

STATE OF NEBRASKA BIENNIAL BUDGET

Summary of the FY98/FY99 Biennial Budget As Enacted by the 95th Legislature-First Session 1997 Legislative Session

August 1997

Introduction

This report contains a summary of the initial appropriations and budget actions for the FY1997-98 and FY1998-99 biennium as enacted during the 1997 Legislative Session. These are not the final appropriations as both FY1997-98 and FY1998-99 numbers can be changed during the 1998 Legislative Session, and FY1998-99 can further be changed during the 1999 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 as of July 21, 1997 is displayed here along with a narrative description of the various components. Of particular interest is the outlook for the following 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 1997 Legislative Session that impact revenues.

GENERAL FUND APPROPRIATIONS

This section provides detailed information on General Fund appropriations as enacted during the 1997 Legislative Session including state totals, agency totals, historical appropriations, various breakdowns by operations and state aid, and state aid listed by individual aid programs. This section also includes an extensive listing of the major changes in the budget as well as narrative descriptions of some of

the major spending areas, both agency operations and state aid programs. A listing of General Fund "A" bills and vetoes and overrides is also included.

APPROPRIATIONS-ALL FUND SOURCES

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

CAPITAL CONSTRUCTION

A complete listing of all new and reaffirmed construction projects, from all fund sources, is included in this section. Also included is a detailed description of the cigarette tax earmarks and cash flow of the Nebraska Capital Construction Fund (NCCF).

FY1996-97 DEFICIT APPROPRIATIONS

This section provides a detailed listing of all FY1996-97 deficiency appropriations. Also included is a chronology of FY1996-97 appropriations from when first enacted in the 1995 Session to the final appropriations after the 1997 Session.

DEFINITION OF TERMS

The last 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.

1997 Session Highlights

This report contains a detailed explanation of the FY1997-98 and FY1998-99 biennial budget as enacted in the 1997 legislative session.. Although other sections of this report provide details as to the specific funding items, there are several highlights to address at the start; the General Fund “surplus” and prison population and overcrowding.

General Fund Budget Growth

The budget as enacted during the 1997 session reflects a General Fund increase over the prior year of 4.5% in FY1997-98 and 9.6% in FY1998-99.

Much of this increase in the budget can be attributed to (a) capital construction driven by several large projects; UNO Information Science Technology and Engineering facility, a new 960 bed prison, a corrections work camp facility, and State Capitol masonry and structural repairs, and (b) increased state aid to K-12 schools and community colleges to assist in offsetting the impacts of property tax levy limits as imposed by LB1114 (1996). Excluding capital construction and the LB1114 related state aid increases, the budget increase for operations and state aid averages 3.6% per year.

In terms of state operations, the budget reflects a 3.5% per year average increase. Corrections related items are a significant contributor to this level of increase. Additional funds are included for (1) community based juvenile programs, (2) operating costs for the new Secure Youth Facility and modular housing units, and (3) additional staffing and per diem costs related to rising populations. Excluding these corrections related items, General Funds for state operations

increased at a 2.7% per year rate.

Excluding the LB1114 related aid increases as noted above, the average increase in General Fund state aid is 3.7% per year. The slow down in spending growth in the three major “entitlement” programs, Medicaid, Public Assistance, and Special Education, allowed for increases in other state aid areas such as higher education student aid, community based mental health and developmental disability programs. The average annual increase in those three major entitlement programs over the two year budget period is 3.3% per year compared to the historical average of almost 10% per year. Combined, the FY98-99 General Fund budget for these three programs is approximately \$78 million less than they would have been had they increased at their historical growth rates starting in FY96-97.

General Fund “Surplus”

From the fall of 1996 to the end of the 1997 legislative session, a major issue was the General Fund surplus. What was commonly referred to as the “surplus” was actually the projected ending balance at the end of biennial budget cycle (FY1998-99) in excess of the statutory required minimum 3% reserve. Emphasis is added to the word “minimum” as statutorily the Legislature may budget up to a 7% reserve.

The level of “surplus” has fluctuated throughout the budget process. This is because the variance from the minimum reserve or “surplus” is a factor of the revenue forecasts and the FY98/FY99 mainline budget. Both have changed as the budget process has proceeded from last

September to the present. In the Committee Preliminary Report, the “surplus” was at \$280 million and increased to \$305 million after the February revenue forecast revisions. In April, with further revenue forecast revisions, the “surplus” increased to \$336 million (net of Cash Reserve Fund transfers and adjusting of TEEOSA school aid). In each of these previous instances, the level of the “surplus” was based on the Committee preliminary budget which by design had excluded many large budget items subject to review during the budget hearings and post hearing analysis and discussion. When the Appropriations Committee mainline budget recommendation was sent to the floor, the level of “surplus” was reduced to \$230.4 million.

Where did the surplus come from?

With a large projected surplus, a major question is where did it come from? Was it high revenue growth or low spending? The answer is both. The projected surplus at the end of FY1998-99 is an accumulation of revenues in excess of spending over a three year period. Over the three year period FY96-97 to FY98-99, revenue growth is projected to average 5.9% per year or 17.7% over the three year period. This 5.9% average growth is somewhat higher than the historical average revenue growth of approximately 5.5%. Over this same three year period, appropriations (based on the Committee recommendation) show an average increase of 4.4% per year or 13.1% over the three year period. Even with some significant new funding items included in the committee budget, this is significantly lower than the historical growth in spending (and historical growth in revenues) with much of this slow down in spending growth attributed to the declining growth in the three major entitlement programs; Medicaid, Public Assistance, and Special Education. These differences in growth rates between revenues and spending create a positive “gap” (where

receipts exceed spending) of \$68 million in FY96-97, \$86 million in the FY97-98 and \$91 million in FY98-99 or a cumulative total of \$257 million over the three year period. Adjusting for transfers to the Cash Reserve Fund (-\$58 million), General Fund transfers-out (-\$15.3 million), General Fund transfer-in (+\$18 million) and estimated lapsed FY97 appropriation authority (+\$40 million) left a “surplus” of \$230 million.

How was the “surplus” dissolved?

The “surplus” was eliminated in two bills: LB401 which provided for a two-year income tax reduction (\$82.7 million in FY97-98 and \$44.7 million in FY98-99) and LB806A which increased state aid to K-12 schools (\$110 million in FY98-99). Note the one-time nature of the income tax reduction. In the FY98/FY99 biennium both the income tax reduction and increased aid to K-12 schools was possible as the “surplus” in the FY98/FY99 biennium was actually an accumulation over a **three** year period, while the increased state aid was only funded for **one** year, FY98-99 the second year of the biennial budget. When projecting out into the following biennium, the projected level of revenues could not sustain a continuation of the income tax reductions and on-going funding for the increased state aid (two years).

Prison Population and Overcrowding

The rising prison population over the past few years, and projected into the future, resulted in a significant increase in the budget for both operating costs and construction. *Excluding the levy limit related state aid funding in LB806 and LB269, corrections related funding accounts for about 20% of the total increase in the General Fund budget over the biennium.*

The prison population as of April 8, 1997 was 3,306, a 12.5% increase over the prior year and 30% higher than five years ago. This population was 157% of the 2,103 design capacity of the institutions and 126% of the "stress capacity" (a measure of capacity that can be safely operated). While this severe overcrowding exists today, projections into the future show the prison population to increase at an even faster rate. CGA Consulting Services employed by the Dept of Correctional Services to prepare their strategic plan update, project a total population of 4,419 by the year 2000 (34% increase over the current population) and 6,033 by 2005 (82% increase over the current population). The consultants pointed out that while there are eleven indicators that contribute to the prison population, the major contributor to the projected increase in the rate of growth is the prior passage of LB529 and LB371 which impacted the length of incarceration and extended parole eligibility dates.

If these projections hold true, by the year 2000 the 4,419 prison population will reach 191% of

design capacity (153% of stress capacity) even with the additional 200 beds in the modular housing units previously authorized and currently under construction.

The FY98/FY99 biennial budget includes funds for a 960 bed general custody prison facility to help alleviate the prison overcrowding. The addition of this new facility, plus the 200 bed modular housing units, will increase the design capacity to 3,263. While this is very close to the total population at the present time, the projected 4,419 population by the year 2000 will still be 137% of design capacity even with the additional facilities as they become fully operational with the turn of the century.

What this indicates is that if populations increase as projected, the overcrowding issue will still be a problem in future years even with the additional facilities as proposed. The issue of even more prison beds, community corrections programs and/or adjusting length of sentences as a vehicle for reducing overcrowding may still be required in future years.

GENERAL FUND FINANCIAL STATUS

General Fund Financial Status

With FY1996-97 Actual Receipts/Expenditures

	Actual	Biennial Budget		Est for Following Biennium	
Monday July 14, 1997	FY1996-97	FY1997-98	FY1998-99	FY1999-00	FY2000-01
1 BEGINNING BALANCE					
2 Beginning Cash Balance	\$247,846,610	\$355,285,947	\$178,963,980	\$130,525,290	\$75,417,291
3 Est carryover obligations from FY97	na	(86,109,317)	--	--	--
4 Estimated lapsed FY97 appropriations	na	na	--	0	--
5 Allocation for potential deficits	na	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)
6 Unobligated Beginning Balance	247,846,610	264,176,630	173,963,980	125,525,290	70,417,291
7 REVENUES					
8 Net Receipts (April 97 Forecast+ bills)	2,009,294,818	1,993,835,000	2,113,807,000	2,236,000,000	2,360,000,000
9 General Fund transfers-out	(8,660,000)	(7,660,000)	(27,660,000)	(26,660,000)	(26,660,000)
10 General Fund transfers-in	In receipts	In receipts	In receipts	0	0
11 Cash Reserve Fund transfer-automatic	(19,740,786)	(91,620,017)	0	0	0
12 Cash Reserve Fund transfers-legislative	(3,032,333)	0	40,000,000	0	0
13 General Fund Net Receipts	1,977,861,699	1,894,554,983	2,126,147,000	2,209,340,000	2,333,340,000
14 APPROPRIATIONS					
15 Total Per 1997 Session	1,870,422,362	1,979,767,633	2,169,585,690	2,259,447,999	2,359,969,615
16 1998 Session Mid-biennium adjustments	0	0	0	0	0
17 1998 Session "A" bills	0	0	0	0	0
16 General Fund Appropriations	1,870,422,362	1,979,767,633	2,169,585,690	2,259,447,999	2,359,969,615
17 ENDING BALANCE					
18 Dollar ending balance	355,285,947	178,963,980	130,525,290	75,417,291	43,787,677
19 Biennial Reserve (%)	9.8%	--	3.0%	--	1.0%
20 Variance from Minimum Reserve	239,268,982	--	3,069,332	--	(92,325,098)

Components of the Financial Status

Beginning Balance

The beginning balance for the FY97-98/FY98-99 biennium is the actual cash balance on July 1, 1997. From this is subtracted an estimated \$86.1 million of reappropriations and encumbrances (i.e. spending obligations carried forward from FY96-97) and a \$5 million allocation for potential deficits next session resulting in an unobligated beginning balance of \$264.2 million. Note that the \$86 million estimate for reappropriations and encumbrances assumes \$44 million of lapsed FY97 appropriations. As agencies have until the middle of August to officially certify reappropriations and encumbrances, these figures are still estimates at this time.

For FY98-99 and thereafter, the beginning balance is the ending balance from the prior year less an allocation of \$5 million per year for deficits.

General Fund Revenues

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

General Fund Revenue Forecast The financial status reflects actual FY1996-97 revenues, and the April 1997 forecasts made by the Nebraska Economic Forecast Advisory Board (NEFAB) for FY97-98 and FY98-99. Figures for FY1999-00 and FY2000-01 are preliminary estimates calculated by the Legislative Fiscal Office to yield a five year average growth roughly equal to the historical average revenue growth.

General Fund Transfers-Out This line reflects situations where funds are transferred from the General Fund to another fund within the state treasury. These items are shown separately as they are neither legally valid appropriations (an appropriation from the receiving fund is ultimately necessary for the money to be expended) nor are they considered "refunds" or reductions to the revenue forecasts. The largest amounts are a \$7 million transfer each year from the General Fund to the Ethanol Production Incentive Fund (EPIC) and starting in FY98-99, a \$20 million transfer to Property Tax Reduction Incentive Fund per LB180 passed in the 1997 Session..

General Fund Transfers-In There are only a few instances in statute where monies in a cash fund can be transferred to the General Fund at the discretion of the Legislature. For FY97-98 and FY98-99 a total of \$9 million of lapses from the Securities Act Cash Fund are included in the estimated revenues line. For accounting purposes, these are shown as "Transfers in" and are included as revenues.

Cash Reserve Fund Transfers-automatic Statute requires that on an annual basis, actual revenues above projection be transferred from the General Fund to the Cash Reserve Fund (CRF). The projected revenue number is an amount certified by the Dept of Revenue and Legislative Fiscal Office at the beginning of the fiscal year, and consists of the last NEFAB forecast adjusted for legislation enacted in the prior session. Because these transfers are made on an annual basis, and the fiscal year must be completed before actual receipts can be compared to the projected amounts (June 30), any transfer would actually occur in July which is part of the following fiscal year. The \$19.7

million transfer from the General Fund to the Cash Reserve Fund shown in FY1996-97 reflects FY1995-96 actual receipts above the certified forecast. FY96-97 revenues above projections show as a transfer in FY97-98. This is the \$91.6 million transfer shown in the FY97-98 column based on a certified revenue projection of \$1,917,984,000 and actual receipts of \$2,009,604,017.

Cash Reserve Fund Transfers-Legislative In addition to those Cash Reserve Fund transfers that occur automatically under LB1290, the Legislature can transfer monies to and from the Cash Reserve Fund by enacting legislation. The FY96-97 transfer of \$3 million is the last of several transfers enacted in the 1995 Session (and amended during the 1996 Session) relating to "Maximus" and special education (LB742).

General Fund Appropriations

For FY97-98 and FY98-99, this section shows General Fund appropriations as enacted in the 1997 legislative session. This includes both the mainline budget bills and "A" bills that accompany legislation enacted.

Ending Balance or "Reserve"

The General Fund reserve is actually the estimated ending balance for the second year of each biennial budget (FY98-99 for the biennial budget enacted during this 1997 Session). The only statutory requirement is that the minimum 3% reserve is required at the end of the biennium being budgeted for. Based on the appropriations enacted, FY96-97 actuals, current revenue forecasts, and allocations for deficits, the projected ending balance for FY1998-99 would be \$130.5 million. This reflects a 3.07% reserve.

Estimated Financial Status for the Following Biennium

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

Revenues Preliminary estimates for FY99-00 and FY2000-01 were prepared by the Legislative Fiscal Office. These preliminary estimates are arrived at by calculating the level of revenues that would yield a five year average growth (FY97 to FY01) roughly equal to the historical average revenue growth. If revenue growth in the first three years is above average, then the estimates for the last two years would show below average growth in order to bring the five year average in line with the historical average. This in fact is what occurs in the financial status. Because revenue growth in FY97 to FY99 averages about 6%, the LFO preliminary estimated revenues for FY99-00 and FY00-01 were calculated about .5% per year below average to bring the five average to roughly 5.5%.

Appropriations For the "following biennium" (FY99-00 and FY00-01), the mainline budget numbers reflect the annualized impact of the FY98 and FY99 appropriations plus an estimate of future year increases in entitlement programs, salary and health insurance increases, and other funding requirements that are normally not optional. Obviously the actual funding needs in these areas will not be known until the biennial budget process starts again in two years. However for planning purposes, some level of funding for these items must be acknowledged and shown as likely funding commitments.

Table 1
Projected Budget Increases-Following Biennium

Projected Increases-Following Biennium	Change over Prior Year	
	FY1999-00	FY2000-01
Special Education	5,148,575	5,354,518
State Aid to Schools (TEEOSA)	14,283,784	20,491,892
Homestead Exemption	0	0
Developmental Disability-rate equity	2,691,951	2,772,710
Public Assistance	9,565,583	10,378,657
Medicaid	29,334,809	32,268,290
Inmate per diem costs	1,679,847	1,780,637
Salaries (3% per yr)	20,482,562	21,097,038
Health Insurance	11,154,636	5,577,318
Operations increase (2%)	2,819,966	2,876,365
Subtotal-Operations/State Aid	97,161,713	102,597,425
Construction (to reaffirmation only)	(9,263,313)	(2,650,012)
Total	87,898,400	99,947,413

Special Education: The numbers shown reflect a 4% per year increase. LB742 (1995) established a 2.5% limit on special ed reimbursement growth for FY97 and 3.0% for FY98. Intent language provided for the implementation of an alternative system of funding beginning in 1998-99 with the new system designed so average annual special education costs increase at a rate no greater than the growth rate of general education. Once the current spending limits expire, and the impacts of LB1114 are phased-in, it's assumed school spending growth will approximate the growth in property valuations, roughly 4% per year historically.

State Aid to Schools (TEEOSA): Funding for the Tax Equity and Educational Opportunities Support Act (TEEOSA) is calculated at the original \$131 million of state aid plus estimated revenues generated by the tax increases enacted in LB1059. The calculations for FY99-20 and FY00-01 are based on the revenue forecasts as noted above.

Medicaid A growth rate of 10% per year is utilized for Medicaid. While this is lower growth than the average over the past 10 years, it is a higher growth rate than what's included in the FY98/FY99 budget. For the FY98/FY99 biennium the budget reflects an average growth of about 3% per year. However, adjusting for the change in the federal match rate, and a base adjustment to the FY97 appropriation level, the actual growth is approximately 6.5% per year. A 10% per year growth used in the "out years" provides for the 6.5% per year cost/client growth plus a contingency equal to a match rate decline to the pre-FY98/FY99 level. The higher growth rate also can provide some contingency as continued competition for service workers could put pressure on salary levels and therefore care provider rates.

Public Assistance A growth rate of 8.5% per year is utilized for the various Public Assistance programs. This is consistent with the FY98 budget increase and the average over the past

nine years. While this level of growth is higher than the FY99 budget increase, utilizing this higher growth level provides a contingency against future impacts of welfare reform and child care and child welfare cost increases.

Developmental Disability-Rate Equity The mainline budget bill passed in the 1995 and 1997 Sessions contained intent language that methodology rates for developmental disability services should be increased to 75% in FY95-96, 80% in FY96-97, 85% in FY97-98, 90% in FY98-99, 95% in FY99-00, and 100% in FY00-01. The dollar increases shown are consistent with this intent to reach the 95% and 100% levels in the following biennium. Note that with the Governors veto, the FY98-99 funding would only cover rate equity at 85%. Therefore in order to achieve the 95% level in FY99-00, the increase amount for FY99-00 includes two components; the original amount needed to raise rate equity from 90% to 95% plus restoration of the vetoed FY99 amount.

Operating Costs-New Correctional facilities In the FY98/FY99 biennium, funds are appropriated to construct an incarceration work camp and new 960 bed prison. The work camp is projected to be operational in FY99-00, and staffing and operating costs are included in the projected budget for FY99-00 and FY00-01. The new prison is not expected to be operational until FY01-02 and the estimated \$15 million operating costs will be reflected in estimates at that time.

Inmate Per Diem Costs While some costs at the Dept of Correctional Services such as staffing are "fixed" within a range of inmate population, some costs change directly with each inmate. This includes items such as food, clothing, and medical care. A 6% per year increase is included to reflect both inflationary costs and an increase in the number of inmates.

Community Colleges The amount shown as an

increase in projected funding for the community colleges reflects the intent language contained in LB269 passed in the 1997 session. This relates to state aid to replace lost property tax revenues under the LB1114 levy limits.

Employee Salary Increases Although salary increases will be the result of bargaining, some level of increase is factored in more for illustration than planning purposes. A 3.0% per year increase is included which approximates the Data Resources Inc. projected increase in the Consumer Price Index.

Employee Health Insurance Bids for the upcoming FY98/FY99 biennium were substantially less than the FY97 rates. For example, Blue Cross/Blue Shield Optional (Family Coverage) total annual costs per employee were \$6,775 for FY97, while the cost for the following biennium is \$6,179 for FY98 and \$6,488 for FY99. With respect to the following biennium, it's very difficult to assess what the estimated cost might be. Will the lower FY98/FY99 costs be retained with some inflationary increase? Or are the FY98/FY99 bids extraordinarily low, and will the bids for the following biennium return to the FY97 plus cumulative inflation back to FY97? The dollar increase added to the following biennium assumes the latter. FY1999-2000 assumes a 25% increase in health insurance which would accommodate a return to the FY97 rates plus inflation.

Capital Construction General Fund dollars included in the following biennium for capital construction reflect reaffirmations only based on the FY98/FY99 biennial budget as enacted. These are dollar amounts needed to complete funding previously approved projects. No allocation for new construction is included. Funding would still be available for the 309 Task Force through the earmark of cigarette tax funds and the third \$10 million General Fund appropriation (FY1999-2000) per intent language.

GENERAL FUND REVENUES

General Fund Revenue Forecasts

Table 2 includes actual General Fund revenues for the past 10 years, the April 1997 projections made by the Nebraska Economic Forecast Advisory Board (NEFAB) for FY97-98 and FY98-99, and LFO preliminary estimates for FY1999-2000 and FY2000-01.

The LFO preliminary estimates were arrived at by taking the three years for which there are actual receipts or official forecast revenue numbers, and arriving at revenue numbers for both FY99-00 and FY00-01 that would yield an average growth over the five year period roughly equal to the historical revenue growth.

