	4,010,301,258	3,846,387,000	4,040,529,000	4,232,837,000	4,492,848,000
18 <u>APPROPRIATIONS</u>					
19 Appropriations (2013 Session)	3,589,359,663	3,838,168,907	4,040,892,665	4,040,892,665	4,040,892,665
20 Projected budget increases, follow ing biennium	--	--	--	220,641,267	393,661,361
21 2014 Midbiennium Budget Adjustments	0	5,000,000	0	0	0
22 2014 State Claims	0	0	0	0	0
23 2014 "A" Bills	0	0	0	0	0
24 General Fund Appropriations	3,589,359,663	3,843,168,907	4,040,892,665	4,261,533,932	4,434,554,026
25 <u>ENDING BALANCE</u>					
26 Dollar ending balance (Financial Status as show n)	814,678,170	257,921,459	252,557,794.00	218,860,862	272,154,836
27 Dollar ending balance (at Minimum Reserve)			245,134,997		261,502,217
28 Excess (shortfall) from Minimum Reserve			7,422,797		10,652,618
29 Biennial Reserve (%)			3.1%		3.1%
<u>General Fund Appropriations</u>					
30 Annual % Change - Appropriations (w/o deficits)	4.7%	5.7%	5.3%	5.5%	4.1%
31 Tw o Year Average	3.3%	--	5.5%	--	4.8%
<u>General Fund Revenues</u>					
32 Est. Revenue Grow th (rate/base adjusted)	6.7%	2.3%	4.6%	5.3%	5.4%
33 Tw o Year Average	6.1%	--	3.5%	--	5.4%
34 Unadjusted change over prior year	9.6%	-0.8%	3.4%	4.6%	6.0%
35 Unadjusted Tw o Year Average	7.6%	-	1.3%	-	5.3%
36 <u>On-Going Revenues vs Appropriations</u>	217,941,595	56,218,093	(363,665)	(28,696,932)	58,293,974

CASH RESERVE FUND	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17
Projected Unobligated Ending Balance	384,121,401	679,398,552	679,398,552	679,398,552	679,398,552

General Fund Financial Status

End of 2013 Session (Sine Die June 5, 2013)

	Current Yr	Biennial Budget		Following Biennium	
	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17
1 <u>BEGINNING BALANCE</u>					
2 Beginning Cash Balance	498,526,356	472,744,719	243,028,773	237,664,978	203,968,429
3 Cash Reserve transfers-automatic	(104,789,781)	(232,934,000)	0	0	0
4 Carryover obligations from FY 12	(267,812,760)	0	0	0	0
5 Lapse FY 12 / FY 13 reappropriations	3,846,613	0	0	0	0
6 Allocation for potential deficits	0	0	(5,000,000)	(5,000,000)	(5,000,000)
7 Unobligated Beginning Balance	129,770,428	239,810,719	238,028,773	232,664,978	198,968,429
8 <u>REVENUES</u>					
9 Net Receipts (April 2013 NEFAB+Hist Avg+bills)	4,000,000,000	4,020,686,961	4,157,328,870	4,349,887,383	4,609,897,800
10 General Fund transfers-out (current law)	(114,700,000)	(121,300,000)	(116,800,000)	(117,050,000)	(117,050,000)
11 General Fund transfers-in (current law)	in forecast	in forecast	in forecast	0	0
12 Cash Reserve transfers (current law)	78,000,000	(53,000,000)	0	0	0
13 2014 Cash Reserve transfers	0	0	0	0	0
14 2014 General Fund transfers-out	0	0	0	0	0
15 2014 General Fund transfers-in	0	0	0	0	0
16 2014 Revenue Bills	0				
17 General Fund Net Revenues	3,963,300,000	3,846,386,961	4,040,528,870	4,232,837,383	4,492,847,800
18 <u>APPROPRIATIONS</u>					
19 Appropriations (2013 Session)	3,620,325,709	3,838,168,907	4,040,892,665	4,040,892,665	4,040,892,665
20 Projected budget increases, follow ing biennium	--	--	--	220,641,267	393,661,361
21 2014 Midbiennium Budget Adjustments	0	5,000,000	0	0	0
22 2014 State Claims	0	0	0	0	0
23 2014 "A" Bills	0	0	0	0	0
24 General Fund Appropriations	3,620,325,709	3,843,168,907	4,040,892,665	4,261,533,932	4,434,554,026
25 <u>ENDING BALANCE</u>					
26 Dollar ending balance (Financial Status as show n)	472,744,719	243,028,773	237,664,978.00	203,968,429	257,262,203
27 Dollar ending balance (at Minimum Reserve)			236,700,773		261,068,451
28 Excess (shortfall) from Minimum Reserve			964,205		(3,806,249)
29 Biennial Reserve (%)			3.0%		3.0%
<u>General Fund Appropriations</u>			964,205	--	(3,806,249)
30 Annual % Change - Appropriations (w/o deficits)	4.7%	5.7%	5.3%	5.5%	4.1%
31 Tw o Year Average	3.3%	--	5.5%	--	4.8%
<u>General Fund Revenues</u>					
32 Est. Revenue Grow th (rate/base adjusted)	5.4%	3.6%	4.7%	5.3%	5.4%
33 Tw o Year Average	5.5%	--	4.2%	--	5.4%
Five Year Average	2.1%	--	5.7%	--	5.1%
34 Unadjusted change over prior year	8.2%	-0.4%	3.9%	6.0%	5.5%
35 Unadjusted Tw o Year Average	6.9%	-	1.7%	-	5.8%
36 <u>On-Going Revenues vs Appropriations</u>	139,974,291	56,218,054	(363,795)	(28,696,549)	58,293,774
CASH RESERVE FUND	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17
Projected Unobligated Ending Balance	384,120,027	627,038,568	627,038,568	627,038,568	627,038,568

Chronology of the General Fund Financial Status

END OF 2012 SESSION (SINE DIE)

At the end of the 2012 legislative session, the projected financial status for the FY14/FY15 biennium reflected a \$619.4 million projected shortfall from the minimum reserve. At that point, FY14/FY15 was the “out year” in the five year financial status and there was no projection for FY16/FY17 biennium. At the July 2012 meeting of the Tax Rate Review Committee (TRR), the General Fund financial status declined slightly to \$624.4 million below the minimum reserve. FY2011-12 revenues were \$52.9 million above forecast but under current law revenues above the certified forecast are transferred to the Cash Reserve Fund.

Impact on Variance from Min Reserve (Millions of Dollars)	July 2012 TRR Committee			
	FY13	FY14	FY15	Total
Carryover obligations from FY10-11	0.2	0.0	0.0	0.2
FY12 vs Est General Fund Net Receipts	52.9	0.0	0.0	52.9
FY12 vs Est CRF transfers-automatic	(52.9)	0.0	0.0	(52.9)
FY12 vs Est Accounting adjustment	(5.0)	0.0	0.0	(5.0)
Total Change – July 2012 TRR Committee	(4.6)	0.0	0.0	(4.6)

2012 INTERIM

The financial status improved significantly in November 2012 when the TRR committee again met. The shortfall from the minimum reserve declined from \$624.4 million to \$195 million due to a variety of revenue and spending items. Original Nebraska Economic Forecasting Advisory Board (NEFAB) forecasts for FY14 and FY15 were a combined \$238 million above the previously used preliminary Legislative Fiscal Office (LFO) revenue estimates. Also the NEFAB increased their FY12-13 forecast by \$57.9 million however these amounts are shown as transferred to the Cash Reserve Fund as prescribed under current law for revenues above certified forecast.

In addition to higher revenues, lower spending projections were used. Those projected appropriation levels used the latest estimates for TEEOSA school aid and information from the agency budget request.

Impact on Variance from Min Reserve (Millions of Dollars)	November 2012 TRR Committee			
	FY13	FY14	FY15	Total
Revenue Forecasts (revised / original Oct 2012)	57.9	97.7	140.2	295.8
"Above certified" FY13 forecast to CRF	0.0	(57.9)	0.0	(57.9)
Change in Minimum Reserve	0.0	0.0	(6.7)	(6.7)
Subtotal-Revenue	57.9	39.7	133.4	231.1
Revised TEEOSA aid estimates (Oct 2012 Joint Meeting)	0.0	87.3	114.5	201.8
Public Assistance+Child Welfare (8.2% to adjusted request)	0.0	23.1	39.2	62.3
Medicaid (7.5% to adjusted request)	0.0	3.4	21.7	25.1
Health Insurance increase (10% to 5% and Higher Ed request)	0.0	9.6	16.3	25.9
Operations cost increases (est to 24/7 facility request)	0.0	4.6	10.0	14.6
Replace onetime cash, fund shifts (HHS)	0.0	6.4	6.4	12.8
Behavioral health (3% to 0% request)	0.0	2.0	4.3	6.3
Defined benefit retirement funding (est to request)	0.0	(30.8)	(55.8)	(86.6)
Health Care Reform	0.0	(12.3)	(26.7)	(39.0)
Inmate per diem costs (6% vs request)	0.0	(3.6)	(3.6)	(7.3)
Homestead exemption (3% to request)	0.0	(1.8)	(2.3)	(4.1)
Revised estimate of budget increases, all other	0.0	(1.8)	(1.7)	(3.5)
Developmental Disability aid (3% to transition only)	0.0	(1.2)	(2.0)	(3.2)

Impact on Variance from Min Reserve (Millions of Dollars)	November 2012 TRR Committee			
	FY13	FY14	FY15	Total
FY13 Transfers-Out (EPIC cancelled per DAS email)	1.0	0.0	0.0	1.0
Deficit requests vs \$5M	(7.8)	0.0	0.0	(7.8)
Subtotal-Appropriations	(6.8)	84.8	120.3	198.3
Total Change – November TRR Committee	51.1	124.6	253.7	429.4

APPROPRIATIONS COMMITTEE PRELIMINARY BUDGET

The earlier projected “shortfall” was eliminated in the committee preliminary budget by a combination of cash fund transfers, lapse of prior year carryover appropriations, and lower than projected increases in the budget. The projected status for the FY14/FY15 biennium shows an ending balance of \$15.9 million above the minimum 3% reserve.

About 1/3 of the actions to balance are on the revenue side of which the bulk are transfers-in from several different cash funds. The other two-thirds of budget actions were on the spending side. Of these spending actions the two largest items could be considered “cost avoidance”. In the case of TEEOSA aid and costs for defined benefit retirement plans the preliminary budget assumes passage of legislation which would partially negate the increases that had previously been projected and incorporated into the financial status for the November meeting of the Tax Rate Review Committee.

Impact on Variance from Min Reserve (Millions of Dollars)	Committee Preliminary Budget			
	FY13	FY14	FY15	Total
General Fund transfers-in (not in pre-session)	0.0	37.2	37.2	74.4
General Fund transfers-out (interest in Prop Tax Credits)	0.0	2.0	2.0	4.0
Lapse reappropriations	5.0	0.0	0.0	5.0
Change in Minimum Reserve	0.0	0.0	(2.9)	(2.9)
Subtotal - Revenue	5.0	39.2	36.3	80.6
Aid to K-12 Schools (TEEOSA), to 5% per year	0.0	45.3	57.2	102.6
Retirement contributions, pre-session vs \$21M	0.0	38.1	39.0	77.1
General Increases (University+State Colleges)	0.0	7.7	13.1	20.8
Employee Health Insurance	0.0	4.3	8.8	13.1
Homestead Exemption	0.0	5.1	4.6	9.7
Medicaid (w/o ACA, provider rate)	0.0	2.0	2.0	4.0
Early Childhood Aid, back to GF	0.0	1.7	1.7	3.4
ACA Health Care Reform (oper+aid)	0.0	(7.5)	(13.5)	(21.0)
DHHS provider rate increase	0.0	(14.6)	(29.7)	(44.4)
Special Education	0.0	(4.8)	(10.1)	(14.9)
Developmental Disability aid	0.0	(4.8)	(9.6)	(14.4)
Restore staffing,housing units (Corrections)	0.0	(2.8)	(2.8)	(5.5)
All Other appropriation changes	1.3	(1.2)	1.1	1.2
Deficits and Claims vs Nov TRR	14.5	0.0	0.0	14.5
Allocation for Post Hearing adjustments	0.0	(8.0)	(8.0)	(16.0)
Subtotal - Appropriations	15.8	60.5	54.0	130.3
Total Change – Appropriations Committee Prelim Budget	20.9	99.7	90.3	210.9

REVISED REVENUE FORECASTS - FEBRUARY 2013

In February the Nebraska Economic Forecasting Advisory Board (NEFAB) increased their revenue forecasts by a cumulative total of \$120 million over the three fiscal years; \$53 million for FY12-13, \$40 million for FY13-14 and \$27 million for FY14-15. This included increase in both the base forecasts as well as increases attributed to federal tax changes enacted in December 2012. In fact slightly over half of the increased forecast is attributed to the federal tax changes.

Revenues in excess of "certified" forecasts are required by statute to be transferred to the Cash Reserve

Fund. At the present time, FY2012-13 is the year applicable to the certified forecast and the \$53 million increase would be considered above certified and is thus shown as a subsequent transfer to the Cash Reserve Fund.

Impact on Variance from Min Reserve (Millions of Dollars)	Revised Revenue Forecasts			
	FY13	FY14	FY15	Total
Revenue Forecasts (Feb 2013) - Fed Tax Changes	10.4	25.5	26.7	62.6
Revenue Forecasts (Feb 2013) - Base Forecast Changes	42.6	14.5	0.3	57.4
"Above certified" FY13 forecast to CRF	0.0	(53.0)	0.0	(53.0)
Change in Minimum Reserve	0.0	0.0	(2.0)	(2.0)
Total Change – February 2012 Forecast revisions	53.0	(13.0)	25.0	65.0

APPROPRIATIONS COMMITTEE POST HEARING ADJUSTMENTS

After weeks of budget hearings, the Appropriations Committee finalized their recommendation with a variety of funding and transfer adjustments totaling \$39.7 million over the three year period. This included reductions to current FY13 appropriations in the deficit bill, funding of TEEOSA at the dollar level of LB407, and funding higher education at a 4% per year level as compared to the preliminary budget.

The \$39.7 use of funds when coupled with the \$65 million gain from the February forecast results in an increase in the variance from the minimum reserve from \$15.9 million to \$41.3 million.

Impact on Variance from Min Reserve (Millions of Dollars)	Committee Proposed Budget			
	FY13	FY14	FY15	Total
Change in deficits	11.6	0.0	0.0	13.8
Transfer to NCCF	0.0	(4.0)	0.0	(4.0)
Cash Reserve Fund Transfer In	2.2	(4.0)	0.0	2.2
Change in Minimum Reserve	0.0	0.0	(1.0)	(1.0)
Subtotal - Revenue	13.8	(4.0)	(1.0)	8.8
Remove allocation for post hearing adjustments	0.0	8.0	8.0	16.0
TEEOSA to modified LB407 level	0.0	(20.0)	(1.3)	(21.3)
University, Colleges and Comm Colleges 4% per year	0.0	(9.8)	(17.5)	(27.4)
Capital construction projects	0.0	(4.3)	(8.8)	(13.1)
Early Childhood Education Endowment	0.0	(4.0)	(4.0)	(8.0)
Decline in FY15 Medicaid match rate (includes ACA)	0.0	0.0	(7.5)	(7.5)
Fully fund DD rate methodology	0.0	2.5	(4.3)	(1.8)
Lower estimates, Medicaid eligibility/utilization	0.0	4.8	10.1	14.9
ACA behavioral health savings net of contingency	0.0	0.0	5.0	5.0
All other spending items	0.0	(2.1)	(3.1)	(5.3)
Subtotal - Appropriations	0.0	(25.1)	(23.4)	(48.5)
Total Change – Appropriations Committee Proposed Budget	13.8	(29.1)	(24.4)	(39.7)

REVISED REVENUE FORECAST – APRIL 2013

After the Appropriations Committee submitted their budget recommendations to the Legislature, the Nebraska Economic Forecasting Advisory Board (NEFAB) held their statutorily required April meeting to evaluate their revenue forecasts. At that meeting the NEFAB increased the revenue forecasts for all three years; \$122 million in FY12-13, \$22 million in FY2013-14 and \$31 million in FY14-15. Included in the FY12-13 adjustment was an estimated one-time \$125 million which is thought to be income taxes on capital gains related to the uncertainty and late revision in the federal laws regarding taxation of capital gains.

For FY12-13 revenue forecasts had been previously “certified” and by law any revenues above this certified amount are to be transferred to the Cash Reserve Fund. Therefore for purposes of the financial

status, the \$122 million increase in the FY12-13 forecast is subsequently shown as transferred to the Cash Reserve Fund.

Impact on Variance from Min Reserve (Millions of Dollars)	Revised Revenue Forecasts			
	FY13	FY14	FY15	Total
Revenue Forecasts (April 2013) - onetime income tax	125.0	0.0	0.0	125.0
Revenue Forecasts (April 2013) – base change	(3.0)	22.0	31.0	50.0
"Above certified" FY13 forecast to CRF	0.0	0.0	(122.0)	(122.0)
Change in Minimum Reserve	0.0	0.0	(1.5)	(1.5)
Total Change - April 2013 NEFAB forecasts	122.0	22.0	(92.5)	51.5

FLOOR ACTIONS – 2013 SESSION

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

The first action taken was an Appropriations Committee amendment that transferred \$53 million from the General Fund to the Cash Reserve Fund (CRF). This was the amount of the increased April revenue forecasts for FY13-14 and FY14-15. Since the FY13 increase would automatically be transferred to the CRF the amendment only related to the FY14 and FY15 forecast revisions. This action then left the financial status at the same level as the committee recommendation prior to the forecast changes.

There were only four floor amendments affecting General Fund appropriations. Two were Appropriations Committee adjustments to the TEEOSA School aid amount; one to adjust the amount to match a compromise amendment adopted to the formula changes, and the second was related to the amount of insurance premium taxes available for school aid. TEEOSA is financed with both an insurance premium tax allocation and General Funds. Another amendment removed \$2.2 million from the deficit bill for replacement of a state plane. With the adoption of this amendment, an amendment was adopted to cancel a Cash Reserve Fund transfer to the General Fund that was the source of funding for the plane replacement.

The Governor line-item vetoed a total of \$7.8 million General Funds from the mainline budget bills over the three years. Of this amount, the Legislature overrode \$6.5 million. The Governor also vetoed \$11.8 million of transfers from the Securities Act Cash Fund to the General Fund and other funds. These vetoes were all overridden.

A total of \$53.1 million was utilized over the two year period for new revenue and spending bills that were enacted. The largest items were LB 308 which eliminated the state federal alternative minimum tax (\$7.8 million) and LB 561 which made significant changes to the juvenile justice system (\$14.5 million)

Impact on Variance from Min Reserve (Millions of Dollars)	2013 Floor Actions			
	FY13	FY14	FY15	Total
Committee Amendment - higher forecast to CRF	0.0	(53.0)	0.0	(53.0)
Committee Amendment - TEEOSA (to compromise level)	0.0	8.1	0.5	8.7
Floor amendments - TEEOSA (insurance premium)	0.0	5.7	0.0	5.7
Floor amendments - other appropriations	2.2	0.0	(0.0)	2.1
Floor amendments - cancel CRF transfer	(2.2)	0.0	0.0	(2.2)
Error in deficits	(3.2)	0.0	0.0	(3.2)
Adjustment-state claims	(0.3)	0.0	0.0	(0.3)
Mainline vetoes-appropriation	0.2	3.6	4.0	7.8
Mainline veto overrides	0.0	(3.0)	(3.5)	(6.5)
2013 Revenue bills enacted	0.0	(0.5)	(17.9)	(18.4)
2013 A Bills enacted	(1.0)	(13.0)	(20.7)	(34.7)
Change in Minimum Reserve	0.0	0.0	2.1	2.1
Total Change - 2013 Floor Actions	122.0	22.0	(92.5)	51.5

FY2012-13 ACTUAL DATA

Receipts for FY2012-13 were \$52.4 million above the forecast used at the end of the 2013 Legislative Session. As noted in other places, FY13 revenues in excess of the July 2012 certified forecast are to be transferred to the Cash Reserve Fund.

The amount of the minimum reserve increases by \$8.4 million due to a technical change in the calculation of the reserve attributed to assuming 100% expenditure of funds in FY13 at Sine Die versus less than 100% expenditure with FY13 data but offsetting carryover of unexpended appropriations at the start of the next year. In this instance, in the reserve calculation both the numerator (available funds) and denominator (amount of appropriations) both increase by \$275 million resulting in the \$8.4 million difference.

With respect to the unexpended FY13 appropriations, all operations amounts were reappropriated while only encumbered state aid (and selected unexpended balances) are reappropriated. The certification of encumbrances is not completed until the end of August so at this point an estimated \$20 million of lapsed unexpended appropriations is used based on an evaluation of individual aid programs.

Lastly, the \$5.4 million of accounting adjustments include several transfers to other funds not previously accounted for under "transfers-out". These are transfers out that are authorized in statute but not in specific amounts or occur on a deficit basis like the Omaha Convention Center support and tax amnesty allocation to the Dept of Revenue.

Impact on Variance from Min Reserve (Millions of Dollars)	FY22012-13 Actual Data			
	FY13	FY14	FY15	Total
Carryover obligations from FY11-12	0.2	0.0	0.0	0.2
FY13 vs Est General Fund Net Receipts	52.4	0.0	0.0	52.4
FY13 vs Est CRF transfers-automatic	0.0	(52.4)	0.0	(52.4)
FY13 vs Est Accounting adjustment	(5.4)	0.0	0.0	(5.4)
Assumed lapse, FY13 unexpended appropriations	0.0	20.0	0.0	20.0
Change in Minimum Reserve	0.0	0.0	(8.4)	(8.4)
Total Change – FY2012-13 Actual Data	47.3	(32.4)	(8.4)	6.5

Table 1 Chronology of the Financial Status

(millions of dollars)	FY14/FY15 Biennium	FY16/FY17 Biennium
Variance from Minimum Reserve: Sine Die 2012 Session	(619.7)	NA
General Fund Net Receipts (vs Est FY12)	52.9	--
Above certified FY12 receipts to Cash Reserve Fund	(52.9)	--
Accounting adjustment	(5.0)	--
Recalculate minimum reserve and accounting adjustment	2.2	--
Variance from Minimum Reserve: TRR July 2012	(624.3)	NA
Revised/initial revenue forecasts FY13, FY14 and FY15	295.8	--
Above certified est FY13 receipts to Cash Reserve Fund	(57.9)	--
Recalculate minimum 3% reserve	(6.9)	--
Variance from Minimum Reserve: NEFAB Oct 2012	(393.4)	NA
Revised estimate of FY13 deficits (vs \$5 million allocation)	(7.8)	--
Revised estimate of FY14/FY15 projected budget (2 yr total)	205.3	--
Recalculate minimum 3% reserve / cancelled transfer	1.0	--
Variance from Minimum Reserve: TRR Nov 2012	(195.0)	(206.9)
Lapse reappropriations	5.0	5.0
Deficits and Claims vs Nov TRR	14.5	14.5
General Fund transfers-in (not in pre-session)	74.4	74.4
General Fund transfers-out (interest in Prop Tax Credits)	4.0	8.0
Aid to K-12 Schools (TEEOSA), to 5% per year	102.6	132.6
Retirement contributions, pre-session vs proposal	77.1	155.2
General Increases (University + State Colleges) vs pre-session est	20.8	47.0
Employee Health Insurance	13.1	36.9
Homestead Exemption	9.7	18.9
Medicaid (w/o ACA, provider rate)	4.0	(5.5)
Early Childhood Aid, back to GF	3.4	6.8
Child Welfare aid	0.0	14.3
ACA Health Care Reform (oper+aid)	(21.0)	(29.6)
DHHS provider rate increase	(44.4)	(103.8)
Special Education	(14.9)	(35.0)
Allocation for Post Hearing adjustments	(16.0)	(32.0)
Restore staffing, housing units (Corrections)	(5.5)	(11.0)
Developmental Disability aid	(14.4)	(33.5)
All Other appropriation changes (with placeholder)	1.2	17.1
Change in Minimum Reserve	(2.9)	(6.3)
Appropriations Committee Preliminary Budget	15.9	67.0
Revenue Forecasts (Feb 2013) - Base Forecast Changes	57.4	64.4
"Above certified" FY13 forecast to CRF	(53.0)	(53.0)
Change in Minimum Reserve	(2.0)	(3.8)
Post February 2013 NEFAB forecasts	81.0	195.2
Remove allocation for post hearing adjustments	16.0	32.0
Change in deficits	11.6	11.6
Transfer to NCCF	(4.0)	(4.0)

(millions of dollars)	FY14/FY15 Biennium	FY16/FY17 Biennium
Cash Reserve Fund Transfer In	2.2	2.2
Education-TEEOSA to modified LB407 level	(21.3)	(15.2)
University, Colleges and Comm Colleges 4% per year	(27.4)	(62.4)
Capital construction projects	(13.1)	(24.0)
Early Childhood Education Endowment	(8.0)	(16.0)
Decline in FY15 Medicaid match rate (includes ACA)	(7.5)	(22.5)
Fully fund DD rate methodology	(1.8)	(10.4)
Lower estimates, Medicaid eligibility/utilization	14.9	35.0
ACA behavioral health savings net of contingency	5.0	30.0
All other spending items	(5.3)	(18.4)
Change in Minimum Reserve	(1.0)	(0.0)
Appropriations Committee Budget to the Floor	41.3	133.1
Revenue Forecasts (April 2013) - onetime income tax	125.0	125.0
Revenue Forecasts (April 2013) - base	50.0	65.0
"Above certified" FY13 forecast to CRF	(122.0)	(122.0)
Change in Minimum Reserve	(1.5)	(2.0)
Post April 2013 NEFAB forecasts	92.7	199.1
Appropriations Committee Amendment - higher forecast to CRF	(53.0)	(53.0)
Appropriations Committee Amendment - TEEOSA (to compromise level)	8.7	(3.6)
Floor amendments - TEEOSA (insurance premium)	5.7	5.7
Floor amendments - other appropriations	2.1	2.1
Floor amendments - cancel CRF transfer	(2.2)	(2.2)
Error in deficits	(3.2)	(3.2)
Adjustment-state claims	(0.3)	(0.3)
Mainline vetoes-appropriation	7.8	15.4
Mainline veto overrides	(6.5)	(12.5)
2013 Revenue bills enacted	(18.4)	(74.6)
2013 A Bills enacted	(34.7)	(80.6)
Change in Minimum Reserve	2.1	3.9
Sine Die 2013 Session (June 5, 2013)	1.0	(3.8)
Carryover obligations from FY11-12	0.2	0.2
FY13 vs Est General Fund Net Receipts	52.4	52.4
FY13 vs Est CRF transfers-automatic	(52.4)	(52.4)
FY13 vs Est Accounting adjustment	(5.4)	(5.4)
Assumed lapse, FY13 unexpended appropriations	20.0	20.0
Change in Minimum Reserve	(8.4)	(0.4)
July 2013 Tax Rate Review Committee	7.4	10.7

Estimated Financial Status - Following Biennium

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

REVENUES

The NEFAB does not make official forecasts for the following biennium or what's commonly referred to as the "out years". Although different methodologies could be utilized, the revenue estimates used for the following biennium (FY15-16 and FY16-17) in the current financial status are derived using a "capped" historical average methodology. This "smoothing" technique derives "out year" revenue estimates by calculating the level of revenues that would yield a five year average growth (FY12 to FY17) roughly equal to the 31 year historical average (5.09%). Inherent in this methodology is the concept that within any five-year period, below average revenue growth in some years will be offset by above average growth in others and is visually seen in the line graph of historical adjusted revenue growth on page 27.

The "capped" provision of this methodology means that if the derived growth needed in the out-years to achieve the historical average is above the "above average" years, growth is then capped at the average of the "above average years". Likewise if the historical average method calls for below average growth in the out years, the growth is capped at the average of the "below average years". Over the past 31 years, there were 10 years in which revenue growth was "below average" (0.7% average) and 21 years in which revenue growth was above average (7.1% average).

APPROPRIATIONS

For the "following biennium" (FY15-16 and FY16-17), 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 funding needs in these areas will not be known until the biennial budget process starts again in two years. However for planning purposes, some level of funding for these items must be acknowledged and shown as likely funding commitments

Table 2 Projected Budget Increases-Following Biennium
(includes on-going impact of 2013 budget actions)

<i>Dollar Changes from FY14 Base Year</i>	Annual % Change			Projected Increases	
	FY16	FY17	2 Yr Avg	FY2015-16	FY2016-17
FY2013-14 Base Appropriation				4,040,892,665	4,040,892,665
TEEOS School Aid (TEEOSA)	10.0%	4.2%	7.1%	92,481,992	134,980,867
Special Education	2.5%	2.5%	2.5%	5,344,199	10,822,003
Community Colleges	3.5%	3.5%	3.5%	3,287,488	6,690,038
County Juvenile Services aid	3.0%	3.0%	3.0%	2,000,000	2,000,000
Homestead Exemption	3.0%	3.0%	3.0%	2,247,000	4,561,410
Aid to ESU's	2.5%	2.5%	2.5%	351,294	711,370
Medicaid	8.4%	7.9%	8.1%	64,617,097	130,780,476
Public Assistance	6.0%	6.0%	6.0%	6,490,884	13,371,222
Children's Health Insurance (CHIP)	-50.6%	-36.0%	-43.3%	(11,343,108)	(15,336,949)
Child Welfare Aid	6.0%	6.0%	6.0%	4,166,387	8,457,766
Developmental Disability aid	4.0%	4.0%	4.0%	5,049,932	10,301,861
Behavioral Health aid	-5.7%	3.0%	-1.4%	(3,279,674)	(1,657,737)
ACA Contingency	--	--	--	0	(5,000,000)

<i>Dollar Changes from FY14 Base Year</i>	Annual % Change			Projected Increases	
	FY16	FY17	2 Yr Avg	FY2015-16	FY2016-17
Employee Salaries	2.5%	2.5%	2.5%	25,679,265	52,000,513
Employee Health Insurance	10.0%	10.0%	10.0%	15,228,217	31,979,256
Operations increases	2.0%	2.0%	2.0%	5,730,464	11,575,538
Inmate per diem costs	3.0%	3.0%	3.0%	1,367,115	1 2,775,244
ACA implementation (operations)	--	--	--	2,312,500	0
Juvenile Services reform (LB561-2013)	3.0%	3.0%	3.0%	703,176	1,427,447
Construction	--	--	reaffirm only	(1,585,000)	(6,571,000)
All Other			na	(207,963)	(207,963)
Total General Fund Increases (Biennial Basis)	5.5%	4.1%	4.8%	220,641,267	393,661,361
Projected Appropriation per Financial Status				4,261,533,932	4,434,554,026

About 37% the total projected budget increase in the next biennium is TEEOSA school aid as projected under the current statute. General Funds for TEEOSA school aid is projected to increase by 10.0% in FY16 and 4.2% in FY17. The larger growth in FY16 reflects the change in the local effort rate (LER) which returns to \$1.00 after two years at \$1.03 and \$1.025.

Another 32% of the projected increase is in Medicaid with an average growth of 8.1% per year. This reflects projected growth of 4.5% per year for population client eligibility and utilization and 3% per year for provider rates. Also included in this number are annualized impacts of the Affordable Care Act (ACA) as it phases in to full implementation..

The large decline in the Children's Health Insurance program is the result of an expanded federal match rate (23%) from the Affordable Care Act. For FFY2015 to FFY2019 the federal match rate for SCHIP increases from an estimated 68% to 91%

AID TO LOCAL GOVERNMENTS

State Aid to Schools (TEEOSA) The estimates for FY16 and FY17 are based on the same methodology utilized for the November 15 estimates required under current law for the proposed biennial budget but with Fiscal Office assumptions and should be considered Fiscal Office estimates. They are based on the statutory changes made in LB407 as enacted in the 2013 session.. The estimates reflect a growth in overall school aid of 10% in FY16 and 4.2% in FY17.

In the following biennium, TEEOSA aid increases as parts of LB407 expire. Most significant is the local effort rate (LER) which returns to \$1.00 after two years at \$1.03 and \$1.025.

Special Education: Increases for FY15-16 and FY16-17 reflect a 2.5% per year increase. Although statute allows for a growth up to 5% the 2.5% is equal to the basic allowable growth rate under the K-12 school spending limitation and TEEOSA calculations.

Aid to Community Colleges A 3.5% per year annual increase is included for the following biennium budget reflecting increased state aid to support operations budget increases. This increase amounts to about a \$3.3 million per year increase.

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

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

AID TO INDIVIDUALS

Medicaid For the following biennium, the average growth is 8.1% per year. This reflects projected growth of 4.5% per year for population client eligibility and utilization and 3% per year for provider rates. Also included in this number are annualized impacts of the Affordable Care Act (ACA) as it phases in to full implementation.

Public Assistance and Child Welfare A basic growth rate of 6.0% per year is utilized for the various Public Assistance programs for the following biennium. This reflects projected growth of 3% per year for population client eligibility and utilization and 3% per year for provider rates.

Children's Health Insurance (CHIP) For the following biennium, a 7.5% per year increase is used which is the same as Medicaid. However the large decline is then the result of an expanded federal match rate (23%) from the Affordable Care Act. For FFY2015 to FFY2019 the federal match rate for SCHIP increases from an estimated 68% to 91%.

Developmental Disability Aid A 4% per year increase is included. This provides the equivalent of 2.5% per year for rate equity similar to the employee salary assumption and 1.5% for clients transitioning from K-12 programs. As this projected budget assumes no expanded programs, nothing is assumed for funding of the waiting list.

Behavioral Health Aid. This area includes substance abuse and mental health aid. The increases in the following biennium reflect a 3% increase to reflect some annual increase in provider rates. Savings related to insurance coverage for behavioral health under the Affordable Care Act (ACA) go from \$15 million in FY2014-15 to \$20 million in both FY16 and FY17.

ACA Contingency The FY14-15 budget included a \$10,000,000 contingency appropriation if budgeted savings in the behavioral health program did not occur as planned. The amount allocated to the ACA Contingency program stays at \$10,000,000 in FY16 and then declines to \$5,000,000 in FY17 and then zero in FY18.

AGENCY OPERATIONS / CONSTRUCTION

Employee Salary Increases Although salary increases will be the result of bargaining, some level of increase is factored in more for illustration than planning purposes. A 2.5% per year increase is included which approximates inflation and the current biennium funding.

Employee Health Insurance For planning purposes, a 10% per year increase in health insurance is included for the following biennium. Because rates have been flat for the past several years due to coverage and program changes and drawing down fund balances, this higher growth is utilized to anticipate a potential hike in rates.

Operations Inflation Included in the projected status is a general 2% increase in agency non-personnel operating costs. Although not provided as an across the board increase, this amount historically covers increases in utility costs at state and higher education facilities as well as food and other inflationary cost increases at 24/7 state facilities such as veterans homes, BSDC, etc...

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

items such as food, clothing, and medical care. A 3% per year increase is included to reflect both inflationary costs and an increase in the number of inmates.

Defined Benefit Retirement Plans The budget incorporated the changes provided in LB553 and assume no change in state funding from the level established in FY14.

Juvenile Services reform LB561 passed in the 2013 session made many significant changes in the juvenile justice system. The bill expands the Nebraska Juvenile Service Delivery Project statewide in a three-phase process with the transfer of such funds to take place on July 1, 2013, January 1, 2014, and July 1, 2014. After July 1, 2013, the Office of Juvenile Services within the Dept of Health and Human Services (HHS) will only have responsibility for the Youth Rehabilitation Centers at Kearney and Geneva. The shift of funding includes about \$23 million that had previously been budget under child welfare aid. For purposes here, a 3% per year increase is included in operations for those amounts that had previously been included under child welfare aid.

Capital Construction General Fund dollars included in the projected budget for the following biennium for capital construction reflect reaffirmations only based on projects funding in the FY14/FY15 biennial budget. These are dollar amounts needed to complete funding of previously approved projects.

Cash Reserve Fund

The Cash Reserve Fund (CRF) is not included as part of the "General Fund Reserve" (which is the ending General Fund balance for a biennium) and was created as a separate and distinct fund to cover cash flow needs within a month or several month period. The Cash Reserve Fund also serves as a "rainy day fund" in that revenues in excess of a "certified forecast" are transferred from the General Fund to Cash Reserve fund at the end of a fiscal year. As the certified forecast is basically the revenue estimate at Sine Die when the budget is finalized, these transfers sequester revenues in excess of that which is needed to balance the budget. The Cash Reserve Fund unobligated balance at the end of the current FY14/FY15 biennium is projected at \$627 million.

Table 3 Cash Reserve Fund Status

	Estimated FY2012-13	Estimated FY2013-14	Estimated FY2014-15	Estimated FY2015-16	Estimated FY2016-17
Beginning Balance	428,878,372	384,121,401	679,398,552	679,398,552	679,398,552
Excess of certified forecasts	104,789,781	285,292,610	0	0	0
To Gen Fund per current law	(78,000,000)	0	0	0	0
To Nebr Capital Construction Fund (NCCF)	(80,000,000)	0	0	0	0
To Affordable Housing Trust fund	(1,000,000)	0	0	0	0
Repayment of Water Contingency transfer	4,991,572	0	0	0	0
EPIC cash flow transfers (LB379-2011)	4,461,676	0	0	0	0
2013 From General Fund	0	53,000,000	0	0	0
2013 Transfer to NCCF	0	(43,015,459)	0	0	0
Ending Balance	384,121,401	679,398,552	679,398,552	679,398,552	679,398,552

EXCESS OF CERTIFIED FORECASTS

Shown on line 3 of the Financial Status, revenues in excess of "certified" forecasts are required by statute to be transferred from the General Fund to the Cash Reserve Fund. These would take place in July of the fiscal year following completion of that year. The \$104,789,781 transfer in FY13 reflects the amount the FY2011-12 receipts were above certified. This was \$53 million above what was estimated at Sine Die 2012

The \$285,292,610 million in FY2013-14 reflects the amount that the FY2012-13 exceeded the July certified level. This is \$52.4 million higher than the estimate at Sine Die 2013.

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. Transfers in FY2012-13 under existing law include LB 379-2011 (\$68,000,000) and LB131-2012 (\$10,000,000) to assist in balancing the budgets in those respective sessions.

<u>Transfers to/from the General Fund</u>	<u>FY2012-13</u>	<u>FY2013-14</u>	<u>FY2014-15</u>	<u>FY2015-16</u>	<u>FY2016-17</u>
To General Fund, LB 379-2011	(68,000,000)	0	0	0	0
To General Fund, LB131-2012	(10,000,000)	0	0	0	0
Net Transfers to/From General Fund	(78,000,000)	0	0	0	0

TRANSFERS TO/FROM OTHER FUNDS

In the 2008 session, LB1094 provided for a \$9 million transfer to the Water Contingency Cash Fund for the purpose of paying water right holders who agreed to lease and forgo water use to assist in the management, protection and conservation of the water resources of river basins, but remain unpaid due to litigation. Repayment by the NRD receiving said funds is required once the litigation is resolved no later than FY2012-13. The amount used was \$8.5 million and is being repaid over two years, \$3.6 million in FY12 and \$4.99 million in FY13.

Also LB379-2011 allowed transfers to be made to the Ethanol Production Incentive (EPIC) Fund for cash flow purposes. A total of \$4,461,676 was borrowed in FY2011-12 with repayment shown in FY2012-13.

In the 2012 session there were two transfers made to other funds. The first is a \$1 million transfer to the Affordable Housing Trust Fund which followed from notice of an amount to be credited from the National Mortgage Settlement. The second is an \$80 million transfer to the Nebraska Capital Construction Fund (NCCF) for five different capital construction projects as shown below.

State Colleges - Chadron Armstrong Gym	\$6,700,000
State Colleges - Peru Oak Bowl improvements	7,500,000
University of Nebraska - UNK Allied Health	15,000,000
University of Nebraska - UNMC Cancer Research tower	50,000,000
DAS - Centennial Mall project	800,000
Transfers to NCCF	<u>80,000,000</u>

2013 SESSION TRANSFERS

The enacted budget transfers \$43 million from the Cash Reserve Fund to the Nebraska Capital Construction Fund in FY13-14 to replace the facilities at the Grand Island Veterans Home. A description of this project can be found on page. Originally the Appropriation Committee included a \$2,164,760 transfer to the General Fund in FY2012-13 to cover the costs of replacing a state plane funded in the deficit bill. When this funding was removed from the deficit bill, this transfer was then also removed.

The enacted budget also includes a \$53 million transfer from the General Fund to the Cash Reserve Fund (CRF). This transfer was the amount of the increased April 2013 revenue forecasts for FY13-14 and FY14-15.