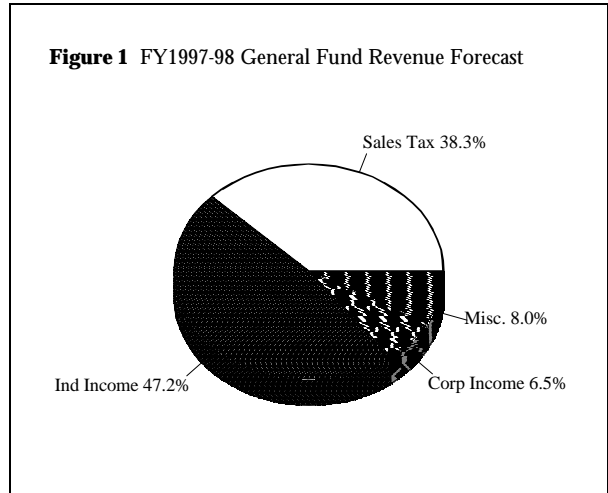


Table 2
General Fund Revenues

Fiscal Year	Sales and Use Tax	Individual Income Tax	Corporate Income Tax	Miscellaneous Taxes and Fees	Total Net Receipts	\$ Change
FY 1986-87	345,158,484	365,762,015	67,423,552	108,010,490	886,354,541	52,118,374
FY 1987-88	393,148,700	437,741,927	73,781,732	111,426,183	1,016,098,542	129,744,001
FY 1988-89	430,078,299	479,731,816	80,624,142	143,012,760	1,133,447,017	117,348,475
FY 1989-90	444,231,183	501,134,237	71,948,124	135,396,459	1,152,710,003	19,262,986
FY 1990-91	547,372,735	609,430,580	81,947,961	128,325,622	1,367,076,898	214,366,895
FY 1991-92	592,441,836	658,634,300	103,617,106	135,716,137	1,490,409,379	123,332,481
FY 1992-93	586,355,271	690,350,753	102,754,927	145,200,908	1,524,661,859	34,252,480
FY 1993-94	648,846,708	722,360,866	113,142,771	169,401,912	1,653,752,257	129,090,398
FY 1994-95	683,852,397	746,717,579	123,923,674	150,995,891	1,705,489,541	51,737,284
FY 1995-96	711,008,684	846,550,249	126,801,468	152,380,385	1,836,740,786	131,251,245
FY 1996-97	755,907,807	944,117,130	137,337,967	172,241,113	2,009,604,017	172,863,231
FY 1997-98 NEFAB*	792,900,000	895,300,000	133,200,000	172,400,000	1,993,800,000	(15,804,017)
FY 1998-99 NEFAB*	828,900,000	982,300,000	134,300,000	168,300,000	2,113,800,000	120,000,000
FY 1999-00 Prelim	868,000,000	1,074,000,000	141,000,000	153,000,000	2,236,000,000	122,200,000
FY 2000-01 Prelim	907,000,000	1,145,000,000	147,000,000	161,000,000	2,360,000,000	124,000,000

* Reflects legislation passed in the 1997 Session.

Revenue Growth

The numbers in Table 2 show the actual and projected General Fund revenues and the dollar changes from the prior year. From these numbers, a simple percent change over the prior year can be calculated. While these simple percent changes are appropriate when looking at the actual changes over time, they do not represent what is commonly referred to as revenue growth. For purposes here, revenue growth means the growth in revenues caused by economic activity and inflation as arrived at by adjusting out items such as tax base and rate changes, legislation enacted,

and one-time extraordinary items. The underlying revenue growths as calculated for the past 10 years and the existing forecasts are shown in Table 3. For the recently completed biennium (FY96 / FY97) the actual receipts yield an adjusted revenue growth of about 7.5% per year, well above the historical average of 5.5%. In the biennial budget (FY98/FY99) the NEFAB forecasts result in an average growth over the two year period of approximately 4.5% per year. In the following biennium (FY00/FY01) the LFO preliminary estimate shows annual growth of 5.0% per year bringing the five average to 5.4%, close to the historical average of 5.7%.

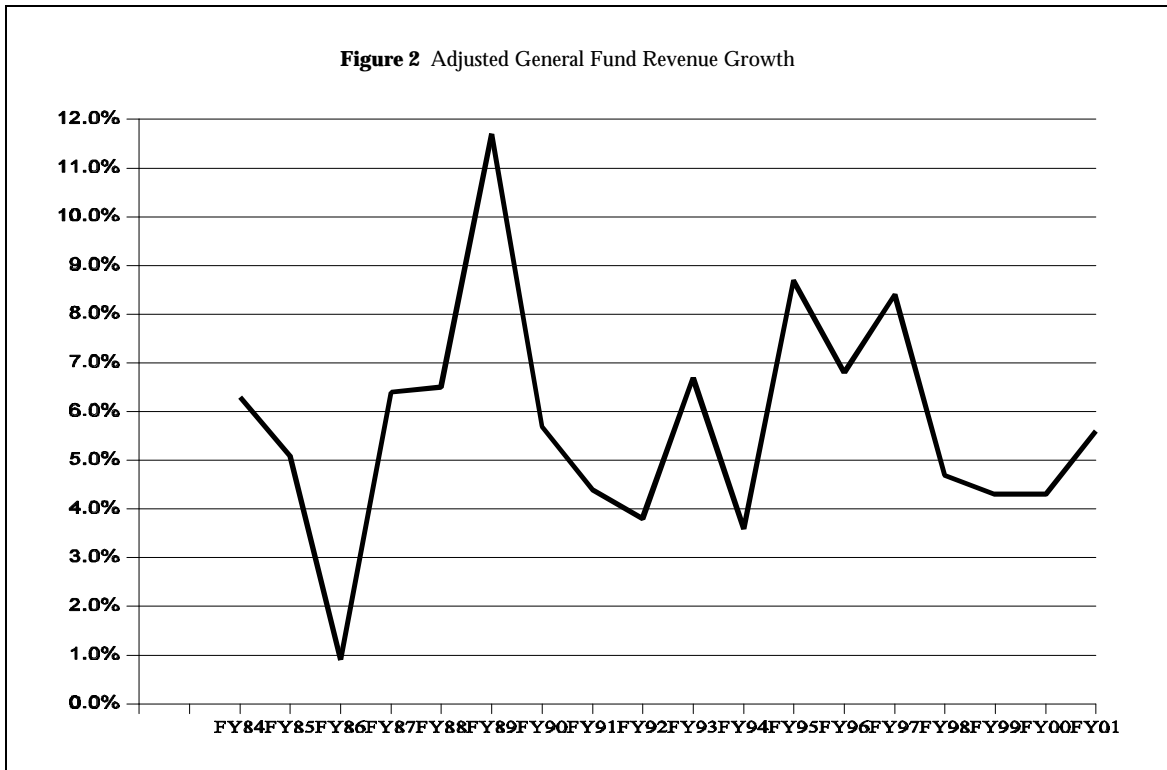


Table 3
Adjusted General Fund Revenue Growth

Adjusted Growth	Sales	Individual	Corporate	Miscellaneous	Total
FY1981-82 Actual	3.6%	10.7%	-10.4%	8.2%	5.9%
FY1982-83 Actual	1.8%	12.4%	-28.0%	1.5%	4.1%
FY1983-84 Actual	6.9%	2.2%	27.0%	7.4%	6.3%
FY1984-85 Actual	4.7%	5.5%	12.2%	5.6%	5.1%
FY1985-86 Actual	-1.1%	9.0%	-20.2%	-3.5%	0.9%
FY1986-87 Actual	2.2%	7.9%	17.9%	7.1%	6.4%
FY1987-88 Actual	6.7%	8.0%	12.6%	-2.8%	6.5%
FY1988-89 Actual	10.3%	14.6%	15.8%	2.5%	11.6%
FY1989-90 Actual	6.2%	9.4%	-4.7%	-4.1%	5.7%
FY1990-91 Actual	1.6%	7.2%	5.3%	2.6%	4.4%
FY1991-92 Actual	3.8%	1.7%	12.9%	7.2%	3.8%
FY1992-93 Actual	7.5%	6.9%	9.1%	-0.3%	6.7%
FY1993-94 Actual *	5.2%	2.4%	0.3%	5.9%	3.6%
FY1994-95 Actual *	9.7%	7.4%	19.2%	2.0%	8.7%
FY1995-96 Actual	5.6%	8.4%	8.9%	2.6%	6.8%
FY1996-97 Actual	4.9%	13.4%	7.0%	0.7%	8.4%
FY1997-98 NEFAB	6.1%	3.6%	-2.3%	11.5%	4.7%
FY1998-99 NEFAB	4.5%	5.0%	0.7%	1.9%	4.3%
FY1999-00 LFO Prelim	4.3%	4.6%	4.4%	1.8%	4.3%
FY2000-01 LFO Prelim	4.7%	6.6%	3.8%	5.2%	5.6%
AVERAGE GROWTH:					
Status FY97 to FY01 (Five Yr)	4.9%	6.6%	2.6%	4.1%	5.4%
FY81-82 to FY86-87 (Five Yr)	3.0%	6.7%	1.8%	1.4%	4.1%
FY86-87 to FY91-92 (Five Yr)	5.3%	8.0%	6.9%	0.8%	6.1%
FY91-92 to FY96-97 (Five Yr)	6.8%	7.6%	7.5%	1.9%	6.8%
Historical Average (16 Yrs)	5.0%	7.6%	4.5%	1.6%	5.7%
Above Average Years (9)	6.4%	8.8%	11.9%	3.0%	7.5%
Below Average Years (7)	3.2%	6.8%	-3.2%	2.2%	3.9%
Historical Average (16 Yrs)	5.0%	7.6%	4.5%	1.6%	5.7%
*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 approximately 6.5% over the two years.					

General Fund Transfers-In

There are only a few instances in statute where monies in a cash fund can be transferred to the General Fund at the discretion of the Legislature. Historically the revenue projections did not acknowledge any discretionary transfers.

Subsequently when any transfers were authorized by the Legislature, such amounts were shown on the financial status as additional General Fund revenues. The FY98/FY99 biennial budget includes a total of \$9 million of cash fund transfers from the Securities Act Cash Fund to the General Fund as provided for in LB 389.

Table 4
General Fund Transfers-In

	In Forecast	Biennial Budget		Following Biennium	
	FY1996-97	FY1997-98	FY1998-99	FY1999-00	FY2000-01
Securities Act Cash Fund	11,000,000	9,000,000	9,000,000	0	0
Dept of Insurance Cash Fund	500,000	0	0	0	0
Dept of Motor Vehicles Cash Fund	2,000,000	0	0	0	0
Total-General Fund Transfers-In	13,500,000	9,000,000	9,000,000	0	0

General Fund Transfers-Out

This area reflects situation where funds are transferred from the General Fund to another fund within the state treasury. These items have the same affect as an appropriation but are not expended as such and thus are shown under the revenue category.

In terms of previously enacted legislation, the major dollar amount is attributed to the passage of LB 377 (1995). This bill provided a combination of grain checkoff funds and General Funds to cover the outstanding cost of ethanol production incentive credits. The checkoff would be in effect from July 1, 1995 through January 1, 2001 and would be paid by the seller to the first purchaser in Nebraska.

General Fund transfers established in LB 377 were \$8,000,000 for both FY 95-96 and FY 96-97 with intent language for future transfers of \$7 million in both FY97-98 and FY98-99, and \$6 million in both FY99-00 and FY2000-01. Total General Fund transfers to EPIC would total \$42,000,000.

LB180 passed in the 1997 session, was enacted which created the Property Tax Reduction Incentive Fund. This fund would be used for property tax relief and assisting local governments under the LB1114 levy caps by either increasing state aid or by having the state takeover programs that are currently funded by property taxes. These costs would be funded by a \$20 million per year transfer from the General Fund starting in FY1998-99

Table 5
General Fund Transfers-Out

	Enacted	Biennial Budget		Following Biennium	
	FY1996-97	FY1997-98	FY1998-99	FY1999-00	FY2000-01
Ethanol Credits (EPIC Fund)	(8,000,000)	(7,000,000)	(7,000,000)	(6,000,000)	(6,000,000)
Child Abuse Prevention Fund	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)
Campaign Finance Limitation	0	0	0	0	0
Law Enforcement Training Center	(360,000)	(360,000)	(360,000)	(360,000)	(360,000)
Trail Development Assistance Fund	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
LB 180 Prop Tax Reduction Incentive Fund	0	0	(20,000,000)	(20,000,000)	(20,000,000)
Total General Fund Transfers-Out	(8,660,000)	(7,660,000)	(27,660,000)	(26,660,000)	(26,660,000)

Revenue Legislation-1997 Session

During the 1997 Session a significant amount of revenue legislation was enacted. Most significant was LB401 which provided an income tax reduction for tax years 1997 and 1998 and was the

largest one-time use of funds for reducing the General Fund surplus. Table 6 provides a listing of the revenue legislation enacted during the 1997 Session that impact on General Fund revenues. Following the table is a narrative description of the major bills listed.

Table 6
Revenue Legislation - 1997 Session

	FY1997-98	FY1998-99	FY1999-00	FY2000-01
LB 55 CHIP assessment income tax credit	(1,770,000)	(1,770,000)	(1,770,000)	(1,770,000)
LB 61 Limit tax credit, Nebraska source premiums	0	100,000	100,000	100,000
LB 99 Change taxation provisions, bingo	(180,875)	(361,750)	(361,750)	(361,750)
LB 113 Mail order sales tax lists	(VETO)	(VETO)	(VETO)	(VETO)
LB 182A Change definition of ag chemical	(97,000)	(97,000)	(97,000)	(97,000)
LB 248 Compulsive gamblers funding	(250,000)	(250,000)	(250,000)	(1,000,000)
LB 317 Change mechanical amusement devices fees	0	70,000	70,000	70,000
LB 401 Income tax (-5% liability+\$10 credit+hlth deduct)	(82,728,000)	(44,745,000)	0	0
LB 523 Sec of State, registration of partnerships	60,000	60,000	60,000	60,000
LB 798 Certificate of Need exemptions	(199,000)	(199,000)	(199,000)	(199,000)
LB 864 Affordable housing	(2,000,000)	(4,000,000)	(5,000,000)	(6,000,000)
Total-Revenue Legislation by Bill	(87,164,875)	(51,192,750)	(7,447,750)	(9,197,750)
Sales/Use Tax	(97,000)	(97,000)	(97,000)	(97,000)
Individual Income Tax	(82,728,000)	(44,745,000)	0	0
Corporate Income Tax	(1,770,000)	(1,670,000)	(1,670,000)	(1,670,000)
Miscellaneous receipts	(2,569,875)	(4,680,750)	(5,680,750)	(7,430,750)
Total-Revenue Legislation by Category	(87,164,875)	(51,192,750)	(7,447,750)	(9,197,750)

LB 55 allows a credit against income taxes for the amount paid as a Comprehensive Health Insurance Pool (CHIP) assessment beginning in tax years commencing on or after January 1, 1997. Currently, only premium taxes actually paid by an insurance company are permitted to offset corporate income taxes owed. Estimated annual decrease in corporate income tax revenue received from insurance companies is \$1,770,000.

LB 99 reduces the state bingo tax rate from 6% of gross proceeds to 3%, and reduces the municipal bingo tax rate from 2% to 1%. The municipal bingo tax rate of 1% is allowed until January 1, 1999 at which time the local tax rate is repealed. Total estimated state tax loss is \$301,458 in FY97-98 and \$602,917 of which 60% (\$180,875 in FY97-98 and \$361,750 in FY98-99) would be General Funds. The remaining 40% tax loss relates to the Charitable Gaming Cash Fund.

LB248 makes several technical clean-up and clarifying changes to the charitable gaming statutes. However the bill also provides for transfers of \$250,000 per year for FY1997-98, FY1998-99 and FY1999-2000 from the Charitable Gaming Operations Fund to the Compulsive Gamblers Assistance Fund. For FY2000-01 and each year thereafter, the transfer will be \$1 million per year, if the need for such funds is demonstrated to the Legislature. These transfer amounts show as a General Fund revenue loss as under current law funds in the Charitable Gaming Operations Fund not utilized by the Department of Revenue for administering and regulating charitable gambling are lapsed to the General Fund. As this bill does not reduce the budget of the Charitable Gaming Division, these transfer funds must come from that portion of funds that have been historically lapsed to the General Fund.

LB 401 provides for (1) a 4.38% reduction in income tax rates resulting in a 5% reduction in liability, (2) a \$10 increase in the personal exemption credit from \$76 to \$86 for tax year 1997 and \$78 to \$88 for tax year 1998, and (3) a reduction to adjusted gross income for self-employed individuals for amounts paid for health insurance. All provisions would only be applicable for tax years 1997 and 1998. The estimated reductions in tax revenues assume withholding is reduced on January 1, 1998, and is increased on January 1, 1999.

<u>Tax Reduction</u>	<u>FY1997-98</u>	<u>FY1998-99</u>
Rate change	(62,217,000)	(33,491,000)
Credit	(16,651,000)	(7,954,000)
Health Insurance deduction	(3,860,000)	(3,300,000)
Total	(82,728,000)	(44,745,000)

Note that the rate reduction is not in the 3.7% base tax rate but in the factors applied to the base rate for the four income brackets as shown below. Income levels reflect married filing jointly.

<u>Bracket</u>	<u>Original</u>		<u>Per LB 401</u>	
	<u>Factor</u>	<u>Rate</u>	<u>Factor</u>	<u>Rate</u>
\$0-4,000	0.7080	2.62%	0.6784	2.51%
\$4,000-30,000	0.9860	3.65%	0.9432	3.49%
\$30,000-46,750	1.4150	5.24%	1.3541	5.01%
Over \$46,750	1.8900	6.99%	1.8054	6.68%

LB 864 basically addressed state policy requirements and options created by the passage of the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 and harmonizes provisions passed in the previous state welfare reform measures. These provisions had an expenditure impact but no impact on revenues. However, an amendment to the bill (AM1601) provided designated funding sources for the Affordable Housing Trust Fund in the Department of Economic Development. This fund was created by the Nebraska Affordable Housing Act passed during the 1996 Legislative Session (LB 1322).

There were two funding sources provided. Beginning January 1, 1998 through December 31, 2002, revenue from the documentary stamp tax retained by the state and previously deposited in the General Fund will be deposited in the Affordable Housing Trust Fund. In addition to the documentary tax revenues, \$2,000,000 will be transferred from the Securities Act Cash Fund to the Affordable Housing Trust Fund in calendar years 2000 and 2001. On a fiscal year basis these transfers result in revenues to the trust fund of \$1,000,000 in FY 1999-2000, \$2,000,000 in FY 2000-01 and \$1,000,000 of in FY 2001-02. Amounts directed to the Affordable Housing Trust Fund from the Securities Act Cash Fund will not

be available for transfer to the General Fund as has been done historically.

The following table shows the revenue flow to the Affordable Housing Trust Fund. These amounts also would be General Fund revenue losses

<u>Fiscal Year</u>	<u>Documentary Stamp Tax</u>	<u>Securities Act Fund Transfer</u>
1997-98	\$2,000,000	0
1998-99	\$4,000,000	0
1999-00	\$4,000,000	\$1,000,000
2000-01	\$4,000,000	\$2,000,000
2001-02	\$4,000,000	\$1,000,000
2002-03	\$2,000,000	0
Total	\$20,000,000	\$4,000,000

Cash Reserve Fund

The Cash Reserve Fund, created in 1983, is not included as part of the "General Fund Reserve" (which is the ending General Fund balance for a biennium) as the Cash Reserve Fund was created as a separate and distinct fund to cover cash flow needs within a month or several month period. Since Nebraska has a constitutional \$100,000 limit on issuance of general obligation debt, this is the only short-term source of funds during a cash flow shortfall. LB38 passed during the 1993 Session also provided for the Cash Reserve Fund to serve as a "rainy day fund" in that during a fiscal year, money was transferred between the

General Fund and Cash Reserve fund based on actual revenue performance compared to projections. LB1290 (1996 Session) modified the provisions of LB38 by making these transfers on an annual basis rather than quarterly, and had the automatic transfer provision take place only when actual receipts were above forecast.

Table 7 shows the historical and projected status of the Cash Reserve Fund followed by a detailed description of the various transfers as shown on the Financial Status.