Table 4 Cash Reserve Fund Historical Balances

	Beginning Balance	Direct Deposit and Interest	Automatic Transfers (1)	Legislative Transfers (2)		Cash Flow	Ending Balance
				Gen Fund	Other Funds		
FY1983-84	0	37,046,760	na	0	0	0	37,046,760
FY1984-85	37,046,760	(1,472,551)	na	0	0	0	35,574,209
FY1985-86	35,574,209	227,855	na	(13,500,000)	0	0	22,302,064
FY1986-87	22,302,064	1,428,021	na	0	0	0	23,730,085
FY1987-88	23,730,085	1,654,844	na	0	(7,700,000)	0	17,684,929
FY1988-89	17,684,929	139,000	na	32,600,000	0	0	50,423,929
FY1989-90	50,423,929	113,114	na	(10,500,000)	0	0	40,037,043
FY1990-91	40,037,043	0	na	(8,100,000)	0	0	31,937,043
FY1991-92	31,937,043	0	na	(5,000,000)	0	0	26,937,043
FY1992-93	26,937,043	0	na	(9,500,000)	0	0	17,437,043
FY1993-94	17,437,043	0	3,063,462	7,250,000	0	0	27,750,505
FY1994-95	27,750,505	0	(8,518,701)	7,250,000	(6,000,000)	0	20,481,804

	Beginning Balance	Direct Deposit and Interest	Automatic Transfers (1)	<u>Legislative Transfers (2)</u>		Cash Flow	Ending Balance
				Gen Fund	Other Funds		
FY1995-96	20,481,804	0	(20,481,804)	18,189,565	0	0	18,189,565
FY1996-97	18,189,565	0	19,740,786	3,032,333	0	0	40,962,684
FY1997-98	40,962,684	0	91,621,018	0	0	0	132,583,702
FY1998-99	132,583,702	0	111,616,422	(96,500,000)	(2,000,000)	0	145,700,124
FY1999-00	145,700,124	0	20,959,305	3,500,000	(28,000,000)	0	142,159,429
FY2000-01	142,159,429	0	77,576,670	(24,500,000)	(25,000,000)	0	170,236,099
FY2001-02	170,236,099	0	0	(59,800,000)	(370,000)	0	110,066,099
FY2002-03	110,066,099	66,476,446	0	(87,400,000)	0	(30,000,000)	59,142,545
FY2003-04	59,142,545	59,463,461	0	(61,191,862)	(385,807)	30,000,000	87,028,337
FY2004-05	87,028,337	8,170,556	108,727,007	(26,000,000)	(758,180)	0	177,167,720
FY2005-06	177,167,720	0	261,715,297	0	(165,266,227)	0	273,616,790
FY2006-07	273,616,790	0	259,929,524	(15,674,107)	(1,784,416)	0	516,087,791
FY2007-08	516,087,791	0	191,436,773	(60,177,767)	(101,801,000)	0	545,545,797
FY2008-09	545,545,797	0	116,976,571	(54,990,505)	(29,340,000)	0	578,191,863
FY2009-10	578,191,863	0	0	(105,000,000)	(5,990,237)	0	467,201,626
FY2010-11	467,201,626	0	0	(154,000,000)	0	0	313,201,626
FY2011-12	313,201,626	8,422,528	145,155,092	(37,000,000)	3,560,802	(4,461,676)	428,878,372
FY2012-13	428,878,372	0	104,789,781	(78,000,000)	(76,008,428)	4,461,676	384,121,401
FY2013-14 Est	384,121,401	0	285,292,610	53,000,000	(43,015,459)	0	679,398,552
FY2014-15 Est	679,398,552	0	0	0	0	0	679,398,552
FY2015-16 Est	679,398,552	0	0	0	0	0	679,398,552
FY2016-17 Est	679,398,552	0	0	0	0	0	679,398,552

(1) Automatic transfers reflect the prior year variance from forecast. For example the \$285.3 million transfer in FY13-14 actually reflects FY12-13 "excess" receipts compared to the certified forecast. Prior to FY95-96 the transfers occurred in all cases. After FY95-96 transfers only occurred if receipts were above forecast.

(2) Legislative transfers are enacted by legislation and include transfers to the General Fund or other funds.

GENERAL FUND REVENUES

General Fund Revenue Forecasts

The current financial status includes actual FY2012-13 receipts while revenue estimates for FY2013-14 and FY2014-15 are the April 2013 forecasts from the Nebraska Economic Forecast Advisory Board (NEFAB) adjusted for legislation enacted in the 2013 Legislative Session.

The NEFAB does not make official forecasts for the following biennium or what's commonly referred to as the "out years". Although different methodologies could be utilized, the revenue estimates used for the following biennium (FY15-16 and FY16-17) in the current financial status are derived using a "capped" historical average methodology. This is a cyclical smoothing technique which derives "out year" revenue estimates by calculating the level of revenues that would yield a five year average growth (FY12 to FY17) roughly equal to the 32 year historical average (5.1%). Inherent in this methodology is the concept that within any five-year period, below average revenue growth in some years will be offset by above average growth in others and is visually seen in the line graph of historical adjusted revenue growth.

The "capped" provision of this methodology means that if the derived growth needed in the out-years to achieve the historical average is higher than the "above average" years, growth is then capped at the average of the "above average years". Likewise if the historical average method calls for below average growth in the out years, the growth is capped at the average of the "below average years". Over the past 32 years, there were 10 years in which revenue growth was "below average" (0.7% average) and 22 years in which revenue growth was above average (7.3% average).

Table 5 - General Fund Revenue Forecasts

	Actual FY2012-13	NEFAB+Bills FY2013-14	NEFAB+Bills FY2014-15	LFO Prelim FY2015-16	LFO Prelim FY2016-17
<u>Forecast (April 2013+Bills)</u>					
Sales and Use Tax	1,474,942,641	1,499,996,000	1,552,513,000	1,601,667,000	1,692,094,000
Individual Income Tax	2,101,912,041	2,039,395,000	2,109,989,000	2,281,593,000	2,466,177,000
Corporate Income Tax	275,562,990	265,000,000	285,000,000	289,000,000	292,000,000
Miscellaneous receipts	199,940,938	216,296,000	209,827,000	177,627,000	159,627,000
Current Revenue Forecast	4,052,358,610	4,020,687,000	4,157,329,000	4,349,887,000	4,609,898,000
<u>Est Revenue Growth (base and rate adjusted)</u>					
Annual	6.7%	2.2%	4.6%	5.3%	5.4%
Two Yr Average	6.1%	-	3.4%	-	5.4%
Five Yr Average	2.4%	--	5.7%	--	5.0%
<u>Est Revenue Growth (unadjusted)</u>					
Annual	9.6%	-0.8%	3.4%	4.6%	6.0%
Two Yr Average	7.6%	-	1.3%	-	5.3%
Five Yr Average	3.1%	-	5.4%	-	4.6%

Sine Die 2013

Revenue estimates for FY2012-13, FY2013-14 and FY2014-15 were the April 2013 forecasts from the Nebraska Economic Forecast Advisory Board (NEFAB) adjusted for legislation enacted in the 2013 Legislative Session. Rate and base adjusted revenue growth implied by the FY14/FY15 forecasts was 3.6% in FY13-14 and 4.7% in FY14-15 for a two year average of 4.2%. When including a 5.4% growth in FY12-13 forecast, this provides an average growth of about 4.6% over the three years that affected the

financial status being budgeted. This reflects modest growth considering the 32 year average is 5.1% but is very close to the 4.5% average growth for the last ten years.

While the FY14 and FY15 rate and base adjusted revenue growth is a 4.2% average, the nominal or unadjusted average revenue growth, which is what is actually available for budget purposes, is only 1.7%. The difference is that the revenue forecasts for the FY14/FY15 biennium incorporate the full impact of two revenue bills enacted in the 2011 and 2012 sessions which had minimal impacts in the FY12/FY13 biennium but much larger impacts in the FY14/FY15 biennium as shown below.

<u>Annualize Previously Enacted Bills</u>	<u>FY2012-13</u>	<u>FY2013-14</u>	<u>FY2014-15</u>
Build Nebraska Act, highway system (LB84-2011)	0	(58,727,000)	(73,552,000)
Change income tax brackets and rates (LB970-2012)	(7,863,000)	(33,706,000)	(55,608,000)
Subtotal - General Fund Impact	(7,863,000)	(92,433,000)	(129,160,000)

The opposite occurs with respect to FY2012-13 where \$125 million of estimated one-time capital gains tax is treated as a unique item and is an adjustment for purposes of calculating rate and base adjusted growth. In FY2012-13 the adjusted growth is 5.4% but the nominal unadjusted growth is 8.2%.

Preliminary estimates for the FY16/FY17 biennium average 5.4% growth using the cyclical smoothing capped historical average methodology. This slightly above average growth (5.4%) for FY16 and FY17 offsets the slightly below average growth (4.6%) for FY13, FY14 and FY15.

July 2011 Financial Status

Actual receipts for FY2012-13 (\$4,052,358,610) were \$52.4 million above the \$4,000,000,000 projection at 2013 Sine Die in June. Adjusted revenue growth for FY12-13 is calculated at 6.7% compared to 5.4% at Sine Die. AT THIS TIME THERE IS NO CHANGE IN THE FY13-14 AND FY14-15 REVENUE FORECASTS as the Nebraska Economic Forecast Advisory Board (NEFAB) will not meet again until October 2013 to evaluate their current revenue forecasts. In light of the \$52.4 million above forecast revenues in FY12-13, the level of growth in FY13-14 to achieve the current forecast has declined from 3.6% to 2.3%.

Chronology of Revenue Forecasts

Table 6 contains a chronology of the revenue forecasts for FY2011-12 through FY2014-15. The first column shows the total revenue forecast. The last four columns breaks down the total dollar change in the forecast whether caused by federal tax changes, bills enacted by the Legislature, or simply a change in the revenue expectations.

Table 6 Chronology of Revenue Forecasts

	Total Forecast	-----Change in Forecast -----			
		Base	Fed Chnge	Bills	Total
FY2011-12					
Board Est-Oct 2010	3,435,000	(233,173)	0	0	(233,173)
Board Est-Feb 2011	3,459,000	49,361	(25,361)	0	24,000
Board Est-April 2011	3,550,000	91,000	0	0	91,000
Sine Die-2011 Session	3,591,098	(0)	0	41,098	41,098
Board Est-October 2011	3,643,000	51,902	0	0	51,902
Board Est-February 2012	3,643,000	0	0	0	0
Sine Die-2012 Session	3,643,000	0	0	0	0
Actual Receipts FY2011-12	3,695,889	52,889	0	0	52,889
FY2012-13					
Board Est-October 2010	3,590,000				
Board Est-Feb 2011	3,620,000	68,132	(38,132)	0	30,000
Board Est-April 2011	3,680,000	60,000	0	0	60,000
Sine Die-2011 Session	3,718,621	0	0	38,621	38,621
Board Est-October 2011	3,780,000	61,379	0	0	61,379
Board Est-February 2012	3,780,000	0	0	0	0
Sine Die-2012 Session	3,767,066	0	0	(12,934)	(12,934)
Board Est-October 2012	3,825,000	57,934	0	0	57,934
Board Est-February 2013	3,878,000	42,566	10,434	0	53,000
Board Est-April 2013	4,000,000	(3,000)	125,000	0	122,000
Sine Die-2013 Session	4,000,000	0	0	0	0
Actual Receipts FY2012-13	4,052,359	52,359	0	0	52,359
FY2013-14					
LFO Prelim-October 2010	3,840,000				
LFO Prelim-Feb 2011	3,873,000	36,034	(3,034)	0	33,000
LFO Prelim-April 2011	3,903,000	30,000	0	0	30,000
Sine Die-2011 Session	3,838,728	(0)	0	(64,272)	(64,272)
LFO Prelim-October 2011	3,870,000	31,272	0	0	31,272
LFO Prelim-February 2012	3,870,000	0	0	0	0
Sine Die-2012 Session	3,824,340	(0)	0	(45,660)	(45,660)
Board Est-October 2012	3,922,000	97,660	0	0	97,660
Board Est-February 2013	3,962,000	14,522	25,478	0	40,000
Board Est-April 2013	3,984,000	22,000	0	0	22,000
Sine Die-2013 Session	4,020,687	0	0	36,687	36,687
FY2014-15					
LFO Prelim-October 2010	4,075,000				
LFO Prelim-Feb 2011	4,087,000	(189)	12,189	0	12,000
LFO Prelim-April 2011	4,087,000	0	0	0	0
Sine Die-2011 Session	4,019,952	(0)	0	(67,048)	(67,048)
LFO Prelim-October 2011	4,020,000	48	0	0	48
LFO Prelim-February 2012	4,020,000	0	0	0	0
Sine Die-2012 Session	3,939,840	(0)	0	(80,160)	(80,160)
Board Est-October 2012	4,080,000	140,160	0	0	140,160
Board Est-February 2013	4,107,000	289	26,711	0	27,000
Board Est-April 2013	4,138,000	31,000	0	0	31,000
Sine Die-2013 Session	4,157,329	0	0	19,329	19,329

APRIL 2013 NEFAB

At the Nebraska Economic Forecasting Advisory Board (NEFAB) statutorily required April meeting, the NEFAB increased the revenue forecasts for all three fiscal years; \$122 million in FY12-13, \$22 million in FY2013-14 and \$31 million in FY14-15. Included in the FY12-13 adjustment was an estimated \$125 million which is thought to be income taxes on capital gains related to the uncertainty and late enactment of federal tax law changes regarding taxation of capital gains. This is considered one-time occurrence and may in fact be nothing more than a “moving up” of capital gains tax receipts that would have occurred in future years. In any case more detailed information regarding the tax filings will not be available until late fall.

(Millions of Dollars)	April 2013 Revenue Forecast Changes			
	FY13	FY14	FY15	Total
Revenue Forecasts (April 2013) - onetime income tax	125.0	0.0	0.0	125.0
Revenue Forecasts (April 2013) – base change	(3.0)	22.0	31.0	50.0
Total Change - April 2013 NEFAB forecasts	122.0	22.0	31.0	175.0

FEBRUARY 2013 NEFAB

In February the Nebraska Economic Forecasting Advisory Board (NEFAB) increased their revenue forecasts by a cumulative total of \$120 million over the three fiscal years; \$53 million for FY12-13, \$40 million for FY13-14 and \$27 million for FY14-15. This included increase in both the base forecasts as well as increases attributed to federal tax changes enacted in December 2012.

About half of the increased forecast is attributed to the federal tax changes. This mostly relates to a reinstatement of what is referred to as the Pease provision which places limits on itemized deductions on incomes above a certain threshold.

Of the base forecast changes (not related to the federal tax change) most of the dollar amount comes in the first year, FY2012-13. In fact, there is virtually no change in the base forecast in FY14-15.

(Millions of Dollars)	February 2013 Revenue Forecast Changes			
	FY13	FY14	FY15	Total
Revenue Forecasts (Feb 2013) - Fed Tax Changes	10.4	25.5	26.7	62.6
Revenue Forecasts (Feb 2013) - Base Forecast Changes	42.6	14.5	0.3	57.4
Total Change – Feb 2013 Forecast Revisions	53.0	40.0	27.0	42.3

Historical General Fund Revenues

From the numbers shown above, a simple percent change over the prior year can be calculated. While these simple percent changes are appropriate when looking at the changes over time, they do not represent what is commonly referred to as revenue growth. *For purposes here, revenue growth means the growth in revenues caused by economic activity and inflation as arrived at by adjusting for items such as tax base and rate changes, legislation enacted, and one-time extraordinary items.* The objective is to measure underlying patterns of revenue growth ignoring such changes.

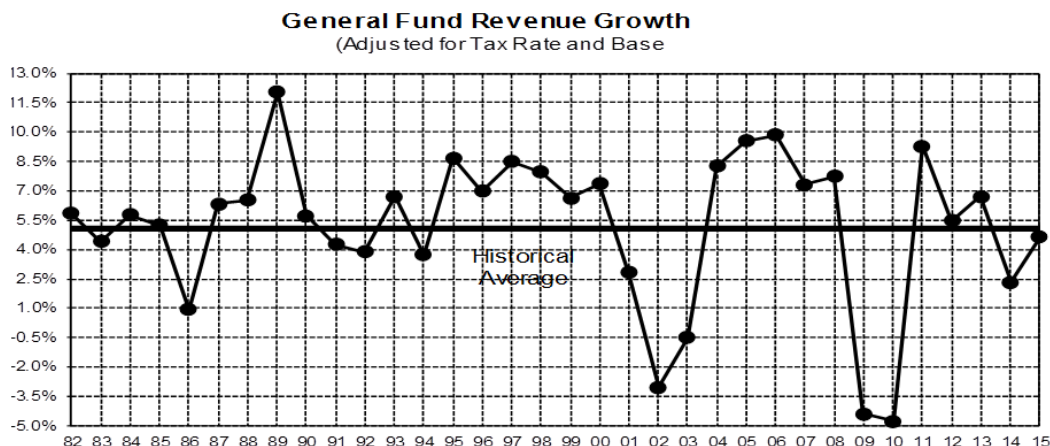
The average growth over the past 32 years is 5.1%. This revenue growth over time reflects the ebb and flow of economic activity and economic cycles. It reflects new businesses created and existing businesses that close. It reflects new products and services added to the tax base and existing products

and services that are eliminated or expire. The key is the net impact. The new or expanded businesses, products or services more than offsets those that decline or disappear leaving a net overall increase averaging a 5.0% growth.

Table 7 Actual and Projected General Fund Revenues

Fiscal Year	Sales and Use Tax	Individual Income Tax	Corporate Income Tax	Miscellaneous Taxes and Fees	Total Net Receipts	Adjusted Growth
FY 1992-93	586,355,271	690,350,753	102,754,927	145,200,908	1,524,661,859	6.7%
FY 1993-94	648,846,708	722,360,866	113,142,771	169,401,912	1,653,752,257	3.7%
FY 1994-95	683,852,397	746,717,579	123,923,674	150,995,891	1,705,489,541	8.7%
FY 1995-96	711,008,684	846,550,249	126,801,468	152,380,385	1,836,740,786	7.0%
FY 1996-97	755,907,807	944,117,130	137,337,967	172,241,113	2,009,604,017	8.5%
FY 1997-98	803,805,374	981,643,795	142,150,133	177,852,119	2,105,451,422	8.0%
FY 1998-99	744,650,752	1,078,522,994	135,033,658	165,661,901	2,123,869,305	6.7%
FY 1999-00	900,427,469	1,180,363,301	140,021,942	183,111,959	2,403,924,670	7.4%
FY 2000-01	905,023,176	1,233,363,553	138,040,082	180,435,044	2,456,861,855	2.9%
FY 2001-02	918,889,782	1,159,810,647	107,628,074	179,180,246	2,365,508,749	-3.0%
FY 2002-03	1,028,931,065	1,129,421,651	111,597,405	186,449,714	2,456,399,835	-0.5%
FY 2003-04	1,114,374,321	1,249,890,025	167,429,431	187,033,230	2,718,727,007	8.3%
FY 2004-05	1,231,011,089	1,400,076,680	198,380,442	207,726,086	3,037,194,297	9.5%
FY 2005-06	1,263,678,691	1,545,338,061	262,295,456	280,875,316	3,352,187,524	9.9%
FY 2006-07	1,303,826,416	1,650,895,394	213,027,010	240,582,953	3,408,331,773	7.3%
FY 2007-08	1,321,867,139	1,726,145,405	232,851,654	225,298,373	3,506,162,571	7.1%
FY 2008-09	1,326,161,017	1,600,418,236	198,483,786	232,405,148	3,357,468,187	-4.4%
FY 2009-10	1,289,796,877	1,514,830,114	154,332,137	245,720,545	3,204,679,673	-4.8%
FY 2010-11	1,372,784,033	1,735,208,600	154,944,966	236,717,493	3,499,655,092	9.3%
FY 2011-12	1,436,909,373	1,822,884,254	234,266,237	201,828,916	3,695,888,780	5.5%
FY 2012-13	1,474,942,641	2,101,912,041	275,562,990	199,940,938	4,052,358,610	6.7%
FY 2013-14 Sine Die	1,499,996,000	2,039,395,000	265,000,000	216,296,000	4,020,687,000	2.3%
FY 2014-15 Sine Die	1,552,513,000	2,109,989,000	285,000,000	209,827,000	4,157,329,000	4.6%
FY 2015-16 Prelim	1,601,667,000	2,281,593,000	289,000,000	177,627,000	4,349,887,000	5.3%
FY 2016-17 Prelim	1,692,094,000	2,466,177,000	292,000,000	159,627,000	4,609,898,000	5.4%
AVERAGE GROWTH:						
Above Avg Years (22)						7.3%
Below Avg Years (10)						0.7%
Hist Average (32 yrs)						5.1%

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



General Fund Transfers-Out

This area tabulates funds that are transferred from the General Fund to another fund within the state treasury. These items have the same effect as an appropriation but are not expended as such and thus are shown under the revenue category (see line 10 on the Financial Status).

Table 8 General Fund Transfers-Out

Excludes CRF Transfers	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17
Ethanol Credits (EPIC Fund)	0	0	0	0	0
Property Tax Credit Fund	(110,000,000)	(113,000,000)	(113,000,000)	(113,000,000)	(113,000,000)
Water Resources Cash Fund	(4,700,000)	(3,300,000)	(3,300,000)	(3,300,000)	(3,300,000)
Cultural Preservation Endowment	0	(1,000,000)	(500,000)	(750,000)	(750,000)
Nebraska Capital Construction Fund	0	(4,000,000)	0	0	0
<i>Total-General Fund Transfers-Out</i>	<i>(114,700,000)</i>	<i>(121,300,000)</i>	<i>(116,800,000)</i>	<i>(117,050,000)</i>	<i>(117,050,000)</i>

ETHANOL PRODUCTION INCENTIVE (EPIC)

Transfers related to the EPIC fund for ethanol credits were completed in FY2011-12.

PROPERTY TAX CREDIT CASH FUND

Under this program transfers are made to the Property Tax Credit Cash Fund at the discretion of the Legislature. Based on the amount of funds available, monies are then allocated to counties by the ratio of the real property valuation in the county to the real property valuation in the state. Counties then allocate funds as credit to each tax payer again based on their proportionate value. Enacted in 2007, the amount available for credits was \$105 million in FY07-08, an \$115 million in FY08-09, FY09-10, and FY10-11.

The FY14/FY15 enacted budget provides for \$115 million of credits each year, the same as FY13. This \$115 million credit level is financed by a combination of General Fund transfers (\$110 million in FY2012-13 and \$113 million in FY2013-14 and FY2014-15) and interest that will be earned on the fund balance from the time of transfer to the time of reimbursement payments to the counties, and credits calculated but unpaid relating to properties receiving homestead exemptions.

WATER RESOURCES CASH FUND

These transfers were originally enacted by LB 701 (2007) for the purpose of (1) aiding compliance efforts regarding the reduction of consumptive uses of water dealing with those natural resources districts which are deemed over or fully appropriated or are bound by an interstate compact or decree; and (2) for a statewide assessment of short- and long-term water management activities and funding needs that are statutorily required. The bill included transfers of \$2.7 million in both FY07-08 and FY08-09 and intent language for a \$2,700,000 General Fund transfer to occur annually from FY2009-10 through FY2018-19. LB229 enacted during the 2011 Session increased this transfer amount from \$2.7 million to \$3.3 million per year with no change in the FY2018-19 sunset.

NEBRASKA CULTURAL PRESERVATION ENDOWMENT FUND

The Cultural Preservation Endowment Fund was originally created in 1998 with a transfer of \$5 million from the General Fund. LB 1165 (2008) provided for an additional \$5 million for the endowment fund through a \$1 million transfer from the Cash Reserve Fund and intent language that \$2 million shall be transferred from the General Fund to the Nebraska Cultural Preservation Endowment Fund in both

FY2009-10 and FY2010-11. The enacted budget spread that \$4 million over a four year period, \$500,000 in FY10 and FY11 and \$1.5 million in FY12 and FY13. LB1063 (2010) changed the statutory transfers from two \$1.5 million transfers to the Fund in both FY11-12 and FY12-13 to two transfers of \$500,000 and then extending the \$500,000 transfers for three more years, FY13-14, FY14-15, and FY15-16. LB485 enacted in the 2011 Session deleted the FY12 and FY13 transfers, and then extended the \$500,000 annual transfers to FY16-17 and FY17-18.

The enacted budget incorporates changes to these transfers as contained in LB193 passed in the 2013 Session. These changes are a \$500,000 increase in the FY13-14 transfer, a \$250,000 increase in the transfers for both FY16 and FY17, and then eliminate the \$500,000 transfers for FY17 and FY18. There is no change in the overall level of transfers.

NEBRASKA CAPITAL CONSTRUCTION FUND (NCCF)

The budget includes a \$4 million transfer to the NCCF. This dollar amount, part of the appropriation lapse from the DHHS public assistance program, is transferred to the NCCF and there coupled with the \$43 million transfer from the Cash Reserve Fund to provide the state matching funds for replacement of the Grand Island Veterans Home facility.

General Fund Transfers-In

Cash funds are funds which contain earmarked revenue sources and monies in those funds can only be used for the purposes authorized by statute. In many instances (since the 2009 special session) an authorized use of monies in a cash fund is transfers to the General Fund at the discretion of the Legislature. For accounting purposes, these are shown as "Transfers in" and are included as General Fund revenues. Such transfers for the current year (FY2012-13) and proposed biennial budget 11 are shown in Table 9.

The transfers shown FY2012-13 were enacted in the 2011 and 2012 legislative sessions and are already incorporated into the actual receipts.

All the transfers shown for FY2013-14 and FY2014-15 are new transfers included in the enacted budget. These transfers are shown as additions to the April NEFAB forecast as these were not current law at the time of the forecast and were not accounted for in those revenue forecasts.

Table 9 General Fund Transfers-In

	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17
Securities Act Cash Fund	19,000,000	21,000,000	21,000,000	0	0
Tobacco Products Admin Cash Fund	7,000,000	10,000,000	10,000,000	0	0
Dept of Insurance Cash Fund	6,000,000	6,000,000	6,000,000	0	0
Dept of Motor Vehicles Cash Fund	1,000,000	0	0	0	0
Dept of Motor Vehicles Ignition Interlock	0	200,000	200,000	0	0
Mutual Finance Assistance Fund	300,000	0	0	0	0
Local Civic, Cultural, Convention Fund	75,000	0	0	0	0
<i>Total General Fund Transfers-In</i>	33,375,000	37,200,000	37,200,000	0	0

Revenue Legislation – 2013 Session

Table 10 Revenue Bills Enacted - 2011 Session

	FY2009-10	FY2010-11	FY2011-12	FY2012-13
LB 23 Allocations, ICF/MR Reimbursement Fund	0	(469,919)	(469,919)	(469,919)
LB 90 Sales tax, customer-generator electricity service	(4,039)	(11,211)	(16,698)	(22,281)
LB 104 Nebr Advantage incentives, renewable energy	0	(7,476,000)	(26,316,000)	(7,884,000)
LB 230 Change shipping license, Liquor Control Act	96,000	97,000	97,000	97,000
LB 296 Tax deduction levels, educational savings plan	0	(1,297,000)	(1,371,000)	(1,449,000)
LB 308 Eliminate fed alternative minimum tax	0	(7,840,000)	(8,075,000)	(8,317,000)
LB 573 Change taxation, employee stock (ESOP) plans	(605,000)	(874,000)	(961,000)	(1,057,000)
Subtotal - Revenue Bills	(513,039)	(17,871,130)	(37,112,617)	(19,102,200)
Cash Fund Lapses (see GF transfers-in)	37,200,000	37,200,000	0	0
Total-Revenue Legislation	36,686,961	19,328,870	(37,112,617)	(19,102,200)

LB 104, redefines qualified business for Tier 2, 3, 4 or 5 projects under the Nebraska Advantage Act to include the production of electricity by using one or more sources of renewable energy to produce electricity for sale. Renewable energy sources are defined, but not limited to, wind, solar, geothermal, hydroelectric, biomass, and transmutation of elements. LB 104 also amends the Nebraska Advantage Act to provide that the investment level for a Tier 5 project that produces electricity for sale from a renewable energy source is at least \$20 million.

Due to the capital intensity, but limited employment requirements of renewable energy projects, only major wind farms would qualify under the investment and job creation thresholds of Tier 5 of the Nebraska Advantage Act. While the long-term fiscal impact depends in part on future congressional support for the federal wind energy Production Tax Credit, the Department assumes four wind projects – two 200 megawatt projects and two 75 megawatt projects - will start construction in fiscal year 2013/2014, with Nebraska Advantage sales tax refunds occurring in FY 2014-15, FY 2015-16, and FY 2016-2017, as well as ongoing capital replacement expenses thereafter. If the federal credit is renewed, it is expected that additional wind farms will be constructed in three to five year increments thereafter, but precise construction dates are presently unknown.

	General Fund	State Highway Capital Improvement Fund	Highway Allocation Fund	Nebraska Incentives Fund	Total
FY2013-14	\$0	\$0	\$0	\$0	\$0
FY2014-15	(7,476,000)	(303,000)	(53,000)	\$0	(7,832,000)
FY2015-16	(26,316,000)	(1,066,000)	(192,000)	\$0	(27,574,000)
FY2016-17	(7,884,000)	(318,000)	(56,000)	\$0	(8,258,000)

LB 296 increases the reduction now available for contributions to the Nebraska educational savings plan trust from a maximum of \$2,500 to a maximum of \$5,000 for someone filing a married, filing separate tax return, and from a maximum of \$5,000 to a maximum of \$10,000 for any other return. In addition, the bill would allow a rollover from another state's qualified tuition program to qualify for the reduction

provided in this section. For a custodial account, including rollovers from another custodial account, the reduction shall only apply to contributions from the custodian of the account made after the effective date of this act.

The bill has an operative date of January 1, 2014 and will apply to tax years beginning on or after January 1, 2014. The Department of Revenue estimates the following fiscal impact to the General Fund:

FY2013-14	0
FY2014-15	(1,297,000)
FY2015-16	(1,371,000)
FY2016-17	(1,449,000)

LB 308 eliminates the federal alternative minimum tax calculations for state income tax purposes for taxable years beginning on or after January 1, 2014. It does not affect the calculation for premature or lump-sum distributions from qualified retirement plans. The federal credit for prior year AMT would also be eliminated for taxable years 2014 and beyond. The Department of Revenue estimates the following fiscal impact as a result of LB 308:

FY2013-14	\$ 0
FY2014-15	(7,840,000)
FY2015-16	(8,075,000)
FY2016-17	(8,317,000)

For taxable years beginning on or after January 1, 2014, the bill would allow a net operating loss (NOL) to be deducted for each of the twenty taxable years following the year of loss. Current statute allows both a net operating loss and a capital loss to be deducted for five taxable years following the year of loss. The Department of Revenue indicates that under current statute a corporation may carry forward a net operating loss through tax year 2019. Therefore, the impact on corporate income tax receipts will not begin until FY2020-21. Based on a sample of corporate NOLs, the General Fund revenue impact of the bill, when fully effective, would be a reduction of approximately \$8 million annually.

LB 573 amends the statutes which provides definitions applicable to the income tax exclusion for capital gains recognized or extraordinary dividends earned with regard to capital stock acquired as a result of or during employment. LB 573 would provide that individual participants in an employee stock ownership plan (ESOP) under IRC § 401(a) would each be considered separate shareholders for purposes of meeting the five shareholder requirement. The bill would be operative for taxable years beginning or deemed to begin on or after January 1, 2014. The estimated total reduction to the General Fund would be as follows:

FY 2013-2014	(605,000)
FY 2014-2015	(874,000)
FY 2015-2016	(961,000)
FY 2016-2017	(1,057,000)

GENERAL FUND APPROPRIATIONS

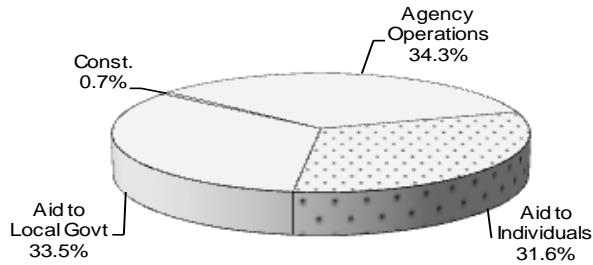
General Fund Overview

Table 11 contains a summary of the General Fund budget for the FY2013-14 and FY2014-15 biennium as enacted during the 2013 legislative session. Subsequent sections of this report contain a more detailed explanation of the various increases and reductions which are included in the totals shown below. The average spending growth for the two years of the biennium is 5.5%.

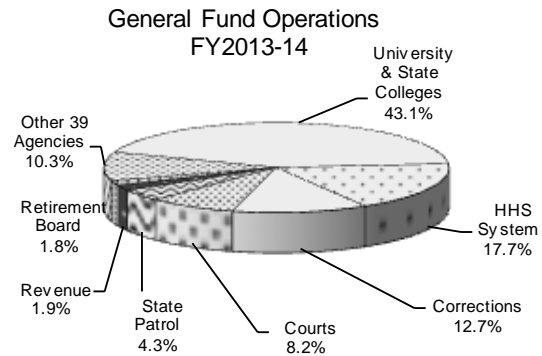
Table 11 General Fund Budget as Enacted in the 2013 Session

	w/o Deficits FY2012-13	Total Per 2013 Session		Change over Prior Yr		Change over Prior Yr		2 Yr Avg % Change
		FY2013-14	FY2014-15	FY13-14 (w/o deficits) \$	%	FY14-15 (w/o deficits) \$	%	
<u>Agency Operations</u>								
University/Colleges	543,449,583	567,109,821	589,576,414	23,660,238	4.4%	22,466,593	4.0%	4.2%
Health & Human Services System	236,425,259	233,169,499	233,902,402	(3,255,760)	-1.4%	732,903	0.3%	-0.5%
Correctional Services	156,840,269	167,048,868	170,854,827	10,208,599	6.5%	3,805,959	2.3%	4.4%
Courts	84,265,483	107,213,686	133,832,254	22,948,203	27.2%	26,618,568	24.8%	26.0%
State Patrol	54,253,448	56,153,379	56,576,821	1,899,931	3.5%	423,442	0.8%	2.1%
Revenue	25,642,530	25,398,331	25,912,626	(244,199)	-1.0%	514,295	2.0%	0.5%
Retirement Board	29,991,325	24,290,810	46,418,580	(5,700,515)	-19.0%	22,127,770	91.1%	24.4%
Other 39 Agencies	128,743,065	134,847,602	138,042,450	6,104,537	4.7%	3,194,848	2.4%	3.5%
Total-GF Operations	1,259,610,962	1,315,231,996	1,395,116,374	55,621,034	4.4%	79,884,378	6.1%	5.2%
<u>State Aid to Individuals/Others</u>								
Medicaid	644,573,194	710,247,560	773,561,292	65,674,366	10.2%	63,313,732	8.9%	9.5%
Child Welfare Aid	153,774,584	156,756,327	138,879,572	2,981,743	1.9%	(17,876,755)	-11.4%	-5.0%
Public Assistance	108,524,785	107,116,945	108,181,405	(1,407,840)	-1.3%	1,064,460	1.0%	-0.2%
Developmental disabilities aid	101,878,371	109,173,012	126,248,291	7,294,641	7.2%	17,075,279	15.6%	11.3%
Behavioral Health aid	75,133,219	70,759,664	57,344,214	(4,373,555)	-5.8%	(13,415,450)	-19.0%	-12.6%
Childrens Health Insurance (SCHIP)	13,107,750	17,638,937	22,425,227	4,531,187	34.6%	4,786,290	27.1%	30.8%
ACA Contingency	0	0	10,000,000	0	--	10,000,000	100.0%	na
Aging Programs	7,999,438	8,229,427	8,463,465	229,989	2.9%	234,038	2.8%	2.9%
Higher Ed Student Aid programs	6,993,156	7,308,156	7,353,156	315,000	4.5%	45,000	0.6%	2.5%
Public Health Aid	4,790,612	6,040,612	5,890,612	1,250,000	26.1%	(150,000)	-2.5%	10.9%
Community health centers	3,758,060	4,058,060	4,058,060	300,000	8.0%	0	0.0%	3.9%
Business Innovation Act	7,156,396	6,760,000	6,760,000	(396,396)	-5.5%	0	0.0%	-2.8%
All Other Aid to Individuals/Other	7,980,123	8,803,123	8,862,373	823,000	10.3%	59,250	0.7%	5.4%
Total-GF Aid to Individuals/Other	1,135,669,688	1,212,891,823	1,278,027,667	77,222,135	6.8%	65,135,844	5.4%	6.1%
<u>State Aid to Local Govts</u>								
State Aid to Schools (TEEOSA)	836,867,085	884,888,317	920,786,352	48,021,232	5.7%	35,898,035	4.1%	4.9%
Special Education	193,893,842	203,588,534	213,767,961	9,694,692	5.0%	10,179,427	5.0%	5.0%
Aid to Community Colleges	87,870,147	91,384,953	95,040,351	3,514,806	4.0%	3,655,398	4.0%	4.0%
Homestead Exemption	72,500,000	71,600,000	74,900,000	(900,000)	-1.2%	3,300,000	4.6%	1.6%
Aid to ESU's	14,051,761	14,051,761	14,051,761	0	0.0%	0	0.0%	0.0%
Early Childhood programs	0	5,915,962	5,915,962	5,915,962	#DIV/0!	0	0.0%	na
Other Aid to Local Govt	11,188,037	12,785,537	14,976,237	1,597,500	14.3%	2,190,700	17.1%	15.7%
Total-GF Aid to Local Govt	1,216,370,872	1,284,215,064	1,339,438,624	67,844,192	5.6%	55,223,560	4.3%	4.9%
<u>Capital Construction</u>								
	20,772,233	25,830,024	28,310,000	5,057,791	24.3%	2,479,976	9.6%	16.7%
<u>Total General Funds</u>								
	3,632,423,755	3,838,168,907	4,040,892,665	205,745,152	5.7%	202,723,758	5.3%	5.5%

**By Major Category
FY2013-14**



Agency Operations accounts for the costs of operating state agencies including costs such as employee salaries and benefits, data processing, utilities, vehicle and equipment purchases, fuel and oil, etc... In the FY2013-14 budget, 34.3% of all General Fund appropriations are for agency operations. Although there are 47 state agencies that receive General Fund appropriations higher education (University of Nebraska and State Colleges) and the six largest agencies (Health and Human Services, Corrections, Courts, State Patrol, Revenue, and Retirement Board) account for 90% of state operations. Most of the General Funds for the Retirement Board are by state contributions for the K-12 School employee retirement plan.



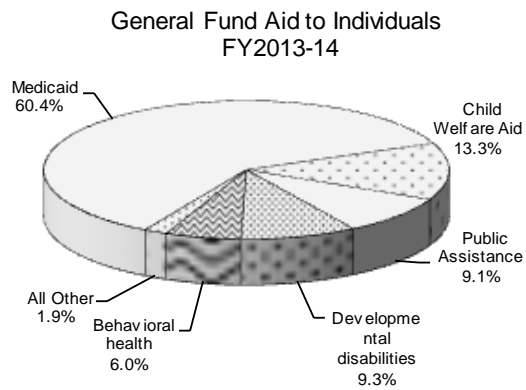
General Funds for agency operations shows a net \$55.6 million increase (4.4%) in FY13-14 and a \$79.9 million increase (6.1%) in FY14-15. The most significant increases in operations in FY13-14 are \$20.9 million for a 2.25% salary increase for state employees, \$11.2 million for a 4.0% increase in support for the University of Nebraska, and \$4.9 million for administrative costs related to implementation of the Affordable Care Act (ACA) health care reform. This includes staffing to cover a projected increase in the number of Medicaid and Children's Health Insurance clients who are eligible under current law but not participating at the present time. Other major operations include \$4.8 million for inmate per diem costs (food, medical) and \$2.75 million to restore a previous budget cut and reopen additional correctional housing.

The larger increase in FY14-15 can be attributed to two items, state contributions to defined benefit retirement plans and LB561 which made significant changes to the juvenile justice system. FY14-15 includes a net \$15 million increase in state contributions to the defined benefit retirement plans; a \$5.7 million reduction with the sunset of a current statutory COLA contribution and a \$20 million increase in state contributions for schools (contribution increase of 1% to 2% of salaries) and a flat \$1.4 million allocation for the state patrol plan. In the absence of legislation, an even larger increase would have been required to cover the actuarial shortfall in these plans.

The second year increase also reflects the shift of significant funds of money from child welfare aid to agency operations under the Court System as part of the juvenile justice reforms and conversion from DHHS to probation under the Courts. This shift of funds from aid top operations amounted to \$3.7 million in FY2013-14 and \$23.4 million in FY2014-15.

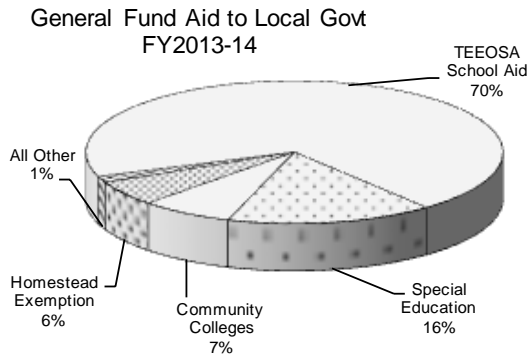
Aid to Individuals About 32% of all General Fund appropriations are classified as state aid to individuals. Aid to individuals includes programs such as Medicaid, Child Welfare, Public Assistance programs such as AFDC, student scholarships, etc... This area also includes aid to quasi-government units that are those local agencies that do not have the authority to levy property taxes such as area agencies on aging, behavioral health regions and developmental disability regions.

This area has the largest overall growth in the budget with a net increase of \$77.2 million (6.8%) in FY2013-14. This includes a \$23.8 million increase for Medicaid eligibility and utilization, \$18.3 million to offset a lower federal Medicaid match rate, \$14.6 million for a 2.25% DHHS provider rate increase, \$12.5 million for projected higher participation in Medicaid and Children's Health Insurance (SCHIP) under the Affordable Care Act (ACA) health care reform, and \$4.2 million for child care rates.



Increased funding is also provided for the developmental disability program including funds for new clients transitioning from high school (\$1,400,000 FY14 and \$2.8 million FY15), funds to help reduce the waiting list (\$1,946,650 FY14 and \$3,893,300 FY15) and funding to start implementing a new rate methodology (\$2.8 million as provider rate increase in FY14 and then \$14.9 million in FY15).

Aid to Local Government This area accounts for aid payments to local governments and accounts for 34% of all General Fund appropriations. This category includes those local entities that have the authority to levy a property tax such as cities, counties, and schools and includes programs such as state aid to schools (TEEOSA), special education, community colleges, and homestead exemption reimbursements. Note that state payments for teacher retirement are not included under this category as those amounts are credited directly to the teacher retirement fund and are not checks written to school districts nor do those amounts show up as a school revenue or subsequent expenditure.



Collectively, this area receives a \$67.8 million (5.6%) increase in FY2013-14 and another \$55.2 million (4.3%) increase in FY2014-15.

Significant increases in FY2013-14 include TEEOSA school aid (\$48.0 million, 5.7%), Special Education (\$9.7 million, 5.0%), \$4 million for additional state support for the Early Childhood Endowment program, and Community College aid (\$3.5 million, 4.0%).

FY2013-14 funding also includes \$1,665,962 to partially restore General Funds for early childhood aid. For the last two years the program was funded at \$3,365,962 with Education Innovation Fund (lottery proceeds). Although prior law called for this to return to General Funds, the legislation enacted in the 2013 Session continued using \$1.7 million of lottery funds for this program.

Capital construction which accounts for about .7% 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. Road construction and maintenance is not included in this category but included under cash fund agency operations.

The budget contains funds to initiate several significant projects including a building for a chemical dependency program at the Hastings Regional Center campus, renovations of the Conn Library at Wayne State College, construction of a Rangeland Center at Chadron State College, and construction of a new facility to house the UNMC College of Nursing program in Lincoln.

Although financed with Cash Reserve Fund and General Fund transfers to the Nebraska Capital Construction Fund, and not shown as a General Fund appropriation, the most significant construction item is \$47 million for a new Central Nebraska Veterans Home to replace the facilities at the current Grand Island Veterans Home.

Historical General Fund Appropriations

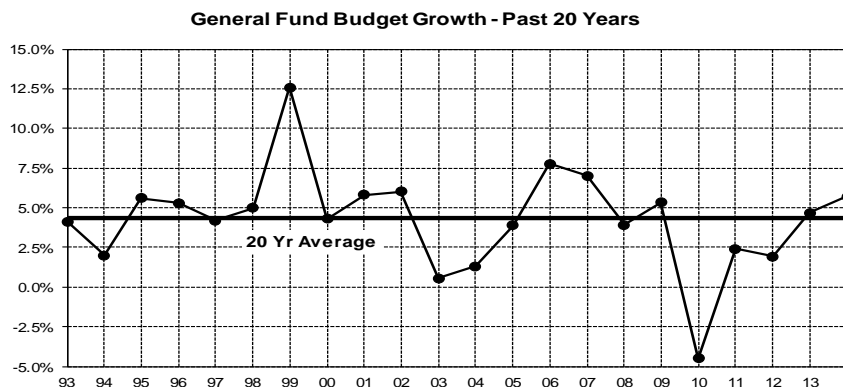
While the previous sections provide an overview of the FY2013-14 and FY2014-15 General Fund biennial budget, Table 12 provides an historical perspective showing appropriations for the twenty year period FY1993-94 through the proposed budget for FY2014-15. In the 10 year period FY05 to FY15 the average annual increase in General Fund appropriations is 3.8. Aid to individuals has the highest average increase, 5.2% per year, and was driven more by developmental disability, behavioral health and child welfare than Medicaid. Aid to local government has grown at an average rate of 3.6%. The 2.9% average growth in agency operations reflects budget cuts in the early 2000's and early 2010's with some restoration of some funds in between and the current proposed budget.

Table 12 Historical General Fund Appropriations

(Excludes deficits)	Agency Operations	Aid to Individuals	Aid to Local Govt	Construction	Total	% Change
FY1994-95 Approp	695,515,177	384,690,537	632,796,916	5,954,449	1,718,957,079	5.6%
FY1995-96 Approp	725,857,466	410,620,962	652,868,725	20,831,107	1,810,178,260	5.3%
FY1996-97 Approp	750,780,005	440,564,731	674,622,322	19,843,088	1,885,810,146	4.2%
FY1997-98 Approp	781,597,662	461,238,934	695,680,295	41,250,742	1,979,767,633	5.0%
FY1998-99 Approp	818,104,542	489,445,789	860,034,724	60,994,066	2,228,579,121	12.6%
FY1999-00 Approp	877,214,679	523,395,392	868,657,713	54,676,163	2,323,943,947	4.3%
FY2000-01 Approp	928,262,744	598,336,773	885,742,858	46,446,858	2,458,789,233	5.8%
FY2001-02 Approp	989,205,923	646,333,088	944,027,473	27,384,852	2,606,951,336	6.0%
FY2002-03 Approp	1,003,728,744	647,793,727	951,729,511	18,044,257	2,621,296,239	0.6%
FY2003-04 Approp	999,655,261	705,616,238	929,503,078	20,515,031	2,655,289,608	1.3%
FY2004-05 Approp	1,018,017,210	785,572,536	935,446,662	19,046,316	2,758,082,724	3.9%
FY2005-06 Approp	1,079,894,592	850,904,771	1,018,289,225	23,350,481	2,972,439,069	7.8%
FY2006-07 Approp	1,151,463,639	938,524,594	1,058,983,563	31,878,981	3,180,850,777	7.0%
FY2007-08 Approp	1,172,764,317	978,026,675	1,146,759,149	8,150,822	3,305,700,963	3.9%
FY2008-09 Approp	1,221,557,978	1,015,815,632	1,236,048,810	8,238,322	3,481,660,742	5.3%
FY2009-10 Approp	1,210,527,988	880,256,943	1,220,339,540	14,172,233	3,325,296,704	-4.5%
FY2010-11 Approp	1,253,663,584	946,598,966	1,191,036,509	13,802,233	3,405,101,292	2.4%
FY2011-12 Approp	1,225,276,661	1,057,283,733	1,173,944,302	14,027,233	3,470,531,929	1.9%
FY2012-13 Approp	1,259,610,962	1,135,669,688	1,216,370,872	20,772,233	3,632,423,755	4.7%
FY2013-14 Prelim	1,315,231,996	1,212,891,823	1,284,215,064	25,830,024	3,838,168,907	5.7%
FY2014-15 Prelim	1,395,116,374	1,278,027,667	1,339,438,624	28,310,000	4,040,892,665	5.3%
Average Annual Growth						
FY04/FY05 Biennium	0.7%	10.1%	-0.9%	2.7%	2.6%	
FY06/FY07 Biennium	6.4%	9.3%	6.4%	29.4%	7.4%	
FY08/FY09 Biennium	3.0%	4.0%	8.0%	-49.2%	4.6%	
FY10/FY11 Biennium	1.3%	-3.5%	-1.8%	29.4%	-1.1%	
FY12/FY13 Biennium	0.2%	9.5%	1.1%	22.7%	3.3%	
FY14/FY15 Biennium	5.2%	6.1%	4.9%	16.7%	5.5%	
Avg FY95 to FY05 (10 yr)	3.9%	7.4%	4.0%	12.3%	4.8%	
Avg FY05 to FY15 (10 yr)	3.2%	5.0%	3.7%	4.0%	3.9%	
Avg FY95 to FY15 (20 yr)	3.5%	6.2%	3.8%	8.1%	4.4%	

Table 13 Breakdown of General Fund Appropriations – Last 20 Years

	New Approp FY1993-94	New Approp FY2003-04	Per 2013 Sess FY2013-14	Avg % 20 Yr 94 to 14
<u>AGENCY OPERATIONS</u>				
University + Colleges	320,338,353	427,535,958	567,109,821	2.9%
Health & Human Services System	121,467,907	195,115,592	233,328,582	3.3%
Correctional Services	55,593,021	130,914,594	167,048,868	5.7%
Court System	35,085,781	54,950,666	107,213,686	5.7%
State Patrol	24,051,806	39,648,855	56,153,379	4.3%
Revenue	19,509,093	24,503,761	25,398,331	1.3%
Retirement Board	8,074,994	15,927,474	24,290,810	5.7%
Other 38 Agencies	92,292,186	111,058,361	134,688,519	1.9%
Total-GF Operations	676,413,141	999,655,261	1,315,231,996	3.4%
<u>AID TO INDIVIDUALS</u>				
Medicaid	202,974,954	416,751,984	710,247,560	6.5%
Child Welfare aid	34,957,494	113,250,348	156,756,327	7.8%
Public Assistance	53,588,488	65,033,636	107,116,945	3.5%
Developmental disabilities	25,574,653	56,264,621	109,173,012	7.5%
Behavioral Health aid	16,298,490	31,405,597	70,759,664	7.6%
Childrens Health Insurance (CHIP)	0	25,456	17,638,937	na
ACA Contingency	0	0	0	na
Public Health Aid and health centers	1,277,205	2,911,792	10,098,672	10.9%
Aging programs	2,585,155	5,696,975	8,229,427	6.0%
Higher Ed Student Aid	2,164,909	5,795,794	7,308,156	6.3%
Business Innovation Act	0	0	6,760,000	na
Other Aid to Individuals/Other	7,407,835	8,480,035	8,803,123	0.9%
Total-State Aid to Ind/Other	346,829,183	705,616,238	1,212,891,823	6.5%
<u>AID TO LOCAL GOVT</u>				
State Aid to Education (TEEOSA)	383,069,609	625,915,582	884,888,317	4.3%
Special Education	104,099,569	153,473,068	203,588,534	3.4%
Aid to Community Colleges	34,553,185	62,376,556	91,384,953	5.0%
Homestead Exemption	31,823,000	43,000,000	71,600,000	4.1%
Aid to ESU's	0	10,618,003	14,051,761	na
Aid to Cities	17,631,500	11,313,762	0	-100.0%
Aid to Counties (all programs)	13,297,500	8,509,820	0	-100.0%
Early Childhood+High Ability Learner	414,000	4,445,844	5,915,962	14.2%
Property Tax Credit	0	--	Transfer	--
Other Aid to Local Govt	12,578,599	9,850,443	12,785,537	0.1%
Total-GF State Aid to Local Govt	597,466,962	929,503,078	1,284,215,064	3.9%
<u>CAPITAL CONSTRUCTION</u>				
	7,264,678	20,515,031	25,830,024	6.5%
<u>GENERAL FUND TOTAL</u>	1,627,973,964	2,655,289,608	3,838,168,907	4.4%



Significant General Fund Increases and Reductions

The FY2013-14 / FY2014-15 enacted budget represents the result of numerous areas where the budget was increased, offset to some extent by areas that were reduced. Notwithstanding formula changes, TEEOSA school aid is still the largest dollar increase in the General Fund budget as shown in this table. Medicaid would be the largest item when the impacts of the Affordable Care Act (ACA) and reduced federal Medicaid match rate are added to the basic cost and client increases.

Table 14 Significant General Fund Increases / Reductions In Rank Order

Numbers are \$ change compared to FY13 base	Biennial Budget – 2013 Session		
	FY2013-14	FY2014-15	Two Yr total
1 <u>SIGNIFICANT INCREASES:</u>			
2 TEEOSA Aid to Schools (General Funds only)	48,021,232	83,919,267	131,940,499
3 Medicaid (other than FMAP, ACA, match shift)	34,924,526	70,610,907	105,535,433
4 General Increase (University+Colleges)	21,965,237	44,591,198	66,556,435
5 ACA Health Care Reform (op & aid and contingency)	17,464,999	33,518,412	50,983,411
6 Federal Medicaid Match rate (op & aid)	18,885,855	31,746,512	50,632,367
7 Special Education	9,694,692	19,874,119	29,568,811
8 Salaries+Health Insurance (Agencies)	9,198,242	18,597,901	27,796,143
9 Developmental Disability aid (other than FMAP)	4,988,408	20,470,837	25,459,245
10 Child Welfare aid (other than FMAP and LB561)	7,279,505	8,945,456	16,224,961
11 Juvenile justice system changes - LB561 (net oper + aid)	5,864,004	8,635,996	14,500,000
12 Capital Construction	5,057,791	7,537,767	12,595,558
13 Inmate per diem costs (Corrections)	4,820,496	6,036,322	10,856,818
14 Community Colleges	3,514,806	7,170,204	10,685,010
15 Retirement, K-12 School/Judges/Patrol	(5,700,515)	16,427,255	10,726,740
16 Early Childhood Endowment	4,000,000	4,000,000	8,000,000
17 Restore staffing,housing units (Corrections)	2,750,000	2,750,000	5,500,000
18 Behavioral health aid (other than FMAP, match shift, ACA)	1,389,908	2,811,089	4,200,997
19 Childrens Health Insurance (other than FMAP & ACA)	1,468,391	2,442,154	3,910,545
20 Early Childhood program (shift back to Gen Fund)	1,915,962	1,915,962	3,831,924
21 Salary adjustments and reclassifications (Courts)	1,087,137	2,196,133	3,283,270
22 Public/Community Health Aid	1,550,000	1,400,000	2,950,000
23 Wildfire Control Act of 2013 - LB634 (University+Military)	1,545,000	1,395,000	2,940,000
24 Young Adult Voluntary Services & Support - LB216 (DHHS)	1,048,518	1,585,597	2,634,115
25 General Operating inflation (State Agencies)	864,753	1,235,123	2,099,876
26 Operations back to General Funds per LB495 (Education)	806,236	816,464	1,622,700
27 Homestead Exemption (net)	(900,000)	2,400,000	1,500,000
28 Replace federal HAVA funding (Sec of State)	390,000	990,000	1,380,000
29 Liquor Control Act enforcement - LB579 (Patrol)	652,000	522,000	1,174,000
30 Telehealth, children behavioral health - :LB556 (University)	450,000	450,000	900,000
31 Student assessment (Education)	400,000	400,000	800,000
32 Higher Ed Student aid programs	315,000	360,000	675,000
33 Juvenile Pilot Project Budget Adjustments (Courts)	200,000	400,000	600,000
34 Subtotal-Increases Listed	205,912,183	406,151,675	612,063,858
35 <u>SIGNIFICANT REDUCTIONS:</u>			
36 Public Assistance (other than FMAP)	(1,746,904)	(889,828)	(2,636,732)
37 Funds shifts (DHHS)	(1,800,000)	(1,000,000)	(2,800,000)
38 Continued phaseout of county assessor takeover (Revenue)	(616,540)	(616,540)	(1,233,080)
39 Subtotal-Reductions Listed	(4,163,444)	(2,506,368)	(6,669,812)
40 <u>OTHER NOT LISTED (NET)</u>	3,996,413	4,823,603	8,820,016
41 <u>TOTAL GENERAL FUND CHANGE</u>	205,745,152	408,468,910	614,214,062

Table 15 Significant General Fund Increases / Reductions by Budget Category

	Numbers are \$ change compared to FY11 base	Biennial Budget – 2013 Session		
		FY2011-12	FY2012-13	Two Yr total
1	TEEOSA Aid to Schools	48,021,232	83,919,267	131,940,499
2	Special Education	9,694,692	19,874,119	29,568,811
3	Early Childhood program (shift back to Gen Fund)	1,915,962	1,915,962	3,831,924
4	Early Childhood Endowment	4,000,000	4,000,000	8,000,000
5	High School Equivalency Assistance (LB366)	750,000	750,000	1,500,000
6	Homestead Exemption (net)	(900,000)	2,400,000	1,500,000
7	Community Colleges	3,514,806	7,170,204	10,685,010
8	County Juvenile Services aid	1,522,425	3,522,425	5,044,850
9	Superfund cleanup	(369,650)	(305,650)	(675,300)
10	Other Not Listed (net)	(305,275)	(178,575)	(483,850)
11	AID TO LOCAL GOVERNMENTS	67,844,192	123,067,752	190,911,944
12	Medicaid	65,674,366	128,988,098	194,662,464
13	Public Assistance	(1,407,840)	(343,380)	(1,751,220)
14	Child Welfare aid	2,981,743	(14,895,012)	(11,913,269)
15	Developmental Disability aid	7,294,641	24,369,920	31,664,561
16	Behavioral health aid	(4,373,555)	(17,789,005)	(22,162,560)
17	Children's Health Insurance (SCHIP)	4,531,187	9,317,477	13,848,664
18	Aging programs	229,989	464,027	694,016
19	ACA Contingency	0	10,000,000	10,000,000
20	Higher Ed Student aid programs	315,000	360,000	675,000
21	Public/Community Health Aid	1,550,000	1,400,000	2,950,000
22	Other Not Listed (net)	426,604	485,854	912,458
23	AID TO INDIVIDUALS / OTHER	77,222,135	142,357,979	219,580,114
24	Salaries (State Agencies)	9,198,242	18,597,901	27,796,143
25	General Operating inflation (State Agencies)	864,753	1,235,123	2,099,876
26	Juvenile Pilot Project Budget Adjustments (Courts)	200,000	400,000	600,000
27	Juvenile justice system changes - LB561 (Courts)	19,756,126	43,965,323	63,721,449
28	Problem-Solving Court Positions (Courts)	145,000	145,000	290,000
29	Probation Community-Based Programs (Courts)	302,448	312,143	614,591
30	Salary adjustments and reclassifications (Courts)	1,087,137	2,196,133	3,283,270
31	Replace federal HAVA funding (Sec of State)	390,000	990,000	1,380,000
32	Interstate Water Litigation (Attorney General)	350,000	0	350,000
33	Consumer Protection Division to cash (Attorney General)	(382,392)	(382,392)	(764,784)
34	Student assessment (Education)	400,000	400,000	800,000
35	Operations back to General Funds per LB495 (Education)	806,236	816,464	1,622,700
36	Continued phaseout of county assessor takeover (Revenue)	(616,540)	(616,540)	(1,233,080)
37	Funds shifts (DHHS)	(1,800,000)	(1,000,000)	(2,800,000)
38	Developmental Disability service coordination (DHHS)	160,034	354,196	514,230
39	Health Care reform implementation (DHHS operations)	4,964,999	5,018,412	9,983,411
40	Nebraska Health Information Initiative (DHHS)	500,000	500,000	1,000,000
41	Juvenile justice system changes - LB561 (DHHS)	(12,030,918)	(15,692,459)	(27,723,377)
42	Young Adult Voluntary Services & Support - LB216 (DHHS)	1,048,518	1,585,597	2,634,115
43	Inmate per diem costs (Corrections)	4,820,496	6,036,322	10,856,818
44	Restore staffing,housing units (Corrections)	2,750,000	2,750,000	5,500,000
45	Liquor Control Act enforcement - LB579 (Patrol)	652,000	522,000	1,174,000
46	General Increase (Colleges)	2,045,290	3,945,137	5,990,427
47	General Increase (University)	19,919,947	40,646,061	60,566,008
48	Telehealth children behavioral health - :LB556 (University)	450,000	450,000	900,000
49	Wildfire Control Act of 2013 - LB634 (University+Military)	1,545,000	1,395,000	2,940,000
50	Retirement, K-12 School/Judges/Patrol	(5,700,515)	16,427,255	10,726,740
51	Other Not Listed (net)	3,795,173	4,508,736	8,303,909
52	AGENCY OPERATIONS	55,621,034	135,505,412	191,126,446
53	CAPITAL CONSTRUCTION	5,057,791	7,537,767	12,595,558
54	TOTAL GENERAL FUND CHANGE (without deficits)	205,745,152	408,468,910	614,214,062

General Fund Aid to Individuals

Affordable Care Act (ACA)

The Patient Protection and Affordable Care Act (referred to here as ACA) was signed into law on March 23, 2010 and amended on March, 31, 2010 by the Health Care and Education Reconciliation Act of 2010. The ACA made many changes regarding individuals, employers, health plans; and health coverage. Beginning in 2014, individuals will be required to maintain health insurance. Also several market reforms are made such as prohibition against lifetime benefit limits and coverage for preexisting health conditions. The following summarizes the state funding impact that these various changes have on existing programs based on existing state law.

Table 16 Projected Impact of the Affordable Care Act (ACA)

	Estimated FY2013-14	Estimated FY2014-15	Estimated FY2015-16	Estimated FY2016-17	Estimated FY2017-18	Estimated FY2018-19	Estimated FY2019-20
Woodwork Parents - Medicaid Eligible 0-50%	1,800,000	5,100,000	6,500,000	7,900,000	7,900,000	8,200,000	8,400,000
Woodwork Children – Medicaid Eligible 0-138%	1,700,000	4,600,000	5,700,000	7,000,000	6,900,000	7,100,000	7,300,000
Woodwork Children - SCHIP Eligible 138%-200%	500,000	1,100,000	1,200,000	1,200,000	1,200,000	1,200,000	1,300,000
Insured Switchers Parents - Medicaid 0-50%	600,000	2,000,000	2,300,000	2,300,000	2,400,000	2,400,000	2,500,000
Insured Switchers Children -Medicaid 0-138%	2,400,000	5,400,000	5,800,000	6,000,000	6,200,000	6,300,000	6,600,000
Insured Switchers Children -SCHIP 138%-200%	2,100,000	5,000,000	5,600,000	5,700,000	5,900,000	6,000,000	6,200,000
Former Foster Children Coverage to Age 26	1,300,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
DSH Reduction - currently eligible population	--	--	--	--	(4,300,000)	(5,100,000)	(2,900,000)
SCHIP Expanded Match Rate Impact	-	--	(14,100,000)	(19,400,000)	(20,000,000)	(20,600,000)	(5,300,000)
Required Physician Fee 100% Medicare Rate	0	0	0	0	0	0	0
Required Physician Fee, GF replacement	--	3,500,000	6,900,000	7,100,000	7,400,000	7,600,000	8,100,000
ACA Health Insurer Fee	2,100,000	4,300,000	4,300,000	4,500,000	4,600,000	4,700,000	4,800,000
Behavioral Health aid savings	0	(15,000,000)	(20,000,000)	(20,000,000)	(20,000,000)	(20,000,000)	(20,000,000)
ACA Contingency	0	10,000,000	10,000,000	5,000,000	0	0	0
Subtotal - Current Law Aid	12,500,000	28,500,000	16,700,000	9,800,000	700,000	300,000	19,500,000
Administration-Currently Eligible Population	4,964,999	5,018,412	6,304,156	5,363,203	6,644,366	6,721,175	6,800,288
ACA IT Implementation (1)	Cash	Cash	2,312,500	0	0	0	0
Total - Non Expansion GF Impact	17,464,999	33,518,412	25,316,656	15,163,203	7,344,366	7,021,175	26,300,288
Totals by Program							
Childrens Health Insurance (SCHIP)	2,600,000	6,100,000	(7,300,000)	(12,500,000)	(12,900,000)	(13,400,000)	2,200,000
Medicaid	9,900,000	27,400,000	34,000,000	37,300,000	33,600,000	33,700,000	37,300,000
Behavioral Health aid	0	(15,000,000)	(20,000,000)	(20,000,000)	(20,000,000)	(20,000,000)	(20,000,000)
ACA Contingency	0	10,000,000	10,000,000	5,000,000	0	0	0
Total Aid	12,500,000	33,500,000	26,700,000	24,800,000	20,700,000	20,300,000	39,500,000
Administrative / Operating Costs	4,964,999	5,018,412	8,616,656	5,363,203	6,644,366	6,721,175	6,800,288
Total General Funds	17,464,999	38,518,412	35,316,656	30,163,203	27,344,366	27,021,175	46,300,288

(1) Use \$2,312,500 from Medicaid Settlement Cash fund for both FY14 and FY15

Impact on Medicaid and Children's Health Insurance (SCHIP) Even without extending coverage to the expansion population, enrollment in Medicaid and the Children's Health Insurance Program is anticipated to increase as the Affordable Act (ACA) is implemented. First, two mandatory groups of children will be covered; former foster children up to age twenty-six are covered. For children age six and older, the current Medicaid income limit is 100% of FPL; the ACA increases the income eligibility to 133%. Some in this group will move from the Children's Health Insurance Program to Medicaid, but the enhanced match will continue to their costs.

Second, greater awareness and the interaction with the insurance exchange are also believed to increase enrollment. Those currently eligible but not enrolled fall into two categories: "woodwork" and "insurance

switchers”. Those in the “woodwork” category meet the eligibility criteria but are not participating. This includes parents with incomes under 50% of the Federal Poverty Level (FPL) and the uninsured children (0-17) under 200% FPL. Similarly, “insurance switchers” meet the requirements for Medicaid and CHIP, but have private insurance which they are anticipated to drop.

In August of 2011, the Department of Health and Human Services contracted with Milliman for a projection of the costs of the Affordable Care Act (ACA). This report was revised in January 2013. In their report, Milliman projected costs based on full participation and a mid-range participation scenario although they stated in their report that they do not anticipate full enrollment to occur. The Governor’s budget recommendation is the average of the full and mid-range participation in total funds, but is just slightly below the full participation costs in General Funds. This is due to rounding to the nearest million. Last fall, the Legislative Fiscal Office (LFO) also projected costs of the ACA.

The enacted budget is based on the average of the 2013 Milliman mid-range estimate and the Legislative Fiscal Office (LFO) calculations. The Milliman mid-range participation rates varied from 70% to 80% while the LFO participation rates are 10%-40% for those who are currently eligible but not enrolled. The LFO rates were basically those used by the Urban Institute / Kaiser Foundation starting with their standard scenario and then phasing in to their enhanced scenario in the fourth year (FY16-17).

Although the LFO participation rates were lower, it should be noted that the LFO calculations had estimated a much higher potential pool of participants. Also the LFO calculations used a higher per participant cost. LFO used average costs of current ADC adults and children (similar to Milliman’s 2010 report) while the 2013 Milliman used multiple sources including the July-Dec 2012 contracted managed care contract. When all is taken into consideration, the total amounts derived from LFO and Milliman were quite similar. The chart below compares the assumptions for FY2015-16 which was the year referenced in the narrative of Milliman’s 2013 report.

ACA Impacts under Current Law Comparison of FY2015-16 Assumptions	LFO (Nov 2012)	Milliman Mid Range	Average of LFO/Milliman	LFO (Nov 2012)	Milliman Mid Range	Average of LFO/Milliman
<u>Population Type</u>	<u>Est Number Potentially Eligible</u>			<u>Participation Rate</u>		
Woodwork Parents - Medicaid Eligible 0-50%	9,442	4,701	7,072	30.0%	70.0%	43.3%
Woodwork Children - Medicaid Eligible 0-138%	15,212	12,196	13,704	30.0%	80.0%	52.2%
Woodwork Children – SCHIP Eligible 138%-200%	13,632	3,216	8,424	10.0%	80.0%	23.4%
Insured Switchers Parents - Medicaid Eligible 0-50%	in adult	2,254	2,254	0.0%	75.0%	75.0%
Insured Switchers Children - Medicaid Eligible 0-138%	20,908	9,163	15,036	25.0%	75.0%	40.2%
Insured Switchers Children – SCHIP Eligible 138%-200%	32,148	18,979	25,564	15.0%	75.0%	37.3%
Former Foster Children Coverage to Age 26	na	2,200	2,200	na100.0%	100.0%	
Total	91,342	52,709	74,253	--	--	--
<u>Population Type</u>	<u>Est Number Utilizing Services</u>			<u>Annual Cost per Person</u>		
Woodwork Parents - Medicaid Eligible 0-50%	2,833	3,291	3,062	\$5,778	\$3,668	\$4,723
Woodwork Children - Medicaid Eligible 0-138%	4,564	9,757	7,160	\$2,758	\$1,283	\$2,021
Woodwork Children – SCHIP Eligible 138%-200%	1,363	2,573	1,968	\$2,758	\$1,283	\$2,021
Insured Switchers Parents - Medicaid Eligible 0-50%	1,691	1,691	--	\$4,600	\$4,600	
Insured Switchers Children - Medicaid Eligible 0-138%	5,227	6,872	6,050	\$3,056	\$1,404	\$2,230
Insured Switchers Children – SCHIP Eligible 138%-200%	4,822	14,234	9,528	\$3,056	\$1,404	\$2,230
Former Foster Children Coverage to Age 26	--	2,200	2,200	-- \$2,500	\$2,500	
Total	18,809	40,617	31,658	--	--	--
<u>Estimates for those calculated Areas</u>	<u>LFO</u>	<u>Milliman</u>	<u>Average</u>			
FY2013-14	\$10,063,129	\$11,200,000	\$10,631,565			
FY2014-15	25,064,986	29,100,000	27,082,493			
FY2015-16	29,662,685	29,100,000	29,381,342			
FY2016-17	34,030,823	30,800,000	32,415,412			
FY2017-18	34,005,598	31,500,000	32,752,799			
FY2018-19	34,929,766	32,300,000	33,614,883			
FY2019-20	35,881,659	33,300,000	34,590,830			

Behavioral Health Savings: Beginning in 2014 under the ACA all new small group and individual market plans will be required to cover ten essential health benefit categories, including mental health and substance use disorder services, and will be required to cover them at parity with medical and surgical benefits. It is anticipated that state expenditures for behavioral health services will be reduced because insurance payments will cover the cost of many behavioral health services currently funded with state resources

In FY14-15, the budget incorporates \$15 million savings into the appropriations of the behavioral health regions but at the same time sets aside \$10 million in a separate budget program (ACA Contingency, Prog 46). The contingency funds would then be available for behavioral health aid if the funds are needed to continue existing services, with no expansion of services if those budgeted savings do not occur as projected.

Behavioral Health Impact	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
Savings in Behavioral Health aid	0	(15,000,000)	(20,000,000)	(20,000,000)	(20,000,000)	(20,000,000)	(20,000,000)
Allocated to ACA Contingency	0	10,000,000	10,000,000	5,000,000	0	0	0
Net Savings	0	(5,000,000)	(10,000,000)	(15,000,000)	(20,000,000)	(20,000,000)	(20,000,000)

Administrative Costs The administrative costs are based on the Governor's recommendation and assume Medicaid eligibility will be handled separately from other public assistance programs. Medicaid eligibility for the non-disabled and non-elderly will become income-based only beginning in January 2014. The determination of eligibility will be based on Modified Adjusted Gross Income (MAGI). In FY14, 287 FTE would move from Economic Assistance to the Medicaid Division. An additional 117 FTE would be added in Medicaid and 38 FTE in Economic Assistance for a total of 155 in FY14. In FY15, 17 additional FTE would be added to Medicaid, bringing the total of new FTEs to 172.

Funding for information technology for ACA implementation is based on an estimate from a consulting firm, RFI, who has done work with the Department of Insurance (DOI). State funds required are \$2,312,500 for FY13-14, FY14-15, and FY15-16. The first two years are paid with Medicaid Settlement Cash funds while the FY15-16 amount would come from General Funds.

Comprehensive Health Insurance Pool (CHIP) Another program referenced by the initials CHIP is the Comprehensive Health Insurance Pool. The Nebraska Comprehensive Health Insurance Pool (CHIP) was created by the Nebraska legislature in 1985 to provide health care coverage to people who can't otherwise obtain it at an affordable price or without health restrictions. CHIP premiums are subsidized by reallocated insurance premium tax monies. The current estimate is \$23 million. The Patient Protection and Affordable Care Act (PPACA) includes individual access reforms beginning on January 1, 2014 one of which is that insurance policies will be guarantee issued without regard for current health status or specific medical condition. When guarantee issue coverage goes into effect, it is assumed that there will no longer be a need for people to enroll in the Nebraska CHIP program. Under current law, funds not needed for the CHIP program are run back through the statutory allocation of all insurance premium taxes which is 50% to cities, counties, and schools, 40% to the State General Fund, and 10% to the Mutual Finance Assistance Fund. The following table shows the shift of unused CHIP monies net of funds to complete payment of all claims as called for under current state law.

Basic Distribution	FY2013-14	FY2014-15	FY2015-16	FY2016-17
Est Amount to CHIP, pre ACA	23,000,000	23,000,000	23,000,000	23,000,000
Less: Retain to pay claims	(13,000,000)	(5,000,000)	0	0
Net to redistribute back	10,000,000	18,000,000	23,000,000	23,000,000
<u>Distribution (1)</u>				
State General Fund (revenue)	4,000,000	7,200,000	9,200,000	9,200,000
Schools (offset to TEEOSA GF)	3,000,000	5,400,000	6,900,000	6,900,000
Counties	1,500,000	2,700,000	3,450,000	3,450,000
Mutual Finance Assistance (MFA) (2)	1,000,000	1,800,000	2,300,000	2,300,000
Cities (MEF)	500,000	900,000	1,150,000	1,150,000
Total Impact	10,000,000	18,000,000	23,000,000	23,000,000

- (1) Statutory distribution of Insurance Premium taxes found in 77-912 and 77-913
- (2) Funds go to fire districts under the Mutual Finance Assistance Act (Sec 35-1201)

The additional amount to the General Fund has already been incorporated into the current General Fund revenue forecasts. For K-12 schools, TEEOSA school aid is first certified and then that amount is financed by both the proceeds from the premium tax and General Funds. Funding for TEEOSA school aid has already recognized the additional amount of insurance premium tax as noted here.

Behavioral Health Aid

The enacted budget for behavioral health aid appears to be a significant reduction in state funding, -5.8% in FY13-14 and -19% in FY14-15. However, this reduction reflects two significant policy changes. the impact of the Medicaid Rehab option transfer and the impact of the Affordable Care Act (ACA) on behavioral health coverage. In addition to these two changes, the budget does include a small increase due to a lower FY14 and FY15 federal Medicaid match rate and a 2.25% per year increase in certain provider rates.

Medicaid Rehabilitation Option (MRO) The budget shifts \$6 million of state general funds used to match four Medicaid Rehabilitation Option (MRO), Secure Residential, Sub-Acute Inpatient care and ten Substance Abuse Waiver services from this program to Program 348-Medicaid. The transfer will place funding used to match federal funding for Medicaid behavioral health services in the Medicaid budget program. The funding used from Program 38 for Medicaid eligible individuals in the form of matching dollars has increased by 42% in the last five years. The change will streamline reporting as the Medicaid program moves toward at-risk capitated managed care for behavioral health services.

Affordable Care Act (ACA) Beginning in 2014 under the ACA all new small group and individual market plans will be required to cover ten essential health benefit categories, including mental health and substance use disorder services, and will be required to cover them at parity with medical and surgical benefits. It is anticipated that state expenditures for behavioral health services will be reduced because insurance payments will cover the cost of many behavioral health services currently funded with state resources

In FY14-15, the budget incorporates \$15 million savings into the appropriations of the behavioral health regions but at the same time sets aside \$10 million in a separate budget program (ACA Contingency, Program 46). The contingency funds will be available for behavioral health aid if the funds are needed to continue existing services, with no expansion of services if those budgeted savings do not occur as projected.

Program 38-Behavioral Health aid (General Funds only)	Previous Biennium		Biennial Budget	
	FY2011-12	FY2012-13	FY2013-14	FY2014-15
Base Year appropriation	74,721,481	74,721,481	75,133,219	75,133,219
Mental Health provider rates	0	0	1,389,908	2,811,089
Federal match rate, Medicaid	354,286	676,738	236,537	312,860
Reduce Magellan behavioral health contract	(75,000)	(75,000)	0	0
LB 603 "Safe Haven" (Family Navigator)	(190,000)	(190,000)	0	0
Move Medicaid Rehab Option (MRO) Match	0	0	(6,000,000)	(6,000,000)
ACA savings, insurance coverage	0	0	0	(15,000,000)
Total	74,810,767	74,952,023	70,759,664	57,344,214
\$ Change over Prior Year	89,286	322,452	(4,373,555)	(13,415,450)
% Change over Prior Year	0.1%	0.4%	-5.8%	-19.0%

Community Based Developmental Disabilities Aid

The enacted budget includes a substantial increase in developmental disability aid, 7.2% increase in FY2013-14 and 15.6% in FY2014-15.

Program 424-Developmental Disability aid (General Funds only)	Previous Biennium		Biennial Budget	
	FY2011-12	FY2012-13	FY2013-14	FY2014-15
Base Year Appropriation	90,573,431	90,573,431	101,878,371	101,878,371
Service Coordination	in oper	in oper	in oper	in oper
Provider Rates/Rate Equity	0	0	2,826,383	14,969,007
Transition	1,200,000	2,200,000	1,400,000	2,800,000
Waiting List	0	3,600,000	1,946,650	3,893,300
Fed match rate, Medicaid	2,879,550	5,504,940	2,306,233	3,050,387
IRS Ruling Impacting DD	0	0	(1,184,625)	(1,191,470)
Total - New Appropriation	94,652,981	101,878,371	109,173,012	126,248,291
\$ Change over Prior Year	4,079,550	7,225,390	7,294,641	17,075,279
% Change over Prior Year	4.5%	7.6%	7.2%	15.6%

Transition: The budget includes \$1,400,000 in FY13-14 and \$2,800,000 in FY14-15 for clients transitioning from K-12 school programs to community based programs. LB 830 (1991) established an entitlement to services for persons with developmental disabilities who graduate from high school or reach age 21. These dollars would fund a net additional 215 graduates in 2013-14 and an additional 215 persons will be served in 2014-15. The general fund appropriation will be matched with approximately \$1,520,353 of federal Medicaid waiver funds in FY14 and \$3,008,947 in FY15.

Rate Methodology The budget also includes funds for a new rate methodology to pay providers amounting to \$5.4 million in FY13-14 and \$10.9 million in FY14-15. Intent language in the appropriations bill in 2009 directed HHS to contract for the development of a new rate methodology to pay providers of developmental disability services. HHS contracted with Navigant Consulting which developed a methodology based upon current costs of providing services in the state, with provisions for future adjustments for inflationary purposes. The current rates paid to providers are based upon a rate methodology developed in 1992. The initial rates were based upon 90% of the wages of a Developmental Technician I at BSDC. The rates were adjusted using a cost of living adjustment when new funding was appropriated for rates. The study also assumes utilization of an objective assessment process (OAP) which is used to determine needs as required by the Developmental Disability Services Act. The OAP has been used since 1999 to assess need and determine funding for new people entering services. It has also been used to reassess need/funding for people whose support needs have increased. But, the OAP has not been fully implemented for many people who entered services prior to 1999. The general fund appropriation will be matched with \$18,190,353 of federal Medicaid funds in FY14 and \$18,104,362 in FY15. So, the increase in rates totals to \$33,073,369 each fiscal year.

Waiting List Additional General Funds of \$1.9 million for FY13-14 and \$3.9 million for FY14-15 are included to provide services to persons on the developmental disability waiting list past their date of need. These dollars would provide services to an estimated 100 individuals in 2013-14 and another 100 (total of 200) in 2014-15. In addition to the aid, the budget also includes operations funds of \$154,445 in FY13-14 and \$313,704 in FY14-15 for service coordination staff.

Federal Medicaid Match Rate (FMAP) The regular federal match rate is changing from 56.64% to 55.76% beginning on October 1, 2013. Also based on states personal income data, it's estimated that

the FMAP will further decline to 54.74% October 1, 2014 and to 54.28% on October 1, 2015. Additional General Funds amount to \$2,306,233 in FY14 and \$3,050,387 in FY15.

IRS Ruling Impacting Extended Family Home (EFH) providers The IRS has issued a ruling that payments to Extended Family Home providers are not taxable. The ruling will result in a decrease in the rates paid to providers for these services because providers are currently paid based on standard group home rates which assume staff are paying income taxes. Rate reductions will begin July 1, 2013 in the contracts for FY14. The issue will also decrease matching federal Medicaid funds in Program 348 by \$1,447,875 in FY14 and \$1,441,030 in FY15.

Children’s Health Insurance Program (SCHIP)

This program provides medical coverage for children up to age 19 who do not have credible health insurance and whose family income is below 200% of poverty. Funding for this program began in 1998 and had originally been funded through a one-time \$25 million transfer from the Health Care Cash Fund. Those funds were exhausted in FY2003-04. A combination of General Funds and a \$5 million allocation from the Health Care Cash fund offset the expiration of the original amounts.

The amount of General Funds appropriated for SCHIP increases by \$4.5 million (34.6%) in FY 2013-14 and then increases by \$4.6 million (26.2%) in FY 2014-15. About half of this large increase can be attributed to the projected impact of the Affordable Care Act (ACA) and higher utilization by existing eligible populations.