Table 6
Ten Year Historical/Projected Status of the Cash Reserve Fund

	Beginning Balance	Sales Tax and Interest	Interest To GF	Legislative Transfers	Automatic Transfers	Ending Balance	Balance as % of revenues
FY1983-84	0	37,046,760	0	0	0	37,046,760	4.7%
FY1984-85	37,046,760	3,521,007	(4,993,558)	0	0	35,574,209	4.5%
FY1985-86	35,574,209	1,795,643	(1,567,788)	(13,500,000)	0	22,302,064	2.7%
FY1986-87	22,302,064	1,428,021	0	0	0	23,730,085	2.7%
FY1987-88	23,730,085	1,654,844	0	(7,700,000)	0	17,684,929	1.7%
FY1988-89	17,684,929	252,707	(113,707)	32,600,000	0	50,423,929	4.4%
FY1989-90	50,423,929	113,114	0	(10,500,000)	0	40,037,043	3.5%
FY1990-91	40,037,043	Gen Fund	na	(8,100,000)	0	31,937,043	2.3%
FY1991-92	31,937,043	Gen Fund	na	(5,000,000)	0	26,937,043	1.8%
FY1992-93	26,937,043	Gen Fund	na	(9,500,000)	0	17,437,043	1.1%
FY1993-94	17,437,043	Gen Fund	na	7,250,000	3,063,462	27,750,505	1.7%
FY1994-95	27,750,505	Gen Fund	na	1,250,000	(8,518,701)	20,481,804	1.2%
FY1995-96	20,481,804	Gen Fund	na	18,189,565	(20,481,804)	18,189,565	1.0%
FY1996-97	18,189,565	Gen Fund	na	3,032,333	19,740,786	40,962,684	2.1%
FY1997-98 Est	40,962,684	Gen Fund	na	0	91,620,017	132,582,701	6.6%
FY1998-99 Est	132,582,701	Gen Fund	na	0	(40,000,000)	92,582,701	4.4%
FY1999-00 Est	92,582,701	Gen Fund	na	0	0	92,582,701	4.1%
FY2000-01 Est	92,582,701	Gen Fund	na	0	0	92,582,701	3.9%
FY2001-02 Est	92,582,701	Gen Fund	na	0	0	92,582,701	3.7%
FY2002-03 Est	92,582,701	Gen Fund	na	0	0	92,582,701	3.5%

Cash Reserve Fund Transfers (automatic) LB1290 (1996) requires that on an annual basis, actual revenues above projection be transferred from the General Fund to the Cash Reserve Fund (CRF). The projected revenue number is an amount certified by the Dept of Revenue and Legislative Fiscal Office at the beginning of the fiscal year, and consists of the last NEFAB forecast adjusted for legislation enacted in the prior session.

Because these transfers are made on an annual basis, and the fiscal year must be completed before actual receipts can be compared to the projected amounts (June 30), any transfer would actually occur in July which is part of the following fiscal year. The \$19.7 million transfer to the Cash Reserve Fund shown in FY96-97 reflects FY95-96 actual receipts above the certified forecast.

FY1996-97 revenues above projections will show as a transfer in FY97-98. This is the \$91.6 million transfer shown in the FY97-98 column on the Financial Status. The certified revenue projection for FY96-97 was \$1,917,984,000 actual receipts were \$2,009,604,017 a difference of \$91.6 million. This amount shows as a transfer-out in FY97-98. Note that on Sine Die this transfer was estimated at \$58 million based on the FY96-97 forecast at that time.

Cash Reserve Fund Transfers (legislative) This line reflects instances where funds are transferred to or from the Cash Reserve Fund by specific

action of the Legislature not under the automatic provisions of LB1290. In 1995, the Legislature enacted a total of \$23 million of transfers from the General Fund to the Cash Reserve Fund for FY1996-97. LB392, the mainline budget bill, enacted a \$20 million transfer related to "Maximus" savings. This amounted to 40% of the projected General Fund budget savings related to the Maximus contract whose purpose was to identify areas where the state could utilize additional federal funds with a resulting reduction in state funds. The other \$3 million of transfers related to projected special education savings under LB742. This \$3 million is the amount shown for FY96-97 as legislative transfers.

LB 401 passed during the 1997 session includes a \$40 million transfer back to the General Fund, such transfer to take place in FY1998-99. In effect, this was a partial "reversal" of the projected FY97-98 transfer. The Cash Reserve Fund balance is projected at \$40 million on June 30, 1997. With the transfer due to FY96-97 actual revenues, the Cash Reserve Fund balance increases to \$132.6 million and then declines to \$92.6 million in FY98-99 with the transfer under LB 401.

Note that while the projected \$92 million balance in the fund is substantially greater than prior year balances, it equates to 4.4% of projected FY98-99 revenues. When the Cash Reserve Fund was established in FY83-84, the ending balance that year was \$37 million or 4.7% of FY83-84 revenues.

GENERAL FUND APPROPRIATIONS

General Fund Overview

Table 7 shows General Fund appropriations for FY1996-97 (excluding deficits) and the biennial budget (FY1997-98 and FY1998-99) as enacted in the 1997 legislative session. The mainline budget bills reflect the funding provided for agencies and programs based on statutes and laws as they existed prior to the 1997 Session and generally is

the basis on which the Appropriations Committee makes their recommendations. The term "A" bills refers to appropriations bills that are "attached" to legislative bills where those statutory changes result in a fiscal impact and require an appropriation to carryout their provisions

Table 7
General Fund Appropriations - 1997 Legislative Session

<i>FY1996-97</i>	Operations	State Aid	Construction	Total
<i>Total Per 1996 Session (without deficits)</i>	729,644,800	1,136,322,258	19,843,088	1,885,810,146
<i>FY1997-98</i>	Operations	State Aid	Construction	Total
Appropriations Committee Budget	760,179,565	1,175,637,385	42,715,128	1,978,532,078
Bills Held (LB 799)	0	(2,500,000)	0	(2,500,000)
Floor Amendments	1,613,442	2,456,879	200,000	4,270,321
Governor Vetoes	(3,107,734)	(4,066,472)	(4,250,000)	(11,424,206)
Veto Overrides	24,814	1,499,390	0	1,524,204
Subtotal-Mainline Budget Bills	758,710,087	1,173,027,182	38,665,128	1,970,402,397
"A" Bills	971,246	5,808,376	2,585,614	9,365,236
<i>Total Per 1997 Session</i>	759,681,333	1,178,835,558	41,250,742	1,979,767,633
Change over Prior Year				
Dollar	30,036,533	42,513,300	21,407,654	93,957,487
Percent	4.1%	3.7%	107.9%	5.0%
<i>FY1998-99</i>	Operations	State Aid	Construction	Total
Appropriations Committee Budget	783,064,314	1,223,267,756	50,691,389	2,057,023,459
Bills Held (LB 799)	0	(2,500,000)	0	(2,500,000)
Floor Amendments	1,653,846	118,000	(1,668,840)	103,006
Governor Vetoes	(3,781,179)	(6,130,156)	(4,250,000)	(14,161,335)
Veto Overrides	29,625	433,239	0	462,864
Subtotal-Mainline Budget Bills	780,966,606	1,215,188,839	44,772,549	2,040,927,994
"A" Bills	1,223,542	124,134,154	3,300,000	128,657,696
<i>Total Per 1997 Session</i>	782,190,148	1,339,322,993	48,072,549	2,169,585,690
Change over Prior Year				
Dollar	22,508,815	160,487,435	6,821,807	189,818,057
Percent	3.0%	13.6%	16.5%	9.6%

General Fund Appropriations-Operations and Aid

While Table 7 provides a general breakdown of operations, state aid and construction; Table 8 provides a more detailed breakdown of this overall categories.

OPERATIONS accounts for the costs of actually operating state agencies including costs such as employee salaries and benefits, data processing, utilities, vehicle and equipment purchases, fuel and oil, etc... About 40% of General Fund appropriations are for agency operations. Although there are 51 state agencies that receive General Fund appropriations, higher education (University of Nebraska and State Colleges) and the five largest agencies (Health and Human Services, Corrections, Courts, and State Patrol) account for over 80% of state operations.

STATE AID About 60% of General Fund appropriations are classified as state aid. State aid accounts for payments made to local governments, individuals, and quasi-government

units. Aid to local governments includes programs such as state aid to schools (LB1059), special education, technical community colleges, and homestead exemption reimbursements. Aid to individuals includes programs such as Medicaid, Aid to Families with Dependent Children (ADC), student scholarships, etc... Aid to quasi-government units ("other") are those local agencies that do not have the authority to levy property taxes such as area agencies on aging, mental health regions and developmental disability regions.

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 repair/renovation projects are routinely done within an agencies operating budget. Note that road construction and maintenance is **not** included in this category. This is included under cash fund agency operations.

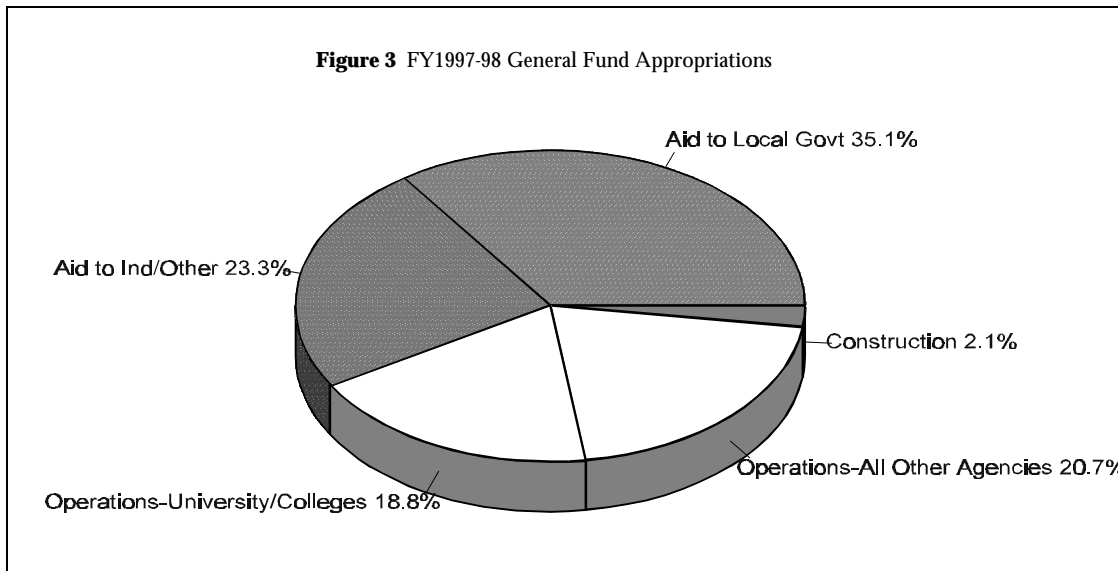
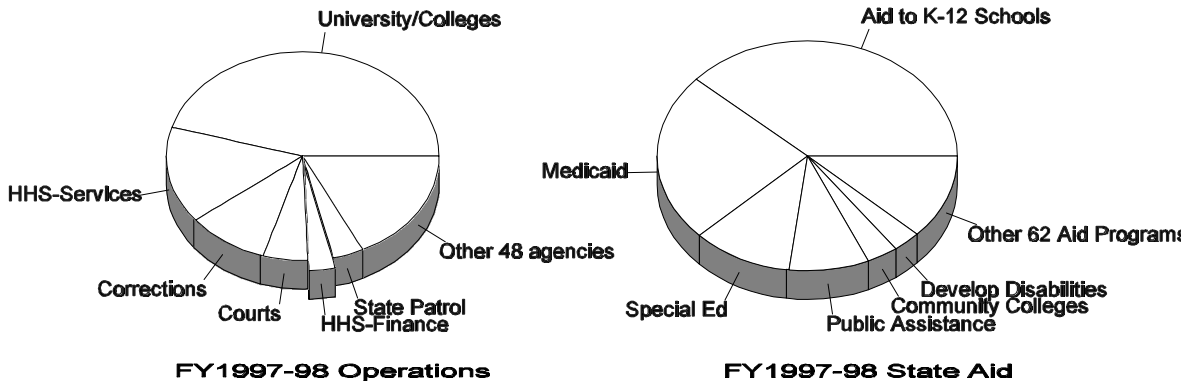


Table 8
General Fund Appropriations by Operations and State Aid

BY MAJOR AREA	Appropriation - 1997 Session		FY1997-98		FY1998-99	
	FY1997-98	FY1998-99	\$ Change	% Chnge	\$ Change	% Chnge
AGENCY OPERATIONS						
University/Colleges (excludes aid)	350,019,036	362,368,622	10,993,902	3.2%	12,349,586	3.5%
HHS-Services *	109,497,106	113,968,853	9,237,984	9.2%	4,471,747	4.1%
Correctional Services	72,647,583	76,903,535	10,194,122	16.3%	4,255,952	5.9%
Supreme Court	41,964,631	43,070,781	2,654,010	6.8%	1,106,150	2.6%
HHS-Finance *	23,249,068	23,575,220	(6,313,198)	-21.4%	326,152	1.4%
State Patrol	28,264,733	28,809,219	993,306	3.6%	544,486	1.9%
Other 48 Agencies	134,039,176	133,493,918	2,276,407	1.7%	(545,258)	-0.4%
Total-GF Operations	759,681,333	782,190,148	30,036,533	4.1%	22,508,815	3.0%
STATE AID						
State Aid to Education	454,273,986	580,290,236	19,439,652	4.5%	126,016,250	27.7%
Medicaid	277,655,356	293,348,093	456,697	0.2%	15,692,737	5.7%
Special Education	124,965,414	128,714,376	639,769	0.5%	3,748,962	3.0%
Public Assistance	106,047,873	112,257,293	8,831,021	9.1%	6,209,420	5.9%
Aid to Community Colleges	39,164,305	48,159,322	1,469,816	3.9%	8,995,017	23.0%
Developmental disabilities	35,708,981	38,221,618	4,992,034	16.3%	2,512,637	7.0%
Homestead Exemption	36,588,232	36,851,732	(3,674,282)	-9.1%	263,500	0.7%
Other 62 Aid Programs	104,431,411	101,480,323	10,358,593	11.0%	(2,951,088)	-2.8%
Total-GF State Aid	1,178,835,558	1,339,322,993	42,513,300	3.7%	160,487,435	13.6%
OPERATIONS+STATE AID	1,938,516,891	2,121,513,141	72,549,833	3.9%	182,996,250	9.4%
CAPITAL CONSTRUCTION	41,250,742	48,072,549	21,407,654	107.9%	6,821,807	16.5%
TOTAL GENERAL FUNDS	1,979,767,633	2,169,585,690	93,957,487	5.0%	189,818,057	9.6%

* Dollar and percent changes reflect shifting of functions per LB307.



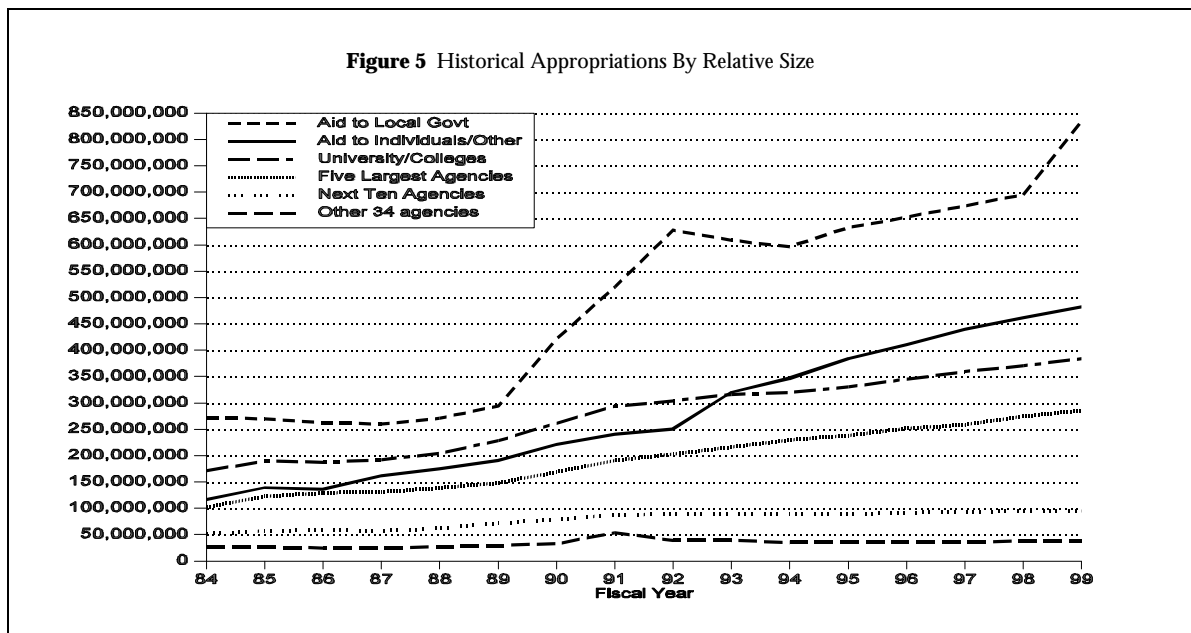
General Fund Appropriations By Relative Size

Although there are 51 agencies receiving General Funds and numerous aid programs, a significant portion of the budget is actually contained in just a few areas. About 96% of all General Fund

appropriations are accounted for by state aid, higher education, and the five largest state agencies: HHS-Services, Corrections, Courts, HHS-Finance and State Patrol.

Table 9
General Fund Appropriations by Relative Size

BY RELATIVE SIZE	Appropriation - 1997 Session		% Change		% of Total	
	FY1997-98	FY1998-99	FY97-98	FY98-99	FY1997-98	FY1998-99
Aid to Local Govt	695,809,228	834,538,657	3.1%	19.9%	35.1%	38.5%
Aid to Individuals/Other	461,110,001	483,082,667	4.7%	4.8%	23.3%	22.3%
University/Colleges	371,935,365	384,070,291	3.3%	3.3%	18.8%	17.7%
Five Largest Agencies	275,623,121	286,327,608	6.5%	3.9%	13.9%	13.2%
Next Ten Agencies	95,915,247	94,874,840	1.9%	-1.1%	4.8%	4.4%
Other 34 Agencies	38,123,929	38,619,078	1.3%	1.3%	1.9%	1.8%
Total GF Operations/Aid	1,938,516,891	2,121,513,141	3.9%	9.4%	97.9%	97.8%
Capital Construction	41,250,742	48,072,549	107.9%	16.5%	2.1%	2.2%
Total General Funds	1,979,767,633	2,169,585,690	5.0%	9.6%	100.0%	100.0%



Historical General Fund Appropriations

While the previous sections provide an overview of the FY96-97 appropriations and the FY97-98 and FY1998-99 biennial budget as proposed by the Committee, Table 10 provides an historical perspective showing appropriations for the ten year period FY1988-89 through the proposed budget for FY1998-99. Over the entire 10 year period, the total General Fund appropriations have more than doubled. Almost 75% of the increase during this 10 year period is attributed to state aid to education, Medicaid, and employee salary and benefit increases. With respect to employee salaries, the average annual pay

increase during this 10 year period was very close to the rate of inflation; Medicaid grew dramatically due to client growth, medical costs, and impacts of federal law changes; and state aid to education expanded after LB1059.

Table 10 also includes a calculated average annual increase for the five year period FY89 to FY94, the five year period FY94 to FY99, and the overall average over the 10 year period. However in the last five years, average spending growth has been closer to the rate of inflation.

Table 10
Historical General Fund Appropriations

	Operations	State Aid	Construction	Total
FY1981-82 Approp	330,220,025	376,245,249	9,778,961	716,244,235
FY1982-83 Approp	334,930,487	377,984,370	1,720,404	714,635,261
FY1983-84 Approp	351,692,885	392,791,835	1,798,159	746,282,879
FY1984-85 Approp	395,536,974	414,573,697	13,243,449	823,354,120
FY1985-86 Approp	391,387,094	409,122,800	10,838,460	811,348,354
FY1986-87 Approp	400,000,333	448,496,972	4,460,408	852,957,713
FY1987-88 Approp	426,528,953	463,432,280	5,847,592	895,808,825
FY1988-89 Approp	472,072,720	507,439,716	11,305,470	990,817,906
FY1989-90 Approp	537,495,269	669,627,591	25,263,566	1,232,386,426
FY1990-91 Approp	620,410,767	775,253,902	25,996,290	1,421,660,959
FY1991-92 Approp	624,844,682	892,255,295	17,661,861	1,534,761,838
FY1992-93 Approp	650,160,385	949,203,370	4,876,777	1,604,240,532
FY1993-94 Approp	659,579,798	962,014,142	7,144,545	1,628,738,485
FY1994-95 Approp	679,547,591	1,026,575,979	5,954,449	1,712,078,019
FY1995-96 Approp	706,863,455	1,077,719,822	19,591,655	1,804,174,932
FY1996-97 Approp	730,996,929	1,130,692,744	20,739,933	1,882,429,606
FY1997-98 Per 97 Session	759,681,333	1,178,835,558	41,250,742	1,979,767,633
FY1998-99 Per 97 Session	782,190,148	1,339,322,993	48,072,549	2,169,585,690
Average Annual Growth				
FY89 to FY94 (5 yr)	6.9%	13.6%	-8.8%	10.5%
FY94 to FY99 (5 yr)	3.5%	6.8%	46.4%	5.9%
FY89 to FY99 (10 yr)	5.2%	10.2%	15.6%	8.2%
FY98/FY99 Biennium	3.4%	8.8%	52.2%	7.4%

Significant General Fund Increases and Reductions

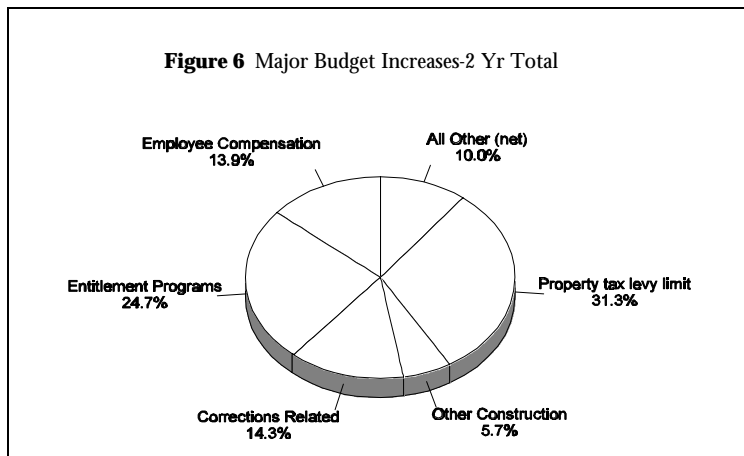
The FY98/FY99 biennial budget as enacted represents the result of numerous areas where the budget was increased, offset to some extent by

areas that were reduced. About 95% of the total change in General fund appropriations can be accounted for in the items in Table 11.