Program 344-SCHIP (General Funds only)	Previous Biennium		Biennial Budget	
	FY2011-12	FY2012-13	FY2013-14	FY2014-15
Base Year appropriation	11,634,438	11,634,438	13,107,750	13,107,750
Fed Medicaid match rate	1,464,492	1,707,840	462,796	775,323
Utilization	985,488	1,846,367	1,117,821	1,729,074
Cost Increases	(316,526)	(316,526)	350,570	713,080
Use Health Care Cash Funds to offset General Affordable Care Act (ACA) implementation	(3,835,700)	(1,835,700)	0	0
	0	0	2,600,000	6,100,000
Total - New Appropriation	9,932,192	13,036,419	17,638,937	22,425,227
\$ Change over Prior Year	(1,702,246)	3,104,227	4,531,187	4,786,290
% Change over Prior Year	-14.6%	31.3%	34.6%	27.1%

Eligibility and Utilization Increases The budget includes \$1,117,821 in FY14 and \$1,729,074 in FY15 for projected increases in eligibility and utilization. Rates of growth used in calculating these amounts were 5% in FY14 and 3% in FY15. This also includes a price increase of 4% and 3.5% for drug costs.

Federal Medicaid Match Rate (FMAP) The SCHIP federal match rate is changing from 69.65% to 69.03% beginning on October 1, 2013. Also based on states personal income data, it’s estimated that the FMAP will further decline to 68.32% October 1, 2014 and to 68.00% on October 1, 2015. Additional General Funds amount to \$462,796 in FY14 and \$775,323 in FY15.

Provider Rates The budget included funds equating to a 2.25% increase in provider rates each year. Additional General Funds amount to \$350,570 in FY14 and \$713,080 in FY15.

Public Assistance

This budget area includes several different aid programs related to economic assistance, food, or special services such as AFDC/TANF, childcare, and SSI state supplement. Overall the budget reflects a decrease of 1.3% in FY2013-14 (-\$1.4 million) but from that lower level, a 1.0% increase in FY14-15.

Child care shows a \$4.6 million increase in General Funds in FY13-14. This amount is provided to increase provider rates up to the 60th percentile. Under current law, the rates must be set at a level between the 60th and 75th percentile based on a market rate survey.

Rebase New Appropriations In the midbiennium 2012 legislative session, the FY2012-13 appropriations for Child Welfare and Public Assistance were separated into two distinct budget programs. At that time, all the encumbrances and reappropriations from FY2011-12 were assigned to Program 347-Public Assistance even though the new appropriations for Child Welfare went to Program 354. The budget reallocates \$7.5 million from program 347-Public Assistance to program 354-Child Welfare to better match the FY12-13 base appropriation (and thus FY14 and FY15 new appropriations) with the current estimate of FY2012-13 expenditures.

Adult Day Services provider rates The per day rate under the Title XX Program was lower than the rate paid under the Medicaid waiver. The block grant rate is \$17.34 and the waiver rate is \$32.97. Funds amounting to \$660,000 were provided to increase the rate to the midpoint between the two rates. All costs are from the General Fund, as the Title XX block grant is a capped amount and expenditures currently exceed the grant amount.

LB 507 - Step Up to Quality Child Care Act. This bill requires the State Department of Education (NDE) and the Department of Health and Human Services (HHS) to develop, implement and provide oversight for a quality rating and improvement system for child care and early childhood education programs. This bill also increased the income eligibility requirements from 120% of federal poverty guidelines to 125% in FY 14 and to 130% in FY 15 for families qualifying for the Child Care Subsidy Program. An increase in eligibility to 125% of federal poverty guidelines increases the number on the subsidy by an estimated 173 children in FY 14. The increase to 130% adds an additional 173 children in FY 15. The average monthly cost for the Low-Income Sliding Fee group is \$413 a month. The total cost will be \$857,077 in FY14 and \$1,714,153 in FY 15. The federal Child Care Block Grant is a capped amount which is fully utilized. All additional costs for the increased subsidies in the bill are from General Funds.

Table 17 Public Assistance by Program (General Funds Only)

Public Assistance (General Funds only)	Approp			Biennial Budget		\$ Change vs FY13 base	
	FY2012-13	FY2013-14	FY2014-15	FY13-14	FY14-15		
Birth Certificates	150,000	150,000	150,000	0	0		
AABD (Aged/blind/disabled) Special Rates	1,615,576	1,615,576	1,615,576	0	0		
Tribal/TANF/MOE	339,929	339,929	339,929	0	0		
Food stamp employment	185,395	185,395	185,395	0	0		
Medically handicapped children	1,416,270	1,416,270	1,416,270	0	0		
Disabled persons/family support	910,000	910,000	910,000	0	0		
State Disability-Medical	9,097,211	9,097,211	9,097,211	0	0		
State Disability-Maintenance	466,684	466,684	466,684	0	0		
Title XX Social Services	5,783,807	6,443,807	6,443,807	660,000	660,000		
State supplement-SSI	6,906,909	6,906,909	6,906,909	0	0		
AFDC / TANF	13,043,345	11,543,345	11,543,345	(1,500,000)	(1,500,000)		
Title IV-D Child Care	58,728,273	58,160,433	59,224,893	(567,840)	496,620		
Emergency Assistance	1,738,126	1,738,126	1,738,126	0	0		
Employment First	8,143,260	8,143,260	8,143,260	0	0		
Total Public Assistance (General Funds)	108,524,785	107,116,945	108,181,405	(1,407,840)	(343,380)		

Public Assistance (General Funds only)	Biennial Budget		\$ Change vs FY13 base		
	Approp FY2012-13	FY2013-14	FY2014-15	FY13-14	FY14-15
Child care provider rates (net) (to 60th percentile)				4,236,019	4,236,019
Other provider rates				0	0
Utilization/Eligibility/Cost Increases				0	0
Provider rate increase, adult day services				660,000	660,000
Federal match rate change (FMAP) for federal FY2014 and FY2015				339,064	427,505
Rebase appropriations based on year to date FY13 expenditures				(7,500,000)	(7,500,000)
LB 507 Step Up to Quality Child Care Act				857,077	1,714,153
Total Public Assistance (General Funds)				(1,407,840)	(343,380)

Child Welfare Aid

This budget area includes many different social service programs relating to child welfare such as child welfare services, educational assistance for state wards, foster care, and adoption assistance. Overall the proposed budget reflects an increase of 1.9% in FY2013-14 (\$1.6 million) but a 11.4% reduction in FY14-15. The low increase in FY14 and significant reduction in FY15 are largely the result of LB561 which shifts funds from child welfare aid to juvenile probation as part of the Nebraska Juvenile Service Delivery Project. (see page 60 more a more detailed explanation of the bill)

Child care As noted in the Public Assistance, area funds are included to increase child care provider rates up to the 60th percentile. A small amount (\$42,855 FY14 and \$43,102 FY15) applies to the Foster Care program.

Other Provider Rates The budget does not include any specific funds for any other provider rates other than child care.

Federal Medicaid Match Rate (FMAP) The regular federal match rate is changing from 56.64% to 55.76% beginning on October 1, 2013. Also based states personal income data, it's estimated that the FMAP will further decline to 54.74% October 1, 2014 and to 54.28% on October 1, 2015. Additional General Funds amount to \$277,446 in FY14 and \$351,054 in FY15. This affects the Foster Care and Adoption Assistance programs.

Transfer funds for home visitation program The department had requested to move the general funded home visitation program from the Child Welfare budget (Prog 354) to the Public Health Aid (Prog 514) budget. Through the Affordable Care Act (ACA) the state receives federal funds for home visitation programs. The state-only program preceded the ACA funding. The state-only program has been a collaborative effort between Child Welfare and Public Health and that collaboration would continue. When the state-only program was created, no additional staff was added. Public Health has hired a Program Coordinator to manage the program and assure project work plans are developed.

Rebase New Appropriations In the midbiennium 2012 legislative session, the FY2012-13 appropriations for Child Welfare and Public Assistance were separated into two distinct budget programs. At that time, all the encumbrances and reappropriations from FY2011-12 were assigned to Program 347-Public Assistance even though the new appropriations for Child Welfare went to Program 354. The budget reallocates \$7.5 million from program 347-Public Assistance to program 354-Child Welfare to better match the FY12-13 base appropriation (and thus FY14 and FY15 new appropriations) with the current estimate of FY2012-13 expenditures.

LB 561 - Expand Nebraska Juvenile Service Delivery Project statewide This bill enacted in the 2013 session, expands the Nebraska Juvenile Service Delivery Project statewide in a three step, phase-in process beginning July 1, 2013 with full implementation by July 1, 2014. From 2009 through 2012 the project had been implemented in the Judicial District #11 (North Platte), Judicial District #12 (Gering/Scottsbluff) and Judicial District #4 (Douglas County). The transfer of the cases from the Office of Juvenile Services (OJS) to Juvenile Probation under the Supreme Court will result in a shift of funds from child welfare aid to operations under probation. This shift of funds amounts to \$3,725,208 in FY13-14 and \$23,439,194 in FY14-15.

LB 530 Change foster care reimbursements This bill (1) extends the Nebraska Children's Commission until June 30, 2016, (2) requires the reimbursement rate recommendations of the Foster Care Rate Commission to be implemented on or before July 1, 2014 and (3) requires DHHS to establish a pilot project implementing the standardized level of care assessment tools containing standardized criteria to determine a foster child's placement needs and to appropriately identify the foster care reimbursement rate. On or before January 1, 2016, the Children's Commission shall appoint a Foster Care Reimbursement Rate Committee to make recommendations on the foster care rate structure. The Commission shall reconvene the Committee every four years. The chart below shows the rates recommended by the Rate Commission, current rates, the difference and the increase needed to pay rates at the recommended level. The costs to adjust the foster care rates to foster parents would be \$2,143,394 (\$1,929,054 GF and \$214,340 FF) beginning in FY 15.

<u>Age Range</u>	<u># of Children</u>	<u>Monthly Study Rate</u>	<u>Monthly Current Rate</u>	<u>Difference</u>	<u>Total \$</u>
0 to 5	666	608	436	172	1,374,521
6 to 11	415	699	594	105	523,089
12 and older	418	760	711	49	245,784
Total	1,499				2,143,394

LB 216 Young Adult Voluntary Services and Support Act This bill provides that former foster children between the ages of 19 and 21 could voluntarily request continued services from the state, if certain conditions are met. Those who enter into a guardianship or were adopted are also eligible, if they entered into the guardianship or were adopted at age 16 or older and if they also meet the conditions outlined in the bill. Extended care and support includes, but are not limited to Medicaid coverage, housing support and case management. The services would be available between 60 and 90 days after HHS received notice of the Title IV-E plan approval. If the plan is not approved, a state-only program will be implemented with the appropriated General Funds. Legislative intent is stated that the appropriation would be \$2 million.

The Department of Health and Human Services is required to conduct a redetermination of income eligibility for Title IV-E for young adults who sign up for voluntary services and support under this act. The juvenile court will oversee the voluntary agreement cases and shall hold a hearing not more than 180 days after the agreement is signed and at least once a year and at additional times at the request of the youth. Additionally, the department and at least one person who is not responsible for case management shall conduct periodic case reviews not less than once every 180 days. It is estimated that approximately 172 former wards, 30 in guardianships and 10 who were adopted would voluntarily seek assistance in FY 14. In FY 15, it is estimated that 255 former wards, 40 in guardianships and 30 who were adopted would receive services.

Funding for this program is isolated into a new budget program, so funds currently allocated in the child welfare aid program for the former ward program is reallocated to that new budget program.

Table 18 Child Welfare by Program (General Funds Only)

(General Funds only)	Approp		Biennial Budget		\$ Change vs FY13 base	
	FY2012-13	FY2013-14	FY2014-15	FY13-14	FY14-15	
Juvenile predisposition detention	156,536	156,536	156,536	0	0	
Post-adoption and post-guardianship services	2,027,970	2,027,970	2,027,970	0	0	
Protection and Safety of Children	2,639,556	1,789,556	1,789,556	(850,000)	(850,000)	
Title IV-E Foster Care	4,047,168	3,933,235	5,664,972	(113,933)	1,617,804	
Title IV-E Adoption	6,684,443	6,855,327	6,960,821	170,884	276,378	
Title IV-E Guardianship	11,500	11,500	11,500	0	0	
State subsidized adoption	9,827,839	9,827,839	9,827,839	0	0	
Domestic Violence	1,347,300	1,347,300	1,347,300	0	0	
Education Assistance, State Wards	17,540,376	17,540,376	17,540,376	0	0	
Child Welfare Services	109,491,896	113,266,688	93,552,702	3,774,792	(15,939,194)	
Total Public Assistance (General Funds)	153,774,584	160,744,885	160,916,412	2,981,743	(14,895,012)	
Child care provider rates (net) (to 60th percentile)				42,855	43,102	
Other provider rates				0	0	
Utilization/Eligibility/Cost Increases				0	0	
Federal match rate change (FMAP) for federal FY2014 and FY2015				277,446	351,054	
Transfer home visitation funding to Public Health aid program				(850,000)	(850,000)	
Rebase appropriations based on year to date FY13 expenditures				7,500,000	7,500,000	
LB 216 Young Adult Voluntary Services and Support Act				(263,350)	(526,700)	
LB 530 Change foster care reimbursements				0	1,929,054	
LB 561 Juvenile justice system changes				(3,725,208)	(23,439,194)	
Total Public Assistance (General Funds)				2,981,743	(14,895,012)	

Medicaid

For the FY13-14/FY14-15 biennium the enacted budget reflects an average increase in General Fund appropriations for Medicaid of 9.6% per year. A significant part of this increase can be attributed to impacts of the Affordable Care Act, change in the federal match rate, and transfer of the Medicaid Rehab option match funds. The table to the right isolates how much each of these items contributes to the overall growth of Medicaid.

Percent Change	FY13-14	FY14-15	2 Yr Avg
Basic Cost/Eligibility/ Utilization	5.4%	5.3%	5.3%
Plus: Impact of FMAP	2.3%	1.5%	1.9%
Plus: Impact of ACA	1.5%	2.5%	2.0%
Plus: Impact of Rehab shift	0.9%	0.0%	0.5%
Actual % change	10.2%	8.9%	9.8%

Federal match rate change (FMAP) The regular federal match rate is changing from 56.64% to 55.76% beginning on October 1, 2013. Also based states personal income data, it's estimated that the FMAP will further decline to 54.74% October 1, 2014 and to 54.28% on October 1, 2015. Additional General Funds amount to \$14,849,840 in FY14 and \$24,977,191.

Provider Rates The budget includes funds for a 2.25% increase in provider rates each year. Additional General Funds amount to \$12,703,090 in FY14 and \$25,840,441 in FY15.

Eligibility and Utilization Increases relating to eligibility and utilization result in additional General Fund dollars of \$23.8 million in FY13-14 and \$46.4 million in FY14-15. Overall utilization is anticipated to grow 2.7% each year overall. This assumes no change in aged and increases for disabled (4.3% each year), children (3.0% each year), and adults (1% each year). Prescription drug costs increase 4.5% per year.

Medicaid Rehabilitation Option (MRO) As noted under the behavioral health section, the proposed budget shifts \$6 million of state general funds used to match four Medicaid Rehabilitation Option (MRO), Secure Residential, Sub-Acute Inpatient care and ten Substance Abuse Waiver services from Program

038-Behavioral Health Aid to this program. The change will streamline reporting as the Medicaid program moves toward at-risk capitated managed care for behavioral health services.

Table 19 Medicaid (General Funds)

	Previous Biennium		Biennial Budget	
	FY2011-12	FY2012-13	FY2013-14	FY2014-15
Base Year appropriation	489,426,763	489,426,763	644,573,194	644,573,194
Revised program cost estimates, base adjustment		(5,000,000)	0	0
Federal match rate (FMAP)	19,389,000	36,121,390	14,849,840	24,977,191
Utilization	19,579,180	44,072,539	23,827,600	46,385,870
Cost Increases / Provider Rates	(14,340,210)	(4,680,067)	12,703,090	25,840,441
Replace one-time ARRA FMAP in FY09 base	89,282,483	89,282,483	0	0
Eliminate State Coverage of Legal Perm Residents	(2,627,986)	(2,627,986)	0	0
Increase Co-Pays to Maximum Allowed by Federal Law	(260,937)	(347,902)	0	0
Pay Nursing Facility Leave Days at Reduced Rate	(356,064)	(356,064)	0	0
Coverage ADC Adults Not Meeting EF Reqs	1,600,000	1,600,000	0	0
Change durable medical equipment coverage	(783,095)	(783,095)	0	0
Expand physical health managed care statewide	0	(1,134,867)	0	0
Room and Board PRTFs	(1,000,000)	(1,000,000)	0	0
ACA Implementation	0	0	9,900,000	27,400,000
Behavioral Health Managed Care- 3% Savings	0	0	(1,607,500)	(1,616,788)
Move Medicaid Rehab Option (MRO) Match	0	0	6,000,000	6,000,000
LB 556 Telehealth services, children behavioral health	0	0	1,336	1,384
Medicaid Total General Funds	599,909,134	644,573,194	710,247,560	773,561,292
Annual \$ Change	110,482,371	44,664,060	65,674,366	63,313,732
Annual % Change	22.6%	7.4%	10.2%	8.9%
Annual \$ Change – Excluding ARRA FMAP increases	21,199,888	44,664,060	65,674,366	63,313,732
Annual % Change– Excluding ARRA FMAP increases	3.7%	7.4%	10.2%	8.9%

Community Health Center and Local Health Department Aid

The previous budget provided \$1.8 million General Funds for aid to local public health departments, divided equally among the eighteen local public health departments.

The enacted biennial budget also provides base funding of \$1.8 million to six federally recognized community health centers located in Omaha (2), Lincoln, Columbus, Gering, and Norfolk. These centers serve low-income individuals and a high number of uninsured. Each center receives a base amount of \$100,000 with the balance of the funding distributed proportionally based on in the previous state fiscal year's number of uninsured clients as reported on the Uniform Data System Report. The budget also includes a \$300,000 increase (\$50,000 for each center) for dental services.

Health Aid

The previous budget included \$4.8 million General Funds for a variety of health aid programs. This includes programs such as Chronic Renal Disease, HIV/AIDS Prevention and Ryan White program, Breast and Cervical Cancer Screening, Every Woman Matters program, Stay in the Game Program, Immunization, Newborn Screening and Genetics, Reproductive Health, Emergency Medical Services Training, Native American health services, and Nebraska Advocacy Services.

This program increases by \$850,000 in the enacted budget for the next biennium by a transfer of the home visitation program from the Child Welfare budget (Prog 354) to the Public Health Aid (Prog 514) budget. This is further discussed under the Child Welfare section of this report. In addition to this

transfer, the enacted budget then increased funding for the program by \$250,000 in both FY13-14 and FY14-15

The budget also includes \$100,000 in FY13-14 only to provide emergency medical response units with cardiac monitors .

Aid to Aging Services

The enacted budget includes a 2.25% per year increase in aid to aging programs reflecting the 2.25% provider rate increase. The budget also includes increased funds for care management of \$50,000 in FY14 and \$100,000 in FY15.

Program	FY2012-13	FY2013-14	FY2014-15
Prog 559 Care management	2,033,123	2,128,869	2,225,644
Prog 571 Area agencies on aging	5,966,315	6,100,558	6,237,821
Total General Funds	7,999,438	8,229,427	8,463,465
Dollar Change		229,989	234,038
% Change		2.88%	2.84%

Higher Education Student Aid

Overall increases in student scholarship aid, General and Cash funds, amount to 8.2% in FY2013-14 with a small increase in FY2014-15. Additional General Funds of \$65,000 in FY13-14 and \$110,000 in FY14-15 bring the total appropriation for the Access College Early Scholarship program to \$640,000 in FY14 and \$685,000 in FY15.

For the Nebraska Opportunity Grant program the budget includes additional General Funds of \$250,000 each year while there is a \$1,000,000 increase in the amount of lottery funds for scholarships bringing the total cash fund amount to \$10 million.

Table 20 Coordinating Commission Student Aid Programs

General and Cash Funds	Previous Biennium		Biennial Budget	
	FY2011-12	FY2012-13	FY2013-14	FY2014-15
Nebraska Opportunity Grant Program	6,633,101	6,418,156	6,668,156	6,668,156
Access College Early Scholarship	500,000	575,000	640,000	685,000
Subtotal-General Funds	6,918,156	6,993,156	7,308,156	7,353,156
Lottery funds (Nebr Opportunity Grant)	9,000,000	9,000,000	10,000,000	10,000,000
Combined General and Cash Funds	15,918,156	15,993,156	17,308,156	17,353,156
\$ Change over Prior Year	1,304,750	75,000	1,390,000	45,000
% Change over Prior Year	8.9%	0.5%	8.7%	0.3%

General Fund Aid to Local Governments

State Aid to K-12 Schools

Table 21 shows the total amount of General Fund state aid to K-12 schools from the various aid programs. In terms of General Funds, the average percent change over the two year period is a positive 5.2%. This includes TEEOSA aid with changes enacted in LB407, a 5% per year increase in Special Education reimbursement, and partial restoration of General funds for Early Childhood programs as contained in LB495 enacted during the session. A description of the various programs follows the table

Table 21 Total General Fund State Aid to K-12 Schools

	Approp	Approp	Approp	Approp	Biennial Budget	
	FY2009-10	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
State Aid to Education (TEEOSA)	824,960,159	796,734,560	804,689,087	836,867,085	884,888,317	920,786,352
Special Education	184,893,842	184,893,842	184,893,842	193,893,842	203,588,534	213,767,961
High ability learner programs	2,336,921	2,175,673	0	0	0	0
Early Childhood program	3,604,328	3,365,962	0	0	1,915,962	1,915,962
Early Childhood Endowment	0	0	0	0	4,000,000	4,000,000
School Lunch	410,560	392,032	392,032	392,032	392,032	392,032
Textbook loan program	487,500	465,500	465,500	465,500	465,500	465,500
School Breakfast reimbursement	412,811	427,260	453,008	453,008	453,008	453,008
Adult Education	224,810	214,664	214,664	214,664	214,664	214,664
Learning Communities Aid	1,000,000	882,275	882,275	882,275	725,000	725,000
Summer Food Service grants	0	0	0	128,000	130,000	130,000
High School Equivalency Assistance	0	0	0	0	750,000	750,000
Total Gen Fund Aid K-12 Districts	1,018,330,931	989,551,768	991,990,408	1,033,296,406	1,097,523,017	1,143,600,479
ARRA Education Stabilization	93,668,750	140,287,176	0	0	0	0
EDU JOBS Funds	0	58,610,740				
Gen Fund + ARRA	1,111,999,681	1,188,449,684	991,990,408	1,033,296,406	1,097,523,017	1,143,600,479
General Funds Only						
\$ Change over Prior Yr	1,494,738	(28,779,163)	2,438,640	41,305,998	64,226,611	46,077,462
% Change over Prior Yr	0.1%	-2.8%	0.2%	4.2%	6.2%	4.2%
General + ARRA & EDJOBS Funds:						
\$ Change over Prior Yr	95,163,488	76,450,003	(196,459,276)	41,305,998	64,226,611	46,077,462
% Change over Prior Yr	9.4%	6.9%	-16.5%	4.2%	6.2%	4.2%

Special Education The budget includes a 5% per year increase in funding for special education reimbursement amounting to \$9,694,692 in FY13-14 and \$19,874,119 in FY14-15. This 5% per year growth is the maximum allowed per Section 79-1145. This growth limitation was originally enacted at 3% in 1997 and then increased to 5% in 2000.

Special Education (General Funds only)	Approp	Approp	Approp	Approp	Biennial Budget	
	FY2009-10	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
Base Year Appropriation	184,893,842	184,893,842	184,893,842	184,893,842	193,893,842	193,893,842
Cost/Client increases	0	0	0	9,000,000	9,694,692	19,874,119
Total - New Appropriation	184,893,842	184,893,842	184,893,842	193,893,842	203,588,534	213,767,961
\$ Change over Prior Yr	0	0	0	9,000,000	9,694,692	10,179,427
% Change over Prior Yr	0.0%	0.0%	0.0%	4.9%	5.0%	5.0%

High Ability Learner Program No General Funds are included for the high ability learners program. Funding was shifted from General Funds to the Education Innovation Fund (lottery) in LB 333 enacted in the 2012 Session.

Early Childhood Program In the 2011 legislative session, the \$3,365,962 funding for the Early Childhood program was shifted from General Funds to the Education Innovation Fund (lottery) for FY2011-12 and FY2012-13 as provided for in LB 333 enacted during that session. Under LB 333 funding would revert back to General Funds starting in FY2013-14. The enacted budget includes restoration of General Funds in the amount of \$1,665,962 per year with the other \$1,700,000 to continue to be provided by the Education Innovation Fund as provided for in LB495 enacted this session. The budget also includes a flat \$250,000 increase in General funds for each year of the biennial budget.

Early Childhood Program	Approp	Approp	Approp	Approp	Biennial Budget	
	FY2009-10	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
Base Year Appropriation	3,615,426	3,615,426	3,365,962	3,365,962	0	0
2009 SS cut (fixed and 5%)	(11,098)	(180,771)	0	0	0	0
2010 Sess cut (2%)	0	(68,693)	0	0	0	0
Shift to lottery funds 2 yrs (LB333-2011)	0	0	(3,365,962)	(3,365,962)	3,365,962	3,365,962
Continue use of lottery (LB495-2013)	0	0	0	0	(1,700,000)	(1,700,000)
Increase in aid	0	0	0	0	250,000	250,000
Total - New Appropriation GF	3,604,328	3,365,962	0	0	1,915,962	1,915,962
Education Innovation Fund	0	0	3,365,962	3,365,962	1,700,000	1,700,000
Total Funding	3,604,328	3,365,962	3,365,962	3,365,962	3,615,962	3,615,962

Early Childhood Endowment The enacted budget includes \$4 million in both FY13-14 and FY14-15 to provide additional funding for the Early Childhood Endowment grant program. This amount would be added to the approximately \$2 million annual income currently generated by the public and private endowment funds.

In the 2006 legislative session, LB1256 was enacted creating the Nebraska Early Childhood Education Endowment fund and board of trustees. Income from the endowment is then used to provide grants to school districts, cooperatives of school districts, and educational service units for early childhood education programs for at-risk children from birth to age three as determined by the board of trustees. The bill provided that the Department of Education select an endowment provider for the Nebraska Early Childhood Education Endowment where such provider had (1) experience in managing public and private funds for the benefit of children and families in multiple locations in Nebraska and (2) irrevocably commit no less than twenty million dollars in a private endowment to be used solely as part of the Nebraska Early Childhood Education Endowment.

The program known as Sixpence, is currently administrated by Nebraska Children and Families Foundation and governed by the Nebraska Early Childhood Education Endowment Fund Board of Trustees. The endowment fund consists \$40 million transferred from the State Permanent School Fund (after a successful constitutional amendment authorizing such allocation) and \$20 million from private donations (\$16.9 million received to date with another \$3.1 million of pledges).

Learning Community Aid The budget includes \$725,000 aid per year for operation of the learning community, a \$157,275 (17.8%) reduction from the amount funded in the prior biennium.

LB 366 Diploma of High School Equivalency Assistance Act. This bill provides \$750,000 of general funds in FY2013-14 and FY2014-15 to provide assistance to institutions which offer high school equivalency programs in order to defray the costs borne by participants in the programs. Institutions are defined as a state agency, school district or a community college. Institutions offering high

school equivalency programs shall receive aid from the State Department of Education (NDE) for: (1) each participant enrolled in a high school equivalency program in the most recently completed fiscal year; (2) each enrolled student who took an initial examination in the most recently completed fiscal year; and, (3) each student not enrolled in the program who takes the examination in the most recently completed fiscal year. The Department of Education (NDE) estimates about 50% of the individuals taking adult basic education programs are working towards their high school equivalency diploma. This would equate to about 4,864 students enrolled in a high school equivalency program each year. The department also indicates about 4,000 people annually take the high school equivalency examination. It is assumed aid payments will be prorated to institutions based upon the total amount appropriated.

The bill also provides a one-time payment of \$85,550 of cash funds from the Education Innovation Fund (lottery funds) in FY2013-14 for institutions providing a high school equivalency program to acquire and upgrade equipment and software necessary to administer examinations for diplomas of high school equivalency. The upgrades are necessary to comply with national standards which take effect in 2014.

Other K-12 Aid Programs The budget includes no change in funding for School Lunch (\$392,032), School breakfast (\$453,008), Adult Education (\$214,664), and textbook loan (\$465,500). For the new Summer Food Service grants enacted last year (LB1090) the aid amount increases from \$128,000 to \$130,000 per the original A bill.

Tax Equity and Educational Opportunities Support Act (TEEOSA)

The budget includes funding for state aid to schools (TEEOSA) at the funding level equal to LB 407 as enacted in the 2013 session. The overall net change in total TEEOSA aid is an increase of \$62.6 million (7.4%) in FY2013-14 followed by a \$26.0 million (2.8%) increase in FY14-15. The General Fund amounts (excluding the amount financed by allocated Insurance Premium Tax monies) reflect a \$61.9 million (7.4%) increase in FY13-14 followed by a \$22.6 million (2.5%) increase in FY14-15.

Table 22 provides a summary of TEEOSA aid per LB407 including the allocation of the overall aid amount by funding source and the dollar and percent change in both total aid and General Fund amounts. Also shown are the major assumptions used in making the estimates.

Table 23 provides a breakdown of the major causes of the increase in state aid under the current law estimates and then an itemization of the changes under LB407 which ultimately reduce the growth in TEEOSA aid.

Under prior law (without LB407) TEEOSA school aid was projected to increase by \$96 million (11.3%) in FY13-14 and an additional \$27.9 million (3.3%) in FY14-15. Note in the table that virtually all the 11.3% increase is attributed to the expiration of the provisions of LB235 passed in the 2011 Session. The various data elements of the formula itself which are the drivers of the level of school aid (such as school spending, property valuation, other school receipts) cause a growth in aid of only .6% per year. Aid in FY14-15 would actually go down in FY15 except for the phase-out of LB235 provisions reflecting modest spending growth and significant valuation increases in preliminary 2013 data sent by county assessors to the state Property Tax Administrator in April 2013

These increases that would have occurred under prior law are reduced significantly by the provisions of LB 407. These reductions total \$41.8 million in FY13-14 and \$36.2 million in FY14-15 and are broken down at the bottom of Table 23. Changes that reduce aid are the local effort rate (LER) from \$1.00 to \$1.03 for both FY14 and FY15 and reducing the allowable growth rate to 2.0% for FY14. Revising several of the allowances and adjustments results in an increase in aid reflecting the complicated interactions of allowances, adjustments, basic funding, and NEEDS stabilization.

**Table 22 TEEOSA Aid
Summary – End of 2013 Session**

	Actual FY2011-12	Actual FY2012-13	2013 Session FY2013-14	2013 Session FY2014-15	Estimated FY2015-16	Estimated FY2016-17
Key Assumptions						
School Disbursements	5.5%	2.5%	-0.6%	3.0%	3.5%	4.0%
Gen Fund Operating Expenditures (GFOE)	3.0%	3.3%	1.6%	2.9%	3.6%	4.0%
Property Valuations (assessed)	4.3%	4.3%	5.8%	7.9%	4.0%	4.0%
Property Valuations (used in formula)	0.8%	2.9%	2.1%	5.0%	4.6%	4.0%
% of Valuation used in formula	93.3%	92.1%	89.5%	87.1%	87.6%	87.6%
Cost Growth Factor	0.25%	0.50%	2.00%	4.00%	5.00%	5.00%
Local Effort Rate	\$1.0395	\$1.0395	\$1.0300	\$1.0300	\$1.0000	\$1.0000
General Funds	804,689,087	836,867,085	884,888,318	920,786,351	1,013,268,344	1,055,767,219
Insurance Premium Tax	17,364,770	15,000,000	21,693,014	19,400,000	22,384,999	24,444,625
Lottery funds, reorg incentives	212,958	212,958	0	0	0	0
Total TEEOSA state aid	822,266,815	852,080,043	906,581,332	940,186,351	1,035,653,343	1,080,211,844
General Funds - Change over Prior Year						
Dollar	7,954,527	32,177,998	48,021,233	35,898,033	92,481,993	42,498,875
Percent	1.0%	4.0%	5.7%	4.1%	10.0%	4.2%
Two Yr Avg % Change		2.5%		4.9%		7.1%
All Funds - Change over Prior Year						
Dollar	(186,565,661)	29,813,228	54,501,289	33,605,019	95,466,992	44,558,501
Percent	-18.5%	3.6%	6.4%	3.7%	10.2%	4.3%
Two Yr Avg % Change		-7.4%		5.1%		7.2%

**Table 23 TEEOSA Aid
Breakdown of Prior Law and LB 407 Aid Changes**

	% Change Equivalent		Change over FY13 base	
	FY2013-14	FY2014-15	FY2013-14	FY2014-15
Local Effort Rate (\$1.0395 back to \$1.00)	5.6%	0.0%	47,318,692	47,041,343
Cost growth factor from 0.5 to 3.0 in FY13-14	5.2%	0.9%	44,291,201	52,274,957
Cost growth factor from 3.0 to 5.0 in FY14-15	0.0%	5.3%	0	44,862,023
Other formula data elements	0.6%	-2.9%	4,749,911	(19,861,715)
Total Increase - Per Current Law	11.3%	3.3%	96,359,804	124,316,608
Increase LER to \$1.030 (both years)	-4.3%	0.0%	(36,581,400)	(36,822,815)
Reduce allowable growth rate to 1.5% (FY14)	-2.2%	-0.4%	(18,435,822)	(22,129,112)
Eliminate local choice adjustment	0.2%	0.1%	2,092,878	2,938,108
Eliminate potential duplicate allowance amounts	0.0%	-0.6%	0	(5,617,034)
Revised Teacher Education allowance and aid	0.8%	0.0%	7,176,001	7,343,963
Revised Instructional Time allowance and aid	0.5%	0.3%	4,305,735	6,744,537
Revise averaging adjustment for schools >900	0.0%	1.3%	0	11,626,445
All Other (fixed)	0.0%	0.0%	(415,907)	(294,392)
Total Increase with LB 407	6.4%	3.7%	54,501,289	88,106,308

Table 24 provides a history of TEEOSA state aid since its' initial implementation in FY90-91 and full implementation in FY91-92. The table also shows the amount of aid the year prior to enactment of TEEOSA.

Table 24 Historical TEEOSA Aid

Fiscal Yr	General Funds	Insurance Premium	ARRA & EDJOBS	TEEOSA (Total Aid)	Dollar Change	Pct Change
FY1989-90	133,720,830	0	0	133,720,830	4,730	0.0%
FY1990-91	311,462,100	0	0	311,462,100	177,741,270	132.9%
FY1991-92	357,283,727	0	0	357,283,727	45,821,627	14.7%
FY1992-93	370,668,616	0	0	370,668,616	13,384,889	3.7%
FY1993-94	383,069,609	0	0	383,069,609	12,400,993	3.3%
FY1994-95	400,230,135	0	0	400,230,135	17,160,526	4.5%
FY1995-96	414,933,814	0	0	414,933,814	14,703,679	3.7%
FY1996-97	434,834,334	12,409,260	0	447,243,594	32,309,780	7.8%
FY1997-98	454,273,986	11,670,497	0	465,944,483	18,700,889	4.2%
FY1998-99	579,978,752	11,261,483	0	591,240,235	125,295,752	26.9%
FY1999-00	581,552,195	12,490,055	0	594,042,250	2,802,015	0.5%
FY2000-01	549,272,990	12,053,426	0	561,326,416	(32,715,834)	-5.5%
FY2001-02	630,212,142	14,868,591	0	645,080,733	83,754,317	14.9%
FY2002-03	647,477,820	14,450,387	0	661,928,207	16,847,474	2.6%
FY2003-04	625,337,469	15,364,409	0	640,701,878	(21,226,329)	-3.2%
FY2004-05	618,298,707	16,018,569	0	634,317,276	(6,384,602)	-1.0%
FY2005-06	683,473,181	17,121,101	0	700,594,282	66,277,006	10.4%
FY2006-07	704,377,213	14,090,116	0	718,467,329	17,873,047	2.6%
FY2007-08	753,555,548	15,058,425	0	768,613,973	50,146,644	7.0%
FY2008-09	825,056,857	14,333,724	0	839,390,581	70,776,608	9.2%
FY2009-10	824,960,159	15,247,109	93,668,750	933,876,018	94,485,437	11.3%
FY2010-11	796,734,560	13,200,000	198,897,916	1,008,832,476	74,956,458	8.0%
FY2011-12	804,689,087	17,151,812	212,958	822,053,857	(186,778,619)	-18.5%
FY2012-13	836,867,085	15,000,000	212,958	852,080,043	30,026,186	3.7%
FY2013-14 *	884,888,317	21,693,014	0	906,581,331	54,501,288	6.4%
FY2014-15 *	920,786,352	19,400,000	0	940,186,352	33,605,021	3.7%
FY2015-16 *	1,013,268,343	22,385,000	0	1,035,653,343	95,466,991	10.2%
FY2016-17 *	1,055,767,219	24,444,625	0	1,080,211,844	44,558,500	4.3%
<u>Avg % Change</u>						
First 12 Yrs	5.6%			5.8%		
Last 10 Yrs	2.6%			2.6%		
All 22 Years	4.1%			4.2%		

Aid to ESU's

The enacted budget continues funding aid to ESU's at the current FY13 level for the next two years.

(General Funds only)	Approp FY2009-10	Approp FY2010-11	Approp FY2011-12	Approp FY2012-13	Biennial Budget		Following Biennium	
					FY2013-14	FY2014-15	FY2015-16	FY2016-17
Base Year Appropriation	16,089,570	16,089,570	14,791,327	14,791,327	14,051,761	14,051,761	14,051,761	14,051,761
LB 1208 (2006) Distance education services	(202,000)	(202,000)	0	0	0	0	0	0
Reduce aid for core services by 5%	0	0	(552,027)	(552,027)	0	0	0	0
Reduce distance education aid by 5%	0	0	(15,282)	(15,282)	0	0	0	0
Reduce aid to ESU's for technology infrastructure	0	0	(172,257)	(172,257)	0	0	0	0
2.5% / 5% Across the Board cut (2009 Spec Sess)	0	(794,379)	0	0	0	0	0	0
2% Across the Board cut (2010 Sess)	0	(301,864)	0	0	0	0	0	0
Total - New Appropriation	15,887,570	14,791,327	14,051,761	14,051,761	14,051,761	14,051,761	14,403,055	14,763,131
\$ Change over Prior Yr	(202,000)	(1,096,243)	(739,566)	0	0	0	351,294	360,076
% Change over Prior Yr	-1.3%	-6.9%	-5.0%	0.0%	0.0%	0.0%	2.5%	2.5%

Homestead Exemption

This program provides property tax relief to special categories of homeowners through state funded reimbursements to local governments for property taxes not collected due to the granting of homestead exemptions. Although some form of homestead reimbursement has existed since 1969 the core of the existing program was created by LB 65 in 1979. It is found in Sections 77-3501 through 77-3529 of the Nebraska Revised Statutes.

The Dept of Revenue estimates the homestead exemption amount using a linear regression model. The variables used in the model to explain Homestead reimbursement are: 1) Homestead reimbursement for the prior year; 2) capital gains reported on Nebraska resident income tax returns; 3) medical expenses reported by Homestead applicants; and 4) a time trend variable. Because most of the spending in the Homestead Exemption program is to assist low-income elderly homeowners, income is the major determining factor in the number of qualified applicants.

When compared to the FY2012-13 new appropriation of \$72.5 million, the enacted budget for FY2013-14 and FY2014-15 of \$71.6 and \$74.9 million respectively appears to be virtually flat. However, the most recent forecast for FY 2012-13 is \$67.5 million, or \$5 million less than the current appropriation of \$72.5 million. Compared to this revised FY13 number, the FY14 and FY15 budgets reflect an increase of \$4.1 million (6.0%) in FY13-14 and an additional \$3.3 million (4.6%) in FY14-15.

Homestead Exemption	Approp	Approp	Approp	Approp	Biennial Budget	
	FY2009-10	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
Base Year appropriation	76,120,104	76,120,104	65,000,000	65,000,000	72,500,000	72,500,000
Base reduction per base yr actual data	(14,870,104)	(14,870,104)	0	(5,200,000)	(5,062,000)	(4,605,000)
Cost/Client increases	1,000,000	3,750,000	7,300,000	12,700,000	4,162,000	7,005,000
Total General Funds (w ithout deficits)	62,250,000	65,000,000	72,300,000	72,500,000	71,600,000	74,900,000
Deficit	3,609,000	3,800,000	(4,200,000)	(5,000,000)	?	?
Total General Funds (w ith deficits)	65,859,000	68,800,000	68,100,000	67,500,000	71,600,000	74,900,000
\$ Change (including deficits)	4,609,000	2,941,000	(700,000)	(600,000)	4,100,000	3,300,000
% Change (including deficits)	7.5%	4.5%	-1.0%	-0.9%	6.07%	4.61%

Governor's Emergency Program

The budget provides new General Fund support for the Governors Emergency Program at \$500,000 for each year of the upcoming biennium. This is no change from the prior year new appropriation.

However, additional funds are provided through the FY12-13 deficit (\$5,250,000) and reappropriation of the unexpended balance. The Nebraska Emergency Management Agency (NEMA) had requested a \$5.5 million supplemental appropriation to the Governor's Emergency Program. Since 2006, Nebraska has experienced the most active and costly disaster period on record. In 2011 it was flooding disasters and in 2012 it was wildfires. Sufficient appropriations exist in the Governor's Emergency Program to fund the estimated costs of currently declared federal disasters and leave an unobligated balance of \$781,000 (as of October 26, 2012). The \$5.25 million deficit replenishes the balance and leaves approximately \$6 million of unobligated funds for future disasters.