Table 11
Significant General Fund Increases/Reductions

	Change over Prior Year		Biennial Basis
	FY1997-98	FY1998-99	FY1998-99
SIGNIFICANT INCREASES:			
Additional Juvenile & Dist Court judge (LB19/LB189-1995)	275,994	4,324	280,318
Increase Judges salaries (LB362A)	225,160	530,873	756,033
Restore vacancy savings/salary increases-probation	263,693	0	263,693
Additional Douglas County Court staff	200,000	0	200,000
GF replacement, Court automation fee	1,116,436	0	1,116,436
Voter registration computer system, Sec of State	645,000	(570,000)	75,000
State Aid to Schools (TEEOSA) (includes LB806A)	19,439,652	126,016,250	145,455,902
Special Education	3,639,769	3,748,962	7,388,731
Vocational Rehabilitation match funds	324,693	138,171	462,864
Early Childhood education programs	125,000	0	125,000
Reallocate School for the Deaf (NSD) funds, alternate programs	350,000	0	350,000
Homestead Exemption (LB182)	3,388,232	263,500	3,651,732
Community-based juvenile services	1,456,800	2,088,275	3,545,075
Offset lower cash/federal funds (BSDC/Vets Home)	4,953,871	(251,542)	4,702,329
Develop Disability-aid (transition)	992,239	1,957,081	2,949,320
Develop Disability-aid (rate equity)	3,999,795	555,556	4,555,351
Mental Health aid	3,468,000	(2,585,000)	883,000
Public Assistance-cost/client increases (includes LB864)	8,831,021	6,209,420	15,040,441
Medicaid-cost/client increases	10,656,697	17,192,737	27,849,434
State aid for aging programs	763,225	(763,225)	0
Water rights litigation	928,725	(1,210,542)	(281,817)
Governors Emergency Fund	500,000	0	500,000
Corrections-inmate per diem costs	1,977,394	1,102,203	3,079,597
Corrections-operating costs, Secure Youth Facility	2,622,570	687,963	3,310,533
Corrections-operating costs Modular housing	1,890,663	171,878	2,062,541
Corrections-additional staffing	2,224,827	731,618	2,956,445
Corrections-community corrections programs	500,000	0	500,000
Student Aid-Coord. Commission	745,877	598,144	1,344,021
State Colleges-faculty	168,000	(12,000)	156,000
University-new building oper costs	571,257	362,971	934,228
University-College of Info Science/Technology (operations)	562,830	356,970	919,800
University-recruitment and instruction	523,850	523,725	1,047,575
University-extensions educators/asst. salaries	0	1,077,972	1,077,972
Resources Develop. Fund/Small Watersheds Fund	700,000	(500,000)	200,000
DNA Detection of Sexual and Violent Offenders Act (LB278A)	330,403	(93,500)	236,903
Microenterprise Development Act (LB327A)	250,000	0	250,000
Partnerships for Economic Development-DED	250,000	0	250,000

	Change over Prior Year		Biennial Basis
	FY1997-98	FY1998-99	FY1998-99
Job training funds-DED	1,000,000	0	1,000,000
Criminal Justice Info System (CJIS) implementation	250,000	50,000	300,000
Community Colleges (includes LB269A & LB835A))	1,469,816	8,995,017	10,464,833
Increased DEQ GF support, water/air/haz waste	385,071	(46,554)	338,517
LUST/Safe Drinking Water (LB517A)	1,200,000	0	1,200,000
Employee Salaries (fully funded)	18,739,514	19,341,790	38,081,304
Capital Construction	21,407,654	6,821,807	28,229,461
Subtotal-Increases Listed	124,313,728	193,494,844	317,808,572
SIGNIFICANT REDUCTIONS:			
GF reduction, School for Deaf (NSD)	(450,000)	(919,888)	(1,369,888)
Special Education, base reduction	(3,000,000)	0	(3,000,000)
Homestead Exemption (to FY97 actual)	(7,062,514)	0	(7,062,514)
Phase down eradication programs-Dept of Agriculture	(318,539)	1,759	(316,780)
One-time use of cash funds-Fire Marshal	(607,099)	507,099	(100,000)
Fully cash fund agency-Motor Vehicles	(1,234,708)	(112)	(1,234,820)
HHS Partnership savings	(5,763,601)	(1,984,593)	(7,748,194)
Medicaid-higher fed match rate	(10,200,000)	(1,500,000)	(11,700,000)
Reduced demand, Guard Tuition Assistance	(150,000)	0	(150,000)
1.5% per yr tuition to offset GF costs (University/Colleges)	(1,524,097)	(1,546,960)	(3,071,057)
Retirement system funding (per actuary)	(715,172)	0	(715,172)
Lower agency health insurance costs	(2,705,680)	1,078,082	(1,627,598)
Subtotal-Reductions Listed	(33,731,410)	(4,364,613)	(38,096,023)
OTHER NOT LISTED (NET)	3,375,169	687,826	4,062,995
TOTAL GENERAL FUND CHANGE	93,957,487	189,818,057	283,775,544



Of the total increase in appropriations over the two year period, about 84% is in four areas: entitlement type programs (Aid to K-12 Schools, Medicaid, Public Assistance and Homestead Exemption), employee compensation (salary increases and health insurance), Corrections related funding (including construction), and property tax levy limit related funding (additional state aid to assist in offsetting the impact of the LB1114 levy limits).

Highlights - General Fund State Aid

State Aid to Schools (TEEOSA)

General Funds appropriated as state aid to schools through the Tax Equity and Educational Opportunities Support Act (TEEOSA aka. LB1059) increased by \$19,439,652 in FY97-98 and an additional \$16,016,250 in FY98-99.

Since the passage of TEEOSA (LB1059), the unwritten policy has been to arrive at the amount of appropriation for aid to schools by adding to the pre-TEEOSA amount of state aid, all revenues generated by the tax increase enacted in LB1059. The amount of increased aid for TEEOSA in this budget reflects a continuation of this policy. Of the current sales tax rate of 5%, the equivalent of 1% of this rate, or 20% of total sales tax receipts, can be attributed to the sales tax increase enacted in LB1059. Of the current income tax base rate of 3.7%, the equivalent of .55% of this rate, or 14.86% of total income tax receipts, can be attributed to the tax increase enacted in LB1059. Since the corporate income tax rate is based on the individual income tax rate, the same proportion applies to both.

Language in the current (and previous) appropriations bill requires an after-the-fact comparison of actual revenues and appropriations when a fiscal year is completed. Appropriations then are adjusted up or down in a subsequent year depending on whether the actual revenues generated from the 1059 tax increase were greater or less than the additional appropriation made through the TEEOSA formula. With respect to FY1995-96, the amount of appropriation for that year was \$1.4 million greater than actual amount of revenues generated by the 1059 tax increase. In FY1997-98, the budget includes a \$1.4 million

reduction to carry out this intent language. Note that the adjustment is made with a two year lag because the amount of aid for the immediately following fiscal year has already been appropriated and the amount to be received by each school already calculated at the time the previous year actual receipts are available. By the time the budget bill could be amended, there will be only one payment remaining in that fiscal year.

In addition to the General Fund appropriations, the amount of insurance premium tax earmarked for schools is also distributed through the TEEOSA formula.

Once the total amount of TEEOSA funding is arrived at, the next step is to determine how much is distributed through the components of the formula; income tax rebate and equalization. This is relatively simple as LB1050 (1996) freezes the amount of income tax rebate at the FY92-93 level less amounts to cover option enrollment payments. The remaining amounts are distributed as equalization aid.

LB 806 was enacted in response to the property tax levy limits imposed by LB1114 (1996) which will start in FY98-99. While LB806 made a variety of changes in the school aid formula, LB806A appropriated an additional \$110 million to be distributed through the revised TEEOSA formula. LB 806 contains several major changes affecting school district reorganization, school finance, county superintendents, and educational service units. The freeholding provisions are expanded to allow the transfer of land out of Class II and III districts that vote to exceed the levy limits, with less than 60 students in grades 9-12, within 15 miles of another high school. The reorganization procedures are also

streamlined. The Tax Equity and Educational Opportunities Support Act (TEEOSA.) is amended to provide aid based on K-12 systems, not individual districts. The tier structure is replaced with membership adjustment factors and cost groupings based on sparsity to determine formula needs. A new special education allowance equal to the accountable special education receipts is modeled after the transportation allowance. Districts are

guaranteed 85% of the aid received in the previous year minus the amount that could be generated off of increases in adjusted valuation, except aid is reduced for districts that are 10% below the levy limit. Core services for educational service units are outlined and a mechanism is provided for funding those core services. The elective office of county superintendent is eliminated as of June 30, 2000.

Table 12
State Aid to K-12 Education (TEEOSA)

	New Approp	New Approp	Biennial Budget	
	FY1995-96	FY1996-97	FY1997-98	FY1998-99
Base Year Appropriation	400,230,135	400,230,135	434,834,334	434,834,334
Revenue from tax increase	19,654,696	36,441,182	20,823,470	35,455,902
Reconcile for prior yr actuals	(4,951,017)	(1,836,983)	(1,383,818)	0
LB 806 Increase aid to schools	0	0	0	110,000,000
Subtotal -General Funds	414,933,814	434,834,334	454,273,986	580,290,236
Insurance Premium Tax	na	12,409,260	10,500,000	10,815,000
Total TEEOSA State Aid	414,933,814	447,243,594	464,773,986	591,105,236
Income Tax distribution	125,045,404	82,049,832	81,240,233	80,608,745
Equalization (net of minimum effort)	280,644,887	344,057,696	362,484,169	488,815,419
Option enrollment (est for FY98/FY99)	7,084,502	20,239,985	21,049,584	21,681,072
Consolidation component	2,159,021	896,081	Unknown	Unknown
Total TEEOSA State Aid	414,933,814	447,243,594	464,773,986	591,105,236

When LB1059 was passed, it was the Legislature's intent that 45% of schools adjusted general fund operating expenses be funded by state aid. This would include TEEOSA funds as well as other state aid programs such as Special Education, wards of the court, early childhood programs, etc...

Table 13 shows the calculation in arriving at a figure that can be compared to the 45% target.

Note that FY1998-99 will be the first school year under the \$1.10 levy limit imposed by LB1114 (1996). As it's unknown how these limits will impact on the growth in school spending, a 4% spending growth is assumed based on estimated increases in property valuations. With the addition of the \$110 million in LB806A, state aid will be approaching 50% of school spending.

Table 13
Projected Status of State Aid Versus School Spending

	Actual/Est	Estimated	Biennial Budget	
	FY1995-96	FY1996-97	FY1997-98	FY1998-99
GROWTH IN SCHOOL SPENDING	4.00%	3.00%	3.00%	4.00%
ADJUSTED SCHOOL GENERAL FUND OPERATING EXPENSE	1,487,992,145	1,532,631,909	1,578,610,866	1,641,755,301
CALCULATION OF STATE AID PROVIDED				
TEEOSA State Aid (GF appropriations)	414,933,814	434,834,334	454,273,986	580,290,236
TEEOSA State Aid (Insurance Premium)	na	12,409,260	10,500,000	10,815,000
Teachers Salaries/retirement (HELP)	6,871,124	6,895,000	6,895,000	6,895,000
Option enrollment (transport)	123,000	123,000	172,200	172,200
Wards of the Court (K-12 Schools)	798,322	838,238	880,150	924,158
School Lunch	491,778	492,500	492,500	492,500
Early Childhood programs	451,266	435,000	685,000	685,000
Special Education	119,251,395	124,325,645	124,965,412	128,714,376
Textbook loan program	201,793	212,525	237,525	262,525
Homestead Exemption	17,305,276	17,824,434	18,359,167	18,909,943
State Apportionment	22,186,834	23,185,241	24,228,577	25,318,863
In-Lieu of School Land Tax	4,777,147	4,777,147	4,777,147	4,777,147
Prorata Motor Vehicle	2,718,489	2,786,451	2,856,112	2,927,515
Insurance Premium Tax	0	To TEEOSA	To TEEOSA	To TEEOSA
Education Innovation Fund	6,116,918	8,000,000	12,500,000	15,875,000
Total State Aid Provided	596,227,156	637,138,775	661,822,776	797,059,463
STATE AID VERSUS 45% TARGET				
% of spending achieved	40.1%	41.6%	41.9%	48.5%
Variance from 45% target	(73,369,309)	(52,545,584)	(48,552,114)	58,269,578

Special Education

This program provides partial reimbursement to K-12 schools for special education programs. The overall increase included in the biennial budget is \$639,769 in FY97-98 and an additional \$4,388,731 in FY98-99. This provides for a 3% increase in both years after excluding a \$3 million excess in the FY96-97 appropriation level.

LB742 (1995) eliminated the previous requirement for the state to fund 90% of the allowable excess costs and provided that schools would be

reimbursed in FY96-97 and FY97-98 on a pro rata basis as determined by the State Board of Education based on allowable costs. The bill established a 3% increase cap for FY97-98. Intent language provided for implementation of an alternative system of funding beginning in FY98-99 with the new system designed so average annual special education costs increase at a rate no greater than the growth rate of general education. A termination date in LB742 had the effect of repealing all sections of statute containing funding formulas for special education programs, residential care and transportation on August 31, 1998.

LB 865 passed in the 1997 session, was the followup legislation to LB742 and changes several provisions related to special education. Some of the major provisions of the bill include:

- * Extends the 3% cap on special education funding and the current special education reimbursement programs for another year, (FY1998-99).

- * Programs for students with disabilities who receive special education services or support services with an emphasis on prevention and collaborative planning and improved student outcomes are eligible for grants funds from the Excellence in Education Fund (lottery). Any receipts for these projects are excluded as a formula resource for state aid purposes.

- * Requires the Dept of Education (NDE) to adopt guidelines prior to August 1, 1998 to assist schools, ESU's and cooperatives with the assessment, identification, and verification of the need for related services. Any changes in verification criteria which are suggested in the guidelines may result in a decrease in expenditures for school districts and the state. Savings may occur because some students will not have to go through the costly verification process for special education services and may be able to be served by less expensive alternative services.

- * Establishes a new category of services which is eligible for reimbursement as a special education allowable reimbursable cost beginning with services provided in FY97-98. The bill provides that support services as defined in the bill will be reimbursable. The total reimbursable cost for support services are not to exceed a percentage (up to a maximum of 10%) established by the State Board of Education of the school district's or cooperative's total allowable reimbursable cost for all special education programs and support services.

These provisions allowing support services as an allowable reimbursable cost will have a fiscal impact for school districts. Since the overall appropriation for special education reimbursement will not increase due to the cap on special education funding, there is a definite incentive for schools to provide support services. The support services provided in 1997-98 will be reimbursed in 1998-99. School districts that offer support services will have an increased amount of reimbursement from the state for these services. The actual fiscal impact for a school will depend upon whether these services had been offered with other funds in prior years and if the offering of preventative services will keep students out of higher cost special education programs.

- * Establishes a Transition Commission consisting of nine members to create a cooperative interagency service model to provide transitional and vocational services for persons with disabilities ages 14 through 21 and beyond. The plan is to be submitted by December 1, 1998.

- * Requires NDE to establish a registry for assistive technology devices. NDE currently has a ten year grant for assistive technology which is in its eighth year of funding. The grant has allowed for a used equipment referral service for these devices in the state, but this is not a full-blown registry for assistive devices.

Table 14 Special Education Aid

	FY1997-98	FY1998-99
Current Year Appropriation	124,325,645	124,325,645
Base Reduction	(3,000,000)	(3,000,000)
3% per year increase	3,639,769	7,388,731
Total	124,965,414	128,714,376

Vocational Rehabilitation

This program provides services to those persons with disabilities who have a medically recognized physical or mental disability that creates a substantial handicap to employment, and for whom there is a reasonable expectation that they will be able to secure and keep a job if services are provided. These services may include vocational education and training, physical or mental restoration, and assistive devices and technology. Services are purchased from community agencies, organizations and/or individuals.

The budget includes a General Fund increase totalling \$299,879 in FY97-98 and \$433,239 in FY98-99 to provide state matching funds to maximize the federal vocational funds available to Nebraska. Match requirements for the basic program are 21.3% State and 78.7% Federal. These amounts were vetoed by the Governor but overridden by the Legislature.

Homestead Exemption

The budget for homestead exemption for FY97-98 and FY98-99 reflects a substantial reduction from the FY97 new appropriation level. The new

appropriation amount for the current year was \$40.2 million to cover projected homestead exemption costs related to the 1996 property taxes levied. Actual costs for FY96-97 will be \$33.2 million based on claims filed. The recommendation reduces the current year (FY96-97) by \$6.2 million leaving some funds for potential changes in the current year filings. For the upcoming biennium, the FY97 base year amount was reduced by \$7 million each year, leaving funding at the \$33.2 million level. No increase in eligibilities or costs is assumed.

LB182 passed in the 1997 Session changes the homestead exemption program by increasing the household income amounts that determine the exempt amounts for 1997 and then indexes these amounts for 1998 and all subsequent years. The bill also makes changes to the homestead exemption program calculation for closely related persons, defined to mean brother, sister or parent. The intent of this change is to allow closely related persons to utilize the married persons' household income schedule instead of the single person's schedule for eligibility purposes. This bill results in increased General Fund expenditures by an estimated amount of approximately \$3.4 million in FY97-98 and approx. \$3.7 million in FY98-99.

Table 15
Homestead Exemption

	Biennial Budget		
	FY1996-97	FY1997-98	FY1998-99
Base Year Appropriation	40,262,514	40,262,514	40,262,514
Base reduction to actual	na	(7,062,514)	(7,062,514)
Cost/client increases	na	0	0
LB 182 - change income levels	0	3,388,232	3,651,732
New Appropriation	40,262,514	36,588,232	36,851,732
Deficit	(6,262,514)	?	?
Total	34,000,000	36,588,232	36,851,732

Developmental Disabilities

Intent language in the past three mainline budget bills (LB392-1995, LB1189-1996, and LB392- 1997) provides that developmental disability provider rates be phased in to 100% of methodology rates by FY2000-01.

<u>Fiscal Year</u>	<u>Intent</u>	<u>Funded</u>
FY1995-96	75%	75%
FY1996-97	80%	75%
FY1997-98	85%	85%
FY1998-99	90%	85%
FY1999-00	95%	?
FY2000-01	100%	?

1995 Session The Legislature included funds to reach 75% in FY95-96 and 80% in FY96-97. While the Governor vetoed funding in both years, the Legislature overrode the FY95-96 amount to achieve the 75% level.

1996 Session In the mid-biennium, the Legislature appropriated funds to raise rates to 80% of methodology in FY96-97 consistent with the intent language. However the Governor vetoed half of the additional funds which, when adjusting for full implementation of the “blueprint”, left funding at 75% of methodology in FY96-97.

1997 Session The Appropriations Committee and Legislature included \$3,999,795 to go from the 75% level in FY96-97 to 85% level in FY97-98 and an additional \$2,613,545 (\$6,613,340 total) to achieve 90% in FY98-99 per the intent language. The Governor vetoed \$1,199,511 in FY97-98 and \$2,057,989 in FY98-99 to reach an 80% level in FY97-98 and 85% in FY98-99. The Legislature subsequently overrode the FY97-98 amount to reach an 85% level in both FY97-98 and FY98-99. Restoration of the FY98-99 amount to achieve the 90% level and stay on track with the intent language will likely be considered in the 1998 session.

In addition to the rate equity funding, the budget includes funding to continue the phase in of services for children transitioning from high school in the amount of \$992,239 in FY97-98 and \$2,949,320 in FY98-99

Mental Health Services

The budget as originally sent to the Governor included an additional \$2,500,000 General Funds in both FY97-98 and FY98-99 for community based mental health programs. This was a 20% increase from the FY97 level (\$12.3 million). While the increased amount in FY97-98 was left untouched, the Governor vetoed the FY98-99 increased funds with the expectation that the \$2.5 million appropriated for FY97-98 be used over the two years of the biennium for transition and start-up.

The budget also includes increased General Funds of \$850,000 in FY97-98 and \$765,000 in FY98-99 to off-set the decline in a one-time use of federal funds in FY96-97.

Medicaid

For the FY98/FY99 biennium the budget reflects an average growth in General Fund appropriations for Medicaid of about 3% per year. There are two major components to this change: a reduction attributed to an increase in the federal match rate and overall cost/client increases.

Eligibles, Utilization, Cost The percentage increase relating to number of eligibles, utilization, and provider rates is approximately 6.5% per year attributed to projected annual increases of 3.6% in costs and 3.4% in the number of individuals served and utilization.

Federal Match Rate The federal match rate is

increasing from 59.49% to 61.17% on October 1, 1997 and is projected to change to 60.67% on October 1, 1998. Although these changes appear

relatively small, this increase in the federal match rate allows for a General Fund reduction amounting to \$10,200,000 in FY97-98 and \$11,700,000 in FY98-99.

Table 16
Medicaid-General Funds

	FY1996-97	FY1997-98	FY1998-99
Current Year Appropriation	277,198,659	277,198,659	277,198,659
Eligibility/Utilization increases	na	10,656,697	27,849,434
Federal Match Rate	na	(10,200,000)	(11,700,000)
Total (General Funds only)	277,198,659	277,655,356	293,348,093

Public Assistance

The Public Assistance budget program actually includes a variety of different social service programs such as ADC, educational assistance for state wards, child welfare services, foster care, subsidized child care, adoption assistance. Overall the budget reflects a General Fund increase of \$8,165,195 in FY97-98 and \$14,324,615 in FY98-99 when compared to the current FY96-97 appropriation. This net change in General Funds reflects flat or declining expenditures in most areas offset by three areas with significant increases.