Community Based Juvenile Services aid

LB561 enacted in the 2013 session, expanded the Nebraska Juvenile Service Delivery Project statewide in a three step, phase-in process beginning July 1, 2013 with full implementation by July 1, 2014. From 2009 through 2012 this project had been implemented in the Judicial District #11 (North Platte), Judicial District #12 (Gering/Scottsbluff) and Judicial District #4 (Douglas County). Under LB561 the program would be expanded to include community supervision, evaluations, and the reentry function for juveniles leaving the Youth Rehabilitation and Treatment Centers (YRTC) in Kearney and Geneva. Intensive Supervised Probation is created for cases in which all levels of probation supervision and options for community-based services have been exhausted and the commitment of the juvenile to OJS for placement at an YRTC is necessary for the protection of the juvenile and the public.

Under the bill the previously existing County Juvenile Services Aid Program is renamed the Community-based Juvenile Services Aid Program, and funding was increased by \$1,522,425 in FY14 and \$3,522,425 in FY15. The base year amount of \$1,477,575 plus these increases, brings the total amount of aid funding to \$3,000,000 in FY14 and \$5,000,000 in FY15. The grants remain in the Crime Commission and the position of Director of Community-based Juvenile Services Aid is created to oversee management and disbursement of aid dollars to expand and encourage the use of diversion and community-based services to treat youth on the front end of the system.

Aid to Community Colleges

Aid to community colleges increases by 4% per year in the budget enacted for FY14 and FY15. This amounts to \$3,514,806 in FY13-14 and \$7,170,204 in FY14-15.. The community college aid increase is intended to assist with meeting costs of salary and health insurance increases.

General Fund Agency Operations

Court System

Judges Salaries The Supreme Court kept judicial vacancies open during the recent budget difficulties as a means to reduce expenditures. The savings were reappropriated into the current biennium. The Supreme Court proposed that these savings could be used to offset the cost of an increase in judges' salaries during the next biennium. The Supreme Court estimates that at least \$2.3 million will be lapsed from the Judges' Salary Programs 3, 4, 6 & 7. The amount will not be known until June 30th since the estimate continues to change due to judges' retirement announcements.

LB306, in addition to making several changes relative to retirement, provided for a 5% salary increase for judges on July 1 of both 2013 and 2014. Total General Fund costs amounted to \$937,138 in FY2013-14 and \$1,921,132 in FY2014-15.

Probation Community-Based Programs The budget included additional funds, \$302,448 General and \$509,073 cash in FY13-14 and \$312,143 General and \$509,073 Cash in FY14-15, for the following items: beginning a Reporting Center in Scottsbluff; fully staff and fund the partial reporting centers in Dawson and Buffalo counties; and validate the risk/needs assessments instruments. The Supreme Court pays for personnel and services for Reporting Centers and counties pay for the building, IT, and maintenance.

Juvenile Pilot Project Budget Adjustments Additional funding (\$200,000 FY14 and \$400,000 FY15) was provided for the Nebraska Juvenile Service Delivery Project (JSDP) through the next biennium for the three judicial districts currently receiving funding: Judicial District 4J Douglas County, Judicial District 11 North Platte, and Judicial District 12 Gering.

Problem-Solving Court Positions The budget includes \$145,000 General Funds in both years for problem-solving court (PSC) capacity, family drug court coordinators, and a Fifth Judicial District PSC Coordinator.

Court Appointed Special Advocate Fund grants LB463 passed in the 2011 Session provided one-time funding for court appointed special advocate grants amounting to \$100,000 in FY12 and \$200,000 in FY13. LB126 as originally introduced this session called for providing \$500,000 per year to continue and increase the grant amounts. Although this bill was not advanced, the mainline budget bill includes \$200,000 for FY14 and FY15 and again is to be considered one-time. These funds were line-item vetoed by the Governor but then restored by an override of the veto.

County Court Employee Salary Increase LB569 as originally introduced would have provided funds to increase county court employee salaries by 7% for both FY14 and FY15. The cost of each 7% increase would have been approximately \$870,000. While this bill was not advanced, the mainline budget bill includes \$125,000 in FY14 and \$250,000 in FY15, or about a 1% increase each year. These funds were line-item vetoed by the Governor but the veto was subsequently overridden.

Probation Officer Reclassifications In the budget sent to the Governor, probation administration was granted funding to provide additional compensation for officers supervising high risk probationers. High risk populations include probationers who are chronic substance abusers, domestic violence and sexual assault perpetrators, serial drunk drivers, mentally ill, or gang members. In recent years, the Probation system has moved resources and personnel to concentrate on the supervision of those probationers that

are at the highest risk to re-offend. The amounts funded, \$182,000 in FY14 and \$187,000 in FY15 were subsequently vetoed and not overridden.

LB 561 - Expand Nebraska Juvenile Service Delivery Project statewide The Nebraska Juvenile Service Delivery Project (Project) began in January 2009 in Judicial District #4 (Douglas County). The Office of Probation Administration (Probation) and the Department of Health and Human Services (HHS) worked together to provide services and options to juveniles and families in Nebraska's juvenile justice system. The Project provided funding for needed rehabilitative services, allowing juveniles to stay in their home while being served in the community on probation. This access to services prevents juveniles from being unnecessarily placed in state care.

In 2012, LB985 expanded the Project to include Judicial District #11 (North Platte) and Judicial District #12 (Gering/Scottsbluff), in addition to Judicial District #4 (Douglas County). The staff and service cost of \$8,408,817 in Probation was covered through a transfer of funding from HHS. In 2013, LB194 reduced this amount by \$1.5 million.

LB561 enacted in the 2013 session, expands the Project statewide in a three step, phase-in process beginning July 1, 2013 with full implementation by July 1, 2014. The transfer of the cases and funding from the Office of Juvenile Services (OJS) to the Nebraska Juvenile Service Delivery Project (Project) will reduce costs in HHS and increase costs in Probation. In FY14, \$15,756,126 is reduced from HHS and added to Probation. As the number and timing of the transfer of youth from the jurisdiction of HHS to Probation is unknown, the "A" bill provides for a certification process to move appropriations from HHS to Probation if the number of children transferred is larger or occurs sooner than the HHS projection. Additional funding of \$4,000,000 is provided to Probation to cover transition and infrastructure costs.

In FY15 when all cases will be under the jurisdiction of Probation, the HHS appropriation is reduced by \$39,131,653 and provided to Probation. Additional funding of \$4,833,670 is also provided to Probation for ongoing infrastructure costs and cost differences between HHS and Probation.

LB561 also makes changes to the juvenile evaluation requirements. Evaluations must be completed and the juvenile returned to the court within 21 days. As the Project expands, the OJS evaluations will no longer be required and more single-focus evaluations will be utilized when appropriate. Such single focus evaluations will be less time consuming and less expensive.

The Nebraska Juvenile Service Delivery Project (Project) would be expanded to include community supervision, evaluations, and the reentry function for juveniles leaving the Youth Rehabilitation and Treatment Centers (YRTC) in Kearney and Geneva. Intensive Supervised Probation is created for cases in which all levels of probation supervision and options for community-based services have been exhausted and the commitment of the juvenile to OJS for placement at an YRTC is necessary for the protection of the juvenile and the public.

The County Juvenile Services Aid Program is renamed the Community-based Juvenile Services Aid Program by LB561, and funding is increased by \$1,522,425 in FY14 and \$3,522,425 in FY15. This brings the total amount of aid funding to \$3,000,000 in FY14 and \$5,000,000 in FY15. The FY13 amount was \$1,477,575. The grants would remain in the Crime Commission and the position of Director of Community-based Juvenile Services Aid Program is created to oversee meaningful, effective management and disbursement of aid dollars to expand and encourage the use of diversion and community-based services to treat youth on the front end of the system.

LB561 also creates the position of the Director of Juvenile Diversion Programs in the Crime Commission to assist in the creation and maintenance of juvenile pre-trial diversion programs to keep more juveniles out of the judicial system and in community-based services. LB561 also adds 3 new members to the Coalition for Juvenile Justice, 1 new member to the Jail Standards Board, and 1 new member to the

Crime Commission. The bill provides that staff secure juvenile detention facilities be placed under the general oversight of the Jail Standards Board.

Summary of LB561 Costs	Prog	Type	FY2013-14	FY2014-15	FY2015-16	FY2016-17
Childrens Commission						
Childrens Commission study	353	Oper	56,000	0	0	0
Supreme Court						
Funds shifted from DHHS	435	Oper	15,756,126	39,131,653	39,131,653	39,131,653
Infrastructure, transition, cost differential	435	Oper	4,000,000	4,833,670	4,833,670	4,833,670
Total – Supreme Court			19,756,126	43,965,323	43,965,323	43,965,323
Commission on Law Enforcement & Criminal Justice						
Jail standards board, new member travel	203	Oper	600	600	600	600
Two new directors, operating	155	Oper	284,979	279,301	279,301	279,301
Community based juvenile services aid	155	Aid	1,522,425	3,522,425	5,522,425	5,522,425
Total – Crime Commission			1,808,004	3,802,326	5,802,326	5,802,326
Health and Human Services (DHHS)						
Shift funds, DHHS operations	33	Oper	(1,915,089)	(5,576,630)	(5,576,630)	(5,576,630)
Shift funds, DHHS OJS	250	Oper	(10,115,829)	(10,115,829)	(10,115,829)	(10,115,829)
Shift funds, DHHS child welfare aid	354	Aid	(3,725,208)	(23,439,194)	(23,439,194)	(23,439,194)
Total - DHHS			(15,756,126)	(39,131,653)	(39,131,653)	(39,131,653)
Net Change in costs - LB561			5,864,004	8,635,996	10,635,996	10,635,996

Secretary of State

Help America Vote Act (HAVA) funding shifts. Federal funding has been utilized over the last decade to install and maintain a voter registration system for the state. Per the original intent of this federal funding, these dollars are being phased out. In order to maintain the voter systems that are in place, the Secretary of State requested \$990,000 per year of General Funds.

In an effort to lessen the General Fund impact, the issue is being funded in the first year of the biennium with \$390,000 General Funds, \$300,000 from the Accountability and Disclosure Commission's Campaign Finance Limitation Act Cash Fund, and \$100,000 from each of the following funds: Collections Cash Fund, Corporation Cash Fund, and Uniform Commercial Code Cash Fund. Beginning in fiscal year 2014-15, the full amount will be funded from the General Fund.

Dept of Education

LB 507 - Step Up to Quality Child Care Act. This bill requires the State Department of Education (NDE) and the Department of Health and Human Services (HHS) to develop, implement and provide oversight for a quality rating and improvement system for child care and early childhood education programs. The bill requires the two agencies to collaboratively create a system of incentives and support as part of the system including, tiered child care subsidy reimbursements, incentive bonuses and other incentives. The departments are also to work collaboratively to provide professional development, training, and postsecondary education opportunities for participating staff and directors, support to expand family engagement and understanding of quality early childhood education, and other support as necessary to carry out the intent of the act.

The quality rating and improvement system must be functional by July 1, 2014 because mandatory participation in the system is required on that date for applicable child care and early childhood education

programs that received over \$500,000 in child care assistance for FY2011-12. On July 1, 2015 programs that received over \$250,000 in FY12 are required to participate and beginning on July 1, 2016, programs that received over \$250,000 in the preceding fiscal year must participate. Participants may apply to have their rating level reviewed once annually. Programs rated at steps 2 – 4 are to be reevaluated at least once every two years and those at step 5 are to be reevaluated at least once every five years.

NDE is to create the Nebraska Early Childhood Professional Record System by March 1, 2014 to track and verify degrees and credentials of child care and early childhood education professionals. HHS is to make quality ratings developed pursuant to the act available on a publically accessible web site beginning in 2017.

DHHS may reimburse child care providers that are participants in the quality rating system at higher rates based upon a program's quality scale rating. Participants receiving reimbursements from the federal Child Care Subsidy program may be provided tiered rates based upon the quality rating of the program under the act. The bill also increases the income eligibility rates for child care subsidies. The increase in rates has a general fund fiscal impact because the state has maximized the usage of federal funds.

The bill requires the provision of scholarships for participating program staff and directors. The funding will supplement about \$400,000 of federal funds (TEACH program) currently available to help persons working in the field of early childhood education obtain an associate or bachelor's degree. This fiscal note assumes \$100,000 of general funds will be available on an annual basis as aid for scholarships beginning in FY15.

This bill also increases the income eligibility requirements from 120% of federal poverty guidelines to 125% in FY 14 and to 130% in FY 15 for families qualifying for the Child Care Subsidy Program. The federal Child Care Block Grant is a capped amount which is fully utilized so all additional costs for the increased subsidies in the bill are from General Funds

Summary of LB507 Costs	Agency	Type	FY2013-14	FY2014-15	FY2015-16	FY2016-17
NDE Staffing / Operation	NDE	Oper	209,225	530,851	530,851	530,851
Quality rating & improvement system	NDE	Oper	129,242	348,195	348,195	348,195
Technical assistance & training	NDE	Oper	250,000	350,000	350,000	350,000
Data systems & support	NDE	Oper	150,000	150,000	150,000	150,000
Quality rating evaluation (private funding)	NDE	Oper	0	0	0	0
Public awareness	NDE	Oper	75,000	50,000	50,000	50,000
Reallocate federal DHHS child care funds	NDE	Oper	(500,000)	(250,000)	(250,000)	(250,000)
DHHS Staffing/Operation. ratings website	DHHS	Oper	60,072	120,144	120,144	120,144
Scholarships	NDE	Aid	0	100,000	100,000	100,000
Step Incentive bonuses	NDE	Aid	0	26,700	69,000	69,000
Tiered Child Care Subsidies	DHHS	Aid	0	0	87,100	587,180
Child care subsidies	DHHS	Aid	857,077	1,714,153	1,714,153	1,714,153
General			1,221,004	3,120,820	3,250,220	3,750,600
Federal			9,612	19,223	19,223	19,223
Total			1,230,616	3,140,043	3,269,443	3,769,523

Dept of Health and Human Services

The budget for the operation of the HHS System has many significant items included both increases and reductions.

Inflationary Increases: The budget includes inflationary increases for food, drugs, medical and clinical services and medical supplies for the regional centers, veterans homes, youth rehabilitation and treatment centers, Norfolk Sex Offender Treatment Center, and the Beatrice State Developmental Center.

Requests for these items are considered to be unique operating costs for 24 hour facilities. Medical supplies include laboratory supplies, contracts with doctors, and costs to take clients to medical appointments. The increases are based upon historical inflationary increases in these line items. Additional funds added for these operating expenses for all of the 24 facilities operated by HHS totaled \$389,753 General Funds in FY2011-12 and \$760,123 General Funds in FY2012-13.

Nebraska Health Information Initiative The enacted budget includes \$500,000 General Funds each year to help facilitate provider data reporting to the State that is required to receive federal incentive payments. Meaningful Use is an important standard for providers to meet in order to receive incentive funding for implementation of an Electronic Health Records (EHR) system. Providers must report certain data to the State in order to meet Meaningful Use requirements. NeHII will serve as an exchange mechanism for this information. Funding could also be used as match for any Medicaid projects that may require State match related to Health Information Exchange (HIE) projects that may benefit DHHS and more broadly the State. In addition, funds may be used to support NeHII's development and maintenance of the Public Health Gateway, which would include reporting and support for the collection of immunization, syndromic surveillance, and lab reporting, and potentially cancer registry reporting as Meaningful Use continues to develop.

MMIS Replacement The legacy Medicaid Management Information System (MMIS) is based on outdated technology that is challenging to maintain and restricts the progress of the Nebraska Medicaid program. Benefits to be realized by procuring a new MMIS include: -- More flexible system structure to support the implementation of federal standards, which will allow Nebraska to continue to receive 75/25 federal match for operations -- Ability to receive 90/10 federal match for enhancements -- Ability to incorporate new payment and delivery models to achieve cost savings -- Increased reporting and analytical capabilities to adequately manage program -- Improved ability to identify fraud, waste, and abuse of services, as well as potential cost saving opportunities and quantify results. No General Funds are provided for this project. Funding included amounts to \$2,840,000 Cash and \$25,560,000 Federal in both years. These funds were vetoed but the veto was then overridden.

Developmental disability service coordination staff The budget provides funding for five additional service coordination staff FY14 and another five in FY15 to serve persons taken off the waiting list with increased aid appropriated in Program 424 - Developmental Disability. Estimated additional clients are 100 in FY14 and an additional 100 (total of 200) in FY14-15. (\$154,445 General and \$196,537 Federal in FY13-14, \$313,704 General and \$399,199 Federal in FY14-15).

The budget also includes an additional 4 service coordinators in FY14 and another 5 (total of 9) service coordination staff in FY15 to serve persons graduating from high school. The budget provides funding for a net additional 215 graduates in FY14 and an additional 215 persons will be served in FY15. The general fund appropriation will be matched with federal Medicaid waiver funds. (\$106,684 General and \$135,779 Federal in FY13-14, \$247,496 General and \$314,995 Federal in FY14-15).

Affordable Care Act (ACA) Administrative Costs Funding for administrative costs related to the Affordable Care Act is provided including staff related to eligibility determinations for the woodwork population, FMAP claiming and financial reporting, and integration of Medicaid systems with the Exchange and reimbursement and benefit changes to MMIS. The amount funded is based on the Governor's recommendation and assume Medicaid eligibility will be handled separately from other public assistance programs. Medicaid eligibility for the non-disabled and non-elderly will become income-based only beginning in January 2014. The determination of eligibility will be based on Modified Adjusted Gross Income (MAGI). In FY14, 287.0 FTE would move from Economic Assistance to the Medicaid Division. An additional 117.0 FTE would be added in Medicaid and 38.0 FTE in Economic Assistance for a total of 155.0 in FY13-14. In FY14-15, 17.0 additional FTE would be added to Medicaid, bringing the total of new FTEs to 172.

Funding for information technology for ACA implementation is based on an estimate from a consulting firm, RFI, who has done work with the Department of Insurance (DOI). State funds required are \$2,312,500 for FY13-14, FY14-15, and FY15-16. The first two years are paid with Medicaid Settlement Cash funds while the FY15-16 amount would come from General Funds.

Fund	Operating Costs		Information Technology	
	FY2013-14	FY2014-15	FY2013-14	FY2014-15
General	\$4,964,999	\$5,018,412	0	0
Cash	0	0	2,312,500	2,312,500
Federal	5,531,566	5,584,980	20,812,500	20,812,500
Total	10,496,565	10,603,392	23,125,000	23,125,000

LB 216 Young Adult Voluntary Services and Support Act This bill provides that former foster children between the ages of 19 and 21 could voluntarily request continued services from the state, if certain conditions are met. Those who enter into a guardianship or were adopted are also eligible, if they entered into the guardianship or were adopted at age 16 or older and if they also meet the conditions outlined in the bill. Extended care and support includes, but are not limited to Medicaid coverage, housing support and case management. The services would be available between 60 and 90 days after HHS received notice of the Title IV-E plan approval. If the plan is not approved, a state-only program will be implemented with the appropriated General Funds. Legislative intent is stated that the appropriation would be \$2 million.

The Department of Health and Human Services is required to conduct a redetermination of income eligibility for Title IV-E for young adults who sign up for voluntary services and support under this act. The juvenile court will oversee the voluntary agreement cases and shall hold a hearing not more than 180 days after the agreement is signed and at least once a year and at additional times at the request of the youth. Additionally, the department and at least one person who is not responsible for case management shall conduct periodic case reviews not less than once every 180 days. It is estimated that approximately 172 former wards, 30 in guardianships and 10 who were adopted would voluntarily seek assistance in FY 14. In FY 15, it is estimated that 255 former wards, 40 in guardianships and 30 who were adopted would receive services.

Funding for this program is isolated into a new budget program, so funds currently allocated in the child welfare aid program for the former ward program is reallocated to that new budget program. For maximum flexibility, no aid earmark was included so all funds in the new program are shown as operations.

Item	AG	Prog	Type	General Funds		Federal Funds	
				FY13-14	FY14-15	FY13-14	FY14-15
Personnel, case management	DHHS	359	Oper	424,358	695,014	415,955	568,648
Maintenance & service - new funds	DHHS	359	Oper	360,810	363,883	611,800	872,948
Maintenance & service - former ward program	DHHS	359	Oper	263,350	526,700	200,000	400,000
Subtotal (#25-359)				1,048,518	1,585,597	1,227,755	1,841,596
Current former ward program (#25-354)	DHHS	354	Aid	(263,350)	(526,700)	(200,000)	(400,000)
Foster care review (#70-116)	Foster Care	116	Oper	8,090	105,728	7,930	86,504
Process voluntary cases through court system	Courts	52	Oper	0	40,392	0	0
Total – LB216				793,258	1,205,017	1,035,685	1,528,100

Dept of Correctional Services

Prison Population and Restoration of Housing Unit The enacted budget includes \$2,750,000 each year to restore funding for housing units and staff that were removed in 2011. The budget enacted in

2011 included portions of the Nebraska Department of Correctional Services (NDCS) modifications to lower the prison population by closing housing units and reducing staff. The plan was to reduce the prison population to 125% of design capacity with additional inmates to be placed on parole or in the Reentry Furlough Program (RFP). While paroles have increased since that time, the number of inmate admissions has increased at a greater rate and the prison population as of March 31, 2013, was 147.53% of design capacity. To address facility crowding, NDCS has increased the number of inmates placed at the Work Ethic Camp (WEC) and the number of inmates placed on intensive supervision in the community through the RFP.

	<u># of Paroles</u>	<u># of Admissions</u>
FY 2010	848	2,874
FY 2011	1,048	2,864
FY 2012	1,323	3,047

Funding is provided so that an Omaha Correctional Center (OCC) housing unit that was closed in July 2011 can reopen. NDCS states that it cannot remain closed and unoccupied with the increased inmate population. Funding is also restored for budget reductions related to closing an additional 1.5 housing units at the Nebraska State Penitentiary (NSP). The inmate population did not decrease to a level where the housing units could safely be closed at the NSP. Funding is also included for adding parole supervision positions for the number of increased inmates on parole and RFP.

Inmate Medical Costs The budget includes funds for higher inmate medical costs amounting to \$3,322,802 in FY13-14 and \$4,133,004 in FY14-15. NDCS is required to provide inmates with the community standard of medical care. NDCS has experienced a significant increase in medical expenses, particularly from FY2011 to FY2012. Contributing to this increase is health care inflation, an aging NDCS inmate population, and higher pharmaceutical costs. Inmates age 50 and over have increased from FY2000 to FY2011:

<u>Age</u>	<u>FY2000 Number</u>	<u>FY2011 Number</u>
45-50 Years	274	458
50-54 Years	148	364
55-59 Years	62	203
60+ Years	59	198

NDCS states that because of their medical history, older inmates require more care than individuals in the same age group who are not in prison. NDCS has 800 inmates at the Nebraska State Penitentiary who are on chronic care protocol. National pharmaceutical costs have increased significantly in recent years, especially in the area of medications to treat infectious diseases. Correctional agencies have a disproportionate number of individuals with HIV and Hepatitis C diagnosis in comparison with the public at large. NDCS also has a hemophiliac patient whose drug costs are in excess of \$600,000 per year.

Inmate Food Cost Increases The budget includes an additional \$1,497,694 in FY14 and \$1,903,318 in FY15 for increased food costs. Part of the total is attributable to the increasing inmate population, but more recently these expenses have also increased due to noticeably higher commodity prices. An approximate 20% increase in food prices is expected towards the end of FY13 due to higher costs. This is expected to continue into FY2014 and FY2015 as a result of the recent drought.

State Colleges

The budget includes increased General Fund appropriations for the Nebraska State College System amounting to a 4.5% increase for 2013-14 and a 4.0% increase for 2014-15. At these levels of increased funding, the Board of Trustees of the Nebraska State Colleges would freeze resident tuition for 2013-14 and 2014-15 at rates currently in place for 2012-13. Increases in General Funds are intended to provide

support for anticipated increases in Nebraska State College System operating expenses including increases in faculty and staff salaries and benefits and increases in various non-personnel operating expenses.

University of Nebraska

The budget includes increased General Fund appropriations for the University of Nebraska amounting to a 4.0% increase for FY2013-14 and a 4.0% increase for FY2014-15. At these levels of increased funding, the Board of Regents would freeze resident tuition for FY2013-14 and FY2014-15 at FY 2012-13 levels.

State Patrol

The enacted budget for the State Patrol is a net 2.3% increase in FY14 and 1% increase in FY15. This is basically the result of salary increases (\$833,581 FY14 and \$1,685,683 FY15), higher gasoline prices (\$275,000 each year) and vehicle replacement (\$250,000 each year)

The budget also incorporates savings from the consolidation of communications centers per the agency request. The Communications Centers provide dispatching to all six Troop Areas. Currently, there is one communications center per Troop Area. The Nebraska State Patrol formed a Communications Center Committee to evaluate the current structure of the centers. The study's recommendation was to consolidate the six centers to three. The number of employees would decrease from 53 to 45 by July 1, 2014, with the potential for a further reduction to 40 FTE by July 1, 2015. General Funds savings amount to \$203,912 in FY14 and \$247,938 in FY15.

LB 579 Administration and enforcement, Liquor Control Act This bill amends the Nebraska Liquor Control Act regarding the powers, functions, and duties of the Liquor Control Commission. The bill requires the Commission to enter into an agreement with the Nebraska State Patrol in which the Patrol will hire 6 new members. The Patrol is then to designate, from the entire Patrol membership, 6 officers who are to spend the majority of their time in administration and enforcement of the Nebraska Liquor Control Act. Additional funds provided to the State Patrol total \$652,000 in FY13-14 and \$522,000 in FY14-15.

State Employee Salary Increases

Collective bargaining agreements have been negotiated with the various bargaining units and are described in the following narrative. All percent increases shown are to be implemented July 1. Table 25 shows the General Fund amount funded in the biennial budget.

Table 26 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

Table 25 Funded Salary Increases

General Funds Only	FY2013-14	FY2014-15
State Agencies	9,198,242	18,597,901
State Colleges	na	na
University of Nebraska	na	na
Subtotal: 2.25% each year	9,198,242	18,597,901
Other adjustments	0	0
Total General Fund Salaries	9,198,242	18,597,901

years. Over the 10-year period FY03 to FY13, employee salary increases averaged 2.4% per year.

Nebraska Association of Public Employees (NAPE-AFSCME) Collective bargaining agreements have been reached with NAPE-AFSCME on a labor contract for FY2013-14 and FY2014-15. The contract calls for a 2.25% salary increase on July 1, 2013 (FY2013-14) and a 2.25% increase on July 1, 2014 (FY2014-15).

Non-Bargaining Employees This category covers employees who are not eligible for bargaining. This includes certain supervisory and management positions, and employees under constitutional agencies such as the

Legislative Council, Governor, Secretary of State, Attorney General, etc... For budgeting purposes, the enacted budget (and Governors recommendation) includes funding for a 2.25% salary increase for both FY2013-14 and FY2014-15 the same as for the NAPE/AFSCME Master Contract as noted above.

Table 26 Historical NAPE Master Contracts

Fiscal Year	General Salary Policy	FY basis % Chnge
FY2002-03	1.5% on July 1, 2.5% on Jan 1	4.04%
FY2003-04	1.5% on July 1	2.75%
FY2004-05	2.0% on July 1	2.00%
FY2005-06	3.0% on July 1	3.00%
FY2006-07	3.25% on July 1	3.25%
FY2007-08 *	3.0% on July 1	3.00%
FY2008-09*	2.5% on July 1	2.50%
FY2009-10	2.9% on July 1	2.90%
FY2010-11	2.5% on July 1	2.50%
FY2011-12	No Salary Increase	0.00%
FY2012-13	2.0% on July 1	2.00%
FY2013-14	2.25% on July 1	2.25%
FY2014-15	2.25% on July 1	2.25%
Ten Year Average (FY05 to FY15)		2.36%

*additional amounts for specific units

State Employee Health Insurance

State Employees For the two years of the upcoming biennium, no additional funds are budgeted for employee health insurance costs. At the present time, information from DAS indicates that current balances and rates plus plan and enrollment changes should be adequate for the next two fiscal years.

Furthermore, in November and December 2012, the Department of Administrative Services implemented a moratorium on health insurance premium payments. The moratorium was in response to a May 14, 2012 audit report indicating balances were too high. The savings in agency budgets attributed to this 2 month moratorium are incorporated into the deficit bill amounting to \$9,048,341 General Funds.

Table 27 Health Insurance Cost Increases

General Funds Only	FY2013-14	FY2014-15
State Employees	0	0
State Colleges	na	na
University of Nebraska	na	na
Total General Fund costs	0	0

For FY2012-13, annual premium costs (including employee and employer) range from a low of \$4,951 for the Wellness PPO plan single coverage to \$26, 474 for the Choice plan family

Table 28 shows the historical trends in health insurance rates. The comparison uses United Health Care Choice family plan which is the highest cost coverage and historically most closely matches the Blue Cross/Blue Shield (BC/BS) BlueChoice family coverage insurance plan most consistently offered over the years. The ten-year average annual increase is 6.9% including projected rates for FY14 and FY15.

Table 28 Historical Health Insurance Rates - Choice Family Coverage

BC/BS (Family)	Dollar Cost Per Employee - FY Basis				Percent of Total		
	Employee	Employer	Total	% Change	Employee	Employer	Trust
FY2000-01	2,207.58	8,304.60	10,512.18	7.1%	21.0%	79.0%	100.0%
FY2001-02	2,360.94	8,881.62	11,242.56	6.9%	21.0%	79.0%	100.0%
FY2002-03	2,503.20	9,416.76	11,919.96	6.0%	21.0%	79.0%	100.0%
FY2003-04	2,686.26	10,105.50	12,791.76	7.3%	21.0%	79.0%	100.0%
FY2004-05	2,859.60	10,758.00	13,617.60	6.5%	21.0%	79.0%	100.0%
FY2005-06	3,313.56	12,465.96	15,779.52	15.9%	21.0%	79.0%	100.0%
FY2006-07	3,776.28	14,206.56	17,982.84	14.0%	21.0%	79.0%	100.0%
FY2007-08	4,206.72	15,825.48	20,032.20	11.4%	21.0%	79.0%	100.0%
FY2008-09	4,647.48	17,483.28	22,130.76	10.5%	21.0%	79.0%	100.0%
FY2009-10	5,181.36	19,491.36	24,672.72	11.5%	21.0%	79.0%	100.0%
FY2010-11	5,682.24	21,376.08	27,058.32	9.7%	21.0%	79.0%	100.0%
FY2011-12	5,696.40	21,429.12	27,125.52	0.2%	21.0%	79.0%	100.0%
FY2012-13	5,559.60	20,914.80	26,474.40	-2.4%	21.0%	79.0%	100.0%
FY2013-14 Current Est	5,559.60	20,914.80	26,474.40	0.0%	21.0%	79.0%	100.0%
FY2014-15 Current Est	5,559.60	20,914.80	26,474.40	0.0%	21.0%	79.0%	100.0%
<u>Average Annual Change</u> FY05 to FY15 (10 Yr)	6.9%	6.9%	6.9%				

Defined Benefit / Cash Balance Retirement Plans

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

Each fall, actuaries provide an assessment as to the status of the defined benefit plans as of the preceding July 1. The fall 2012 report showed investment returns for the prior plan year of 1% or less in the various plans. Even adjusted from a market value to an actuarial value basis, this return was substantially lower than the 8% assumed return. The fall report identified an actuarial shortfall of \$52.7 million payable in FY2013-14. Another actuarial study then extended the outlook another five years. That study revealed a shortfall continuing over the next four years with the shortfall level declining slightly in the fifth year.

The budget negates having to include that level of additional state funding to cover this actuarial shortfall by incorporating the net impact of changes contained in LB 553. Although there are additional costs incurred under LB553, the amounts are significantly less than what would have been necessary with no statutory change.

The major changes contained in LB 553 include changing the amortization method from level dollar to level percent of pay beginning July 1, 2013 for the school, judges, and Patrol plans, and for the school plan continue the current school employee contribution rate at 9.78%, eliminating the 2017 sunset, increase the state contribution rate from 1% to 2% of total compensation beginning July 1, 2014, and create a reduced tier of retirement benefits that applies to all school employees hired on or after July 1, 2013.

Table 29 shows the projected actuarial shortfalls by plan, the additional funds included in the budget bill and the net change between the two. Following is a summary

Table 29 Defined Benefit / Cash Balance Plan Shortfall

Defined Benefit Retirement Plan	FY2013-14	FY2014-15	FY2015-16	FY2016-17
<i><u>Additional State Contributions (ARC) - Prior Law (1)</u></i>				
School Plan	48,092,000	60,185,000	45,331,000	36,174,000
Judges Plan	79,000	658,000	746,000	1,696,000
Patrol Plan	4,553,000	6,894,000	6,371,000	6,086,000
Total - Additional Contributions	52,724,000	67,737,000	52,448,000	43,956,000
<i><u>Additional Funds in Budget - per LB 553</u></i>				
School Plan	0	20,000,000	20,931,000	21,479,000
Judges Plan	0	94,000	103,000	183,000
Patrol Plan	44,570	2,344,570	2,344,570	2,344,570
Total - Additional funding per L	44,570	22,438,570	23,378,570	24,006,570
<i><u>Net Difference</u></i>	(52,679,430)	(45,298,430)	(29,069,430)	(19,949,430)

(1) Buck Consultants November 19, 2012

General Fund Appropriations By Agency

FY14 / FY15 Biennial Budget as Enacted in the 2013 Legislative Session

		Type	w/o deficits FY2012-13	Enacted FY2013-14	Enacted FY2014-15	FY14 vs Prior Yr		FY15 vs Prior Yr	
						\$ Chnge	% Chnge	\$ Chnge	% Chnge
#03	Legislative Council	Oper	18,070,091	18,429,470	18,853,434	359,379	2.0%	423,964	2.3%
#03	Legislative Council	Total	18,070,091	18,429,470	18,853,434	359,379	2.0%	423,964	2.3%
#05	Supreme Court	Aid	0	200,000	200,000	200,000	na	0	0.0%
#05	Supreme Court	Oper	84,265,483	107,213,686	133,832,254	22,948,203	27.2%	26,618,568	24.8%
#05	Supreme Court	Total	84,265,483	107,413,686	134,032,254	23,148,203	27.5%	26,618,568	24.8%
#07	Governor	Oper	1,652,727	1,649,146	1,879,549	(3,581)	-0.2%	230,403	14.0%
#07	Governor	Total	1,652,727	1,649,146	1,879,549	(3,581)	-0.2%	230,403	14.0%
#08	Lt. Governor	Oper	143,610	143,828	144,051	218	0.2%	223	0.2%
#08	Lt. Governor	Total	143,610	143,828	144,051	218	0.2%	223	0.2%
#09	Secretary of State	Oper	444,708	841,282	1,446,302	396,574	89.2%	605,020	71.9%
#09	Secretary of State	Total	444,708	841,282	1,446,302	396,574	89.2%	605,020	71.9%
#10	State Auditor	Oper	2,184,391	2,095,011	2,118,948	(89,380)	-4.1%	23,937	1.1%
#10	State Auditor	Total	2,184,391	2,095,011	2,118,948	(89,380)	-4.1%	23,937	1.1%
#11	Attorney General	Oper	5,815,369	5,884,596	5,638,473	69,227	1.2%	(246,123)	-4.2%
#11	Attorney General	Total	5,815,369	5,884,596	5,638,473	69,227	1.2%	(246,123)	-4.2%
#12	State Treasurer	Oper	1,389,129	1,297,426	1,301,283	(91,703)	-6.6%	3,857	0.3%
#12	State Treasurer	Total	1,389,129	1,297,426	1,301,283	(91,703)	-6.6%	3,857	0.3%
#13	Education	Aid	1,049,348,167	1,113,624,778	1,159,880,190	64,276,611	6.1%	46,255,412	4.2%
#13	Education	Oper	16,184,774	17,976,558	19,083,626	1,791,784	11.1%	1,107,068	6.2%
#13	Education	Total	1,065,532,941	1,131,601,336	1,178,963,816	66,068,395	6.2%	47,362,480	4.2%
#14	Public Service Comm	Oper	2,359,563	2,422,539	2,429,539	62,976	2.7%	7,000	0.3%
#14	Public Service Comm	Total	2,359,563	2,422,539	2,429,539	62,976	2.7%	7,000	0.3%
#15	Parole Board	Oper	819,249	834,771	850,640	15,522	1.9%	15,869	1.9%
#15	Parole Board	Total	819,249	834,771	850,640	15,522	1.9%	15,869	1.9%
#16	Revenue	Aid	72,500,000	71,600,000	74,900,000	(900,000)	-1.2%	3,300,000	4.6%
#16	Revenue	Oper	25,642,530	25,398,331	25,912,626	(244,199)	-1.0%	514,295	2.0%
#16	Revenue	Total	98,142,530	96,998,331	100,812,626	(1,144,199)	-1.2%	3,814,295	3.9%
#18	Agriculture	Oper	5,618,857	5,956,322	5,922,021	337,465	6.0%	(34,301)	-0.6%
#18	Agriculture	Total	5,618,857	5,956,322	5,922,021	337,465	6.0%	(34,301)	-0.6%
#21	Fire Marshal	Oper	3,991,920	4,086,558	4,093,785	94,638	2.4%	7,227	0.2%
#21	Fire Marshal	Total	3,991,920	4,086,558	4,093,785	94,638	2.4%	7,227	0.2%
#23	Labor	Oper	497,939	503,467	509,118	5,528	1.1%	5,651	1.1%
#23	Labor	Total	497,939	503,467	509,118	5,528	1.1%	5,651	1.1%
#25	HHS System	Aid	1,114,177,099	1,190,657,630	1,255,689,224	76,480,531	6.9%	65,031,594	5.5%
#25	HHS System	Oper	236,425,259	233,169,499	233,902,402	(3,255,760)	-1.4%	732,903	0.3%
#25	HHS System	Total	1,350,602,358	1,423,827,129	1,489,591,626	73,224,771	5.4%	65,764,497	4.6%
#28	Veterans Affairs	Oper	1,127,666	1,216,003	1,228,082	88,337	7.8%	12,079	1.0%
#28	Veterans Affairs	Total	1,127,666	1,216,003	1,228,082	88,337	7.8%	12,079	1.0%
#29	Natural Resources	Aid	5,958,361	5,808,361	5,808,361	(150,000)	-2.5%	0	0.0%
#29	Natural Resources	Oper	10,397,171	10,676,038	10,807,768	278,867	2.7%	131,730	1.2%
#29	Natural Resources	Total	16,355,532	16,484,399	16,616,129	128,867	0.8%	131,730	0.8%
#31	Military Dept	Aid	988,775	988,775	988,775	0	0.0%	0	0.0%
#31	Military Dept	Oper	3,687,973	4,084,520	4,276,279	396,547	10.8%	191,759	4.7%
#31	Military Dept	Total	4,676,748	5,073,295	5,265,054	396,547	8.5%	191,759	3.8%