Child Care This program provides a subsidy for child care services provided for children from low-income families participating in employment, training, and education programs, and to families receiving child protective services regardless of income levels. Also funded from this program are child care grants to providers to start or expand a program or meet licensing requirements. The budget includes a General Fund increase totalling \$5,043,167 in FY97-98 and \$6,232,191 in FY98-99.

The number of children served is projected to increase by 11% in FY97-98 and another 4% in FY98-99.

The large increase is due statewide implementation of welfare reform legislation passed in 1994 (LB1224) and revised in 1995 (LB455). The provisions of these bills were applied on a pilot project basis in four counties through FY96-97.

Foster Care and Child Welfare These programs provide maintenance payments for state wards living outside their home and supportive services such as family therapy and case management for all state wards. The budget includes a General Fund increase totalling \$5,483,975 in FY97-98 and \$8,314,460 in FY98-99. These increases reflect an assumed 4% per year increase in the number of children served and a 5% increase per year for cost increases.

IV-E Adoption Assistance and State Subsidized Adoption Both of these programs provide maintenance payments to adoptive families and payments for non-recurring expenses after the

adoption of a state ward is final. Both programs provide subsidies for children with special circumstances for whom adoption would not be possible without financial aid. Children eligible under the Title IV-E program are those who were either ADC or SSI eligible at the time the adoption proceedings are initiated. Medical needs are covered by Medicaid. Title IV-E eligible children qualify for federal match at the Medicaid match rate. The state subsidized adoption program is similar to the IV-E program but provides subsidies for children who are not ADC or SSI eligible.

Combined, the budget includes an increase totalling \$955,366 in FY97-98 and \$1,481,073 in FY98-99. A five percent increase in adoptions and a ten percent increase in cost for non-recurring expenses have been included.

LB 610 establishes a three dollar fee on all metabolic screening tests conducted in the state. All newborns are required by state law to be screened for PKU. The laboratory conducting the test would collect the fee and remit to the state. The revenue would be used to provide food supplements and treatment services to individuals with metabolic diseases. The bill expands coverage to adults with metabolic diseases as well as children and caps the entitlement at \$2,000. This bill will generate \$72,000 annually. A portion of this revenue will be used to replace the reduction in the federal Maternal and Child Health grant that is used to provide the food supplements to individuals with PKU. The balance of the revenue plus \$42,000 in General Funds each year will be used to provide food supplements.

LB 864 passed during the 1997 session addresses state policy requirements and options created by the passage of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 and harmonizes provisions passed in the previous state

welfare reform measures. The following provisions are contained in the bill:

* For purposes of Aid to Dependent Children (ADC) assistance, a dependent child is defined as person under age 19 living with a parent, guardian, conservator or relative caretaker or a child in foster care.

* Removes the requirement that parents or caretaker relatives register with the Dept of Labor and replaces it with a requirement of participation in the ADC job program. Caretaker relatives are subject to the same work participation requirements as parents under the ADC program.

* Provides for a 24-month transitional child care benefit. The current limit in the areas outside of the pilot projects is 12 months

* Removes the requirement for the state to maintain federal waiver approval for the welfare reform activities.

* Changes the resource limits for ADC to \$4,000 for an individual, \$6,000 for two persons and \$25 for each additional person. The current limit is \$5,000 per household

* Establishes the Budget the Gap methodology for ADC payment levels. The change to the Budget the Gap method will result in a slight increase in ADC payments. This change in methodology will impact individual families differently, but the overall impact to the state budget remains unchanged from the projections included in the state budget request for statewide welfare reform implementation. One-time computer programming costs savings of \$541,000 GF in FY97-98 are anticipated if the budget the gap methodology is used instead of the dual disregard and payment formula.

* Removes the dual disregard/payment option under welfare reform and replaces it with the earned income disregard used in the food stamp program.

* Changes the Medicaid disregard to the food stamp disregard. The change in the Medicaid Program to the Food Stamp disregard will increase costs by approximately \$300,000 General Funds and \$450,000 Federal Funds.

* Provides Medicaid, Aid to Dependent Children grants, and State Supplement to SSI for legal immigrants. The Personal Responsibility and Work Opportunity Act of 1996 made Medicaid coverage a state option for legal immigrants who are not exempt. (Exempt individuals include refugees, asylees and those granted withholding of deportation; lawful permanent residents with 40 qualifying quarters of work; and veterans, active military duty personnel and their spouses and dependents)

As LB864 would continue current state policy where legal immigrants are currently covered under the Medicaid Program; these provisions would not have a fiscal impact. Coverage of legal immigrants entering the country **after** August 22, 1996 are not eligible for a federal match under Medicaid. The general fund cost to pick up the federal share for these individuals is estimated to be \$200,000 in FY97-98 and \$275,000 in FY98-99.

State Supplement to SSI (also known as assistance to the aged, blind and disabled) provides a supplemental maintenance payment to low-income individuals. The state makes a small payment (averaging \$83 monthly) to individuals receiving SSI. For individuals not qualifying for SSI, the state generally pays the full maintenance amount of up to \$492 per month for individuals, \$729 per month for couples. Since non-exempt legal immigrants are no longer eligible for SSI after August 22, 1997, the state will pick up the full cost of the State Supplement monthly payment, up to

\$492 for one person in their own home. HHS has indicated these costs will be absorbed through cost containment measures.

The immigrant group Persons Residing Under the Color of Law (PRUCOL) is not specifically spelled out in this legislation as a covered group. It is assumed that the department will eliminate coverage for this group as allowed under federal law and rules and regulation. General Fund savings to the State Supplemental Program are estimated to be \$257,000 in FY97-98 and \$342,600 in FY98-99. Medicaid program savings are estimated at \$13,000 in FY97-98 and \$17,300 in FY98-99.

It is anticipated that savings from elimination of PRUCOL eligibility will be used to cover the increased costs for the new legal immigrants and the disregard change.

* Provide food stamp assistance to legal permanent residents of the State of Nebraska who are disqualified from federal food stamp assistance solely on the basis of citizenship status. The funding would come from state general funds. The federal Personal Responsibility and Work Opportunity Act of 1996 eliminated food stamp eligibility for legal immigrants with the exceptions as noted previously. Legal non-citizens who received food stamps prior to November 1, 1996 cannot be denied benefits based on citizenship until recertification. Recertification must take place between April 1 and August 22 of 1997. Individuals applying for food stamps after November 1, 1996 must meet one of the exemptions listed above. This bill covers individuals receiving food stamps as of August 22, 1996, and applicants applying for assistance after the bill becomes law. As recertification has not taken place, the number of legal immigrants who will retain eligibility is not known. Assuming 55 percent of the individuals would not remain eligible, approximately 1,059 people would qualify under the state program.

Based on a \$56.33 average cost per person per month, the annual cost would be \$715,826. In FY97-98 the cost is approximately \$50,000 less due to the timing of the recertification.

Table 17
Public Assistance by Program

Public Assistance by Program (General Funds only)	Current Yr	Biennial Budget		\$ Change vs FY97	
	FY1996-97	FY1997-98	FY1998-99	FY97-98	FY98-99
Food stamp employment	346,983	223,619	241,762	(123,364)	(105,221)
Med handicapped children	1,969,464	1,228,848	1,228,848	(740,616)	(740,616)
Title IV-E Adoption	1,404,251	1,696,420	1,952,642	292,169	548,391
State subsidized adoption	1,170,408	1,833,605	2,103,090	663,197	932,682
State Wards reimbursement	6,780,452	5,944,105	6,564,844	(836,347)	(215,608)
Disabled persons/family support	583,495	583,495	583,495	0	0
State Disability-Medical	6,664,868	5,676,159	5,998,111	(988,709)	(666,757)
State Disability-Maintenance	782,271	731,979	753,938	(50,292)	(28,333)
Title XX Social Services	149,863	0	46,343	(149,863)	(103,520)
State supplement-SSI	6,250,073	6,250,073	6,250,073	0	0
AFDC	19,718,915	19,537,359	19,979,426	(181,556)	260,511
Title IV-D Child Care	19,950,423	24,993,590	26,182,614	5,043,167	6,232,191
Emergency Assistance	585,406	334,251	354,606	(251,155)	(230,800)
Job Support Program	2,156,905	2,161,494	2,284,140	4,589	127,235
Child Welfare/Foster Care	28,376,512	33,860,487	36,690,972	5,483,975	8,314,460
Family Support Program	326,563	326,563	326,563	0	0
General Fund Total	97,216,852	105,382,047	111,541,467	8,165,195	14,324,615

Higher Education Student Aid

Included within the Coordinating Commission for Postsecondary Education are four student aid programs: State Student Incentive Grants (SSIG) State Scholarship Award Program (SSAP), Scholarship Assistance Program (SAP), and Postsecondary Ed Award Program (PEAP).

The SSIG and SSAP programs provide assistance to students who (1) are a national of the United States, (2) attend an eligible public or private institution, (3) enroll as full or part-time undergraduate student, and (4) demonstrate substantial financial need. The SSIG program

provides state funds to match federal funds while the SSAP program is state funded only. Funds are distributed to participating institutions on a formula which takes into consideration the cost of attendance. While there was no change in state funds for the SSIG program, the SSAP program was increased by a total of \$70,439 in FY98 and \$119,511 in FY99. The FY98-99 funding level for the SSAP program would be a 24% increase over the FY97 funding level.

The SAP program provide assistance to students who (1) are residents of the State of Nebraska, (2) attend an eligible public or private institution, (3) enroll as full or part-time undergraduate student, and (4) demonstrate substantial financial need.

Funds are distributed to participating institutions based on prior year Pell Grant activity. The budget includes an increase of \$70,438 in FY97-98 and \$119,5101 in FY99. The FY98-99 funding level for the SAP program would be an 11% increase over the current funding level.

The PEAP program provide assistance to students who (1) are residents of the State of Nebraska, (2) attend an eligible private, non-profit institution, (3)

enroll as an undergraduate student, and (4) demonstrate substantial financial need. Funds are distributed to participating institutions based on their proportion of eligible students. The budget for this program includes an increase of \$605,000 in FY97-98 and \$1,105,000 in FY98-99. This more than doubles the amount of General Funds by FY98-99.

Table 18
Student Aid-Coordinating Commission for Postsecondary Education

Coord. Commission-Student Aid	FY96-97	Biennial Budget		Change over FY97	
		FY97-98	FY98-99	FY98	FY99
State Student Incentive Grant (SSIG)	553,215	553,215	553,215	0	0
State Scholarship Award Program (SSAP)	490,313	599,772	648,844	109,459	158,531
Scholarship Assistance Program (SAP)	1,043,528	1,152,987	1,202,059	109,459	158,531
Postsecondary Ed Award Program (PEAP)	895,000	1,500,000	2,000,000	605,000	1,105,000
Total General Fund Student Aid	2,982,056	3,805,974	4,404,118	823,918	1,422,062

Aid to Community Colleges

Under the mainline budget, General Funds appropriated in the form of aid to the state's six community college areas would increase 3.1% in FY97-98 and an additional 2.5% in FY98-99. Significant state aid funding adjustments include: (1) increases in funding to support a "state share" of costs associated with an assumed salary increases of 3% each year of the biennium for systemwide employees equating to an aid increase of \$962,316 for FY97-98 and \$1,934,255 for FY98-99, (2) an increase of \$225,000 in grant aid funding over the current year level of \$225,000 for a total grant aid funding level of \$450,000 each year of the biennium.

Also included in the appropriations for the community colleges are \$32,500 for FY97-98 and

\$97,500 for FY98-99 to support installation of distance learning classrooms at four additional community college campus sites.

LB 835 passed in the 1997 session, provides \$250,000 General Funds in FY97-98 for the establishment of a Seamless Delivery System Pilot Project to develop a delivery system for educational continuity between secondary education, postsecondary education and business. The pilot project is to be targeted for school districts including a city with a population greater than 10,000 but less than 20,000 located within a community college area with a population of less than 100,000 at the time the project begins. Western Nebraska Community College (Western Community College Area) and Scottsbluff Public Schools apparently are the only entities that would fall under the foregoing

criteria. The pilot project is to initiate an instructional program between community colleges and public high schools under which students would enter a competency and industry-based instructional program at the high school level. The curriculum is to incorporate work-based learning components by integrating federal School-to-Work and Tech Prep initiatives as well as multimedia technologies such that qualified students can immediately enter the work force upon graduation or can pursue postsecondary education for additional skills training or to complete postsecondary degrees. Per the bill, the pilot project is to be designed to establish: (a) A multimedia development center at the high school, as well as expansion of the community college's current operations; (b) a distance learning system station at the high school with full connection between the community college and high school; (c) an ED*NET cable channel delivery system from the community college and public high school for 24-hour instructional delivery; (d) video conferencing computer classroom, and (e) acquisition of additional instructional equipment components to enhance program effectiveness. The bill provides that the pilot project is to be initiated with the 1997-98 school year and is to continue for four years with review and evaluation of the project to be performed by the State Department of Education and the Coordinating Commission for Postsecondary Education. The bill indicates one-time first year start-up costs for the project are intended to be supported 25% from community college funds, 25% from public high school funds, and up to \$250,000 from state funds, and the balance with federal grant funds. Costs for the remainder of the term of the pilot project are apparently intended to be borne by the participating public high school and community college area, presumably along with any federal funds which might be available. In a proposal, dated January 9, 1997, prepared by Western Nebraska Community College and Scottsbluff Public Schools, costs for a Seamless Education Lab Project totaling an

estimated \$1,650,150 are outlined. Attributing 25% shares of this amount to Western Community College Area and Scottsbluff Public Schools, respectively, yields \$825,075 to be supported with local funds. If the maximum of \$250,000 in state funds authorized in LB 857 are assumed, a balance of \$575,075 apparently would remain to be sought through federal funding to achieve the total level of funding outlined in the January 9, 1997 proposal.

LB 269 passed in the 1997 session revises the community college levy limits previously enacted in LB 1114 (1996) and provides intent and aid formula changes to assist in offsetting the impact of these levy limits.

Prior to LB 1114, community colleges were authorized to levy up to 11.5 cents per one hundred dollars of valuation to support area operational expenses plus up to 1.8 cents to support capital improvements. This 1.8 cent capital improvement levy could be exceeded to the extent necessary to fund accessibility barrier elimination and abatement of environmental hazards.

Under the original provisions of LB1114, an 8 cent limit was placed on community colleges beginning with FY98-99. This limit was reduced to 4 cents beginning with FY 2001-02. This LB1114 limit was for both operations and non-bond construction.

Under LB 269 the levy rate authorized to support community college area operations is established at 7 cents for FY1998-99 and FY1999-00, then lowered to 6 cents starting in FY2000-01. LB269 also authorizes a capital improvement levy (effective FY1998-99) for the community college areas of up to 1 cent per one hundred dollars of valuation. Similar to the pre-LB1114 limit, this capital levy can be exceeded to the extent necessary to fund accessibility barrier elimination and abatement of environmental hazards.

LB269 also includes a statement indicating community colleges should be financed through a funding partnership from property tax, state aid and tuition and other sources of revenue of which property tax revenue and state aid each should approximate 40 percent of total financing for community college operations. However under the previous aid formula, it was estimated that two of the six areas would be unable to generate 40 percent of total operating revenue from property taxes under the FY98-99 LB 269 levy rate caps, and four of the six would be unable to do so under the FY2000-01 levy rate cap. In response, LB 269 creates a new category of state aid (Community College Property Tax Relief and Equalization Program) for the community college system. The expressed intent of this aid category would be to provide additional state aid to community college areas (1) unable to generate property tax revenue

sufficient to support 40 percent of their total operating revenue or (2) that do not receive 40 percent of their operating revenue from state aid and that levy either the maximum allowable property tax rate or a minimum levy rate (6.3 cents for FY1998-99 and FY1999-00, 5.3 cents for FY2000-01 and thereafter).

Additional funding needed to satisfy the intent of this category of state aid and to avoid revenue shortfalls relative to property tax levy rate limitations is estimated as follows:

FY1998-99	\$8,208,078
FY1999-00	\$8,227,078
FY2000-01	\$14,974,890

Highlights - General Fund Operations

Court System

Judges LB 19 (1995) added four additional judges; a third juvenile judge in Douglas County (FY95-96), a seventh district judge in Lancaster County and second juvenile judge in Sarpy County (FY95-96), and a fourth juvenile judge in Douglas County (FY97-98). The budget provides \$137,997 in FY97-98 and \$140,159 in FY98-99 to fund the fourth Douglas County juvenile judge and court reporter.

LB 189 (1995) added a fourth District Judge in the Second District (Sarpy, Cass and Otoe) counties effective January 1997. Although the additional district court judge would be in place for half of FY96-97, a reduction in the use of retired judges in the Douglas County Juvenile Court freed up funds to cover this six month cost in FY96-97. The budget includes \$137,997 in FY97-98 and \$140,159 in FY98-99 for on-going funding for this additional judge and court reporter.

Court Staff The budget includes an additional \$200,000 in each fiscal year for an 8-9 additional clerks for the Douglas County Court. Also provided is \$98,455 in FY97-98 and \$88,455 in FY98-99 for two clerks for the Court of Appeals.

Probation Although the budget does not include funding for any additional probation staff, a substantial amount was included for salary related issues. Additional General Funds amounting to \$225,885 in each fiscal year is provided to restore vacancy savings deleted from the current FY97 budget. Vacancy savings are down significantly from the basis on which the original reduction was calculated due to some extent to salary improvement policies established previously.

An additional \$37,808 is also provided in both fiscal years to assist in covering funding of FY97 salary increases and reclassification. The original amount added was \$225,705, but subsequently reduced by a \$187,897 veto.

LB 362 increases the salaries of the judges of the Supreme Court to \$97,739 on July 1, 1997 and to \$101,649 on July 1, 1998; an increase of 3% in FY 97-98 and 4% in FY 98-99. As the salaries of the other courts judges are set as a percent of the Supreme Court salaries, other judges would also get a similar increase. The cost for these salary increases is estimated at \$225,160 General Funds in FY97-98 and \$756,033 General Funds and \$20,392 Cash Funds for FY98-99. Because the salary increases do not go into effect until the commencement of the next court or filling of a vacancy, the cash flow of the salary increases assumes an effective date of January 1, 1999 for the Supreme Court, Court of Appeals, and Workers Compensation Court judges; and October 1, 1997 for the District/Juvenile and County Court.

The current and proposed salaries for each court, the number of judges, and the factor as a percent of the Supreme Court salary are shown below:

<u>Court</u>	<u>% of SC</u>	<u>Current</u>	<u>7/1/97</u>	<u>7/1/98</u>
Supreme Court (7)	100.0%	94,892	97,739	101,649
Appellate (6)	95.0%	90,148	92,852	96,567
Dist/Juvenile (60)	92.5%	87,776	90,409	94,025
County (57)	85.0%	80,659	83,078	86,402
Workers Comp (7)	85.0%	80,659	83,078	86,402

Dept of Education-School for the Deaf

The budget for the Nebraska School for the Deaf in FY1997-98 includes \$2.8 million General Funds

reflecting the last year of operation of the school on the current campus.

Excluding salary increases, this FY97-98 budgeted level is approximately \$950,000 less than funding provided to operate the school in FY1996-97: \$500,000 due to a non-replacement of a one-time use of cash in lieu of General Funds, an additional \$100,000 reduction in the budget, and a reallocation of \$350,000 General Funds to develop regional satellite programs for deaf and hard of hearing students and to provide for interpreter training.

The \$2.5 million budget proposed for FY1998-99 assumes services to deaf and hard of hearing students will no longer be provided on the current campus and the alternative delivery system would be utilized.

Dept of Health and Human Services

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

Community Based Juvenile Services The budget includes increased General Funds for community based juvenile programs totalling \$1,456,800 in FY97-98 and \$3,545,075 in FY98-99. These increased amounts, added to the existing \$1,816,799 appropriation level, provides total funding of \$3,273,599 in FY97-98 and \$5,361,874 in FY98-99. These funding levels are consistent with the legislative intent in LB1141 as introduced (1996 Session). The additional funds in FY97-98 would allow for expansion of pilot programs state-wide, while the additional funds in FY98-99 would expand the array of services within those programs.

Also included in the budget for the Crime Commission (Agency 78) are additional General Funds for Juvenile Services Act grants made to

local communities to initiate services such as staff secure facilities. (\$132,500 in both FY97-98 and FY98-99).

Cash/Federal Fund Mix Within Agency 25-Health and Human Services, General, cash, and federal funds received for the Beatrice State Developmental Center (BSDC) and Veterans Homes are all interrelated and utilized for the overall operation of the respective institutions. An increase in available cash/federal funds can result in a reduction in General Funds, and likewise a reduction in cash/federal funds can result in an increase in General Funds. At BSDC, federal and cash fund balances have been used in prior years to offset the need for increased General Funds. A cash flow analysis of federal funds reveals there is no longer sufficient cash flow to sustain the level of federal fund spending so increased General Funds are needed to maintain the current level of services. The budget includes an increase in General Funds totalling \$6,329,271 in FY97-98 and \$6,287,829 in FY98-99. The opposite situation occurs in the Veterans Homes where a cash flow analysis indicates that available cash and federal funds are sufficient to allow for a reduction in General Funds amounting to \$1,375,400 in FY97-98 and \$1,585,500 in FY98-99.