	Type	w/o deficits FY2012-13	Enacted FY2013-14	Enacted FY2014-15	FY14 vs Prior Yr		FY15 vs Prior Yr	
					\$ Chnge	% Chnge	\$ Chnge	% Chnge
#32 Ed Lands & Funds	Oper	310,575	315,838	321,217	5,263	1.7%	5,379	1.7%
#32 Ed Lands & Funds	Total	310,575	315,838	321,217	5,263	1.7%	5,379	1.7%
#33 Game & Parks	Aid	42,011	42,011	42,011	0	0.0%	0	0.0%
#33 Game & Parks	Oper	10,833,605	11,034,425	11,148,845	200,820	1.9%	114,420	1.0%
#33 Game & Parks	Total	10,875,616	11,076,436	11,190,856	200,820	1.8%	114,420	1.0%
#34 Library Commission	Aid	1,043,240	1,201,240	1,209,240	158,000	15.1%	8,000	0.7%
#34 Library Commission	Oper	2,402,760	2,484,662	2,569,572	81,902	3.4%	84,910	3.4%
#34 Library Commission	Total	3,446,000	3,685,902	3,778,812	239,902	7.0%	92,910	2.5%
#35 Liquor Control	Oper	973,825	1,033,269	1,046,759	59,444	6.1%	13,490	1.3%
#35 Liquor Control	Total	973,825	1,033,269	1,046,759	59,444	6.1%	13,490	1.3%
#36 Racing Commission	Oper	0	15,000	0	15,000	na	(15,000)	-100.0%
#36 Racing Commission	Total	0	15,000	0	15,000	na	(15,000)	-100.0%
#46 Correctional Services	Oper	156,840,269	167,048,868	170,854,827	10,208,599	6.5%	3,805,959	2.3%
#46 Correctional Services	Total	156,840,269	167,048,868	170,854,827	10,208,599	6.5%	3,805,959	2.3%
#47 NETC	Oper	9,558,708	9,706,004	9,840,715	147,296	1.5%	134,711	1.4%
#47 NETC	Total	9,558,708	9,706,004	9,840,715	147,296	1.5%	134,711	1.4%
#48 Coordinating Comm	Aid	6,993,156	7,308,156	7,353,156	315,000	4.5%	45,000	0.6%
#48 Coordinating Comm	Oper	1,188,481	1,300,105	1,310,637	111,624	9.4%	10,532	0.8%
#48 Coordinating Comm	Total	8,181,637	8,608,261	8,663,793	426,624	5.2%	55,532	0.6%
#50 State Colleges	Oper	45,450,893	47,496,183	49,396,030	2,045,290	4.5%	1,899,847	4.0%
#50 State Colleges	Total	45,450,893	47,496,183	49,396,030	2,045,290	4.5%	1,899,847	4.0%
#51 University of Nebraska	Oper	497,998,690	519,613,638	540,180,384	21,614,948	4.3%	20,566,746	4.0%
#51 University of Nebraska	Total	497,998,690	519,613,638	540,180,384	21,614,948	4.3%	20,566,746	4.0%
#54 Historical Society	Oper	3,915,325	4,120,916	4,179,737	205,591	5.3%	58,821	1.4%
#54 Historical Society	Total	3,915,325	4,120,916	4,179,737	205,591	5.3%	58,821	1.4%
#64 State Patrol	Oper	54,253,448	56,153,379	56,576,821	1,899,931	3.5%	423,442	0.8%
#64 State Patrol	Total	54,253,448	56,153,379	56,576,821	1,899,931	3.5%	423,442	0.8%
#65 Admin Services (DAS)	Oper	7,638,096	7,731,281	7,821,743	93,185	1.2%	90,462	1.2%
#65 Admin Services (DAS)	Total	7,638,096	7,731,281	7,821,743	93,185	1.2%	90,462	1.2%
#67 Equal Opportunity	Oper	1,178,277	1,168,106	1,186,439	(10,171)	-0.9%	18,333	1.6%
#67 Equal Opportunity	Total	1,178,277	1,168,106	1,186,439	(10,171)	-0.9%	18,333	1.6%
#68 Latino American Comm.	Oper	178,681	187,679	190,981	8,998	5.0%	3,302	1.8%
#68 Latino American Comm.	Total	178,681	187,679	190,981	8,998	5.0%	3,302	1.8%
#69 Arts Council	Aid	838,069	903,069	903,069	65,000	7.8%	0	0.0%
#69 Arts Council	Oper	538,267	550,931	564,132	12,664	2.4%	13,201	2.4%
#69 Arts Council	Total	1,376,336	1,454,000	1,467,201	77,664	5.6%	13,201	0.9%
#70 Foster Care Review	Oper	1,379,348	1,652,806	1,616,119	273,458	19.8%	(36,687)	-2.2%
#70 Foster Care Review	Total	1,379,348	1,652,806	1,616,119	273,458	19.8%	(36,687)	-2.2%
#72 Economic Development	Aid	7,356,396	6,860,000	6,860,000	(496,396)	-6.7%	0	0.0%
#72 Economic Development	Oper	4,101,559	4,848,356	4,899,875	746,797	18.2%	51,519	1.1%
#72 Economic Development	Total	11,457,955	11,708,356	11,759,875	250,401	2.2%	51,519	0.4%
#76 Indian Commission	Oper	167,410	205,261	208,175	37,851	22.6%	2,914	1.4%
#76 Indian Commission	Total	167,410	205,261	208,175	37,851	22.6%	2,914	1.4%
#77 Industrial Relations	Oper	302,708	309,579	313,047	6,871	2.3%	3,468	1.1%
#77 Industrial Relations	Total	302,708	309,579	313,047	6,871	2.3%	3,468	1.1%
#78 Crime Commission	Aid	2,301,403	4,023,828	6,023,828	1,722,425	74.8%	2,000,000	49.7%
#78 Crime Commission	Oper	3,331,208	3,623,960	3,656,000	292,752	8.8%	32,040	0.9%
#78 Crime Commission	Total	5,632,611	7,647,788	9,679,828	2,015,177	35.8%	2,032,040	26.6%

			w/o deficits	Enacted	Enacted	FY14 vs Prior Yr		FY15 vs Prior Yr	
Type		FY2012-13	FY2013-14	FY2014-15	\$ Chnge	% Chnge	\$ Chnge	% Chnge	
#81	Blind & Visually Impaired	Aid	176,890	176,890	176,890	0	0.0%	0	0.0%
#81	Blind & Visually Impaired	Oper	846,113	857,480	869,100	11,367	1.3%	11,620	1.4%
#81	Blind & Visually Impaired	Total	1,023,003	1,034,370	1,045,990	11,367	1.1%	11,620	1.1%
#82	Deaf & Hard of Hearing	Oper	848,782	861,653	874,808	12,871	1.5%	13,155	1.5%
#82	Deaf & Hard of Hearing	Total	848,782	861,653	874,808	12,871	1.5%	13,155	1.5%
#83	Community Colleges	Aid	87,870,147	91,384,953	95,040,351	3,514,806	4.0%	3,655,398	4.0%
#83	Community Colleges	Total	87,870,147	91,384,953	95,040,351	3,514,806	4.0%	3,655,398	4.0%
#84	Environmental Quality	Aid	2,446,846	2,077,196	2,141,196	(369,650)	-15.1%	64,000	3.1%
#84	Environmental Quality	Oper	3,323,012	3,362,055	3,393,198	39,043	1.2%	31,143	0.9%
#84	Environmental Quality	Total	5,769,858	5,439,251	5,534,394	(330,607)	-5.7%	95,143	1.7%
#85	Retirement Board	Oper	29,991,325	24,290,810	46,418,580	(5,700,515)	-19.0%	22,127,770	91.1%
#85	Retirement Board	Total	29,991,325	24,290,810	46,418,580	(5,700,515)	-19.0%	22,127,770	91.1%
#87	Account/Disclosure	Oper	407,548	414,692	468,402	7,144	1.8%	53,710	13.0%
#87	Account/Disclosure	Total	407,548	414,692	468,402	7,144	1.8%	53,710	13.0%
#91	Tourism Commission	Aid	0	250,000	250,000	250,000	na	0	0.0%
#91	Tourism Commission	Oper	250,000	250,000	250,000	0	0.0%	0	0.0%
#91	Tourism Commission	Total	250,000	500,000	500,000	250,000	100.0%	0	0.0%
#93	Tax Equal/Review Comm	Oper	683,640	716,009	730,051	32,369	4.7%	14,042	2.0%
#93	Tax Equal/Review Comm	Total	683,640	716,009	730,051	32,369	4.7%	14,042	2.0%
Construction-Total		Total	20,772,233	25,830,024	28,310,000	5,057,791	24.3%	2,479,976	9.6%
OPERATIONS			1,259,610,962	1,315,231,996	1,395,116,374	55,621,034	4.4%	79,884,378	6.1%
STATE AID			2,352,040,560	2,497,106,887	2,617,466,291	145,066,327	6.2%	120,359,404	4.8%
CONSTRUCTION			20,772,233	25,830,024	28,310,000	5,057,791	24.3%	2,479,976	9.6%
TOTAL GENERAL FUNDS			3,632,423,755	3,838,168,907	4,040,892,665	205,745,152	5.7%	202,723,758	5.3%

General Fund State Aid by Aid Program

FY14 / FY15 Biennial Budget as Enacted in the 2013 Legislative Session

Agency	Aid Program	w/o Deficits FY2012-13	Enacted FY2013-14	Enacted FY2014-15	\$ Change over FY13 FY13-14 FY14-15		
#05	Courts	Court Appointed Special Advocate	0	200,000	200,000	200,000	200,000
#13	Education	TEEOSA State Aid to Education	836,867,085	884,888,317	920,786,352	48,021,232	83,919,267
#13	Education	Special Education	193,893,842	203,588,534	213,767,961	9,694,692	19,874,119
#13	Education	Aid to ESU's	14,051,761	14,051,761	14,051,761	0	0
#13	Education	High ability learner programs	0	0	0	0	0
#13	Education	Early Childhood grant program	0	1,915,962	1,915,962	1,915,962	1,915,962
#13	Education	Early Childhood Endowment	0	4,000,000	4,000,000	4,000,000	4,000,000
#13	Education	School Lunch	392,032	392,032	392,032	0	0
#13	Education	Textbook loan program	465,500	465,500	465,500	0	0
#13	Education	School Breakfast reimbursement	453,008	453,008	453,008	0	0
#13	Education	Adult Education	214,664	214,664	214,664	0	0
#13	Education	Learning Communities Aid	882,275	725,000	725,000	(157,275)	(157,275)
#13	Education	Summer Food Service grants	128,000	130,000	130,000	2,000	2,000
#13	Education	High School Equivalency Assistance	0	750,000	750,000	750,000	750,000
#13	Education	Step Up to Quality Child Care - Scholarships	0	0	100,000	0	100,000
#13	Education	Step Up to Quality Child Care - Bonuses	0	0	26,700	0	26,700
#13	Education	Vocational Rehabilitation	2,000,000	2,050,000	2,101,250	50,000	101,250
#16	Revenue	Homestead Exemption	72,500,000	71,600,000	74,900,000	(900,000)	2,400,000
#25	HHS System	Behavioral Health Aid	75,133,219	70,759,664	57,344,214	(4,373,555)	(17,789,005)
#25	HHS System	ACA Contingency	0	0	10,000,000	0	10,000,000
#25	HHS System	Medical student assistance/RHOP	637,086	637,086	637,086	0	0
#25	HHS System	Childrens Health Insurance	13,107,750	17,638,937	22,425,227	4,531,187	9,317,477
#25	HHS System	Public Assistance	108,524,785	107,116,945	108,181,405	(1,407,840)	(343,380)
#25	HHS System	Medicaid	644,573,194	710,247,560	773,561,292	65,674,366	128,988,098
#25	HHS System	Child Welfare Aid	153,774,584	156,756,327	138,879,572	2,981,743	(14,895,012)
#25	HHS System	Developmental disabilities aid	101,878,371	109,173,012	126,248,291	7,294,641	24,369,920
#25	HHS System	Community health centers	3,758,060	4,058,060	4,058,060	300,000	300,000
#25	HHS System	Health Aid	4,790,612	6,040,612	5,890,612	1,250,000	1,100,000
#25	HHS System	Care Management	2,033,123	2,128,869	2,225,644	95,746	192,521
#25	HHS System	Area agencies on aging	5,966,315	6,100,558	6,237,821	134,243	271,506
#29	Nat Resources	Nebr Water Conservation Fund	2,318,036	2,318,036	2,318,036	0	0
#29	Nat Resources	Resources Development Fund	3,140,325	3,140,325	3,140,325	0	0
#29	Nat Resources	NRD Water Management grants	500,000	350,000	350,000	(150,000)	(150,000)
#31	Military Dept	Governors Emergency Program	500,000	500,000	500,000	0	0
#31	Military Dept	Guard tuition assistance	488,775	488,775	488,775	0	0
#33	Game & Parks	Niobrara Council	42,011	42,011	42,011	0	0
#34	Library Comm	Local libraries	1,043,240	1,201,240	1,209,240	158,000	166,000
#48	Coord. Comm	Nebr Opportunity Grant Program	6,418,156	6,668,156	6,668,156	250,000	250,000
#48	Coord. Comm	Access College Early Scholarship	575,000	640,000	685,000	65,000	110,000
#69	Arts Council	Aid to arts programs	838,069	903,069	903,069	65,000	65,000
#69	Arts Council	Council on Humanities	in above	0	0	--	--
#69	Arts Council	Managing Mainstreet	in above	0	0	--	--
#72	Econ Develop	Business Innovation Act	7,156,396	6,760,000	6,760,000	(396,396)	(396,396)
#72	Econ Develop	Small Business Innovation Act	200,000	0	0	(200,000)	(200,000)
#72	Econ Develop	Grow Nebraska	0	100,000	100,000	100,000	100,000

Agency	Aid Program	w/o Deficits FY2012-13	Enacted FY2013-14	Enacted FY2014-15	\$ Change over FY13	
					FY13-14	FY14-15
#78	Crime Comm Juvenile services grants	587,812	587,812	587,812	0	0
#78	Crime Comm Comm Based Juvenile Services aid	1,477,575	3,000,000	5,000,000	1,522,425	3,522,425
#78	Crime Comm Crimestoppers program	13,457	13,457	13,457	0	0
#78	Crime Comm Victim Witness assistance	52,559	52,559	52,559	0	0
#78	Crime Comm Crime Victims reparations	20,000	20,000	20,000	0	0
#78	Crime Comm Violence Prevention Grants	150,000	350,000	350,000	200,000	200,000
#81	Blind & Vis Imp Blind rehabilitation	176,890	176,890	176,890	0	0
#83	Comm Colleges Aid to Community Colleges	87,870,147	91,384,953	95,040,351	3,514,806	7,170,204
#84	Environ Qlty Superfund cleanup	621,850	252,200	316,200	(369,650)	(305,650)
#84	Environ Qlty Storm Water Management grants	1,824,996	1,824,996	1,824,996	0	0
#91	Tourism Comm Tourism grant program	0	250,000	250,000	250,000	250,000
Individuals/Other		1,135,669,688	1,212,891,823	1,278,027,667	77,222,135	142,357,979
Local Government		1,216,370,872	1,284,215,064	1,339,438,624	67,844,192	123,067,752
Total General Fund State Aid		2,352,040,560	2,497,106,887	2,617,466,291	145,066,327	265,425,731

General Fund Appropriations by Bill

	FY2012-13	FY2013-14	FY2014-15
LB 93 Veteran status, drivers' licenses and state ID cards	0	96,395	75,324
LB 211 Coordination of community college boards	0	13,827	12,596
LB 216 Young Adult Voluntary Services and Support Act	0	793,258	1,205,017
LB 269 Various changes, children and families, child welfare	0	85,000	88,000
LB 306 Change, judges' retirement and salaries	0	937,137	1,921,133
LB 363 Changes, access to public records	0	78,000	78,000
LB 366 Diploma of High School Equivalency Assistance Act	0	802,980	792,290
LB 429 Require disclosure of state contracts	0	133,345	177,792
LB 483 Reentry planning pilot program, Correctional Services	0	250,000	250,000
LB 507 Step Up to Quality Child Care Act	0	1,221,004	3,120,820
LB 517 Water Sustainability Project Task Force	1,000,000	0	0
LB 530 Change foster care reimbursements	0	0	2,023,054
LB 556 Provide for telehealth services, children behavioral health	0	451,336	451,384
LB 561 Juvenile justice system changes	0	5,864,004	8,635,996
LB 579 Administration and enforcement, Liquor Control Act	0	652,000	522,000
LB 583 Changes, Climate Assessment Response Committee	0	44,746	0
LB 634 Wildfire Control Act of 2013	0	1,545,000	1,395,000
LB 20 Funds for the rural health provider incentive program	0	*	*
LB 114 Funds to UNO for research per LR249 (DUI recidivism)	0	*	*
LB 119 Additional funds for Public Health Aid	0	*	*
LB 126 Grants from the Court Appointed Special Advocate Fund	0	*	*
LB 157 Appropriation of funds in support of dental services	0	*	*
LB 187 Appropriate funds, DHHS Dental Health Director	0	*	*
LB 190 Funds, Early Childhood Education Endowment	0	*	*
LB 193 Change fundis, Nebr Cultural Preservation Endowment	0	*	*
LB 231 Uniform reimbursement rate for adult day services	0	*	*
LB 234 State intent, appropriations for nurse visitation	0	*	*
LB 334 Funds for Nebraska Opportunity Grant Program	0	*	*
LB 375 Funds for developmental disabilities services	0	*	*
LB 376 Appropriate funds, DED Mainstreet Program	0	*	*
LB 400 Appropriate funds for aid to community colleges	0	*	*
LB 486 Funds for Midwest Interstate Passenger Rail Compact	0	*	*
LB 492 Funds for Nebraska Youth Conservation Program	0	*	*
LB 569 Funds for Supreme Court for county court employees	0	*	*
<i>Subtotal-"A" Bills</i>	1,000,000	12,968,032	20,748,406
LB 195 Mainline Budget Bill	0	3,775,012,254	3,967,415,403
LB 196 Legislator Salaries	0	632,982	632,982
LB 197 Constitutional Officers Salaries	0	23,725,615	23,785,874
LB 198 Capital Construction	0	25,830,024	28,310,000
LB 194 Deficits	(13,923,316)	0	0
LB 536 State Claims	825,270	0	0
<i>Subtotal-Mainline Bills</i>	(13,098,046)	3,825,200,875	4,020,144,259
Total-Appropriations Bills (General Funds)	(12,098,046)	3,838,168,907	4,040,892,665

* Impact of these bills (or some portion of the bill) was incorporated into the mainline budget bills

General Fund Vetoes and Overrides

Bill	Issue	Vetoes		Overrides	
		FY2013-14	FY2014-15	FY2013-14	FY2014-15
GENERAL FUNDS					
Legislative Council	195 Midwest Interstate Passenger Rail Compact dues	(30,000)	(15,000)	0	0
Supreme Court	195 Court Appointed Special Advocate Fund grants	(200,000)	(200,000)	200,000	200,000
Supreme Court	195 County court employees salaries	(125,000)	(250,000)	125,000	250,000
Supreme Court	195 Probation Officer Reclassification	(167,497)	(172,098)	0	0
Supreme Court	195 Probation Officer Reclassification	(12,305)	(12,643)	0	0
Supreme Court	195 Probation Officer Reclassification	(2,199)	(2,259)	0	0
State Auditor	195 Salary Adjustment	(32,000)	(32,000)	0	0
State Auditor	195 Base funding level	(144,669)	(144,669)	0	0
Education	195 Reduce Learning Community aid	(225,000)	(225,000)	225,000	225,000
Public Service Com	195 Railroad Track Inspection Program	(102,683)	(82,998)	0	0
DHHS	195 DHHS Dental Health Director (LB187)	(150,000)	(150,000)	150,000	150,000
DHHS	195 Health Center Dental services (LB157)	(300,000)	(300,000)	300,000	300,000
Postsecond Coord	195 Restore funding for data analyst position & operating expenses	(70,034)	(70,034)	70,034	70,034
University	195 Funds for research per LR249 (DUI recidivism)	(100,000)	0	0	0
Foster Care	195 Restore One Review Specialist Positions	(48,580)	(47,830)	0	0
Construction	198 State Capitol improvements.	(294,000)	(250,000)	294,000	250,000
Construction	198 UNMC College of Nursing Lincoln Facility	(1,477,000)	(1,477,000)	1,477,000	1,477,000
Construction	198 Renovation at Museum of Nebraska History	(113,535)	(596,059)	113,535	596,059
Tourism Comm.	194 Promotion activities 2013 US Senior Golf Open *	0	0	0	0
Total - General Funds		(3,594,502)	(4,027,590)	2,954,569	3,518,093
CASH FUNDS					
DHHS	195 MMIS computer system replacement	(2,840,000)	0	0	0
DHHS	195 Securities Act Cash Fund transfer - Homeless Shelter Assist	(250,000)	(250,000)	250,000	250,000
Roads	195 Increase the level of public transit aid funding	(2,000,000)	(2,000,000)	2,000,000	2,000,000
DED	195 Securities Act Cash Fund transfer - Affordable Housing Trust	(1,250,000)	(1,250,000)	1,250,000	1,250,000
Retirement	195 Retirement Specialist 1 (1.0 FTE)	(45,440)	(45,440)	0	0
Tourism Comm	195 Increased staffing	(150,000)	(150,000)	0	0
Public Advocacy	195 Securities Act Cash Fund transfer - Legal Aid and Services Fl	(500,000)	(500,000)	500,000	500,000
Total - Cash Funds		(7,035,440)	(4,195,440)	4,000,000	4,000,000
FEDERAL FUNDS					
DHHS	195 MMIS computer system replacement	(25,560,000)	0	0	0
Foster Care	195 Restore One Review Specialist Positions	(16,193)	(15,944)	0	0
Total - Federal Funds		(25,576,193)	(15,944)	0	0
SECURITIES ACT CASH FUND TRANSFERS					
--	195 To General Fund	(3,794,502)	(4,027,590)	3,794,502	4,027,590
--	199 To Other Funds	(2,000,000)	(2,000,000)	2,000,000	2,000,000
Total - Transfers		(5,794,502)	(6,027,590)	5,794,502	6,027,590

* \$200,000 included in the deficit bill for promotion activities 2013 US Senior Golf Open were vetoed and not overridden. *

APPROPRIATIONS
ALL FUND SOURCES

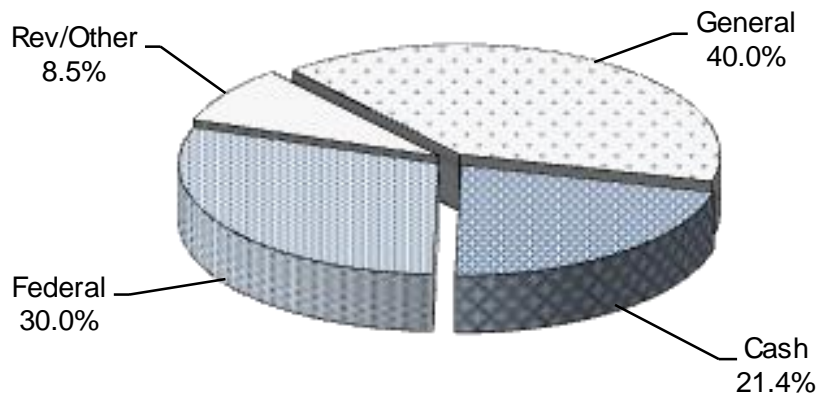
Appropriations - All Fund Sources

This section of the report summarizes the budget for all funds sources, not just General Funds. Table 30 contains the overall total appropriations by fund source broken down by operations, state aid and capital construction. Following the table is a description of each type of fund source and highlights of major increases inside of each fund category. For a more detailed explanation of the changes in appropriations from other fund sources, please refer to the specific agency pages later on in this report.

Table 30 FY14 / FY15 Biennial Budget - All Fund Sources

	General	Cash	Federal	Rev/Other	Total
<u>FY2012-13 (without deficits)</u>					
Agency Operations	1,259,610,962	1,400,439,502	838,965,497	751,650,433	4,250,666,394
State Aid	2,352,040,560	415,317,010	1,837,737,952	1,158,229	4,606,253,751
Capital Construction	20,772,233	38,331,330	0	90,751,933	149,855,496
FY2012-13 Total	3,632,423,755	1,854,087,842	2,676,703,449	843,560,595	9,006,775,641
<u>FY2013-14</u>					
Agency Operations	1,315,231,996	1,574,214,934	892,825,243	758,370,754	4,540,642,927
State Aid	2,497,106,887	432,556,300	1,908,996,597	1,158,229	4,839,818,013
Capital Construction	25,830,024	47,858,430	74,004,854	57,201,459	204,894,767
FY2013-14 Total	3,838,168,907	2,054,629,664	2,875,826,694	816,730,442	9,585,355,707
Change over prior year					
Dollar	205,745,152	200,541,822	199,714,976	(26,830,153)	579,171,797
Percent	5.7%	10.8%	7.5%	-3.2%	6.4%
<u>FY2014-15</u>					
Agency Operations	1,395,116,374	1,561,759,467	912,423,126	759,110,833	4,628,409,800
State Aid	2,617,466,291	437,090,420	1,980,442,550	1,158,229	5,036,157,490
Capital Construction	28,310,000	45,459,430	0	4,519,000	78,288,430
FY2014-15 Total	4,040,892,665	2,044,309,317	2,892,865,676	764,788,062	9,742,855,720
Change over prior year					
Dollar	202,723,758	(10,320,347)	17,038,982	(51,942,380)	157,500,013
Percent	5.3%	-0.5%	0.6%	-6.4%	1.6%

FY2013-14 Total Appropriations by Fund



Cash Funds

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

CASH FUNDS	FY2012-13	FY2013-14	FY2014-15	% of Total
Roads	674,086,239	830,486,239	814,236,239	40.4%
University of Nebraska	397,707,708	397,707,708	397,707,708	19.4%
HHS System	162,959,689	165,109,277	167,909,069	8.0%
Revenue	141,110,044	142,578,893	143,622,318	6.9%
Public Service Comm	76,504,394	87,156,210	86,602,500	4.2%
Game and Parks	63,152,155	68,734,023	69,669,577	3.3%
All Other	338,567,613	362,857,314	364,561,906	17.7%
Total - Cash Funds	1,854,087,842	2,054,629,664	2,044,309,317	100.0%
\$ Change	5,659,505	200,541,822	(10,320,347)	
% Change	0.3%	10.8%	-0.5%	

The Dept of Roads alone accounts for 40% of cash fund revenues and expenditures. The University of Nebraska accounts for 19% and DHHS (including the Health Care Cash Fund) accounts for 8%. The Dept of Revenue accounts for 6.9% of the total as the \$115 million property tax credits are expended as cash funds. No other agency accounts for more than 4.2% of the total.

The budget for FY13-14 reflects a 10.8% growth in cash fund appropriations. About 80% of the increase in cash fund appropriations is for the Dept of Roads including \$51 million for the first year of the Build Nebraska Act (LB84-2011). Other significant increases include \$74 million to cash flow current roads projects, \$17.8 million for additional Roads construction not related to Build Nebraska, \$9.5 million for agency capital construction projects, and \$4 million for the Universal Service Fund.

DEPT OF ROADS

Fuel Tax - Every year since FY2009-10 the Legislature has used revenue projections prepared by the Department of Roads to set the Highway Cash Fund (HCF) appropriation at a level that would require an estimated fuel tax of 26.4¢ to fund. The enacted budget continues this trend and uses the latest projections (April 5, 2013) to set the HCF appropriation at a level that will attempt to set the fuel tax at 26.4¢ each year of the next biennium. To accomplish this, the HCF appropriation will be set at \$398 million in FY13-14 and \$389 million in FY14-15. The Governor's recommendation also targeted a tax rate of 26.4¢, but using projections available at the time of his recommendation his HCF appropriation was \$375 million each year.

Build Nebraska Act - Effective July 1, 2013, revenue from a .25% general sales tax rate will be redirected from the General Fund to the State Highway Capital Improvement Fund. This is estimated to provide an additional \$51,000,000 of revenue in FY13-14 and an additional \$63,750,000 of revenue in FY14-15 to fund expressway and other high priority road projects. This revenue is in addition to the HCF appropriation.

Construction Program Size – The size of the construction program in FY14 and FY15 reflects the additional state revenue from the HCF appropriation and the Build Nebraska Act, but also reflects expenditure decisions that both increased and decreased money available for highway construction. The preliminary recommendation reduced the request for capital facilities, automotive and heavy road equipment replacement, data processing, deferred building maintenance, inflationary increases for fuel and materials, and contracted repair and maintenance of highways and equipment, but increased expenditures for public transit aid.

The following table is a five year history of the targeted and average fuel tax, the HCF appropriation, revenue from the State Highway Capital Improvement Fund, and the Construction Program size in comparison to the enacted budget for FY13-14 and FY14-15.

	Targeted Average Fuel Tax (cents)	Average Fuel Tax (cents)	Highway Cash Fund Appropriation (HCF)	State Highway Capital Improvement Fund	Construction Program Size (State & Fed. \$)
2008-09	26.5	26.2	370,316,930	N/A	316,623,000
2009-10	26.4	26.6	368,000,000	N/A	486,680,000*
2010-11	26.4	26.8	370,000,000	N/A	316,000,000
2011-12	26.4	26.5	390,000,000	N/A	343,000,000
2012-13	26.4	25.4	375,000,000	N/A	372,000,000
2013-14 Budget	26.4	N/A	398,000,000	51,000,000	447,715,000 est.
2014-15 Budget.	26.4	N/A	389,000,000	63,750,000	448,771,000 est.

*FY2009-10 construction program size includes \$161,695,000 of ARRA funds.

Transit Aid - The public transportation assistance program was first established in 1975 to provide subsidies to support public transit with emphasis on meeting the needs of the elderly and handicapped. Because the program is focused on the elderly and handicapped the policy has been to fully fund aid requests from the rural systems first and then prorate the remaining funding between Omaha Metro Transit and Lincoln (Star Tran). This funding distribution method has resulted in Omaha and Lincoln receiving a smaller and smaller portion of the money appropriated for transit aid as the costs of funding the smaller systems increase and the funding available remains constant. To reverse this trend of Omaha and Lincoln receiving less and less transit aid each year the budget increases funding by \$2,000,000, up to a total of \$4,872,884 each year. Transit aid is funded with the department's cash funds. This \$2 million increase was line-item vetoed by the Governor but subsequently overridden by the Legislature.

HEALTH CARE CASH FUND

The Health Care Cash Fund receives funding from the Medicaid Intergovernmental Trust Fund and the Tobacco Settlement Trust Fund. The revenue source for the Medicaid Intergovernmental Trust Fund was a previously allowable intergovernmental transfer of extra Medicaid reimbursements to the state from publicly-owned nursing facilities. The source of the Tobacco Settlement Trust Fund is payments from tobacco companies pursuant to a nationwide settlement entered into several years ago. Each year the state investment officer determines the amount of the transfer from each of these respective funds totaling the amount required by statute. The base year appropriations and distribution of the funds under the biennial budget are shown Table 31.

An issue with the Health Care Cash Fund has been the long term sustainability of the fund. LB 969 enacted in the 2012 session, provided for a 15% reduction in the allocation from the fund phased in as a 5% reduction starting in FY13-14 through FY15-16. The reductions were put into the statute because a

projection provided by Hewitt EnnisKnupp showed a high probability of the fund being depleted. Since the initial report, the state has settled a dispute with the tobacco companies that will give the state a onetime deposit of \$18 million and increases future revenue by approximately \$4 million a year. A revised analysis provided in January 2013 by the same company, shows an improvement, but still with downside risks. The budget incorporates the provisions of LB285 which continue the allocation at the current \$59.1 million level

Fiscal Yr	Current Law	Per LB 285
FY 2012-13	59,100,000	59,100,000
FY 2013-14	56,145,000	59,100,000
FY 2014-15	53,190,000	59,100,000
FY 2015-16	50,235,000	59,100,000
FY 2016-17	50,235,000	59,100,000

Table 31 Health Care Cash Fund

	Agency Program	Current Yr FY2012-13	Proposed FY2013-14	Proposed FY2014-15
<u>Behavioral Health Provider Increases</u>				
Regions	25-38	2,599,660	2,599,660	2,599,660
Child Welfare	25-347	2,734,444	2,734,444	2,734,444
Medicaid	25-348	2,165,896	2,165,896	2,165,896
Medicaid managed care / inpatient and RTC	25-348	2,600,000	2,600,000	2,600,000
<u>Service Capacity</u>				
Mental Health / Substance Abuse Regions	25-38	6,500,000	6,500,000	6,500,000
Juvenile Services	25-250	1,000,000	1,000,000	1,000,000
<u>Emergency Protective Custody</u>	25-38	1,500,000	1,500,000	1,500,000
<u>Respite Care</u>				
Respite regions and personnel	25-33	404,643	404,643	404,643
Respite aid	25-347	810,000	810,000	810,000
<u>Developmental Disability Waiting List</u>	25-424	5,000,000	5,000,000	5,000,000
<u>Public Health</u>				
Public Health Staff	25-179	100,000	100,000	100,000
County Public Health county aid	25-502	5,405,000	5,404,190	5,404,190
<u>Minority Health</u>				
Qualified health clinics	25-502	1,351,040	1,351,040	1,351,040
Minority health aid	25-502	1,524,770	1,524,770	1,524,770
Minority health satellites	25-179	220,000	220,000	220,000
<u>Children's Health Insurance (SCHIP)</u>	25-344	7,285,700	6,835,700	6,835,700
<u>Biomedical Research</u>	25-623	14,000,000	14,000,000	14,000,000
<u>Human Service Studies</u>	3-122	75,000	75,000	75,000
<u>Attorney General</u>	11-507	395,807	395,807	395,807
<u>EMS Technicians</u>	25-33	13,688	13,688	13,688
<u>Revenue Auditor Specialist</u>	16-102	56,686	308,762	308,762
<u>Compulsive Gamblers</u>	25-33/38	250,000	250,000	250,000
<u>Nebraska Regional Poison Control Center</u>	51-515	200,000	200,000	200,000
<u>Parkinson's Disease Registry</u>	25-33	26,000	26,000	26,000
<u>Tobacco Prevention</u>				
Tobacco Prevention	25-30	2,376,000	2,376,000	2,376,000
Medicaid coverage, smoking cessation	25-348	456,000	450,000	450,000
<u>Stem Cell Research</u>	25-623	500,000	450,000	450,000
TOTAL USE OF HEALTH CARE CASH FUND		59,545,683	59,294,790	59,294,790

SECURITIES ACT CASH FUND TRANSFERS – LEGAL AID, HOMELESS SHELTER, AND AFFORDABLE HOUSING

LB 286 introduced this session provided for transfers from the Cash Reserve Fund to the Affordable Housing Trust Fund; the Homeless Shelter Assistance Trust Fund; and the Legal Aid and Services Fund. These proposed transfers were intended to reallocate funds received by the State of Nebraska in FY11-12 from the national mortgage settlement that had been credited to the Cash Reserve Fund.

The enacted budget does not allocate funds from the Cash Reserve Fund in the amount envisioned in LB286 but does transfer \$2 million each year from the Securities Act Cash Fund to these programs. Transfers are \$1,250,000 each year to the Affordable Housing Trust Fund; \$250,000 each year to the Homeless Shelter Assistance Trust Fund; and \$500,000 each year to the Legal Aid and Services Fund. These transfers were line-item vetoed by the Governor but subsequently overridden by the Legislature.

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 77 state agencies, 34 receive some level of federal funds.

FEDERAL FUNDS	FY2012-13	FY2013-14	FY2014-15	% of Total
DHHS System	1,569,718,764	1,689,619,861	1,782,558,654	58.8%
University of Nebraska	536,466,556	536,466,556	536,466,556	18.7%
Education	345,208,966	346,030,173	346,746,310	12.0%
Labor	45,721,913	48,393,116	46,535,663	1.7%
Environmental Quality	29,870,308	30,088,558	30,247,375	1.0%
Economic Development	26,196,277	26,215,112	26,234,366	0.9%
All Other	149,125,211	225,228,430	150,311,118	7.8%
Total - Federal Funds	2,676,111,718	2,875,826,694	2,892,865,676	100.0%
\$ Change	40,044,960	199,714,976	17,038,982	
% Change	1.5%	7.5%	0.6%	

Almost all federal funds are in three agencies; Health and Human Services System (59%) where a large portion is for programs such as Medicaid, AFDC and other public assistance program, University of Nebraska (18.5%) and the Dept of Education (12%) which is mostly flow through monies to local K-12 schools for programs such as Title 1, School Lunch, and Special Education.

Estimated federal funds increase by 8.4% in FY13-14. About 26% of this increase, \$58.8 million, relates to implementation of the Affordable Care Act (ACA) computer and IT projects and increased participation of people currently eligible for Medicaid and the Childrens Health Insurance program. Another 21% of the increase, \$48.4 million, is for other DHHS computer projects including electronic health records incentive pay and MMIS.

A significant reduction in FY13-14 federal funds (-\$18.9 million) is the result of a lower FY14 and FY15 federal Medicaid match rate.

Revolving / Other Funds

Revolving funds account for transactions where one agency provides goods or services to another agency. For example, the Dept of Education pays DAS-Building Division rent for the State Office Building. The expenditure is charged against the Departments budget (be it General, Cash, or Federal). DAS then receives these funds which are credited to a revolving fund from which DAS pays staff salaries, utilities, cleaning costs, etc... This in essence double-counts expenditures; once when an agency pays another agency for goods/services rendered, the second time when the receiving agency then pays for costs incurred in providing the goods or services. Like cash and federal funds, there are numerous individual revolving funds within the state system. Excluding the University and State Colleges, DAS accounts for 808 of all revolving funds. The Dept of Correctional Services (through Cornhusker State Industries) accounts for another 8.5%.

About 66% of all revolving fund appropriations are contained within the University and State Colleges. However, unlike the revolving fund definition noted above, revolving funds used by the University and State Colleges account for revenues from dormitories, student unions, agricultural experiment stations, other "enterprise" operations. This separates these revenues from those generated from student tuition and fees that are accounted for as cash funds.

Appropriations from the Nebraska Capital Construction Fund (NCCF) are also accounted for in this category as "Other Funds" but are noted separately in the table below. The source of funds for the NCCF has recently been transfers from the Cash Reserve Fund or General Fund for major projects like Innovation Campus, UNMC cancer research towers, and in this session, the replacement of the Grand Island Veterans Home

REVOLVING / OTHER	FY2012-13	FY2013-14	FY2014-15	% of Total
University/Colleges	542,883,735	542,883,735	542,883,735	66.5%
Admin Services	187,665,424	194,095,259	194,708,241	23.8%
Corrections	18,309,400	18,485,218	18,580,670	2.3%
All Other	6,065,103	7,429,771	7,601,416	0.9%
Total - Revolving Funds	754,923,662	762,893,983	763,774,062	93.4%
Nebr Capital Const Fund (NCCF)	88,636,933	53,836,459	1,014,000	6.6%
Total - Revolving/Other Funds	843,560,595	816,730,442	764,788,062	100.0%
\$ Change	102,904,425	(26,830,153)	(51,942,380)	
% Change	13.9%	-3.2%	-6.4%	

Appropriations by Bill – All Funds

Table 32 Breakdown by Mainline Bills and A Bills

	General	Cash	Federal	Rev/Other	Total
<u>FY2013-14 All Funds by Bill</u>					
LB 195 Mainline Budget Bill	3,775,012,254	1,997,688,279	2,800,710,005	759,446,509	9,332,857,047
LB 196 Legislator Salaries	632,982	0	0	0	632,982
LB 197 Constitutional Officers Salaries	23,725,615	1,164,350	0	0	24,889,965
LB 198 Capital Construction	25,830,024	47,858,430	74,004,854	57,201,459	204,894,767
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Mainline Bills	3,825,200,875	2,046,711,059	2,874,714,859	816,647,968	9,563,274,761
"A" Bills	12,968,032	7,918,605	1,111,835	82,474	22,080,946
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Total per 2013 Session	3,838,168,907	2,054,629,664	2,875,826,694	816,730,442	9,585,355,707
<u>FY2014-15 All Funds by Bill</u>					
LB 195 Mainline Budget Bill	3,967,415,403	1,992,978,973	2,889,441,872	760,198,193	9,610,034,441
LB 196 Legislator Salaries	632,982	0	0	0	632,982
LB 197 Constitutional Officers Salaries	23,785,874	1,164,350	0	0	24,950,224
LB 198 Capital Construction	28,310,000	45,459,430	0	4,519,000	78,288,430
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Mainline Bills	4,020,144,259	2,039,602,753	2,889,441,872	764,717,193	9,713,906,077
"A" Bills	20,748,406	4,706,564	3,423,804	70,869	28,949,643
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Total per 2013 Session	4,040,892,665	2,044,309,317	2,892,865,676	764,788,062	9,742,855,720

Table 33 "A" Bills Enacted – 2013 Session

Description	Fund	FY2012-13	FY2013-14	FY2014-15
LB 6 Create the Nebraska Commission on Problem Gambling	Cash	0	1,513,416	1,413,969
LB 23 Changes, ICF/MR Reimbursement Protection Fund	Cash	0	0	469,919
LB 23 Changes, ICF/MR Reimbursement Protection Fund	Federal	0	0	574,345
LB 79 Accountability & disclosure, repeal campaign finance laws	Cash	0	528,685	102,185
LB 93 Veteran status, drivers' licenses and state ID cards	General	0	96,395	75,324
LB 93 Veteran status, drivers' licenses and state ID cards	Cash	0	38,000	0
LB 153 Change the Civic and Community Center Financing Act	Cash	0	3,132,100	382,100
LB 207 Change motor vehicle registration provisions	Cash	0	735,581	987,277
LB 211 Coordination of community college boards	General	0	13,827	12,596
LB 216 Young Adult Voluntary Services and Support Act	General	0	793,258	1,205,017
LB 216 Young Adult Voluntary Services and Support Act	Federal	0	1,035,685	1,528,100
LB 269 Various changes, children and families, child welfare	General	0	85,000	88,000
LB 306 Change, judges' retirement and salaries	General	0	937,137	1,921,133
LB 306 Change, judges' retirement and salaries	Cash	0	47,826	98,044
LB 363 Changes, access to public records	General	0	78,000	78,000
LB 366 Diploma of High School Equivalency Assistance Act	General	0	802,980	792,290
LB 366 Diploma of High School Equivalency Assistance Act	Cash	0	85,550	0
LB 368 Subsidized employment pilot program	Federal	0	0	1,000,000
LB 384 Adopt the Nebraska Exchange Transparency Act	Cash	0	5,760	5,760
LB 429 Require disclosure of state contracts	General	0	133,345	177,792
LB 429 Require disclosure of state contracts	Cash	0	17,907	23,876
LB 429 Require disclosure of state contracts	Federal	0	64,905	86,144
LB 429 Require disclosure of state contracts	Revolving	0	82,474	70,869
LB 483 Reentry planning pilot program, Correctional Services	General	0	250,000	250,000
LB 495 Changes, Ed Innovation Fund, early childhood grant reporting	Cash	0	1,060,000	1,160,000
LB 507 Step Up to Quality Child Care Act	General	0	1,221,004	3,120,820
LB 507 Step Up to Quality Child Care Act	Federal	0	9,612	19,223
LB 517 Water Sustainability Project Task Force	General	1,000,000	0	0
LB 530 Change foster care reimbursements	General	0	0	2,023,054
LB 530 Change foster care reimbursements	Federal	0	0	214,340
LB 553 Change provisions relating to school employee retirement	Cash	0	39,325	0
LB 556 Provide for telehealth services, children behavioral health	General	0	451,336	451,384
LB 556 Provide for telehealth services, children behavioral health	Federal	0	1,633	1,652
LB 561 Juvenile justice system changes	General	0	5,864,004	8,635,996
LB 568 Provide for licensure of insurance navigators	Cash	0	64,455	63,434
LB 579 Administration and enforcement, Liquor Control Act	General	0	652,000	522,000
LB 583 Changes, Climate Assessment Response Committee	General	0	44,746	0
LB 595 Public Service Commission study of next-generation 911	Cash	0	650,000	0
LB 634 Wildfire Control Act of 2013	General	0	1,545,000	1,395,000
General		1,000,000	12,968,032	20,748,406
Cash		0	7,918,605	4,706,564
Federal		0	1,111,835	3,423,804
Revolving		0	82,474	70,869
NCCF		0	0	0
Total		1,000,000	22,080,946	28,949,643

Historical Appropriations-All Funds

Table 34 contains historical appropriations from all fund sources for the past 20 years. All years exclude deficit appropriations. Also shown are average growth figures for the past 20 years as well as historical growth in biennial budgets.