Reorganization Savings With the reorganization of the health and human service system, it is assumed that personnel savings are possible. Although no specifics are available regarding which positions may be eliminated or which programs impacted, the agencies will attempt to accommodate the reductions through attrition and retirements first. Layoffs are a final option. Approximately half of the positions to be reduced are currently vacant. The following table shows the General Fund savings incorporated into the budget. The General Fund savings are the same as those included in the Governor's recommendation.

These General Fund numbers are higher than what was included in the agency request due to

difference in fund source allocation and the operations reduction.

Table 19
HHS Reorganization Savings (General Funds Only)

	Agency 20 HHS-Regulation	Agency 25 HHS-Services	Agency 26 HHS-Finance	Total
FTE	(11.0)	(243.0)	(46.0)	(300.0)
Staffing savings	(237,511)	(4,091,610)	(882,480)	(5,211,601)
Operating cost savings	(25,157)	(433,374)	(93,469)	(552,000)
Total FY1997-98	(262,668)	(4,524,984)	(975,949)	(5,763,601)
FTE	(14.7)	(324.0)	(61.3)	(400.0)
Staffing savings	(320,307)	(5,505,129)	(1,186,758)	(7,012,194)
Operations cost savings	(33,620)	(577,818)	(124,562)	(736,000)
Total FY1998-99	(353,927)	(6,082,947)	(1,311,320)	(7,748,194)

LB307 makes several substantive and technical changes to the new health and human service system created in LB 1044 passed in the 1996 legislative session.

The child support enforcement function is moved from Agency 26-Dept of Health and Human Services Finance and Support to Agency 25-Dept of Health and Human Services, involving 104.35 FTE and funding totalling \$3,464,357 General and \$6,122,722 Federal in FY97-98 and \$3,509,118 General and \$6,196,276 Federal in FY98-99.

The drug abuse and alcohol certification program is moved from Agency 25-Dept of Health and Human Services to Agency 20-Dept of Health and Human Services Regulation and Licensure involving the transfer of 2 FTE and General Funds totalling \$76,966 in FY97-98 and \$78,981 in FY98-99.

Child care and foster care licensing functions are moved from the Agency 20-Dept of Health and Human Services Regulation and Licensing to

Agency 25- Dept of Health and Human Services. The staff and operating costs for these functions were already placed in the Dept of Health and Human Services in LB 1044A passed in 1996.

Obsolete references to the former Departments of Health, Social Services and Public Institutions are eliminated. References to the Bureau of Examining Boards, the Bureau of Vital Statistics and the Bureau of Health Facilities are also eliminated. The names of the state veteran s homes are changed.

LB 626 establishes the Statewide Trauma Systems Act. Definitions are provided for facilities providing trauma care. The State Trauma Advisory Board is created. The State Trauma Cash Fund is also created. The Department of Health and Human Services Regulation and Licensure is directed to plan for implementation of a statewide trauma system. The department is required to establish a process to recognize designated trauma centers with this designation in place by December

1998. The department must also purchase a trauma registry by December 1998. Costs are estimated to be \$100,000 each year for contractual personnel services and operating expenditures.

LB 798 repeals the Certificate of Need (CON) review for health care facilities other than long term care facilities. Four staff positions would be eliminated. The reduction in the personal service and operating costs would be \$192,330 annually. These General Fund expenditure savings are offset by a revenue loss estimated at \$199,000 annually based on the average amount of revenue generated in the last 3.5 years. Revenue from CON is deposited into the general fund.

Dept of Correctional Services

The rising prison population over the past few years, and projected into the future, results in a significant increase in the budget for both operating costs and construction. Corrections related funding (including the expansion of community based juvenile services as noted under HHS) accounts for about 20% of the total increase in the General Fund budget over the biennium.

The population as of April 8, 1997 is 3,306, a 12.5% increase over the prior year and 30% higher than five years ago. This current population is 157% of the 2,103 design capacity of the institutions and 126% of the "stress capacity" (a measure of capacity that can be safely operated).

While this severe overcrowding exists today, projections into the future show the prison population to increase at an even faster rate. CGA Consulting Services employed by the Dept of Correctional Services to prepare their strategic plan update, project a total population of 4,419 by the year 2000 (34% increase over the current population) and 6,033 by 2005 (82% increase over

the current population). The consultants pointed out that while there are eleven indicators that contribute to the prison population, the major contributor to the projected increase in the rate of growth is the prior passage of LB529 and LB371 which impacted the length of incarceration and extended parole eligibility dates.

If these projections hold true, by the year 2000 the 4,419 prison population will reach 191% of design capacity (153% of stress capacity) even with the additional 200 beds in the modular housing units previously authorized and currently under construction.

The budget includes funds for a new 960 bed general custody prison facility to help alleviate the prison overcrowding. The addition of this new facility, plus the 200 bed modular housing units, will increase the design capacity to 3,263. While this is very close to the total population at the present time, the projected 4,419 population by the year 2000 will still be 137% of design capacity even with the additional facilities as they become fully operational with the turn of the century.

What this indicates is that if populations increase as projected, the overcrowding issue will still be a problem in future years even with the additional facilities as proposed. The issue of even more prison beds, community corrections programs and/or adjusting length of sentences as a vehicle for reducing overcrowding may still be facing the Legislature in future years.

Inmate Per Diem expenses One item of expense incurred by the Department is referred to as inmate per diem costs. This includes items such as food, clothing, and medical care; costs that specifically relate to the number of inmates. The budget includes increases totalling \$1,977,394 in FY97-98 and \$3,079,597 in FY98-99 providing per diem costs for an adult male population of 3,677 in FY97-98 and 4,046 in FY98-99. This compares to

3,015 population budgeted for the current year (Note the population as of April 8, 1996 was 3,306).

Juvenile Secure Facility General Funds totalling \$2,622,570 in FY97-98 and \$3,310,533 in FY98-99 are provided for the operations of the new 76 bed Juvenile Secure Facility scheduled to open January 1998. Originally this facility was to be operated by the Office of Juvenile Services under Agency 25-Health and Human Services. However, LB882 passed in the 1997 session shifted operation of this facility to the Dept of Correctional Services.

Operating Costs-Modular Housing Units The budget also includes funding of \$1,890,663 in FY97-98 and \$2,062,541 for the staffing and operating expenses for the new modular housing units whose construction was authorized in the 1996 legislative session.

Additional Staffing In response to the continuing increase in prison population, the budget includes General Funds totalling \$1,631,539 in FY97-98 and \$2,364,491 FY98-99 for 76.7 FTE additional security/custody staff. Additional General Funds are also provided for an additional 14 FTE support staff (\$593,288 in FY97-98 and \$591,954 in FY98-99)

Community Corrections Program Although enacted in 1993, community corrections programs were authorized but not funded. These programs, provided at the community or regional level, can include a wide and flexible array of alternative punishments for certain offenders including house arrest, electronic monitoring, structured fines, victim restitution, community service, day reporting centers, work release units, intensive supervision, etc... These types of programs can divert "salvageable" offenders away from the criminal environment present in prisons and allows the use of valuable, expensive prison bed space for truly violent offenders. These programs can also provide supervision as both a front end and rear

end option during an offenders sentence.

LB 150 includes \$500,000 General Funds in both FY97-98 and FY98-99 to (1) provide three staffing to establish the initial framework for the program and provide oversight and monitoring, and (b) initiate some of the community corrections programs.

Capital Construction Again in response to the increased prison population and the overcrowding conditions, the budget includes funds for a new 960 bed general custody prison facility (location yet to be determined). A brief description of this project and dollar amounts can be found in the Capital Construction portion of this report.

University of Nebraska

The budget includes several significant increases in operating funds in addition to the full funding of salary contracts.

General Funds are provided for operations of the new College of Information Science and Technology at UNO (\$562,830 FY97-98, \$919,800 FY98-99). Construction funds for the new facility are also included (see capital construction section of this report).

Additional funds are also provided for recruitment and instruction of high ability students (\$523,850 FY97-98, \$1,047,575 FY98-99), the minority faculty development program (\$54,500 FY97-98, \$250,000 FY98-99), and the Brennan Institute for Labor Studies (\$116,548 FY97-98, \$108,848 FY98-99) . General Funds totalling \$571,257 in FY97-98 and \$934,228 in FY98-99 are also provided for operating costs of new/renovated buildings, while funds from utility savings (\$1,000,000) have been retained in the budget for deferred repair and maintenance.

Per a floor amendment to the budget bill, \$500,000 was reallocated from the Central Administration FY97-98 budget for minority student scholarships.

The budget also includes \$1,077,972 in FY98-99 for the University to assume a greater share of the salary and benefits of county extension educators and assistants, and \$110,000 in both years for additional faculty, supplies and equipment at the Nebraska College of Technical Agriculture (NCTA).

To offset some of the additional General Fund costs, the budget assumes a 1.5% per year tuition increase resulting in a General Fund reduction (net of remission increases) of \$1,343,046 in FY97-98 and \$2,706,238 in FY98-99.

State Colleges

In addition to full funding of salary contracts, the budget includes General Funds for: half of one additional faculty at Peru (\$22,200 in both FY97-98 and FY98-99), half of six additional faculty at Wayne (\$145,800 FY97-98, \$133,800 FY98-99), increased health insurance costs (\$59,763 FY97-98, \$114,611 FY98-99), and property insurance coverage on state owned buildings (\$59,115 FY97-98, \$62,071 FY98-99). In addition, \$182,003 General Funds is provided in FY97-98 for library automation upgrades.

To offset some of the additional General Fund costs, the budget assumes a 1.5% per year tuition increase resulting in a General Fund reduction (net of remission increases) of \$181,051 in FY97-98 and \$364,819 in FY98-99.

In terms of capital construction, the budget includes funds for two major renovation projects; Connell Hall at Wayne and Miller Hall at Chadron. A more detailed description of these two projects is contained in the capital construction section of this report.

State Employee Salary Contracts

Collective bargaining agreements have been negotiated with the various bargaining units with the exception of the State Law Enforcement Bargaining Council (SLEBC). The state and SLEBC are currently at impasse. Salary increases within these agreements are very similar. All percent increases shown are to be implemented July 1. Table 20 shows the annual percent change and the cost of full funding.

Table 21 shows the historical salary increases over the past 10 years based on the NAPE master contract. Also shown is how these pay increases would be reflected as an annual percent change on a fiscal year basis for an average state employee (ie... base FY85 salary of \$18,000). Note this table does not reflect salary increases for higher education or other bargaining units such as SLEBEC.

Over the 10 year period FY86 to FY96, employee salary increases averaged 4% per year with the Consumer Price Index rising at an annual rate of about 3.75%. Note that the average annual increase of higher salary employees would be less than the 4% per year average due to the flat dollar amount increases in FY94 and FY95 as well as the fact that for these two years, no increase was provided employees making over \$45,000.

Table 20
Salary Increase Costs (General Fund Only)

	% Increase	FY1997-98	FY1998-99	Two Yr Total
State Agencies	2.75% per year	7,824,557	15,923,950	23,748,507
State Colleges	3.00% per year	881,997	1,790,447	2,672,444
University	3.00% per year	10,032,960	20,366,907	30,399,867
Total		18,739,514	38,081,304	56,820,818

Table 21
Historical Salary Increase-NAPE Master Contract

FY	NAPE Master Contract	% Change FY Basis
FY1985-86	3% on July 1	3.00%
FY1986-87	3% on July 1	3.00%
FY1987-88	3% on July 1	3.00%
FY1988-89	4% July 1, 2%-4% on anniversary	5.56%
FY1989-90	4% on July 1, 1.5%-2.5% on anniversary	6.33%
FY1990-91	4% on July 1, 1.5%-2.5% on anniversary	5.56%
FY1991-92	3% on July 1, 1.5%-2.5% on anniversary	4.54%
FY1992-93	3% on July 1, 1.5%-2.5% on anniversary	4.55%
FY1993-94	\$300 on Jan 1, \$100 on anniversary	1.53%
FY1994-95	\$500 on July 1, \$100 on anniversary	2.90%
FY1995-96	4% July 1	4.20%
FY1996-97	3.5% July 1	3.50%
FY1997-98	2.75% July 1	2.75%
FY1998-99	2.75% July 1	2.75%

State Employee Health Insurance

State Employee Rates Overall bids for the upcoming FY97-98/FY98-99 biennium were substantially less than the FY96-97 rates. For example, Blue Cross/Blue Shield Optional (Family Coverage) total annual premium costs declined from \$6,775 in FY97 to \$6,179 for FY98 and \$6,488 for FY99. However even with the decline in the total cost, the employee share shows a substantial increase due to a return to the basic 79% employer 21% employee contribution ratio (negotiated), and less contribution from the Premium Stabilization Trust Fund. Although many employees will experience a significant increase in their health

insurance contribution in FY97-98 relative to FY96-97, the employee contribution basically returned to the same level it had been five years earlier. Table 22 illustrates the health insurance changes over the two years of the biennial budget as well as historical data for the previous five years. This illustration uses Blue Cross/Blue Shield Optional, family coverage. Although there are several different types of plans; and single, two/four party and family coverage within those plans, the BC/BS Optional (Family Coverage) is the single largest category accounting for about 25% of all employees (excluding higher education).

Table 22
Health Insurance Rates

BC/BS High Option (Family)	Dollar Cost Per Employee Per Year			
	Employee	Agency	Trust Fund	Total
FY1993-94	1,305	4,911	in agency	6,216
FY1994-95	579	4,911	946	6,436
FY1995-96	579	4,911	648	6,138
FY1996-97	579	4,911	1,286	6,776
FY1997-98	1,120	4,704	355	6,179
FY1998-99	1,185	4,948	355	6,488
Change over Prior Yr				
FY97-98	93.4%	-4.2%	-72.4%	-8.8%
FY98-99	5.8%	5.2%	0.1%	5.0%
Share				
FY96-97	8.5%	72.5%	19.0%	100.0%
FY97-98	18.1%	76.1%	5.7%	100.0%
FY98-99	18.3%	76.3%	5.5%	100.0%

Note that for FY97-98 and FY98-99 the amount contributed from the Premium Stabilization Trust Fund is a flat amount per employee regardless of single, two/four party, or family coverage. Because the cost of single and two/four party coverage is less than family coverage, the trust fund contribution for these coverages is a greater percentage of the total than under family coverage. Likewise, the employee increase is less and the agency reduction is greater than under family coverage.

State Agency Savings As seen in the table above, the amount the agency contributes for health insurance will be less in both FY97-98 and FY98-99 than it was in FY96-97. Using a blended

average based on the number of employees in the three different BC/BS Optional coverages, it's estimated that agency costs will be 7% lower in FY97-98 and 2.5% lower in FY98-99 compared to the current year. The committee budget reduces the agency budgets equal to a 10% savings in FY97-98 and 6% in FY98-99 based on the January estimated savings, resulting in a General Fund reduction of \$2,705,060 in FY97-98 and \$1,623,456 in FY98-99.

University/Colleges At the University, there is no requested increase in health insurance for FY97-98 or FY98-99. The State Colleges health insurance costs are expected to increase by 2.8% in both FY97-98 and FY98-99 (\$59,763 FY97-98, \$114,611 FY98-99)

General Fund Appropriations By Agency

FY98/FY99 Biennial Budget as Enacted During the 1997 Session

Agency	Type	w/o Deficits	Approp - 1997 Session		FY98 vs Prior Year		FY99 vs Prior Year	
		FY1996-97	FY1997-98	FY1998-99	\$ Change	% Chnge	\$ Change	% Chnge
#03 Legislative Council	Oper	12,676,592	12,714,775	13,257,771	38,183	0.3%	542,996	4.3%
#03 Legislative Council	Total	12,676,592	12,714,775	13,257,771	38,183	0.3%	542,996	4.3%
#05 Supreme Court	Aid	180,000	180,000	180,000	0	0.0%	0	0.0%
#05 Supreme Court	Oper	39,310,621	41,964,631	43,070,781	2,654,010	6.8%	1,106,150	2.6%
#05 Supreme Court	Total	39,490,621	42,144,631	43,250,781	2,654,010	6.7%	1,106,150	2.6%
#07 Governor	Oper	1,484,553	1,507,812	1,540,811	23,259	1.6%	32,999	2.2%
#07 Governor	Total	1,484,553	1,507,812	1,540,811	23,259	1.6%	32,999	2.2%
#08 Lt. Governor	Oper	95,912	96,077	96,604	165	0.2%	527	0.5%
#08 Lt. Governor	Total	95,912	96,077	96,604	165	0.2%	527	0.5%
#09 Secretary of State	Oper	566,806	1,189,920	633,134	623,114	109.9%	(556,786)	-46.8%
#09 Secretary of State	Total	566,806	1,189,920	633,134	623,114	109.9%	(556,786)	-46.8%
#10 State Auditor	Oper	1,515,290	1,565,626	1,594,585	50,336	3.3%	28,959	1.8%
#10 State Auditor	Total	1,515,290	1,565,626	1,594,585	50,336	3.3%	28,959	1.8%
#11 Attorney General	Oper	2,931,238	2,992,997	3,120,152	61,759	2.1%	127,155	4.2%
#11 Attorney General	Total	2,931,238	2,992,997	3,120,152	61,759	2.1%	127,155	4.2%
#12 State Treasurer	Aid	31,618,500	31,618,500	31,618,500	0	0.0%	0	0.0%
#12 State Treasurer	Oper	382,797	383,556	389,943	759	0.2%	6,387	1.7%
#12 State Treasurer	Total	32,001,297	32,002,056	32,008,443	759	0.0%	6,387	0.0%
#13 Education	Aid	562,007,550	582,566,050	712,489,622	20,558,500	3.7%	129,923,572	22.3%
#13 Education	Oper	12,674,598	12,715,790	12,030,999	41,192	0.3%	(684,791)	-5.4%
#13 Education	Total	574,682,148	595,281,840	724,520,621	20,599,692	3.6%	129,238,781	21.7%
#14 Public Service Comm	Oper	2,281,791	2,123,351	2,153,405	(158,440)	-6.9%	30,054	1.4%
#14 Public Service Comm	Total	2,281,791	2,123,351	2,153,405	(158,440)	-6.9%	30,054	1.4%
#15 Parole Board	Oper	557,967	561,004	575,905	3,037	0.5%	14,901	2.7%
#15 Parole Board	Total	557,967	561,004	575,905	3,037	0.5%	14,901	2.7%
#16 Revenue	Aid	40,262,514	36,588,232	36,851,732	(3,674,282)	-9.1%	263,500	0.7%
#16 Revenue	Oper	19,227,405	19,447,203	19,692,452	219,798	1.1%	245,249	1.3%
#16 Revenue	Total	59,489,919	56,035,435	56,544,184	(3,454,484)	-5.8%	508,749	0.9%
#17 Aeronautics	Aid	32,400	32,400	32,400	0	0.0%	0	0.0%
#17 Aeronautics	Oper	6	0	0	(6)	-100.0%	0	ERR
#17 Aeronautics	Total	32,406	32,400	32,400	(6)	0.0%	0	0.0%
#18 Agriculture	Oper	5,690,046	5,437,979	5,541,927	(252,067)	-4.4%	103,948	1.9%
#18 Agriculture	Total	5,690,046	5,437,979	5,541,927	(252,067)	-4.4%	103,948	1.9%
#20 HHS-Regulation	Oper	3,203,073	3,659,330	3,603,188	456,257	14.2%	(56,142)	-1.5%
#20 HHS-Regulation	Total	3,203,073	3,659,330	3,603,188	456,257	14.2%	(56,142)	-1.5%

Agency	Type	w/o Deficits FY1996-97	Approp - 1997 Session		FY98 vs Prior Year		FY99 vs Prior Year	
			FY1997-98	FY1998-99	\$ Change	% Chnge	\$ Change	% Chnge
#21 Fire Marshal	Oper	1,195,960	554,759	1,059,020	(641,201)	-53.6%	504,261	90.9%
#21 Fire Marshal	Total	1,195,960	554,759	1,059,020	(641,201)	-53.6%	504,261	90.9%
#23 Labor	Oper	560,206	483,232	509,077	(76,974)	-13.7%	25,845	5.3%
#23 Labor	Total	560,206	483,232	509,077	(76,974)	-13.7%	25,845	5.3%
#24 Motor Vehicles	Oper	1,197,458	0	0	(1,197,458)	-100.0%	0	ERR
#24 Motor Vehicles	Total	1,197,458	0	0	(1,197,458)	-100.0%	0	ERR
#25 HHS-Services	Aid	1,154,800	1,196,800	1,196,800	42,000	3.6%	0	0.0%
#25 HHS-Services	Oper	100,259,122	109,497,106	113,968,853	9,237,984	9.2%	4,471,747	4.1%
#25 HHS-Services	Total	101,413,922	110,693,906	115,165,653	9,279,984	9.2%	4,471,747	4.0%
#26 HHS-Finance	Aid	427,943,524	446,584,908	467,901,070	18,641,384	4.4%	21,316,162	4.8%
#26 HHS-Finance	Oper	29,562,266	23,249,068	23,575,220	(6,313,198)	-21.4%	326,152	1.4%
#26 HHS-Finance	Total	457,505,790	469,833,976	491,476,290	12,328,186	2.7%	21,642,314	4.6%
#27 Roads	Aid	625,000	596,000	596,000	(29,000)	-4.6%	0	0.0%
#27 Roads	Total	625,000	596,000	596,000	(29,000)	-4.6%	0	0.0%
#28 Veterans Affairs	Oper	551,913	592,512	578,394	40,599	7.4%	(14,118)	-2.4%
#28 Veterans Affairs	Total	551,913	592,512	578,394	40,599	7.4%	(14,118)	-2.4%
#29 Water Resources	Oper	4,610,285	5,597,834	4,019,052	987,549	21.4%	(1,578,782)	-28.2%
#29 Water Resources	Total	4,610,285	5,597,834	4,019,052	987,549	21.4%	(1,578,782)	-28.2%
#31 Military Dept	Aid	1,250,000	1,600,000	1,600,000	350,000	28.0%	0	0.0%
#31 Military Dept	Oper	2,686,331	2,713,609	2,758,144	27,278	1.0%	44,535	1.6%
#31 Military Dept	Total	3,936,331	4,313,609	4,358,144	377,278	9.6%	44,535	1.0%
#32 Ed Lands & Funds	Oper	252,488	256,366	262,529	3,878	1.5%	6,163	2.4%
#32 Ed Lands & Funds	Total	252,488	256,366	262,529	3,878	1.5%	6,163	2.4%
#33 Game & Parks	Oper	8,641,544	8,900,701	9,013,376	259,157	3.0%	112,675	1.3%
#33 Game & Parks	Total	8,641,544	8,900,701	9,013,376	259,157	3.0%	112,675	1.3%
#34 Library Commission	Aid	862,254	862,254	862,254	0	0.0%	0	0.0%
#34 Library Commission	Oper	1,911,276	1,951,421	2,026,901	40,145	2.1%	75,480	3.9%
#34 Library Commission	Total	2,773,530	2,813,675	2,889,155	40,145	1.4%	75,480	2.7%
#35 Liquor Control	Oper	663,165	665,691	683,300	2,526	0.4%	17,609	2.6%
#35 Liquor Control	Total	663,165	665,691	683,300	2,526	0.4%	17,609	2.6%
#38 Status of Women	Oper	164,837	177,537	180,916	12,700	7.7%	3,379	1.9%
#38 Status of Women	Total	164,837	177,537	180,916	12,700	7.7%	3,379	1.9%
#46 Correctional Services	Oper	62,453,461	72,647,583	76,903,535	10,194,122	16.3%	4,255,952	5.9%
#46 Correctional Services	Total	62,453,461	72,647,583	76,903,535	10,194,122	16.3%	4,255,952	5.9%
#47 NETC	Oper	6,351,195	6,648,724	6,838,631	297,529	4.7%	189,907	2.9%
#47 NETC	Total	6,351,195	6,648,724	6,838,631	297,529	4.7%	189,907	2.9%
#48 Postsecond Coord Comm	Aid	2,982,056	3,727,933	4,326,077	745,877	25.0%	598,144	16.0%

Agency	Type	w/o Deficits FY1996-97	Approp - 1997 Session		FY98 vs Prior Year		FY99 vs Prior Year	
			FY1997-98	FY1998-99	\$ Change	% Chnge	\$ Change	% Chnge
#48 Postsecond Coord Comm	Oper	913,555	1,030,016	960,823	116,461	12.7%	(69,193)	-6.7%
#48 Postsecond Coord Comm	Total	3,895,611	4,757,949	5,286,900	862,338	22.1%	528,951	11.1%
#50 State Colleges	Aid	1,677,974	1,703,144	1,728,691	25,170	1.5%	25,547	1.5%
#50 State Colleges	Oper	26,129,208	27,275,065	27,904,351	1,145,857	4.4%	629,286	2.3%
#50 State Colleges	Total	27,807,182	28,978,209	29,633,042	1,171,027	4.2%	654,833	2.3%
#51 University of Nebraska	Aid	19,457,231	20,213,185	19,972,978	755,954	3.9%	(240,207)	-1.2%
#51 University of Nebraska	Oper	312,895,926	322,743,971	334,464,271	9,848,045	3.1%	11,720,300	3.6%
#51 University of Nebraska	Total	332,353,157	342,957,156	354,437,249	10,603,999	3.2%	11,480,093	3.3%
#52 State Fair Board	Oper	203,242	203,242	203,242	0	0.0%	0	0.0%
#52 State Fair Board	Total	203,242	203,242	203,242	0	0.0%	0	0.0%
#54 Historical Society	Oper	3,176,830	3,443,251	3,452,230	266,421	8.4%	8,979	0.3%
#54 Historical Society	Total	3,176,830	3,443,251	3,452,230	266,421	8.4%	8,979	0.3%
#55 Natural Resources	Aid	5,723,147	6,423,147	5,923,147	700,000	12.2%	(500,000)	-7.8%
#55 Natural Resources	Oper	2,308,370	2,467,969	2,521,599	159,599	6.9%	53,630	2.2%
#55 Natural Resources	Total	8,031,517	8,891,116	8,444,746	859,599	10.7%	(446,370)	-5.0%
#64 State Patrol	Oper	27,271,427	28,264,733	28,809,219	993,306	3.6%	544,486	1.9%
#64 State Patrol	Total	27,271,427	28,264,733	28,809,219	993,306	3.6%	544,486	1.9%
#65 Admin Services (DAS)	Oper	6,399,583	6,856,410	6,940,943	456,827	7.1%	84,533	1.2%
#65 Admin Services (DAS)	Total	6,399,583	6,856,410	6,940,943	456,827	7.1%	84,533	1.2%
#67 Equal Opportunity	Oper	1,262,769	1,212,657	1,243,092	(50,112)	-4.0%	30,435	2.5%
#67 Equal Opportunity	Total	1,262,769	1,212,657	1,243,092	(50,112)	-4.0%	30,435	2.5%
#68 Mexican-American	Oper	150,093	153,201	155,913	3,108	2.1%	2,712	1.8%
#68 Mexican-American	Total	150,093	153,201	155,913	3,108	2.1%	2,712	1.8%
#69 Arts Council	Aid	831,950	927,013	927,013	95,063	11.4%	0	0.0%
#69 Arts Council	Oper	449,968	470,809	481,615	20,841	4.6%	10,806	2.3%
#69 Arts Council	Total	1,281,918	1,397,822	1,408,628	115,904	9.0%	10,806	0.8%
#70 Foster Care Review	Oper	1,096,679	979,412	1,004,665	(117,267)	-10.7%	25,253	2.6%
#70 Foster Care Review	Total	1,096,679	979,412	1,004,665	(117,267)	-10.7%	25,253	2.6%
#72 Economic Development	Aid	1,024,783	2,524,783	2,524,783	1,500,000	146.4%	0	0.0%
#72 Economic Development	Oper	3,543,901	3,875,851	3,931,327	331,950	9.4%	55,476	1.4%
#72 Economic Development	Total	4,568,684	6,400,634	6,456,110	1,831,950	40.1%	55,476	0.9%
#76 Indian Commission	Oper	145,675	152,638	156,656	6,963	4.8%	4,018	2.6%
#76 Indian Commission	Total	145,675	152,638	156,656	6,963	4.8%	4,018	2.6%
#77 Industrial Relations	Oper	211,341	213,204	216,723	1,863	0.9%	3,519	1.7%
#77 Industrial Relations	Total	211,341	213,204	216,723	1,863	0.9%	3,519	1.7%
#78 Crime Commission	Aid	932,086	1,164,586	1,164,586	232,500	24.9%	0	0.0%
#78 Crime Commission	Oper	1,391,219	1,734,697	1,805,512	343,478	24.7%	70,815	4.1%
#78 Crime Commission	Total	2,323,305	2,899,283	2,970,098	575,978	24.8%	70,815	2.4%
#82 Hearing Impaired	Oper	503,003	510,124	521,796	7,121	1.4%	11,672	2.3%

Agency	Type	w/o Deficits FY1996-97	Approp - 1997 Session		FY98 vs Prior Year		FY99 vs Prior Year	
			FY1997-98	FY1998-99	\$ Change	% Chnge	\$ Change	% Chnge
#82 Hearing Impaired	Total	503,003	510,124	521,796	7,121	1.4%	11,672	2.3%
#83 Community Colleges	Aid	37,694,489	39,164,305	48,159,322	1,469,816	3.9%	8,995,017	23.0%
#83 Community Colleges	Total	37,694,489	39,164,305	48,159,322	1,469,816	3.9%	8,995,017	23.0%
#84 Environmental Quality	Aid	62,000	1,162,318	1,268,018	1,100,318	1774.7%	105,700	9.1%
#84 Environmental Quality	Oper	2,169,662	2,613,160	2,596,831	443,498	20.4%	(16,329)	-0.6%
#84 Environmental Quality	Total	2,231,662	3,775,478	3,864,849	1,543,816	69.2%	89,371	2.4%
#85 Retirement Board	Oper	14,651,673	13,936,501	13,936,501	(715,172)	-4.9%	0	0.0%
#85 Retirement Board	Total	14,651,673	13,936,501	13,936,501	(715,172)	-4.9%	0	0.0%
#87 Account/Disclosure	Oper	341,853	346,513	355,311	4,660	1.4%	8,798	2.5%
#87 Account/Disclosure	Total	341,853	346,513	355,311	4,660	1.4%	8,798	2.5%
#90 Railway Council	Oper	5,562	6,384	7,390	822	14.8%	1,006	15.8%
#90 Railway Council	Total	5,562	6,384	7,390	822	14.8%	1,006	15.8%
#93 Tax Equal/Review Comm	Oper	333,059	383,649	390,316	50,590	15.2%	6,667	1.7%
#93 Tax Equal/Review Comm	Total	333,059	383,649	390,316	50,590	15.2%	6,667	1.7%
#94 Public Advocacy	Oper	430,000	511,682	451,217	81,682	19.0%	(60,465)	-11.8%
#94 Public Advocacy	Total	430,000	511,682	451,217	81,682	19.0%	(60,465)	-11.8%
Construction-Reaffirm	Const	1,185,569	7,735,123	1,921,841	6,549,554	552.4%	(5,813,282)	-75.2%
Construction-New	Const	18,657,519	33,515,619	46,150,708	14,858,100	79.6%	12,635,089	37.7%
Construction-Total	Total	19,843,088	41,250,742	48,072,549	21,407,654	107.9%	6,821,807	16.5%
TOTAL GENERAL FUNDS		1,885,810,146	1,979,767,633	2,169,585,690	93,957,487	5.0%	189,818,057	9.6%

OPERATIONS	729,644,800	759,681,333	782,190,148	30,036,533	4.1%	22,508,815	3.0%
STATE AID	1,136,322,258	1,178,835,558	1,339,322,993	42,513,300	3.7%	160,487,435	13.6%
CONSTRUCTION	19,843,088	41,250,742	48,072,549	21,407,654	107.9%	6,821,807	16.5%
TOTAL GENERAL FUNDS	1,885,810,146	1,979,767,633	2,169,585,690	93,957,487	5.0%	189,818,057	9.6%

General Fund State Aid by Aid Program

FY98/FY99 Biennial Budget as Enacted During the 1997 Session

Agency	Aid Program	w/o Deficits	Appropriation - 1997 Session		\$ Change over FY97 Base		
		FY1996-97	FY1997-98	FY1998-99	FY1997-98	FY1998-99	
#05	Courts	Dispute resolution (LB90)	180,000	180,000	180,000	0	0
#12	Treasurer	Aid to NRD's	689,500	689,500	689,500	0	0
#12	Treasurer	Aid to Cities	17,631,500	17,631,500	17,631,500	0	0
#12	Treasurer	Aid to Counties	13,297,500	13,297,500	13,297,500	0	0
#13	Education	State Aid to Education	434,834,334	454,273,986	580,290,236	19,439,652	145,455,902
#13	Education	Teachers Salaries (HELP)	In retirement	In retirement	In retirement	0	0
#13	Education	Option Enrollment	123,000	172,200	172,200	49,200	49,200
#13	Education	Vocational Rehabilitation	1,316,912	1,616,791	1,750,151	299,879	433,239
#13	Education	Special Education	124,325,645	124,965,414	128,714,376	639,769	4,388,731
#13	Education	School Lunch	492,500	492,500	492,500	0	0
#13	Education	Early Childhood program	435,000	560,000	560,000	125,000	125,000
#13	Education	Adult Education	201,884	201,884	201,884	0	0
#13	Education	Textbook loan program	212,525	237,525	262,525	25,000	50,000
#13	Education	Geography grant	25,000	25,000	25,000	0	0
#13	Education	Multicultural education	20,000	to Oper	to Oper	(20,000)	(20,000)
#13	Education	Substitute teachers	750	750	750	0	0
#13	Education	School reorganization (LB1050)	20,000	20,000	20,000	0	0
#16	Revenue	Homestead Exemption	40,262,514	36,588,232	36,851,732	(3,674,282)	(3,410,782)
#17	Aeronautics	Civil Air Patrol	32,400	32,400	32,400	0	0
#25	HHS-Services	Children/family incentive grants	160,000	160,000	160,000	0	0
#25	HHS-Services	Domestic Violence	994,800	994,800	994,800	0	0
#25	HHS-Services	Metabolic screening fee, food supp.	0	42,000	42,000	42,000	42,000
#26	HHS-Finance	Family practice residency	517,500	517,500	517,500	0	0
#26	HHS-Finance	Medical student assistance	255,400	305,400	355,400	50,000	100,000
#26	HHS-Finance	Nursing student grants	0	0	0	0	0
#26	HHS-Finance	Renal disease/tuberculosis	854,653	854,653	854,653	0	0
#26	HHS-Finance	Immunization/vaccinations	400,000	275,407	400,000	(124,593)	0
#26	HHS-Finance	Pap/Chlamydia testing	185,000	185,000	185,000	0	0
#26	HHS-Finance	Mammography screening	125,000	125,000	125,000	0	0
#26	HHS-Finance	Nebr Advocacy Services	99,250	179,250	179,250	80,000	80,000
#26	HHS-Finance	Genetic testing	34,369	34,369	34,369	0	0
#26	HHS-Finance	Community health services	3,933	3,933	3,933	0	0
#26	HHS-Finance	Emergency Medical Services, training	0	125,000	200,000	125,000	200,000
#26	HHS-Finance	Voter regist, WIC/MCH	16,760	16,760	16,760	0	0
#26	HHS-Finance	Alcohol/Drug programs	5,069,939	5,069,939	5,069,939	0	0
#26	HHS-Finance	Blind rehabilitation	69,147	69,147	69,147	0	0
#26	HHS-Finance	Community mental health	12,317,151	15,785,151	13,200,151	3,468,000	883,000
#26	HHS-Finance	Community developmental disabilities	30,716,947	35,708,981	38,221,618	4,992,034	7,504,671
#26	HHS-Finance	Needy client/ward travel	59,428	59,428	59,428	0	0
#26	HHS-Finance	Public Assistance	97,216,852	106,047,873	112,257,293	8,831,021	15,040,441
#26	HHS-Finance	Medicaid	277,198,659	277,655,356	293,348,093	456,697	16,149,434
#26	HHS-Finance	Care Management	448,333	1,211,558	448,333	763,225	0
#26	HHS-Finance	Area agencies on aging	2,355,203	2,355,203	2,355,203	0	0
#27	Roads	Local transit authorities	475,000	475,000	475,000	0	0
#27	Roads	Intercity bus subsidy	150,000	121,000	121,000	(29,000)	(29,000)
#31	Military Dept	Governors Emergency Fund	500,000	1,000,000	1,000,000	500,000	500,000
#31	Military Dept	Guard tuition assistance	750,000	600,000	600,000	(150,000)	(150,000)
#34	Library Comm	Local libraries	862,254	862,254	862,254	0	0
#48	Coord. Comm	SSIG grants	553,215	553,215	553,215	0	0

Agency	Aid Program	w/o Deficits	Appropriation - 1997 Session		\$ Change over FY97 Base		
		FY1996-97	FY1997-98	FY1998-99	FY1997-98	FY1998-99	
#48	Coord. Comm	Scholarship Award Program (SSAP)	490,313	560,752	609,824	70,439	119,511
#48	Coord. Comm	Scholarship Assistance Program (SAP)	1,043,528	1,113,966	1,163,038	70,438	119,510
#48	Coord. Comm	Postsecondary Ed Award Prog (PEAP)	895,000	1,500,000	2,000,000	605,000	1,105,000
#50	St Colleges	Remissions-State Colleges	1,677,974	1,703,144	1,728,691	25,170	50,717
#51	University	Remissions-University	17,076,138	17,381,005	17,640,798	304,867	564,660
#51	University	Vet student contracts-UNL	1,716,864	1,716,864	1,716,864	0	0
#51	University	Optometry student contracts	587,176	607,476	607,476	20,300	20,300
#51	University	Other misc. aid	77,053	7,840	7,840	(69,213)	(69,213)
#51	University	Minority student scholarships	0	500,000	0	500,000	0
#55	Nat Resources	Nebr Water Conservation Fund	3,454,147	3,454,147	3,454,147	0	0
#55	Nat Resources	Decommission water wells	99,000	99,000	99,000	0	0
#55	Nat Resources	Resources Development Fund	2,170,000	2,670,000	2,170,000	500,000	0
#55	Nat Resources	Small Watershed Fund	0	200,000	200,000	200,000	200,000
#69	Arts Council	Aid to arts programs	728,075	803,075	803,075	75,000	75,000
#69	Arts Council	Council on Humanities	103,875	123,938	123,938	20,063	20,063
#72	Econ Develop	Industrial training grants	774,783	1,774,783	1,774,783	1,000,000	1,000,000
#72	Econ Develop	Microenterprise Development Act	0	250,000	250,000	250,000	250,000
#72	Econ Develop	Partnership for Economic Development	250,000	500,000	500,000	250,000	250,000
#78	Crime Comm	Juvenile services grants	492,500	625,000	625,000	132,500	132,500
#78	Crime Comm	Law Enforce-Indian affairs	97,681	97,681	97,681	0	0
#78	Crime Comm	Crimes Against Children Fund	60,000	60,000	60,000	0	0
#78	Crime Comm	Byrne Incentive Grant	0	100,000	100,000	100,000	100,000
#78	Crime Comm	Crimestoppers program	14,775	14,775	14,775	0	0
#78	Crime Comm	Victim Witness assistance	57,130	57,130	57,130	0	0
#78	Crime Comm	Crime Victims reparations	210,000	210,000	210,000	0	0
#83	Comm Colleges	Aid to Community Colleges	37,694,489	39,164,305	48,159,322	1,469,816	10,464,833
#84	Environ Cntrl	Superfund cleanup (Hastings)	62,000	0	101,500	(62,000)	39,500
#84	Environ Cntrl	LUST/Safe Drinking Water (LB517A)	0	1,162,318	1,166,518	1,162,318	1,166,518
Total General Fund State Aid			1,136,322,258	1,178,835,558	1,339,322,993	42,513,300	203,000,735
Aid to Individuals			409,219,374	421,914,604	443,744,973	12,695,230	34,525,599
Aid to Local Government			674,626,255	695,809,228	834,538,657	21,182,973	159,912,402
Aid to Other entities			52,476,629	61,111,726	61,039,363	8,635,097	8,562,734
Total General Fund State Aid			1,136,322,258	1,178,835,558	1,339,322,993	42,513,300	203,000,735

General Fund Vetoes and Overrides

1997 Legislative Session

Agency	Prog	Item	Vetoes		Override	
			FY1997-98	FY1998-99	FY1997-98	FY1998-99
Courts	5	Increased use of retired judges (LB 384)	(50,460)	(50,460)	0	0
Courts	6	Vacancy savings (LB 384)	(98,206)	(98,392)	0	0
Courts	7	Vacancy savings (LB 384)	(90,986)	(91,172)	0	0
Courts	52	Mainly Douglas County staff addition	(26,345)	(25,709)	0	0
Courts	67	Probation officers salary funding	(187,897)	(187,897)	0	0
Courts	405	Adjust benefits	(26,688)	(26,688)	0	0
Courts	405	Adjust PSL	(2,083)	(2,083)	0	0
Courts	570	Adjust PSL	(1,129)	(1,129)	0	0
Courts	570	Adjust benefits	(6,509)	(6,509)	0	0
Courts	570	Overtime-Computer Automation	(11,880)	(11,880)	0	0
Sec of State	22	Voter registration data base system	(50,000)	(50,000)	0	0
Sec of State	86	Records management computer upgrade	(22,500)	0	0	0
Sec of State	86	Office space rental shift to GF	(8,682)	(8,682)	0	0
Auditor	506	Increased costs, contract CAFR audits	(6,119)	(12,129)	0	0
Attorney Gen	507	Complete salary equalization program	(15,479)	(15,479)	0	0
Education	25	Additional staff position, School Finance/Data Center	(70,761)	(50,327)	0	0
Education	25	Unspecified veto	(62,499)	(59,197)	0	0
Education	25	Early childhood education/parent educator training	(125,000)	(125,000)	0	0
Education	351	Voc rehab matching funds (Aid)	(299,879)	(433,239)	299,879	433,239
Education	351	Voc rehab matching funds (Oper)	(24,814)	(29,625)	24,814	29,625
PSC	54	Additional secretary, Communications/Transport	(28,069)	(28,069)	0	0
PSC	54	Unspecified veto	(6,599)	(11,393)	0	0
Revenue	102	Unspecified veto	(9,496)	0	0	0
Revenue	103	Unspecified veto	(1,180)	0	0	0
Agriculture	56	Replacement equipment (Weights/Measures)	(17,932)	(21,068)	0	0
Agriculture	333	Eliminate attorney position, noxious weeds	(22,869)	0	0	0
Agriculture	385	Temporary salaries increase (Ag Statistics)	(2,241)	(2,241)	0	0
HHS-Finance	341	Reduction equal to amount in LB752A	(260,104)	0	0	0
HHS-Finance	341	Unspecified veto	(9,000)	(9,000)	0	0
HHS-Finance	365	Mental Health aid-community based aid	0	(2,500,000)	0	0
HHS-Finance	424	Develop Disability aid-rate equity to 80% & 85%	(1,199,511)	(2,057,989)	1,199,511	0
HHS-Finance	514	Emergency Medical Services, training funds	(125,000)	(50,000)	0	0
HHS-Finance	571	Area agencies on aging	(1,075,654)	0	0	0
HHS-Finance	571	Foster Grandparent program	(125,825)	(125,825)	0	0
Vets Affairs	36	Increased health insurance	(2,150)	(1,206)	0	0
Ed Land/Fund	529	Increased rent costs, state surveyor	(1,993)	(1,993)	0	0
Game & Parks	336	Unspecified veto (law enforce, non-game, outdoor ed)	0	(35,605)	0	0
Game & Parks	337	Unspecified veto, administration	(30,291)	(25,386)	0	0
Game & Parks	549	Unspecified veto, parks	(38,338)	(64,762)	0	0
Library Comm	302	Increase aid to local libraries	(500,000)	(500,000)	0	0
Corrections	200	Additional staffing-security staff	(746,044)	(13,092)	0	0
NETC	533	NEB*SAT engineering support, 2 FTE	(52,581)	(52,581)	0	0
Coord Comm	499	State Scholarship Award Prog (SSAP)	(39,020)	(39,020)	0	0
Coord Comm	500	Scholarship Assistance Prog (SAP)	(39,021)	(39,021)	0	0
Coord Comm	640	Computer replacement/enhancements	(18,000)	(12,000)	0	0
Colleges	48	Property insurance, state owned buildings	(27,819)	(29,210)	0	0
Colleges	48	Additional full-time faculty, Wayne	(145,800)	(133,800)	0	0
Colleges	48	Additional full-time faculty, Chadron	(22,200)	(22,200)	0	0
Colleges	48	Library automation	(35,200)	0	0	0