One significant item to note is the cash fund decline in FY98-99 which 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 34 Historical Appropriations-All Funds

	General Funds	Cash Funds	Federal Funds	Revolving/Other	Total Funds
FY1991-92 Approp	1,532,922,851	821,901,188	755,923,617	281,938,493	3,392,686,149
FY1992-93 Approp	1,596,160,107	871,907,067	839,384,006	302,998,215	3,610,449,395
FY1993-94 Approp	1,628,020,298	908,707,645	934,011,649	313,568,194	3,784,307,786
FY1994-95 Approp	1,718,957,079	970,926,826	1,004,037,357	330,821,777	4,024,743,039
FY1995-96 Approp	1,810,178,260	1,016,908,962	1,187,791,863	346,310,774	4,361,189,859
FY1996-97 Approp	1,885,810,146	1,073,119,105	1,148,329,975	370,061,527	4,477,320,753
FY1997-98 Approp	1,979,767,634	1,121,968,313	1,179,866,825	393,815,064	4,675,417,836
FY1998-99 Approp	2,228,579,121	937,301,414	1,288,860,855	445,357,561	4,900,098,951
FY1999-00 Approp	2,323,943,947	1,100,726,077	1,390,725,054	470,160,784	5,285,555,862
FY2000-01 Approp	2,458,789,233	1,130,234,910	1,528,364,447	472,171,086	5,589,559,676
FY2001-02 Approp	2,606,951,336	1,210,661,243	1,602,142,264	492,780,254	5,912,535,097
FY2002-03 Approp	2,621,296,239	1,252,852,263	1,750,158,602	516,844,018	6,141,151,122
FY2003-04 Approp	2,655,289,608	1,285,728,367	1,814,045,740	509,307,018	6,264,370,733
FY2004-05 Approp	2,758,082,724	1,348,606,437	2,150,399,990	538,811,896	6,795,901,047
FY2005-06 Approp	2,972,439,069	1,599,561,441	2,183,758,870	546,381,840	7,302,141,220
FY2006-07 Approp	3,180,850,777	1,515,042,477	2,293,382,276	600,297,850	7,589,573,380
FY2007-08 Approp	3,305,700,963	1,637,701,761	2,215,900,086	643,850,466	7,803,153,276
FY2008-09 Approp	3,481,660,742	1,737,598,483	2,294,400,979	712,318,113	8,225,978,317
FY2009-10 Approp	3,380,864,343	1,762,003,199	2,554,199,664	716,159,796	8,413,227,002
FY2010-11 Approp	3,405,101,292	1,786,208,029	2,783,940,522	733,611,968	8,708,861,811
FY2011-12 Approp	3,470,531,929	1,848,428,337	2,636,058,658	740,656,170	8,695,675,094
FY2012-13 Approp	3,632,423,755	1,854,087,842	2,676,111,718	843,560,595	9,006,183,910
FY2013-14 Budget	3,838,168,907	2,054,629,664	2,875,826,694	816,730,442	9,585,355,707
FY2014-15 Budget	4,040,892,665	2,044,309,317	2,892,865,676	764,788,062	9,742,855,720
Average Annual Growth					
FY02 / FY03 Biennium	3.3%	5.3%	7.0%	4.6%	4.8%
FY04 / FY05 Biennium	2.6%	3.8%	10.8%	2.1%	5.2%
FY06 / FY07 Biennium	7.4%	6.0%	3.3%	5.6%	5.7%
FY08 / FY09 Biennium	4.6%	7.1%	0.0%	8.9%	4.1%
FY10 / FY11 Biennium	-1.1%	1.4%	10.2%	1.5%	2.9%
FY12 / FY13 Biennium	3.3%	1.9%	-2.0%	7.2%	1.7%
FY12 / FY13 Biennium	5.5%	5.0%	4.0%	-4.8%	4.0%
Avg FY95 to FY05 (10 yr)	4.8%	3.3%	7.9%	5.0%	5.4%
Avg FY05 to FY15 (10 yr)	3.9%	4.2%	3.0%	3.6%	3.7%
Avg FY05 to FY15 (20 yr)	4.4%	3.8%	5.4%	4.3%	4.5%

Appropriations By Agency - All Funds

FY14 / FY15 Biennial Budget as Enacted in the 2013 Legislative Session

	Fund	w/o Deficits FY2012-13	Total FY2013-14	Total FY2014-15	FY14 vs Prior Year		FY15 vs Prior Year		
					\$ Chnge	% Chnge	\$ Chnge	% Chnge	
3	Legislative Council	Gen	18,070,091	18,429,470	18,853,434	359,379	2.0%	423,964	2.3%
		Cash	171,227	171,227	171,227	0	0.0%	0	0.0%
		Fed	39,270	39,270	39,270	0	0.0%	0	0.0%
		Rev	0	0	0	0	na	0	na
	Total	18,280,588	18,639,967	19,063,931	359,379	2.0%	423,964	2.3%	
5	Supreme Court	Gen	84,265,483	107,413,686	134,032,254	23,148,203	27.5%	26,618,568	24.8%
		Cash	13,922,180	13,933,541	13,891,001	11,361	0.1%	(42,540)	-0.3%
		Fed	1,404,142	1,774,890	1,779,913	370,748	26.4%	5,023	0.3%
		Rev	0	0	0	0	na	0	na
	Total	99,591,805	123,122,117	149,703,168	23,530,312	23.6%	26,581,051	21.6%	
7	Governor	Gen	1,652,727	1,649,146	1,879,549	(3,581)	-0.2%	230,403	14.0%
		Cash	0	0	0	0	na	0	na
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
	Total	1,652,727	1,649,146	1,879,549	(3,581)	-0.2%	230,403	14.0%	
8	Lt. Governor	Gen	143,610	143,828	144,051	218	0.2%	223	0.2%
		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	143,610	143,828	144,051	218	0.2%	223	0.2%	
9	Secretary of State	Gen	444,708	841,282	1,446,302	396,574	89.2%	605,020	71.9%
		Cash	6,585,614	6,036,925	5,308,865	(548,689)	-8.3%	(728,060)	-12.1%
		Fed	98,300	98,300	98,300	0	0.0%	0	0.0%
		Rev	1,012,765	1,089,845	1,083,934	77,080	7.6%	(5,911)	-0.5%
	Total	8,141,387	8,066,352	7,937,401	(75,035)	-0.9%	(128,951)	-1.6%	
10	Auditor	Gen	2,184,391	2,095,011	2,118,948	(89,380)	-4.1%	23,937	1.1%
		Cash	1,334,552	1,363,012	1,392,105	28,460	2.1%	29,093	2.1%
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
	Total	3,518,943	3,458,023	3,511,053	(60,920)	-1.7%	53,030	1.5%	
11	Attorney General	Gen	5,815,369	5,884,596	5,638,473	69,227	1.2%	(246,123)	-4.2%
		Cash	1,040,437	1,733,569	1,744,546	693,132	66.6%	10,977	0.6%
		Fed	1,587,852	1,602,547	1,617,568	14,695	0.9%	15,021	0.9%
		Rev	1,217,816	1,238,863	1,260,377	21,047	1.7%	21,514	1.7%
	Total	9,661,474	10,459,575	10,260,964	798,101	8.3%	(198,611)	-1.9%	

	Fund	w/o Deficits FY2012-13	Total FY2013-14	Total FY2014-15	FY14 vs Prior Year		FY15 vs Prior Year	
					\$ Chnge	% Chnge	\$ Chnge	% Chnge
12 Treasurer	Gen	1,389,129	1,297,426	1,301,283	(91,703)	-6.6%	3,857	0.3%
	Cash	4,959,639	5,096,723	5,118,734	137,084	2.8%	22,011	0.4%
	Fed	1,775,680	1,674,701	1,679,541	(100,979)	-5.7%	4,840	0.3%
	Rev	0	0	0	0	na	0	na
	Total	8,124,448	8,068,850	8,099,558	(55,598)	-0.7%	30,708	0.4%
13 Education	Gen	1,065,532,941	1,131,601,336	1,178,963,816	66,068,395	6.2%	47,362,480	4.2%
	Cash	14,343,989	13,749,232	13,723,571	(594,757)	-4.1%	(25,661)	-0.2%
	Fed	345,208,966	346,030,173	346,746,310	821,207	0.2%	716,137	0.2%
	Rev	204,728	204,728	204,728	0	0.0%	0	0.0%
	Total	1,425,290,624	1,491,585,469	1,539,638,425	66,294,845	4.7%	48,052,956	3.2%
14 Public Service Commission	Gen	2,359,563	2,422,539	2,429,539	62,976	2.7%	7,000	0.3%
	Cash	76,504,394	87,156,210	86,602,500	10,651,816	13.9%	(553,710)	-0.6%
	Fed	1,072,357	762,406	473,954	(309,951)	-28.9%	(288,452)	-37.8%
	Rev	0	0	0	0	na	0	na
	Total	79,936,314	90,341,155	89,505,993	10,404,841	13.0%	(835,162)	-0.9%
15 Parole Board	Gen	819,249	834,771	850,640	15,522	1.9%	15,869	1.9%
	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	819,249	834,771	850,640	15,522	1.9%	15,869	1.9%
16 Revenue	Gen	98,142,530	96,998,331	100,812,626	(1,144,199)	-1.2%	3,814,295	3.9%
	Cash	141,110,044	142,578,893	143,622,318	1,468,849	1.0%	1,043,425	0.7%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	239,252,574	239,577,224	244,434,944	324,650	0.1%	4,857,720	2.0%
17 Aeronautics	Gen	0	0	0	0	na	0	na
	Cash	20,133,265	25,234,664	30,211,778	5,101,399	25.3%	4,977,114	19.7%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	20,133,265	25,234,664	30,211,778	5,101,399	25.3%	4,977,114	19.7%
18 Agriculture	Gen	5,618,857	5,956,322	5,922,021	337,465	6.0%	(34,301)	-0.6%
	Cash	6,956,841	7,231,981	7,233,774	275,140	4.0%	1,793	0.0%
	Fed	4,670,141	3,655,682	3,682,787	(1,014,459)	-21.7%	27,105	0.7%
	Rev	533,048	540,965	548,191	7,917	1.5%	7,226	1.3%
	Total	17,778,887	17,384,950	17,386,773	(393,937)	-2.2%	1,823	0.0%
19 Banking	Gen	0	0	0	0	na	0	na
	Cash	6,850,108	7,459,215	7,320,746	609,107	8.9%	(138,469)	-1.9%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	6,850,108	7,459,215	7,320,746	609,107	8.9%	(138,469)	-1.9%

		Fund	w/o Deficits FY2012-13	Total FY2013-14	Total FY2014-15	FY14 vs Prior Year		FY15 vs Prior Year	
						\$ Chnge	% Chnge	\$ Chnge	% Chnge
21	Fire Marshal	Gen	3,991,920	4,086,558	4,093,785	94,638	2.4%	7,227	0.2%
		Cash	1,711,311	1,766,292	1,787,484	54,981	3.2%	21,192	1.2%
		Fed	341,907	414,990	415,476	73,083	21.4%	486	0.1%
		Rev	0	0	0	0	na	0	na
		Total	6,045,138	6,267,840	6,296,745	222,702	3.7%	28,905	0.5%
22	Insurance	Gen	0	0	0	0	na	0	na
		Cash	11,447,027	11,678,518	12,618,961	231,491	2.0%	940,443	8.1%
		Fed	1,425,670	2,950,960	2,211,075	1,525,290	107.0%	(739,885)	-25.1%
		Rev	0	0	0	0	na	0	na
		Total	12,872,697	14,629,478	14,830,036	1,756,781	13.6%	200,558	1.4%
23	Labor	Gen	497,939	503,467	509,118	5,528	1.1%	5,651	1.1%
		Cash	2,000,578	2,221,296	2,245,931	220,718	11.0%	24,635	1.1%
		Fed	45,721,913	48,393,116	46,535,663	2,671,203	5.8%	(1,857,453)	-3.8%
		Rev	0	0	0	0	na	0	na
		Total	48,220,430	51,117,879	49,290,712	2,897,449	6.0%	(1,827,167)	-3.6%
24	Motor Vehicles	Gen	0	0	0	0	na	0	na
		Cash	19,857,806	20,609,888	21,011,237	752,082	3.8%	401,349	1.9%
		Fed	999,687	316,150	183,791	(683,537)	-68.4%	(132,359)	-41.9%
		Rev	0	0	0	0	na	0	na
		Total	20,857,493	20,926,038	21,195,028	68,545	0.3%	268,990	1.3%
25	HHS System	Gen	1,350,602,358	1,423,827,129	1,489,591,626	73,224,771	5.4%	65,764,497	4.6%
		Cash	162,959,689	165,109,277	167,909,069	2,149,588	1.3%	2,799,792	1.7%
		Fed	1,569,718,764	1,689,619,861	1,782,558,654	119,901,097	7.6%	92,938,793	5.5%
		Rev	0	0	0	0	na	0	na
		Total	3,083,280,811	3,278,556,267	3,440,059,349	195,275,456	6.3%	161,503,082	4.9%
27	Roads	Gen	0	0	0	0	na	0	na
		Cash	674,086,239	830,486,239	814,236,239	156,400,000	23.2%	(16,250,000)	-2.0%
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
		Total	674,086,239	830,486,239	814,236,239	156,400,000	23.2%	(16,250,000)	-2.0%
28	Veterans Affairs	Gen	1,127,666	1,216,003	1,228,082	88,337	7.8%	12,079	1.0%
		Cash	6,000	25,000	10,000	19,000	316.7%	(15,000)	-60.0%
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
		Total	1,133,666	1,241,003	1,238,082	107,337	9.5%	(2,921)	-0.2%
29	Natural Resources	Gen	16,355,532	16,484,399	16,616,129	128,867	0.8%	131,730	0.8%
		Cash	10,486,125	9,094,716	9,103,497	(1,391,409)	-13.3%	8,781	0.1%
		Fed	511,923	740,635	746,491	228,712	44.7%	5,856	0.8%
		Rev	0	0	0	0	na	0	na
		Total	27,353,580	26,319,750	26,466,117	(1,033,830)	-3.8%	146,367	0.6%

	Fund		w/o Deficits	Total	Total	FY14 vs Prior Year		FY15 vs Prior Year	
			FY2012-13	FY2013-14	FY2014-15	\$ Chnge	% Chnge	\$ Chnge	% Chnge
30 Electrical Board	Gen		0	0	0	0	na	0	na
	Cash		1,572,515	1,610,393	1,633,246	37,878	2.4%	22,853	1.4%
	Fed		0	0	0	0	na	0	na
	Rev		0	0	0	0	na	0	na
	Total		1,572,515	1,610,393	1,633,246	37,878	2.4%	22,853	1.4%
31 Military Dept	Gen		4,676,748	5,073,295	5,265,054	396,547	8.5%	191,759	3.8%
	Cash		891,758	925,041	930,623	33,283	3.7%	5,582	0.6%
	Fed		23,811,239	23,423,231	23,555,268	(388,008)	-1.6%	132,037	0.6%
	Rev		0	0	0	0	na	0	na
	Total		29,379,745	29,421,567	29,750,945	41,822	0.1%	329,378	1.1%
32 Ed Lands & Funds	Gen		310,575	315,838	321,217	5,263	1.7%	5,379	1.7%
	Cash		11,597,987	14,078,586	14,849,692	2,480,599	21.4%	771,106	5.5%
	Fed		0	0	0	0	na	0	na
	Rev		0	0	0	0	na	0	na
	Total		11,908,562	14,394,424	15,170,909	2,485,862	20.9%	776,485	5.4%
33 Game and Parks	Gen		10,875,616	11,076,436	11,190,856	200,820	1.8%	114,420	1.0%
	Cash		63,152,155	68,734,023	69,669,577	5,581,868	8.8%	935,554	1.4%
	Fed		5,183,291	7,714,078	7,745,549	2,530,787	48.8%	31,471	0.4%
	Rev		0	0	0	0	na	0	na
	Total		79,211,062	87,524,537	88,605,982	8,313,475	10.5%	1,081,445	1.2%
34 Library Commission	Gen		3,446,000	3,685,902	3,778,812	239,902	7.0%	92,910	2.5%
	Cash		94,085	94,085	94,085	0	0.0%	0	0.0%
	Fed		1,511,770	1,511,770	1,511,770	0	0.0%	0	0.0%
	Rev		0	0	0	0	na	0	na
	Total		5,051,855	5,291,757	5,384,667	239,902	4.7%	92,910	1.8%
35 Liquor Commission	Gen		973,825	1,033,269	1,046,759	59,444	6.1%	13,490	1.3%
	Cash		70,719	70,719	70,719	0	0.0%	0	0.0%
	Fed		0	0	0	0	na	0	na
	Rev		0	0	0	0	na	0	na
	Total		1,044,544	1,103,988	1,117,478	59,444	5.7%	13,490	1.2%
36 Racing Commission	Gen		0	15,000	0	15,000	na	(15,000)	-100.0%
	Cash		1,049,019	1,091,188	1,118,625	42,169	4.0%	27,437	2.5%
	Fed		0	0	0	0	na	0	na
	Rev		0	0	0	0	na	0	na
	Total		1,049,019	1,106,188	1,118,625	57,169	5.4%	12,437	1.1%
37 Workers Compensation Court	Gen		0	0	0	0	na	0	na
	Cash		5,615,669	5,717,099	5,823,471	101,430	1.8%	106,372	1.9%
	Fed		49,357	49,967	50,590	610	1.2%	623	1.2%
	Rev		0	0	0	0	na	0	na
	Total		5,665,026	5,767,066	5,874,061	102,040	1.8%	106,995	1.9%

	Fund		w/o Deficits FY2012-13	Total FY2013-14	Total FY2014-15	FY14 vs Prior Year		FY15 vs Prior Year	
						\$ Chnge	% Chnge	\$ Chnge	% Chnge
39 Brand Committee	Gen		0	0	0	0	na	0	na
	Cash		4,296,578	4,406,077	4,459,610	109,499	2.5%	53,533	1.2%
	Fed		0	0	0	0	na	0	na
	Rev		0	0	0	0	na	0	na
	Total		4,296,578	4,406,077	4,459,610	109,499	2.5%	53,533	1.2%
40 Motor Vehicle Dealers	Gen		0	0	0	0	na	0	na
	Cash		700,463	720,945	733,076	20,482	2.9%	12,131	1.7%
	Fed		0	0	0	0	na	0	na
	Rev		0	0	0	0	na	0	na
	Total		700,463	720,945	733,076	20,482	2.9%	12,131	1.7%
41 Real Estate Commission	Gen		0	0	0	0	na	0	na
	Cash		1,105,285	1,158,268	1,151,897	52,983	4.8%	(6,371)	-0.6%
	Fed		0	0	0	0	na	0	na
	Rev		0	0	0	0	na	0	na
	Total		1,105,285	1,158,268	1,151,897	52,983	4.8%	(6,371)	-0.6%
45 Barber Examiners	Gen		0	0	0	0	na	0	na
	Cash		151,907	194,323	159,934	42,416	27.9%	(34,389)	-17.7%
	Fed		0	0	0	0	na	0	na
	Rev		0	0	0	0	na	0	na
	Total		151,907	194,323	159,934	42,416	27.9%	(34,389)	-17.7%
46 Correctional Services	Gen		156,840,269	167,048,868	170,854,827	10,208,599	6.5%	3,805,959	2.3%
	Cash		2,054,373	2,197,373	2,197,373	143,000	7.0%	0	0.0%
	Fed		1,738,680	1,745,232	1,751,929	6,552	0.4%	6,697	0.4%
	Rev		18,309,400	18,485,218	18,580,670	175,818	1.0%	95,452	0.5%
	Total		178,942,722	189,476,691	193,384,799	10,533,969	5.9%	3,908,108	2.1%
47 Educational Telecomm.	Gen		9,558,708	9,706,004	9,840,715	147,296	1.5%	134,711	1.4%
	Cash		337,755	337,755	337,755	0	0.0%	0	0.0%
	Fed		0	0	0	0	na	0	na
	Rev		0	0	0	0	na	0	na
	Total		9,896,463	10,043,759	10,178,470	147,296	1.5%	134,711	1.3%
48 Postsecondary Coord Comm	Gen		8,181,637	8,608,261	8,663,793	426,624	5.2%	55,532	0.6%
	Cash		9,015,000	10,025,000	10,025,000	1,010,000	11.2%	0	0.0%
	Fed		1,909,757	2,209,757	2,209,757	300,000	15.7%	0	0.0%
	Rev		0	0	0	0	na	0	na
	Total		19,106,394	20,843,018	20,898,550	1,736,624	9.1%	55,532	0.3%
50 Nebraska State Colleges	Gen		45,450,893	47,496,183	49,396,030	2,045,290	4.5%	1,899,847	4.0%
	Cash		30,597,319	30,597,319	30,597,319	0	0.0%	0	0.0%
	Fed		46,739,698	46,739,698	46,739,698	0	0.0%	0	0.0%
	Rev		8,345,927	8,345,927	8,345,927	0	0.0%	0	0.0%
	Total		131,133,837	133,179,127	135,078,974	2,045,290	1.6%	1,899,847	1.4%

	Fund		w/o Deficits	Total	Total	FY14 vs Prior Year		FY15 vs Prior Year	
			FY2012-13	FY2013-14	FY2014-15	\$ Chnge	% Chnge	\$ Chnge	% Chnge
51 University of Nebraska	Gen		497,998,690	519,613,638	540,180,384	21,614,948	4.3%	20,566,746	4.0%
	Cash		397,707,708	397,707,708	397,707,708	0	0.0%	0	0.0%
	Fed		536,466,556	536,466,556	536,466,556	0	0.0%	0	0.0%
	Rev		534,537,808	534,537,808	534,537,808	0	0.0%	0	0.0%
	Total		1,966,710,762	1,988,325,710	2,008,892,456	21,614,948	1.1%	20,566,746	1.0%
52 Board of Agriculture	Gen		0	0	0	0	na	0	na
	Cash		2,500,000	3,500,000	3,500,000	1,000,000	40.0%	0	0.0%
	Fed		0	0	0	0	na	0	na
	Total		2,500,000	3,500,000	3,500,000	1,000,000	40.0%	0	0.0%
53 Real Property Appraiser Brd	Gen		0	0	0	0	na	0	na
	Cash		311,781	389,957	319,433	78,176	25.1%	(70,524)	-18.1%
	Fed		0	0	0	0	na	0	na
	Total		311,781	389,957	319,433	78,176	25.1%	(70,524)	-18.1%
54 Historical Society	Gen		3,915,325	4,120,916	4,179,737	205,591	5.3%	58,821	1.4%
	Cash		1,903,041	2,275,068	2,302,695	372,027	19.5%	27,627	1.2%
	Fed		814,309	821,709	829,274	7,400	0.9%	7,565	0.9%
	Rev		0	0	0	0	na	0	na
	Total		6,632,675	7,217,693	7,311,706	585,018	8.8%	94,013	1.3%
56 Nebraska Wheat Board	Gen		0	0	0	0	na	0	na
	Cash		1,498,330	1,703,711	1,957,503	205,381	13.7%	253,792	14.9%
	Fed		0	0	0	0	na	0	na
	Total		1,498,330	1,703,711	1,957,503	205,381	13.7%	253,792	14.9%
57 Oil & Gas Commission	Gen		0	0	0	0	na	0	na
	Cash		779,345	798,766	811,365	19,421	2.5%	12,599	1.6%
	Fed		93,595	87,853	89,235	(5,742)	-6.1%	1,382	1.6%
	Rev		0	0	0	0	na	0	na
	Total		872,940	886,619	900,600	13,679	1.6%	13,981	1.6%
58 Engineers Architects	Gen		0	0	0	0	na	0	na
	Cash		695,816	702,755	700,036	6,939	1.0%	(2,719)	-0.4%
	Fed		0	0	0	0	na	0	na
	Rev		0	0	0	0	na	0	na
	Total		695,816	702,755	700,036	6,939	1.0%	(2,719)	-0.4%
59 Geologists Board	Gen		0	0	0	0	na	0	na
	Cash		44,902	27,971	28,406	(16,931)	-37.7%	435	1.6%
	Fed		0	0	0	0	na	0	na
	Rev		0	0	0	0	na	0	na
	Total		44,902	27,971	28,406	(16,931)	-37.7%	435	1.6%

	Fund		w/o Deficits	Total	Total	FY14 vs Prior Year		FY15 vs Prior Year	
			FY2012-13	FY2013-14	FY2014-15	\$ Chnge	% Chnge	\$ Chnge	% Chnge
60 Ethanol Board	Gen		0	0	0	0	na	0	na
	Cash		535,708	638,139	644,967	102,431	19.1%	6,828	1.1%
	Fed		0	0	0	0	na	0	na
	Total		535,708	638,139	644,967	102,431	19.1%	6,828	1.1%
61 Dairy Board	Gen		0	0	0	0	na	0	na
	Cash		1,399,957	1,399,957	1,399,957	0	0.0%	0	0.0%
	Fed		0	0	0	0	na	0	na
	Total		1,399,957	1,399,957	1,399,957	0	0.0%	0	0.0%
62 Land Surveyors	Gen		0	0	0	0	na	0	na
	Cash		28,374	28,374	28,374	0	0.0%	0	0.0%
	Fed		0	0	0	0	na	0	na
	Total		28,374	28,374	28,374	0	0.0%	0	0.0%
63 Public Accountancy	Gen		0	0	0	0	na	0	na
	Cash		416,852	419,729	423,865	2,877	0.7%	4,136	1.0%
	Fed		0	0	0	0	na	0	na
	Total		416,852	419,729	423,865	2,877	0.7%	4,136	1.0%
64 State Patrol	Gen		54,253,448	56,153,379	56,576,821	1,899,931	3.5%	423,442	0.8%
	Cash		16,560,311	15,741,643	16,238,289	(818,668)	-4.9%	496,646	3.2%
	Fed		2,267,865	2,348,806	2,431,542	80,941	3.6%	82,736	3.5%
	Rev		981,746	990,370	999,186	8,624	0.9%	8,816	0.9%
	Total		74,063,370	75,234,198	76,245,838	1,170,828	1.6%	1,011,640	1.3%
65 Admin Services (DAS)	Gen		7,638,096	7,731,281	7,821,743	93,185	1.2%	90,462	1.2%
	Cash		4,134,132	4,538,150	4,262,726	404,018	9.8%	(275,424)	-6.1%
	Fed		207,084	260,601	0	53,517	25.8%	(260,601)	-100.0%
	Rev		187,665,424	194,095,259	194,708,241	6,429,835	3.4%	612,982	0.3%
	Total		199,644,736	206,625,291	206,792,710	6,980,555	3.5%	167,419	0.1%
66 Abstracter's Board	Gen		0	0	0	0	na	0	na
	Cash		50,105	52,443	53,694	2,338	4.7%	1,251	2.4%
	Fed		0	0	0	0	na	0	na
	Total		50,105	52,443	53,694	2,338	4.7%	1,251	2.4%
67 Equal Opportunity Commission	Gen		1,178,277	1,168,106	1,186,439	(10,171)	-0.9%	18,333	1.6%
	Cash		0	0	0	0	na	0	na
	Fed		677,810	688,083	698,586	10,273	1.5%	10,503	1.5%
	Rev		0	0	0	0	na	0	na
	Total		1,856,087	1,856,189	1,885,025	102	0.0%	28,836	1.6%

	Fund		w/o Deficits	Total	Total	FY14 vs Prior Year		FY15 vs Prior Year	
			FY2012-13	FY2013-14	FY2014-15	\$ Chnge	% Chnge	\$ Chnge	% Chnge
68	Latino American Commission	Gen	178,681	187,679	190,981	8,998	5.0%	3,302	1.8%
		Cash	0	0	0	0	na	0	na
		Fed	0	0	0	0	na	0	na
		Total	178,681	187,679	190,981	8,998	5.0%	3,302	1.8%
69	Arts Council	Gen	1,376,336	1,454,000	1,467,201	77,664	5.6%	13,201	0.9%
		Cash	1,435,000	1,435,000	1,435,000	0	0.0%	0	0.0%
		Fed	883,955	883,955	883,955	0	0.0%	0	0.0%
		Rev	0	0	0	0	na	0	na
		Total	3,695,291	3,772,955	3,786,156	77,664	2.1%	13,201	0.3%
70	Foster Care Review Board	Gen	1,379,348	1,652,806	1,616,119	273,458	19.8%	(36,687)	-2.2%
		Cash	5,700	5,700	5,700	0	0.0%	0	0.0%
		Fed	400,000	414,287	499,812	14,287	3.6%	85,525	20.6%
		Rev	0	0	0	0	na	0	na
		Total	1,785,048	2,072,793	2,121,631	287,745	16.1%	48,838	2.4%
71	Energy Office	Gen	0	0	0	0	na	0	na
		Cash	1,653,842	1,409,728	1,415,745	(244,114)	-14.8%	6,017	0.4%
		Fed	7,738,608	7,759,567	7,780,992	20,959	0.3%	21,425	0.3%
		Rev	0	0	0	0	na	0	na
		Total	9,392,450	9,169,295	9,196,737	(223,155)	-2.4%	27,442	0.3%
72	Economic Development	Gen	11,457,955	11,708,356	11,759,875	250,401	2.2%	51,519	0.4%
		Cash	16,060,371	20,452,883	17,713,524	4,392,512	27.4%	(2,739,359)	-13.4%
		Fed	26,196,277	26,215,112	26,234,366	18,835	0.1%	19,254	0.1%
		Rev	0	0	0	0	na	0	na
		Total	53,714,603	58,376,351	55,707,765	4,661,748	8.7%	(2,668,586)	-4.6%
73	Landscape Architects	Gen	0	0	0	0	na	0	na
		Cash	32,711	22,151	22,586	(10,560)	-32.3%	435	2.0%
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
		Total	32,711	22,151	22,586	(10,560)	-32.3%	435	2.0%
74	Power Review Board	Gen	0	0	0	0	na	0	na
		Cash	641,776	602,594	577,640	(39,182)	-6.1%	(24,954)	-4.1%
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
		Total	641,776	602,594	577,640	(39,182)	-6.1%	(24,954)	-4.1%
75	Investment Council	Gen	0	0	0	0	na	0	na
		Cash	2,480,449	2,503,619	2,525,955	23,170	0.9%	22,336	0.9%
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
		Total	2,480,449	2,503,619	2,525,955	23,170	0.9%	22,336	0.9%

	Fund		w/o Deficits	Total	Total	FY14 vs Prior Year		FY15 vs Prior Year	
			FY2012-13	FY2013-14	FY2014-15	\$ Chnge	% Chnge	\$ Chnge	% Chnge
77 Industrial Relations	Gen		302,708	309,579	313,047	6,871	2.3%	3,468	1.1%
	Cash		0	0	0	0	na	0	na
	Fed		0	0	0	0	na	0	na
	Total		302,708	309,579	313,047	6,871	2.3%	3,468	1.1%
78 Crime Commission	Gen		5,632,611	7,647,788	9,679,828	2,015,177	35.8%	2,032,040	26.6%
	Cash		2,082,147	1,543,704	1,526,588	(538,443)	-25.9%	(17,116)	-1.1%
	Fed		10,438,878	10,480,684	10,489,043	41,806	0.4%	8,359	0.1%
	Total		18,153,636	19,672,176	21,695,459	1,518,540	8.4%	2,023,283	10.3%
81 Blind and Visually Impaired	Gen		1,023,003	1,034,370	1,045,990	11,367	1.1%	11,620	1.1%
	Cash		94,296	98,746	98,746	4,450	4.7%	0	0.0%
	Fed		3,315,713	3,838,655	3,881,586	522,942	15.8%	42,931	1.1%
	Total		4,433,012	4,971,771	5,026,322	538,759	12.2%	54,551	1.1%
82 Deaf and Hard of Hearing	Gen		848,782	861,653	874,808	12,871	1.5%	13,155	1.5%
	Cash		18,236	18,236	14,836	0	0.0%	(3,400)	-18.6%
	Fed		0	0	0	0	na	0	na
	Total		867,018	879,889	889,644	12,871	1.5%	9,755	1.1%
83 Community Colleges	Gen		87,870,147	91,384,953	95,040,351	3,514,806	4.0%	3,655,398	4.0%
	Cash		0	0	0	0	na	0	na
	Fed		0	0	0	0	na	0	na
	Total		87,870,147	91,384,953	95,040,351	3,514,806	4.0%	3,655,398	4.0%
84 Environmental Quality (DEQ)	Gen		5,769,858	5,439,251	5,534,394	(330,607)	-5.7%	95,143	1.7%
	Cash		32,983,862	31,640,003	32,008,973	(1,343,859)	-4.1%	368,970	1.2%
	Fed		29,870,308	30,088,558	30,247,375	218,250	0.7%	158,817	0.5%
	Rev		0	0	0	0	na	0	na
	Total		68,624,028	67,167,812	67,790,742	(1,456,216)	-2.1%	622,930	0.9%
85 Retirement Board	Gen		29,991,325	24,290,810	46,418,580	(5,700,515)	-19.0%	22,127,770	91.1%
	Cash		5,026,088	5,149,698	5,161,347	123,610	2.5%	11,649	0.2%
	Fed		0	0	0	0	na	0	na
	Total		35,017,413	29,440,508	51,579,927	(5,576,905)	-15.9%	22,139,419	75.2%
86 Dry Bean Board	Gen		0	0	0	0	na	0	na
	Cash		380,494	380,929	381,879	435	0.1%	950	0.2%
	Fed		0	0	0	0	na	0	na
	Total		380,494	380,929	381,879	435	0.1%	950	0.2%

	Fund		w/o Deficits FY2012-13	Total FY2013-14	Total FY2014-15	FY14 vs Prior Year		FY15 vs Prior Year	
						\$ Chnge	% Chnge	\$ Chnge	% Chnge
87	Accountability & Disclosure	Gen	407,548	414,692	468,402	7,144	1.8%	53,710	13.0%
		Cash	1,080,134	695,870	225,816	(384,264)	-35.6%	(470,054)	-67.5%
		Fed	0	0	0	0	na	0	na
		Total	1,487,682	1,110,562	694,218	(377,120)	-25.3%	(416,344)	-37.5%
88	Nebraska Corn Board	Gen	0	0	0	0	na	0	na
		Cash	5,954,818	7,215,645	7,226,712	1,260,827	21.2%	11,067	0.2%
		Fed	260,581	0	0	(260,581)	-100.0%	0	na
		Rev	0	0	0	0	na	0	na
Total	6,215,399	7,215,645	7,226,712	1,000,246	16.1%	11,067	0.2%		
91	Nebraska Tourism Commission	Gen	250,000	500,000	500,000	250,000	100.0%	0	0.0%
		Cash	3,979,777	3,994,956	4,010,471	15,179	0.4%	15,515	0.4%
		Fed	959,815	0	0	(959,815)	-100.0%	0	na
		Rev	0	0	0	0	na	0	na
Total	5,189,592	4,494,956	4,510,471	(694,636)	-13.4%	15,515	0.3%		
92	Grain Sorghum Board	Gen	0	0	0	0	na	0	na
		Cash	290,724	292,211	293,732	1,487	0.5%	1,521	0.5%
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
Total	290,724	292,211	293,732	1,487	0.5%	1,521	0.5%		
93	Tax Equalization & Review (TERC)	Gen	683,640	716,009	730,051	32,369	4.7%	14,042	2.0%
		Cash	115,000	115,000	115,000	0	0.0%	0	0.0%
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
Total	798,640	831,009	845,051	32,369	4.1%	14,042	1.7%		
94	Public Advocacy	Gen	0	0	0	0	na	0	na
		Cash	4,012,151	4,555,578	4,575,034	543,427	13.5%	19,456	0.4%
		Fed	0	0	0	0	na	0	na
		Total	4,012,151	4,555,578	4,575,034	543,427	13.5%	19,456	0.4%
99	Capital Construction	Gen	20,772,233	25,830,024	28,310,000	5,057,791	24.3%	2,479,976	9.6%
		Cash	38,331,330	47,858,430	45,459,430	9,527,100	24.9%	(2,399,000)	-5.0%
		Fed	0	74,004,854	0	74,004,854	na	(74,004,854)	-100.0%
		Rev	90,751,933	57,201,459	4,519,000	(33,550,474)	-37.0%	(52,682,459)	-92.1%
Total	149,855,496	204,894,767	78,288,430	55,039,271	36.7%	(126,606,337)	-61.8%		
STATE TOTALS	Gen	3,632,423,755	3,838,168,907	4,040,892,665	205,745,152	5.7%	202,723,758	5.3%	
	Cash	1,854,087,842	2,054,629,664	2,044,309,317	200,541,822	10.8%	(10,320,347)	-0.5%	
	Fed	2,676,111,718	2,875,826,694	2,892,865,676	199,714,976	7.5%	17,038,982	0.6%	
	Rev	843,560,595	816,730,442	764,788,062	(26,830,153)	-3.2%	(51,942,380)	-6.4%	
	Total	9,006,183,910	9,585,355,707	9,742,855,720	579,171,797	6.4%	157,500,013	1.6%	

CAPITAL CONSTRUCTION

Capital Construction Summary

	Reaffirmations	New Projects	Total
FY2013-14			
General Funds	18,546,000	7,284,024	25,830,024
Cash Funds	32,273,930	15,584,500	47,858,430
Federal Funds	0	74,004,854	74,004,854
Revolving/Other Funds	2,115,000	1,250,000	3,365,000
Nebr Capital Const Fund (NCCF)	0	53,836,459	53,836,459
FY2013-14 Total	52,934,930	151,959,837	204,894,767
FY2014-15			
General Funds	18,046,000	10,264,000	28,310,000
Cash Funds	32,273,930	13,185,500	45,459,430
Federal Funds	0	0	0
Revolving/Other Funds	2,115,000	1,390,000	3,505,000
Nebr Capital Const Fund (NCCF)	0	1,014,000	1,014,000
FY2014-15 Total	52,434,930	25,853,500	78,288,430
FY2015-16			
General Funds	18,046,000	8,679,000	26,725,000
Cash Funds	32,273,930	400,000	32,673,930
Federal Funds	0	0	0
Revolving/Other Funds	2,115,000	0	2,115,000
Nebr Capital Const Fund (NCCF)	0	0	0
FY2015-16 Total	52,434,930	9,079,000	61,513,930
FY2016-17			
General Funds	18,046,000	3,693,000	21,739,000
Cash Funds	32,273,930	400,000	32,673,930
Federal Funds	0	0	0
Revolving/Other Funds	2,115,000	0	2,115,000
Nebr Capital Const Fund (NCCF)	0	0	0
FY2016-17 Total	52,434,930	4,093,000	56,527,930

New Construction refers to projects initiated in the 2013 Session while **Reaffirmations** refers to funding needed to complete projects authorized and initial funding provided in prior legislative sessions.

The Nebraska Capital Construction Fund (NCCF) was originally created in the early 70's to account for a five cent cigarette tax earmark to build the Devaney Sports Center. Over time, the cigarette tax that had originally flowed to the NCCF has been basically reallocated and earmarked for other items. Amounts appropriated from the NCCF for the FY14/FY15 biennium are derived from a \$43 million transfer from the Cash Reserve Fund, a \$4 million transfer from the General Fund, excess from completed projects, and investment income generated on the invested NCCF balance.

Excluding the Veterans Home project, over the two years of the biennium about 68% of the General Funds and NCCF funds for capital construction are reaffirmations of projects initiated in prior sessions. This includes \$12.1 million in each year for the state's share of deferred maintenance and repair projects

at the University of Nebraska and State Colleges as authorized under LB605 (2006), and \$5.1 million per year for the IANR Veterinary Diagnostic Center project as authorized in LB968 (2012).

Table 35 contains a complete listing of General Fund and NCCF projects. A narrative description of the major new construction items and a complete list of all reaffirmations and new construction projects, including all fund sources, follow.

Table 35 General Fund and NCCF Listing-Capital Construction Projects

	Fund	2013-14	2014-15	2015-16	2016-17	Future Yrs
<u>REAFFIRMATIONS</u>						
#46-Corrections	Security system upgrades, all institutions	General	500,000	0	0	0
#50-Colleges	Deferred maintenance/repair (LB605-2006)	General	1,125,000	1,125,000	1,125,000	1,125,000
#51-University	Deferred maintenance/repair (LB605-2006)	General	11,000,000	11,000,000	11,000,000	11,000,000
#51-University	NCTA Education Center	General	820,000	820,000	820,000	820,000
#51-University	IANR Veterinary Diagnostic Center (bond payment)	General	5,101,000	5,101,000	5,101,000	5,101,000
<u>NEW CONSTRUCTION</u>						
#25-DHHS	Dickson Cottage remodel - YRTC Kearney	General	413,024	0	0	0
#25-DHHS	Chemical dependency unit, HRC	General	0	3,321,000	1,986,000	0
#25-DHHS	Chemical dependency unit, HRC	NCCF	2,211,000	789,000	0	0
#25-DHHS	Central Nebraska Veterans' Home	NCCF	47,015,459	0	0	0
#33-Game & Parks	Wildcat Hills SRA – Nature Center Addition	General	250,000	250,000	0	0
#33-Game & Parks	Three six-bedroom cabins - Mahoney SP	General	1,000,000	0	0	0
#33-Game & Parks	Camper hook-ups & campgrounds - Lake McConaughy	General	740,000	0	0	0
#46-Corrections	Comprehensive strategic capital facilities plan	NCCF	360,000	225,000	0	0
#47-NETC	Tower lighting system - KXNE (Norfolk)	General	100,000	0	0	0
#50-State Colleges	WSC Conn Library & CSC Rangeland Center (bond payment)	General	2,216,000	2,216,000	2,216,000	2,216,000
#51-University	UNMC College of Nursing Lincoln Facility (bond payment)	General	1,477,000	1,477,000	1,477,000	1,477,000
#54-Hist Society	Renovate Nebraska History Museum (Lincoln)	General	500,000	2,500,000	3,000,000	0
#64-State Patrol	Relocate Crime Lab facility	NCCF	4,250,000	0	0	0
#65-DAS	State Capitol improvements	General	588,000	500,000	0	0
<u>Reaffirmation</u>						
General Fund		18,546,000	18,046,000	18,046,000	18,046,000	68,986,135
NCCF		0	0	0	0	0
Total - Reaffirmation		18,546,000	18,046,000	18,046,000	18,046,000	68,986,135
<u>New Construction</u>						
General Fund		7,284,024	10,264,000	8,679,000	3,693,000	17,726,000
NCCF		53,836,459	1,014,000	0	0	0
Total - New Construction		61,120,483	11,278,000	8,679,000	3,693,000	17,726,000
Total General Fund		25,830,024	28,310,000	26,725,000	21,739,000	86,712,135
Total NCCF		53,836,459	1,014,000	0	0	0

CENTRAL NEBRASKA VETERANS HOME

This project provides funds to replace the veterans' home in Grand Island with a new facility. The federal government will provide a 65% match on allowable costs for the veterans' home. The total project cost is \$121 million, of which \$114 million is allowable for federal participation. The state must put up its 35% share of funding prior to the federal government approving matching funds.

Total funding for the project is \$74,004,854 Federal Funds and \$47,015,459 Nebraska Capital Construction Funds (NCCF) in FY2013-14. The appropriation from the NCCF is financed with a \$43 million transfer from the Cash Reserve Fund and \$4 million transfer from the General Fund between July 1, 2013 and June 30, 2017.

The capital construction budget bill, LB198, also included reporting requirements outlining the process and criteria used to select a site for the new veterans' home including but not limited to: Identification of the communities submitting offers to be a site for the new facility; written responses of interested

communities to questions posed by the site selection committee; the process used by the selection committee to evaluate offers; the criteria used by the site selection committee to make a recommendation to the Director of Veterans' Homes; and the final site selected.

FY2013-14	NCCF	47,015,459
FY2013-14	Federal	74,004,854
Project Total		121,020,313

CHEMICAL DEPENDENCY UNIT - HASTINGS

Funding is included to renovate Building #3 at the Hastings Regional Center for a chemical dependency program for 24 adolescent males between the ages of 13 and 19 who are in state custody. Typical length of stay will be four months and include youth who cannot be treated in a less restrictive environment. Referrals will come from Office of Juvenile Services (OJS) and other sources. Clients will receive an average of 49 therapeutic activity hours per week in addition to 25 hours of education and 8 hours of structured recreation. Medicaid funds this program because it occurs at an IMD (Institute of Mental Disease).

The facility will be operated as a staff secure facility to maintain youth safely in the program. There will a perimeter security system, access control systems and surveillance systems. There will be four six-bed units arranged in two groups of two six bed units. The housing units will share a commons area.

The appropriation includes funds to demolish vacant buildings at the regional center. Also excess real property at the regional center is to be sold, with the net proceeds of the land sales going to the General Fund and the Nebraska Capital Construction Fund (NCCF) to offset the appropriations from each fund for the project. Any proceeds in excess of total project costs will go to the Vacant Building and Excess Land Cash Fund.

FY2013-14	NCCF	2,211,000
FY2014-15	General	3,321,000
FY2014-15	NCCF	789,000
FY2015-16	General	1,986,000
Project Total		8,307,000

RENOVATION OF CONN LIBRARY (WAYNE STATE COLLEGE) AND RANGELAND CENTER (CHADRON STATE COLLEGE)

Funding was provided for renovation of the U. S. Conn Library at Wayne State College and construction of a Rangeland Center at Chadron State College. The U. S. Conn Library was constructed in 1955 with an addition completed in 1970. The building lacks a fire protection sprinkler system and has a number of other infrastructural deficiencies including a malfunctioning heating, ventilation and air-conditioning system; energy inefficient windows, inadequate access to electrical power; outmoded restrooms; and, other accessibility, energy, and life safety deficiencies.

Construction of a Rangeland Center at Chadron State College would provide laboratory, classroom, office, and herbarium space to house the college's range management program. Phase 1 of the project (in progress) includes site work and construction of a large animal handling facility to support elements of the range management program and provide space for the college's club rodeo team. Phase 1 is being financed with private (\$1.8 million) and institutional funds (\$1.5 million). Phase 2 of the project, for which funding is provided here, includes construction of a classroom and laboratory building for the college's range management program. The program would be relocated from the Burkhiser Technology Complex with vacated spaces converted to general classrooms. The new facility would provide space for two class

laboratories for animal and plant study, a herbarium collection room, faculty offices and quarters for a building manager.

As funded the combined project costs of \$15.7 million (Conn Library - \$12.0 million and Rangeland Center - \$3.7 million) are financed over eight fiscal years with annual appropriations of \$2,216,000 through 2020-21 to meet related debt service payments.

FY2013-14	General	2,216,000
FY2014-15	General	2,216,000
FY2015-16	General	2,216,000
FY2016-17	General	2,216,000
Future	General	8,864,000
Project Total		17,728,000

UNMC COLLEGE OF NURSING LINCOLN FACILITY

The budget includes funding for the construction of a new facility for the College of Nursing Lincoln Division to replace current leased space. The new 45,525 gross square foot facility to be located on the east campus of UNL will house classrooms, class labs, educational support space, administrative space and space for research programs. The total project cost is currently estimated at \$17,562,500 of which \$5,650,000 is private or other funds. The remaining \$12 million General Funds is financed over ten fiscal years with annual appropriations of \$1,477,000 through 2023 to meet related debt service payments. It should be noted that inclusion of this \$12 million General Funds was helped by the \$8,506,000 savings as a result of a reduction to the total project cost of the IANR Veterinary Diagnostic Center funded in LB968 (2012). The required annual payments for that project have declined from \$6,093,000 to \$5,101,000.

Funding for the projected had been vetoed by the Governor but subsequently overridden

FY2013-14	General	1,477,000
FY2014-15	General	1,477,000
FY2015-16	General	1,477,000
FY2016-17	General	1,477,000
Future	General	8,862,000
Project Total (State Funds)		14,770,000

RENOVATE NEBRASKA HISTORY MUSEUM (LINCOLN)

The budget includes funds for renovation of the Nebraska History Museum located at 313 Centennial Mall North. The building has degraded over time and exterior water leaks and a lack of vapor barriers on exterior walls could affect artifacts and other historic items. The project includes replacement of degraded electrical, plumbing, HVAC and elevator systems (dating to 1967) and addressing various ADA code requirements. Some space reconfiguration is being done within the project scope. This is NOT exhibit related; it is related to the layout of the first floor as a structure.

FY2013-14	General	500,000
FY2014-15	General	2,500,000
FY2015-16	General	3,000,000
Project Total		6,000,000

STATE PATROL CRIME LAB FACILITY

The State Patrol submitted a request to build a new crime lab facility. The current Crime Lab facility does not have adequate space to meet the growing demand for testing and examinations. Additionally, the current owner of the Crime Lab facility notified the State Building Division that the State Patrol will be required to vacate the building when the lease expires at the end of February, 2014. In recent discussions

with the owners, they have indicated that they would be willing to extend that date to August 31, 2014. Therefore, the State Patrol must find another location that meets the needs of the Crime Lab.

The State Patrol and DAS State Building Division have been exploring options. The most viable option at this time is a 20 year lease of a building, with an option to purchase it after 10 years or at the end of the lease. No building has been identified at this time. If this funding request is approved, the State Building Division will send out a RFP to see what options are available.

Due to the specific needs of a crime lab, the building must be modified significantly prior to occupation. This will require an initial lump sum payment that will increase the annual lease payment. The cost of the modifications is estimated at \$10.6 million. More accurate costs cannot be obtained until bids from developers are received. A one-time lump sum payment of \$3.5 million will reduce the cost required to be financed to approximately \$7.1 million. These costs are intended to be financed over a twenty year financing term, resulting in an estimated annual payment of approximately \$562,000. At this time, the State Patrol intends to cover these ongoing payments using the current appropriations available from the Public Safety Cash Fund. The State Patrol also estimates one-time initial costs of \$601,000, related to relocating, which include moving expenses and costs to establish security and telecommunications.

The budget appropriates \$4.25 million from the Nebraska Capital Construction Fund (NCCF) to the Department of Administrative Services – Building Division. The NCCF funding would come from transfers out of three State Patrol cash funds – the Nebraska State Patrol Cash Fund (\$250,000), the Public Safety Cash Fund (\$1,000,000), and the Public Safety Communications System Cash Fund (\$500,000), and also from a transfer out of the State Settlement Cash Fund (\$2,500,000) in the Attorney General’s office.

FY2013-14	NCCF	4,250,000
Project Total		4,250,000

Project Listing - Reaffirmations

Reaffirmations	Fiscal Yr	Dollar Amt	Fund
#46-Corrections Security system upgrades, all institutions	2013-14	500,000	Gen
#50-Colleges Deferred repair/renovation/replacement (LB605)	2013-14	1,125,000	Gen
Deferred repair/renovation/replacement (LB605)	2013-14	1,200,000	Rev
Deferred repair/renovation/replacement (LB605)	2014-15	1,125,000	Gen
Deferred repair/renovation/replacement (LB605)	2014-15	1,200,000	Rev
Deferred repair/renovation/replacement (LB605)	2015-16	1,125,000	Gen
Deferred repair/renovation/replacement (LB605)	2015-16	1,200,000	Rev
Deferred repair/renovation/replacement (LB605)	2016-17	1,125,000	Gen
Deferred repair/renovation/replacement (LB605)	2016-17	1,200,000	Rev
Deferred repair/renovation/replacement (LB605)	Future	3,375,000	Gen
Deferred repair/renovation/replacement (LB605)	Future	3,600,000	Rev
#50-Colleges Board facilities fee fund projects	2013-14	915,000	Rev
Board facilities fee fund projects	2014-15	915,000	Rev
Board facilities fee fund projects	2015-16	915,000	Rev
Board facilities fee fund projects	2016-17	915,000	Rev
Board facilities fee fund projects	Future	4,575,000	Rev
#51-University Deferred repair/renovation/replacement (LB605)	2013-14	11,000,000	Gen
Deferred repair/renovation/replacement (LB605)	2013-14	11,000,000	Cash
Deferred repair/renovation/replacement (LB605)	2014-15	11,000,000	Gen
Deferred repair/renovation/replacement (LB605)	2014-15	11,000,000	Cash
Deferred repair/renovation/replacement (LB605)	2015-16	11,000,000	Gen
Deferred repair/renovation/replacement (LB605)	2015-16	11,000,000	Cash
Deferred repair/renovation/replacement (LB605)	2016-17	11,000,000	Gen
Deferred repair/renovation/replacement (LB605)	2016-17	11,000,000	Cash
Deferred repair/renovation/replacement (LB605)	Future	33,000,000	Gen
Deferred repair/renovation/replacement (LB605)	Future	28,632,546	Cash
#51-University NCTA Education Center	2013-14	820,000	Gen
NCTA Education Center	2014-15	820,000	Gen
NCTA Education Center	2015-16	820,000	Gen
NCTA Education Center	2016-17	820,000	Gen
NCTA Education Center	Future	7,106,135	Gen
#51-University IANR Veterinary Diagnostic Center (bond payment)	2013-14	5,101,000	Gen
IANR Veterinary Diagnostic Center (bond payment)	2014-15	5,101,000	Gen
IANR Veterinary Diagnostic Center (bond payment)	2015-16	5,101,000	Gen
IANR Veterinary Diagnostic Center (bond payment)	2016-17	5,101,000	Gen
IANR Veterinary Diagnostic Center (bond payment)	Future	25,505,000	Gen
#65-DAS LB309 Task Force, deferred repair/maint (cig tax)	2013-14	21,273,930	Cash
LB309 Task Force, deferred repair/maint (cig tax)	2014-15	21,273,930	Cash
LB309 Task Force, deferred repair/maint (cig tax)	2015-16	21,273,930	Cash
LB309 Task Force, deferred repair/maint (cig tax)	2016-17	21,273,930	Cash
LB309 Task Force, deferred repair/maint (cig tax)	Future	no limit	Cash

Project Listing – New Construction Projects

New Construction		Fiscal Yr	Dollar Amt	Fund
#17-Aeronautics	Replace house, Scribner Airfield	2013-14	180,000	Cash
#17-Aeronautics	New Hanger, Harvard Airfield	2014-15	600,000	Cash
#25-DHHS	Dickson Cottage remodel - YRTC Kearney	2013-14	413,024	Gen
#25-DHHS	Chemical dependency unit, HRC	2013-14	0	Gen
	Chemical dependency unit, HRC	2013-14	2,211,000	NCCF
	Chemical dependency unit, HRC	2014-15	3,321,000	Gen
	Chemical dependency unit, HRC	2014-15	789,000	NCCF
	Chemical dependency unit, HRC	2015-16	1,986,000	Gen
#25-DHHS	Central Nebraska Veterans' Home	2013-14	47,015,459	NCCF
	Central Nebraska Veterans' Home	2013-14	74,004,854	Fed
#27-Roads	Facility improvements - Statewide	2013-14	5,000,000	Cash
	Facility improvements - Statewide	2014-15	5,000,000	Cash
#33-Game & Parks	State Park System - Deferred maintenance.	2013-14	1,200,000	Cash
	State Park System - Deferred maintenance.	2014-15	1,200,000	Cash
#33-Game & Parks	Emergency repairs, fish and wildlife facilities	2013-14	50,000	Cash
	Emergency repairs, fish and wildlife facilities	2014-15	50,000	Cash
#33-Game & Parks	Emergency repairs, state park facilities.	2013-14	100,000	Cash
	Emergency repairs, state park facilities.	2014-15	100,000	Cash
#33-Game & Parks	Aquatic habitat enhancement and restoration.	2013-14	3,500,000	Cash
	Aquatic habitat enhancement and restoration.	2014-15	3,750,000	Cash
#33-Game & Parks	Mahoney State Park – Upgrade and Renovate Cabins	2013-14	90,000	Cash
	Mahoney State Park – Upgrade and Renovate Cabins	2014-15	110,000	Cash
#33-Game & Parks	Fort Robinson State Park – Reconstruct of Officers Quarters	2013-14	1,500,000	Cash
#33-Game & Parks	Youth Outdoor Skills Facility - Wildcat Hills	2013-14	800,000	Cash
#33-Game & Parks	Motorboat access - Statewide	2013-14	750,000	Cash
	Motorboat access - Statewide	2014-15	800,000	Cash
#33-Game & Parks	Wildcat Hills SRA – Nature Center Addition	2013-14	250,000	Cash
	Wildcat Hills SRA – Nature Center Addition	2014-15	250,000	Cash
	Wildcat Hills SRA – Nature Center Addition	2013-14	250,000	Gen
	Wildcat Hills SRA – Nature Center Addition	2014-15	250,000	Gen
#33-Game & Parks	Wildlife Management Areas - Misc. improvements	2013-14	325,000	Cash
	Wildlife Management Areas - Misc. improvements	2014-15	325,000	Cash
#33-Game & Parks	Fremont SRA – New Campground Development	2013-14	120,000	Cash
	Fremont SRA – New Campground Development	2014-15	120,000	Cash
#33-Game & Parks	Mormon Island SRA – New campground on Lake #2.	2013-14	120,000	Cash
#33-Game & Parks	Wildlife lands acquisition and improvements - Statewide	2013-14	740,000	Cash
	Wildlife lands acquisition and improvements - Statewide	2014-15	300,000	Cash
#33-Game & Parks	Parks & recreation property acquisition/improvements - Statewide	2013-14	50,000	Cash
	Parks & recreation property acquisition/improvements - Statewide	2014-15	50,000	Cash
#33-Game & Parks	District Offices - General Improvements and Repairs	2013-14	150,000	Cash
	District Offices - General Improvements and Repairs	2014-15	150,000	Cash
#33-Game & Parks	Fisheries facilities repairs and improvements – Statewide	2013-14	75,000	Cash
	Fisheries facilities repairs and improvements – Statewide	2014-15	75,000	Cash
#33-Game & Parks	Land acquisition & development, non-game endangered species	2013-14	10,000	Cash

New Construction (continued)		Fiscal Yr	Dollar Amt	Fund
#33-Game & Parks	Cowboy Trail - Emergency and deferred maintenance	2013-14	40,000	Cash
#33-Game & Parks	Medicine Creek SRA – Renovate Building for Laundry Facility	2014-15	30,000	Cash
#33-Game & Parks	State park projects - Contingency for overruns.	2013-14	10,000	Cash
	State park projects - Contingency for overruns.	2014-15	5,500	Cash
#33-Game & Parks	State recreation area projects - Contingency	2013-14	24,500	Cash
	State recreation area projects - Contingency	2014-15	20,000	Cash
#33-Game & Parks	Three six-bedroom cabins - Mahoney SP	2013-14	1,000,000	Gen
#33-Game & Parks	Camper hook-ups and campgrounds - Lake McConaughy SRA	2013-14	740,000	Gen
#46-Corrections	Comprehensive strategic capital facilities plan	2013-14	360,000	NCCF
	Comprehensive strategic capital facilities plan	2014-15	225,000	NCCF
#46-Corrections	Building addition, Cornhusker State Industries - Tecumseh	2013-14	1,250,000	Rev
	Building addition, Cornhusker State Industries - Tecumseh	2014-15	1,390,000	Rev
#47-NETC	Tower lighting system - KXNE (Norfolk)	2013-14	100,000	Gen
#50-State Colleges	WSC Conn Library and CSC Rangeland Center (bond payment)	2013-14	2,216,000	Gen
	WSC Conn Library and CSC Rangeland Center (bond payment)	2014-15	2,216,000	Gen
	WSC Conn Library and CSC Rangeland Center (bond payment)	2015-16	2,216,000	Gen
	WSC Conn Library and CSC Rangeland Center (bond payment)	2016-17	2,216,000	Gen
	WSC Conn Library and CSC Rangeland Center (bond payment)	Future	8,864,000	Gen
#50-State Colleges	State Colleges Sport Facilities Cash Fund	2013-14	500,000	Cash
	State Colleges Sport Facilities Cash Fund	2014-15	250,000	Cash
	State Colleges Sport Facilities Cash Fund	2015-16	400,000	Cash
	State Colleges Sport Facilities Cash Fund	2016-17	400,000	Cash
	State Colleges Sport Facilities Cash Fund	Future	no limit	Cash
#51-University	UNMC College of Nursing Lincoln Facility (bond payment)	2013-14	1,477,000	Gen
	UNMC College of Nursing Lincoln Facility (bond payment)	2014-15	1,477,000	Gen
	UNMC College of Nursing Lincoln Facility (bond payment)	2015-16	1,477,000	Gen
	UNMC College of Nursing Lincoln Facility (bond payment)	2016-17	1,477,000	Gen
	UNMC College of Nursing Lincoln Facility (bond payment)	Future	8,862,000	Gen
#54-Hist Society	Renovate Nebraska History Museum (Lincoln)	2013-14	500,000	Gen
	Renovate Nebraska History Museum (Lincoln)	2014-15	2,500,000	Gen
	Renovate Nebraska History Museum (Lincoln)	2015-16	3,000,000	Gen
#65-DAS	Relocate State Patrol Crime Lab facility	2013-14	4,250,000	NCCF
	Relocate State Patrol Crime Lab facility	2014-15	0	Gen
	Relocate State Patrol Crime Lab facility	2015-16	0	Gen
#65-DAS	State Capitol improvements	2013-14	588,000	Gen
	State Capitol improvements	2014-15	500,000	Gen

***ADJUSTMENT OF
CURRENT YEAR
(FY2012-13)
APPROPRIATIONS***

Narrative Description of Major Deficits

When the new appropriation amount for the current fiscal year is revised, this is commonly referred to as a "deficit". In this case, these "deficits" reduce General Fund appropriations by \$9 million. A \$5 million increase in the Governors Emergency Program and \$5 million restoration of funds cut from the Dept of Corrections is more than offset by reductions in Homestead Exemption claims (\$5.0 million) and agency savings in employee health insurance premiums (\$9.0 million)

Vacancy Savings, Judges Salary Programs Over the past two years, the Supreme Court had intentionally accumulated vacancy savings in the judges salary programs for purposes of funding a judges salary increase. To follow proper budget protocols, this amount should be "lapsed" back to the General Fund and then the increased amount to fund a judges salary increase would be funded in the A bill. This lapse is the first part of that transaction.

Delayed Startup, Juvenile Service Delivery Pilot Project LB985 passed in 2012 expanded the Nebraska Juvenile Service Delivery Project (JSDP) pilot program administered by the Office of Probation Administration within the Supreme Court. LB985A appropriated \$8,408,817 General Funds in FY2012-13 to the Probation Community Corrections for the JSDP with a corresponding reduction in the Department of Health and Human Services. The budget reduces that appropriation by \$1,500,000 because of the slower-than-budgeted ramp up of the JSDP.

Homestead Exemption: The homestead exemption reimbursement claims filed by counties total \$67,467,625. Leaving \$32,375 for a small allowance provides a total of \$67,500,000 which is \$5,000,000 below the current appropriation of \$72,500,000. As the \$67.5 million amount would fully fund all claims under current law, this \$5 million excess appropriation authority can be lapsed.

Governors Emergency Program The Nebraska Emergency Management Agency (NEMA) requested a \$5.5 million supplemental appropriation to the Governor's Emergency Program. Since 2006, Nebraska has experienced the most active and costly disaster period on record. In 2011 it was flooding disasters and in 2012 it was wildfires. There exists sufficient appropriations in the Governor's Emergency Program to fund the estimated costs of currently declared federal disasters and leave an unobligated balance of \$781,000 (as of October 26, 2012). In recent years the Legislature has tried to have approximately \$5 million of unobligated funds available in the program to meet future disaster expenditures. To plan for potential disasters between now and the end of the fiscal year, and reestablish the \$5 million dollar base, a \$5.25 million dollar supplemental appropriation is provided.

Lapse of Excess Public Assistance Funds As part of the budget process, a review of Dept of Health and Human Services (DHHS) aid programs was done specifically comparing year to date expenditures through the first nine months of the fiscal year with total appropriations including new appropriations for FY2012-13 and reappropriations from FY2011-12. As a result of this review it was clear there would be appropriations in the Public Assistance program that would not be needed to complete the fiscal year. The deficit budget includes a \$10 million reduction in the FY12-13 new appropriation to impound these unneeded appropriations. While this is a significant amount of funds, it represents less than 2% of the combined appropriation for Public Assistance and Child Welfare over the two year biennium.

Increased Inmate Population Costs – Dept of Correctional Services The budget enacted in the 2011 session included portions of the Nebraska Department of Correctional Services (NDCS) modifications to lower the prison population by closing housing units and reducing staff by 68 FTE. In order to achieve the savings proposed in the 2011 budget modification, the plan was to reduce the prison population to 125% of design capacity by placing additional inmates on parole or in the Reentry Furlough Program (RFP). Although the number of inmates on parole or in the RFP has increased, the number of inmate admissions has increased at a greater rate. As of November 30, 2012, the prison population was 144.98% of design capacity. The \$5,113,211 deficit appropriation provides funds to reopen a housing

unit in the Omaha Correctional Center and restore funding for 1.5 housing units at the Nebraska State Penitentiary. Additionally, the deficit includes an increase in per diem funding for expenses such as medical and food, which are increasing due to the larger number of inmates.

Employee health insurance premium abatement savings In November and December 2012, the Department of Administrative Services implemented a moratorium on health insurance premium payments. The moratorium was in response to a May 14, 2012 audit report indicating balances were too high. The savings in agency budgets attributed to this 2 month moratorium are incorporated into the deficit bill amounting to \$9,048,341 General Funds.

As sent to the floor, proposed deficits included \$2,164,760 General Funds to replace a state plane and \$200,000 for promotion activities related to Omaha hosting the 2013 US Senior Golf Open. Funding for the plane was taken out of the bill by a floor amendment while funding for the US Senior Golf Open promotion was vetoed.

The table below highlights all the General Fund deficit appropriation changes as enacted followed by a table that lists lapses of reappropriated balances. A complete listing of all FY2012-13 items starts on page 109,

Adjustment of FY2012-13 General Fund Appropriations

5	Courts	All	Vacancy savings, judges salaries	Oper	(2,300,000)
5	Courts	435	Reduce excess appropriation, delayed pilot project startup	Oper	(1,500,000)
9	Sec of State	9	Secretary of State Health Insurance and Benefits	Oper	1,607
12	Treasurer	659	Long Term Care Savings, reduce excess appropriation	Aid	(25,000)
13	Education	158	TEEOSA Aid; revised Insurance Premium tax	Aid	1,464,531
16	Revenue	108	Homestead exemption deficit	Aid	(5,000,000)
17	Aeronautics	596	Replace state plane	Oper	Amend out
25	HHS System	33	Access Nebraska communications expense	Oper	2,100,000
25	HHS System	347	Shift excess public assistance funds for Access Nebr deficit	Aid	(2,100,000)
25	HHS System	347	Lapse excess funds, Public Assistance	Aid	(10,000,000)
31	Military Dept	192	Restore Governor's Emergency Fund balance	Aid	5,250,000
46	Corrections	200	Increased Inmate Population Costs	Oper	5,113,211
54	Hist Society	43	Utilities	Oper	18,999
65	DAS	608	Increase Personal Services and Limitation	Oper	1,677
91	Tourism Comm	618	Promotion activities, 2013 US Senior Golf Open (LB 582)	Aid	Vetoed
--	All Agencies	All	Employee health insurance premium abatement savings	Oper	(9,048,341)
65	DAS	na	State Claims (LB536)	Oper	825,270
29	Nat Resources	334	Water Sustainability Project Task Force (LB517)	Oper	1,000,000
				Operations	(3,787,577)
				State Aid	(8,310,469)
				Construction	0
				Total General Fund Deficits	(12,098,046)

Lapse of Prior Year Reappropriations

	Fund	Amount
25 DHHS - Lapse unneeded reappropriation, Public Assistance	Gen	(3,300,000)
84 DEQ - Lapse LB 4A (2011 Special Session) reappropriation	Gen	(1,746,613)
Total Lapsed Appropriations	Gen	(5,046,613)

FY2012-13 Budget Adjustments - All Funds

Agency / Issue	Fund	Enacted
#05 Supreme Court		
All Vacancy savings, judges salaries	Gen	(2,300,000)
435 Increase Personal Services Limitation (\$168,243)	PSL	YES
435 Reduce excess appropriation due to delayed pilot project startup	Gen	(1,500,000)
#09-Secretary of State		
9 Secretary of State Health Insurance and Benefits	Gen	1,607
#12 State Treasurer		
659 Long Term Care Savings, reduce excess appropriation	Gen	(25,000)
665 Convention Center Support Fund	Cash0	2,334,225
#13 Dept of Education		
158 TEEOSA Aid; revised Insurance Premium tax	Gen	1,464,531
614 Retirement payouts (also \$33,000 PSL)	Cash	43,000
614 Salary Limitation increase for negotiated salary (\$1,345)	PSL	YES
#16 Dept of Revenue		
108 Homestead exemption deficit	Gen	(5,000,000)
#17 Dept of Aeronautics		
596 Replace state plane	Gen	AMENDED
#24-Dept of Motor Vehicles		
70 Increase interlock indigent aid	Cash	25,000
#25-HHS System		
33 Access Nebraska communications expense	Gen	2,100,000
178 Public Health increased indirect cost	Cash	442,556
347 Shift excess public assistance funds for Access Nebr deficit	Gen	(2,100,000)
347 Lapse excess funds, Public Assistance	Gen	10,000,000)
#29 Natural Resources		
334 LB 517 Water Sustainability Project Task Force	Gen	1,000,000
#31 Military Dept		
192 Restore Governor's Emergency Fund balance	Gen	5,250,000
#46 Correctional Services		
200 Increased Inmate Population Costs (also \$1,055,339 PSL)	Gen	5,113,211
#54 Historical Society		
43 Utilities	Gen	18,999
#65 Administrative Services		
606 Increase Personal Services and Limitation (also \$12,500 PSL)	Cash	12,500
608 Increase Personal Services and Limitation (also \$1,677 PSL)	Gen	1,677
536 State Claims (LB 536)	Gen	375,270
591 State Claims (LB 536)	Gen	450,000
591 State Claims (LB 536)	Cash	1,200,000
593 State Claims (LB 536)	Rev	150,000
#77 Industrial Relations (CIR)		
531 Increase Personal Services Limitation (\$768)	PSL	YES
All Agencies		
All Employee health insurance premium abatement savings	Gen	(9,048,341)
All Employee health insurance premium abatement savings	Cash	(4,936,594)
All Employee health insurance premium abatement savings	Fed	(3,796,263)
All Employee health insurance premium abatement savings	Rev	(708,621)
General Funds		(12,098,046)
Cash Funds		(879,313)
Federal Funds		(3,796,263)
Revolving Funds		(558,621)
Total		(17,332,243)

Chronology of FY2012-13 Appropriations

GENERAL FUNDS	Operations	State Aid	Construction	Total
Total Per 2011 Session	1,238,989,707	2,337,239,239	14,602,233	3,590,831,179
2012 Session-Committee Proposed	13,896,187	7,178,412	6,170,000	27,244,599
2012 Session-Floor Actions	(2,271,775)	9,058,817	0	6,787,042
2012 Session-Mainline Governor Vetoes	0	0	0	0
2012 Session-Mainline Veto Overrides	0	0	0	0
2012 Session "A" bills	8,996,843	(1,435,908)	0	7,560,935
Post 2012 Session	0	0	0	0
2012 Session - Midbiennium Adjustments	20,621,255	14,801,321	6,170,000	41,592,576
Total Per 2010 Session	1,259,610,962	2,352,040,560	20,772,233	3,632,423,755
2013 Session Deficits	(5,612,847)	(8,310,469)	0	(13,923,316)
2013 Session State Claims	825,270	0	0	825,270
2013 Session "A" bills	1,000,000	0	0	1,000,000
2013 Session - Deficits	(3,787,577)	(8,310,469)	0	(12,098,046)
	1,255,823,385	2,343,730,091	20,772,233	3,620,325,709
Final Appropriation per 2013 Session	1,255,823,385	2,343,730,091	20,772,233	3,620,325,709

ALL FUNDS	General	Cash	Federal	Rev/Other	Total
Total Per 2011 Session	3,590,831,179	1,797,324,048	2,635,350,476	732,518,824	8,756,024,527
2012 Session Mainline Changes	30,031,641	2,708,322	1,041,190	79,500,000	117,281,153
2012 Session Vetoes	0	0	0	0	0
2012 Session Overrides	0	0	0	0	0
2012 Session "A" bills	7,560,935	5,048,004	4,088,290	0	16,697,229
Post 2012 Session	0	0	0	0	0
2012 Session Midbiennium	41,592,576	7,756,326	5,129,480	79,500,000	133,978,382
Total Per 2012 Session	3,632,423,755	1,805,080,374	2,640,479,956	812,018,824	8,890,002,909
Update cash/federal estimates	0	49,007,468	35,631,762	31,541,771	116,181,001
Adjusted Per 2012 Session	3,632,423,755	1,854,087,842	2,676,111,718	843,560,595	9,006,183,910
2013 Session Deficits	(13,923,316)	(2,079,313)	(3,796,263)	(708,621)	(20,507,513)
2013 Session State Claims	825,270	1,200,000	0	150,000	2,175,270
2013 Session "A" bills	1,000,000	0	0	0	1,000,000
Final per 2013 Session	3,620,325,709	1,853,208,529	2,672,315,455	843,001,974	8,988,851,667

DEFINITION OF TERMS

State Biennial Budget

A biennium is the time period for which the same Legislature exists. For example, the 103rd Legislature will exist for two years, with the first session held in 2013, the second session in 2014. Although the State Constitution prohibits one Legislature from enacting appropriations that are binding on a future Legislature, the first session of the 102nd Legislature can bind the second session of the same 102nd Legislature. Therefore the 103rd Legislature, meeting in 2013, can enact appropriations for FY2013-14 and FY2014-15 without binding the 104th 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 2013 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, 2013 through June 30, 2014 is referred to as FY2013-14, FY13-14, or simply FY14. Within this 12-month period, agencies are limited to only those appropriations made for FY2013-14. The fiscal year covering the period July 1, 2014 through June 30, 2015 is referred to as FY2014-15, FY14-15, or simply FY15.

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. There is only a single General Fund. The majority of General Fund revenues come from sales and use taxes, and individual and corporate income taxes. Because appropriations from this fund determine the level of sales and income tax rates, most discussion on "balancing the budget" relates to the General Fund. Also deposited into the General Fund are liquor taxes, and approximately half of the cigarette tax and insurance premium taxes.

CASH FUNDS - These funds are used to account for the revenues and expenditures of dedicated fees and charges. Unlike the single General Fund, there are more than 250 individual cash funds contained in 70 different agencies. In many instances, an agency has multiple cash funds. For example, the Dept of Agriculture has over 20 different cash funds. Monies held in these funds generally can only be used for the specific purpose for which the fund was created. Cash funds are used to account for revenues such as University and State College tuition and fees, institution patient revenues, hunting/fishing permits,

highway revenues (gas tax and sales tax on motor vehicles), and agricultural commodity check-off fees. In addition, most inspection, regulatory, and license fees and charges, are dedicated to and accounted for through the use of cash funds. The Department of Roads accounts for about 40% of cash fund revenues/expenditures.

FEDERAL FUNDS - Federal funds account for monies received from the federal government either as grants, contracts, or matching funds. Unlike other fund sources, federal fund appropriations are an estimate and agencies are not limited to the amount shown in the appropriation bills though receipts must meet expenditures. Similar to cash funds, there are numerous individual federal funds contained in the accounting system and they are generally limited to specific uses as authorized by the federal program from which the funds came from. About 59% of the federal funds are expended in the Health and Human Services System, a large portion for programs such as Medicaid, ADC, and other public assistance program. Federal funds in the Dept of Education account for 12% of the total mostly flow through monies to local K-12 schools for programs such as Title 1, School Lunch, and Special Education.

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

OTHER FUNDS - In the appropriation figures, this type includes a very small amount of private donations in capital construction, and the Nebraska Capital Construction Fund (NCCF). 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 instances where appropriations by fund type are also broken down into three categories: operations, state aid, and capital construction. And within the "state aid" category, there are two kinds: state aid to individuals and state aid to local governments.

AGENCY OPERATIONS accounts for the costs of ly operating state agencies including costs such as employee salaries and benefits, data processing, utilities, vehicle and equipment purchases, fuel and oil, etc...

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

AID TO LOCAL GOVERNMENTS accounts for aid payments to local governments that have the authority to levy a property tax such as cities, counties, K-12 schools, community colleges, natural resource districts (NRD's), and educational services units (ESU's). This category includes programs such as state aid to schools (TEEOSA), special education, homestead exemption reimbursements and

property tax relief through direct aid payments to cities, counties, NRD's, community colleges, and ESU's. State payments to fund part of the K-12 teacher retirement plan are not included under this category as those amounts are credited directly to the teacher retirement fund and are not checks written to school districts nor do those amounts show up as a school revenue or subsequent expenditure.

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

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 Department of Administrative Services (DAS) Budget Division to issue instructions and forms for state agencies to use in submitting the budget request for the next two fiscal years.

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

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

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

Step 5 Appropriations Committee Initial Review From the middle of January to mid to late February, the Appropriations Committee reviews agency requests and develops a preliminary recommendation. This preliminary recommendation becomes the basis for the agency budget hearings as well as a Preliminary Report required by legislative rules. This report is due 20-30 legislative days after the

Governors budget is submitted during odd numbered years (15-20 legislative days in even numbered years).

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

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

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

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

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

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

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

Step 13 Deficit Appropriations A budget enacted for a fiscal year can be amended or changed up to the last day of that fiscal year. Deficit appropriations are changes made to the originally enacted

appropriations. There are several chances to amend a biennial budget once it has been enacted. For example, the FY11-12 and FY12-13 biennial budget was enacted in the 2011 Session. Both years can be changed during the 2012 Session, even though at that time, the state will be nine months into FY11-12. The second year of the biennial budget (FY2012-13) can also be subject to change prospectively during the 2012 Session and again during the 2013 Session as a “deficit” during the fiscal year.

LEGISLATIVE FISCAL OFFICE

Agency Assignments and Staff

Agency Assignments

(Agencies in numerical order)

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

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

Legislative Fiscal Office Staff

Name	Phone	Email	Responsibilities
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Bergquist, Tom	471-0062	Tbergquist@leg.ne.gov	Deputy Director
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McNally, Wanda	471-2263	Wmcnally@leg.ne.gov	Fiscal Assistance
Diarrassouba, Malik	471-0061	Mdiarrassouba@leg.ne.gov	Economic and Tax Research Analyst, Revenue Forecasting
Danigole, Scott	471-0055	Sdanigole@leg.ne.gov	Governor/PRO/Energy, Lt. Governor, Secretary of State, State Auditor, Attorney General, State Treasurer, Public Service Commission, State Fire Marshal, State Electrical Board, Historical Society, Oil & Gas Conservation Commission, DAS Administrative Services, Energy Office, Power Review Board, Accountability & Disclosure Commission
Gibbs, Doug	471-0051	Dgibbs@leg.ne.gov	Revenue, Labor, Liquor Control Commission, Racing Commission, Engineers & Architects Examiners Board, Land Surveyors Examiners Board, Abstractors Examiners Board, Geologists Board, Landscape Architects Examiners Board, Tax Equalization and Review Commission
Glenn, Jeanne	471-0056	Jglenn@leg.ne.gov	Agriculture, Natural Resources, Brand Committee, Fair Board, Wheat Board, Ethanol Board, Dairy Industry Development Board, Arts Council, Economic Development, Environmental Quality, Dry Bean Commission, Corn Board, Grain Sorghum Board, Tourism Commission
Hovis, Phil	471-0057	Phovis@leg.ne.gov	Banking, Library Commission, Postsecondary Ed Coordinating Commission, State College System, DAS Building Division/Task Force for Building Renewal/Capitol Commission, Community Colleges
Hruska, Liz	471-0053	Lhruska@leg.ne.gov	Health & Human Services, Barber Examiners Board, Equal Opportunity Commission, Mexican-American Commission, Foster Care Review Board, Indian Affairs Commission, Hearing Impaired Commission
Lovelace, Mike	471-0050	Mlovelace@leg.ne.gov	Aeronautics, Roads, Veterans Affairs, Military Department, Game & Parks Commission, Real Estate Commission, Real Property Appraisers Board, Public Accountancy Board

Nichols, Doug	471-0052	Dnichols@leg.ne.gov	Supreme Court, Board of Pardons and Parole, Workers' Compensation Court, Corrections, State Patrol, Crime Commission, Commission on Public Advocacy
Sostad, Sandy	471-0054	Ssostad@leg.ne.gov	Education, Insurance, Health & Human Services (Behavioral Health & Developmental Disabilities), Motor Vehicles, Educational Lands & Funds Board, Motor Vehicle Industry Licensing Board, Commission for the Blind and Visually Impaired
Tenopir, Kathy	471-0058	Ktenopir@leg.ne.gov	Educational Television Commission, University of Nebraska, DAS Personnel Division, DAS Employee Relations Division, DAS Risk Mgmt Division/State Claims, Commission on Industrial Relations, Investment Council, Public Employees Retirement Board