Agency	Prog	Item	Veto		Override	
			FY1997-98	FY1998-99	FY1997-98	FY1998-99
University	781	College of Info Science and Technology (operations)	(208,170)	(340,200)	0	0
University	781	Primary care rural residencies (LMEF)	(155,300)	(405,300)	0	0
University	781	Takeover salary/benefits, extension educators/asst	0	(1,077,972)	0	0
University	781	Distance education	(196,300)	(393,050)	0	0
Fair Board	539	Increased GF support, 4-H/FFA programs	(10,177)	(14,310)	0	0
Fair Board	539	Increased GF support, open class premiums	(9,092)	(9,571)	0	0
Hist Society	648	Purchase 8 microfilm readers	(10,000)	(10,000)	0	0
Hist Society	648	GF support, Historical Markers	(9,250)	(9,250)	0	0
Hist Society	648	Use of K St power plant storage	(4,175)	(1,975)	0	0
Hist Society	648	GF support, Gerald R. Ford Conservation Center	(25,000)	(125,000)	0	0
Nat Rsrces	303	Small Watersheds Flood Control program	(50,000)	(50,000)	0	0
Nat Rsrces	308	Resources Development Fund	(250,000)	0	0	0
State Patrol	189	Vehicle replacement costs	(72,250)	(31,455)	0	0
DAS	171	Staff development, purchasing agents	(22,544)	(24,865)	0	0
DAS	573	Increased oversight activities-309 Task Force	(18,000)	(18,000)	0	0
DAS	605	Position upgrades (Personnel)	(11,850)	(11,850)	0	0
Arts Council	326	Replace federal funds, staffing	(38,524)	(38,524)	0	0
Arts Council	326	Increase operating costs, outreach services	(5,422)	(6,734)	0	0
Arts Council	327	Increased aid, Arts Education	(75,000)	(75,000)	0	0
Arts Council	328	Increased aid, Humanities	(20,062)	(20,062)	0	0
Foster Care	116	Additional position	(44,182)	(45,204)	0	0
Indust Relation	531	Increased per diems, new cases	(8,810)	(8,810)	0	0
Indust Relation	531	Benefits costs	(455)	(455)	0	0
Crime Comm.	150	Increased travel, juvenile services act	(1,500)	(1,900)	0	0
Crime Comm.	150	Additional aid funds, Juvenile Services Act	(132,500)	(95,000)	0	0
Crime Comm.	150	Unspecified veto	(500)	(500)	0	0
Crime Comm.	196	Unspecified veto	(20)	(20)	0	0
Crime Comm.	198	Unspecified veto	(500)	(500)	0	0
Crime Comm.	199	Custodial hours (Training Center)	(1,723)	(1,723)	0	0
Crime Comm.	202	Operating expenses (crime victim reparations)	(466)	(466)	0	0
Crime Comm.	202	Increase GF match, fed crime victim reparations	(10,000)	(20,000)	0	0
Crime Comm.	203	Unspecified veto	(500)	(500)	0	0
Hrng Impaired	584	Retirement increase	(2,081)	(2,081)	0	0
Acct/Discl	94	Investigative services contracts	(10,000)	(10,000)	0	0
Construction	901	NEB*SAT Central Nebr pod activation	(150,000)	0	0	0
Construction	901	NEB*SAT Western Nebr pod activation	0	(150,000)	0	0
Construction	940	LB309 Task Force, deferred repair/maint	(4,100,000)	(4,100,000)	0	0
MAINLINE BUDGET BILLS			(11,424,206)	(14,161,335)	1,524,204	462,864
LB 113A		Mail order sales tax lists	(93,095)	(83,690)	0	0
LB 229A		Change provisions, concurrent jurisdiction	(18,000)	0	0	0
LB 485A		State pay costs, mentally incompetent	(740,800)	(740,800)	Bill	Bill
LB 588A		Attorney General, state boundary actions	(58,750)	0	0	0
LB 865A		Special Education changes	(20,219)	(20,665)	0	0
LB 875A		Substandard/blighted areas, tax levy	(36,090)	(41,190)	0	0
TOTAL - ALL GENERAL FUND VETOES			(12,391,160)	(15,047,680)	1,524,204	462,864

APPROPRIATIONS - ALL FUND SOURCES

All Fund Sources - State Totals

	General	Cash	Federal	Revolving/Other	Total
<u>FY1996-97 (w/O DEFICITS)</u>					
Agency Operations	729,648,708	978,164,453	295,561,125	366,153,630	2,369,527,916
State Aid	1,136,318,350	83,340,403	852,513,975	544,695	2,072,717,423
Capital Construction	19,843,088	4,757,432	254,875	10,220,019	35,075,414
FY1996-97 Total	1,885,810,146	1,066,262,288	1,148,329,975	376,918,344	4,477,320,753
<u>FY1997-98</u>					
Agency Operations	759,681,333	1,019,326,356	284,600,168	368,492,880	2,432,100,737
State Aid	1,178,835,558	84,744,843	878,086,237	894,695	2,142,561,333
Capital Construction	41,250,742	7,773,846	16,169,536	11,217,400	76,411,524
FY1997-98 Total	1,979,767,633	1,111,845,045	1,178,855,941	380,604,975	4,651,073,594
Change over prior year					
Dollar	93,957,487	45,582,757	30,525,966	3,686,631	173,752,841
Percent	5.0%	4.3%	2.7%	1.0%	3.9%
<u>FY1998-99</u>					
Agency Operations	782,190,148	1,021,248,912	283,258,276	373,110,368	2,459,807,704
State Aid	1,339,322,993	85,610,000	908,267,155	1,094,695	2,334,294,843
Capital Construction	48,072,549	7,062,062	2,773,900	11,829,200	69,737,711
FY1998-99 Total	2,169,585,690	1,113,920,974	1,194,299,331	386,034,263	4,863,840,258
Change over prior year					
Dollar	189,818,057	2,075,929	15,443,390	5,429,288	212,766,664
Percent	9.6%	0.2%	1.3%	1.4%	4.6%

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 180 individual cash funds contained in 68 different agencies. In many instances, an agency has multiple cash funds. For example, the Dept of Agriculture has 24 different cash funds. Monies held in these funds generally can

only be used for the specific purpose for which the fund was created. Cash funds are used to account for revenues such as University and State College tuition and fees, University Medical Center 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 University of Nebraska and Dept of Roads combined account for over 75% of cash fund revenues and expenditures.

About 96% of the FY1997-98 net cash fund increase in the FY98/FY99 biennial budget is in three areas:

- * Cash flow of Dept of Roads construction projects and salary increases (\$22.2 million)
- * Increase in Environmental Trust grants in Game and Parks (\$4.5 million)
- * Leaking Underground Storage Tank (LUST) grants under the Dept of Environmental Quality (\$4.1 million).

In DED while there is shown a large \$6 million reduction in cash fund appropriation authority for job training grants, this simply reflects the one-time nature of these cash funds in the FY96-97 budget. In lieu of a new appropriation for the FY98/FY99 biennium, the unexpended balance from the \$6 million FY96-97 appropriation is reappropriated.

There were several bills passed during the 1997 session which had significant cash fund impacts.

LB 590 provide that \$1.50 of each fee paid to the Secretary of State for the provision of Uniform Commercial Code records and \$1.00 of each fee for the provision of Department of Motor Vehicles abstracts shall accrue to the Records Management Cash Fund. This cash fund is managed by the Secretary of State. These funds would be to provide, or enter into a contract to provide, the electronic access of information to state information to the public. The Secretary of State s estimate of revenues and expenditures appears to be reasonable as does the agency s need for contract analyst to oversee the management of electronic access. This analyst is budgeted at \$35,000 per year.

LB 248 makes several technical clean-up and clarifying changes to the charitable gaming statutes. However the bill also provides for transfers of \$250,000 per year for FY1997-98, FY1998-99 and FY1999-2000 from the Charitable Gaming Operations Fund to the Compulsive Gamblers Assistance Fund. For FY2000-01 and each year thereafter, the transfer will be \$1 million per year, if the need for such funds is demonstrated to the Legislature.

LB 864 provided designated funding sources for the Affordable Housing Trust Fund in the Department of Economic Development. This fund was created by the Nebraska Affordable Housing Act passed during the 1996 Legislative Session (LB 1322). There were two funding sources provided. Beginning January 1, 1998 through December 31, 2002, revenue from the documentary stamp tax retained by the state and previously deposited in the General Fund will be deposited in the Affordable Housing Trust Fund. In addition to the documentary tax revenues, \$2,000,000 will be transferred from the Securities Act Cash Fund to the Affordable Housing Trust Fund in calendar years 2000 and 2001. On a fiscal year basis these transfers result in revenues to the trust fund of \$1,000,000 in FY 1999-2000, \$2,000,000 in FY 2000-01 and \$1,000,000 of in FY 2001-02.

The following table shows the revenue flow to the Affordable Housing Trust Fund. These amounts also would be General Fund revenue losses.

<u>Fiscal Year</u>	<u>Documentary Stamp Tax</u>	<u>Securities Act Fund Transfer</u>
1997-98	\$2,000,000	0
1998-99	\$4,000,000	0
1999-00	\$4,000,000	\$1,000,000
2000-01	\$4,000,000	\$2,000,000
2001-02	\$4,000,000	\$1,000,000
2002-03	\$2,000,000	0
Total	\$20,000,000	\$4,000,000

LB 729 creates the Legal Aid and Services Fund to provide civil legal services to the indigent. The Commission on Public Advocacy is to establish eligibility criteria and guidelines to determine annually the service areas and the service provider for each service area and the distribution of funds based upon poverty populations. A legal services fee of \$2 is to be charged in all cases in district and county court (except those filed under Section 24-517(4) or Section 25-2802) and in all appeals and original actions in the Court of Appeals and Supreme Court. A docket fee of \$15 is also to be charged for each proceeding to modify a decree of dissolution or annulment of marriage, modification of child support, child custody, or visitation. Cash fund revenue is estimated at \$385,000 the first year (1/2 year) and \$770,000 in subsequent years based on 10,000 modifications and 60,000 civil cases. There would be General Fund costs to the Commission on Public Advocacy to administer the program estimates at \$5,500 the first year and \$4,500 in subsequent years.

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.

A large portion of the federal funds (approximately 55%) is expended in Health and Human Services as the federal portion of matching programs such as Medicaid, AFDC, and other public assistance program.

Compared to the FY96-97 level, estimated federal funds increase at less than 2% per year.

LB 517 establishes the Drinking Water State Revolving Fund Act. The Dept of Environmental Quality (DEQ) would administer the act, which would be funded by state General Funds, federal capitalization grants and the proceeds of state match bonds issued by the Nebraska Investment Finance Authority (NIFA). DEQ would make loans to political subdivisions, assess administrative penalties, promulgate rules and regulations, and adopt a system for the ranking of safe drinking water projects. It is estimated that DEQ would hire 2.5 FTE to administer the act.

<u>Administrative</u>	<u>FY97-98</u>	<u>FY98-99</u>
General Funds	37,682	33,482
Federal Funds	150,727	133,927
Total	188,409	167,409
<u>State Aid</u>	<u>FY97-98</u>	<u>FY98-99</u>
General Funds	1,162,318	1,166,518
Federal Funds	12,673,273	7,366,073
Total	13,835,591	8,532,591

Additionally, it is estimated that there will be revenue from the proceeds of bonds issued by NIFA which will be used to provide additional state matching dollars. The NIFA bond proceeds would not be appropriated, but would be used to match federal capitalization grants. It is estimated that NIFA bond proceeds may total \$1,364,800 in FY97-98 and \$300,000 in FY98-99. The NIFA bond proceeds would be used to increase the pool of funds that would be used to implement the Drinking Water State Revolving Fund Act.

Revolving Funds

These type of funds account for transactions where one agency provides goods or services to another agency. For example, the Dept of Education pays DAS-Central Data Processing for use of the states' mainframe computer. The expenditure is charged against the Departments budget (be it General, Cash, or Federal). DAS then receives these funds which are credited to a revolving fund from which DAS pays staff salaries, lease payments on computers, utilities, etc... This in essence double-

counts 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. Revolving funds are also used by the University and State Colleges to account for revenues from dormitories, student unions, agricultural experiment stations, other "enterprise" operations.

Table 23
Historical Appropriations - All Fund Sources (Includes Deficits)

Year	General	Cash	Federal	Revolving/Other	Total
FY1978-79	536,979,039	301,769,934	250,726,532	122,225,669	1,211,701,174
FY1979-80	585,410,838	312,000,288	305,726,901	138,822,469	1,341,960,496
FY1980-81	667,622,625	357,085,460	331,455,969	143,864,055	1,500,028,109
FY1981-82	719,003,919	398,683,963	357,260,813	146,302,943	1,621,251,638
FY1982-83	724,830,266	420,898,925	373,314,509	165,522,304	1,684,566,004
FY1983-84	759,224,796	465,878,954	361,098,012	156,599,674	1,742,801,436
FY1984-85	831,650,043	508,749,726	392,057,466	163,460,949	1,895,918,184
FY1985-86	824,594,846	540,419,089	406,654,534	181,025,297	1,952,693,766
FY1986-87	852,957,713	550,381,738	434,889,025	197,750,807	2,035,979,283
FY1987-88	895,808,825	529,449,619	483,048,428	203,443,587	2,111,750,459
FY1988-89	990,817,906	594,083,847	552,691,133	235,972,514	2,373,565,400
FY1989-90	1,232,386,426	674,984,134	595,070,435	253,392,317	2,755,833,312
FY1990-91	1,421,660,959	737,748,254	694,865,444	266,473,436	3,120,748,093
FY1991-92	1,534,761,838	824,074,551	755,886,585	283,641,747	3,398,364,721
FY1992-93	1,604,238,201	871,608,209	839,410,206	302,748,148	3,618,004,764
FY1993-94	1,628,738,485	913,074,906	934,040,131	314,120,478	3,789,974,000
FY1994-95	1,712,078,019	971,696,337	1,004,487,357	332,140,236	4,020,401,949
FY1995-96	1,804,174,932	1,037,504,532	1,181,867,901	346,981,088	4,370,528,453
FY1996-97	1,882,429,606	1,074,409,430	1,148,399,528	375,385,670	4,480,624,234
FY1997-98	1,979,767,633	1,111,845,045	1,178,855,941	380,604,975	4,651,073,594
FY1998-99	2,169,585,690	1,113,920,974	1,194,299,331	386,034,263	4,863,840,258
Average Annual Growth					
FY79 to FY89 (10 yr)	6.3%	7.0%	8.2%	6.8%	7.0%
FY89 to FY99 (10 yr)	8.2%	6.5%	8.0%	5.0%	7.4%
FY79 to FY99 (20 yr)	7.2%	6.7%	8.1%	5.9%	7.2%

Mainline Budget Bills and "A" Bills

	General	Cash	Federal	Revolving/Other	Total
<u>FY1997-98</u>					
LB 384-Constitutional Officers	13,175,345	627,980	0	0	13,803,325
LB 385-Legislator Salaries	632,982	0	0	0	632,982
LB 386-Capital Construction	34,600,980	7,773,846	13,955,745	11,217,400	67,547,971
LB 387-Employee Salary Increases	18,731,577	3,864,920	2,427,270	578,465	25,602,232
LB 389-Mainline Budget Bill	1,896,806,702	1,095,155,888	1,147,435,135	368,832,139	4,508,229,864
LB 150-Construction/Operations-Corrections	6,454,811	0	2,213,791	0	8,668,602
	1,970,402,397	1,107,422,634	1,166,031,941	380,628,004	4,624,484,976
Mainline Budget Bills					
"A" Bills	9,365,236	4,422,411	12,824,000	(23,029)	26,588,618
	1,979,767,633	1,111,845,045	1,178,855,941	380,604,975	4,651,073,594
Total Per 1997 Session					
<u>FY1998-99</u>					
LB 384-Constitutional Officers	13,234,675	630,640	0	0	13,865,315
LB 385-Legislator Salaries	632,982	0	0	0	632,982
LB 386-Capital Construction	26,738,496	7,062,062	527,500	11,829,200	46,157,258
LB 387-Employee Salary Increases	38,065,201	7,855,115	4,923,893	1,172,982	52,017,191
LB 389-Mainline Budget Bill	1,941,660,046	1,091,750,807	1,179,101,538	373,055,110	4,585,567,501
LB 150-Construction/Operations-Corrections	20,596,594	0	2,246,400	0	22,842,994
	2,040,927,994	1,107,298,624	1,186,799,331	386,057,292	4,721,083,241
Mainline Budget Bills					
"A" Bills	128,657,696	6,622,350	7,500,000	(23,029)	142,757,017
	2,169,585,690	1,113,920,974	1,194,299,331	386,034,263	4,863,840,258
Total Per 1997 Session					

“A” Bills Enacted - 1997 Session

* denotes line-item vetoes

Bill	Description	Fund	FY1997-98	FY1998-99
LB 10A	Notification of driver license suspension	Cash	(32,990)	(43,987)
LB 86A	Reduction of motor vehicle valuation in certain cases	Cash	10,000	0
LB 90A	Penalties for hate crimes	General	3,000	3,000
LB 94A	Inmate deposition/testimony costs	General	(6,176)	(6,176)
	Inmate deposition/testimony costs	Cash	6,176	6,176
LB 111A	Commission on Human Genetic Technologies	General	35,000	0
LB 113A	Mail order sales tax lists	General	(VETO)	(VETO)
LB 114A *	Board of Public Accountancy per diems/meetings	Cash	10,600	8,600
LB 116A	Fingerprint/record check, civil service applicants	Cash	23,000	23,000
LB 118A	Revise use of minigrants, Education Innovation Fund	Cash	6,500	5,500
LB 132A	School budget compliance reviews	General	32,000	32,000
LB 173A	Participate in the federal Migratory Bird Harvest Info Program	Cash	75,000	70,000
LB 182	Homestead Exempt, increase income levels	General	3,388,232	3,651,732
LB 229A*	Change provisions, concurrent original jurisdiction	General	(VETO)	0
	Change provisions, concurrent original jurisdiction	Cash	6,000	0
LB 248A	Change provisions, concurrent original jurisdiction	Cash	250,000	250,000
LB 255A *	Grade crossing safety assessment process/admin	Cash	54,350	43,750
LB 256A	Undercover license plate issuance	Cash	20,000	0
LB 269A	Misc 1114 change, community college aid	General	0	8,208,078
LB 270A	Misc changes, Property Tax Administrator,	Cash	1,500	1,500
LB 271A	Change valuation and taxation of motor vehicles	General	(27,481)	(54,962)
	Change valuation and taxation of motor vehicles	Cash	129,020	58,144
LB 278A	DNA Detection of Sexual and Violent Offenders Act	General	330,403	236,903
LB 307A	Various substantive/technical changes, new HHS system	General	Shift	Shift
	Various substantive/technical changes, new HHS system	Federal	Shift	Shift

Bill	Description	Fund	FY1997-98	FY1998-99
LB 310A	Child care programs/inspections/enforcements	General	(69,475)	(69,475)
	Child care programs/inspections/enforcements	Cash	69,475	69,475
LB 314A	Misc changes DAS-Personnel, employee buyout	General	27,000	27,000
LB 327A	Microenterprise Development Act	General	250,000	250,000
LB 362A	Increase Judges salaries	General	225,160	756,033
	Increase Judges salaries	Cash	0	20,392
LB 393A	Protection order changes	General	1,000	0
LB 396A	Establish a Division of Veterans Homes within HHS	General	Shift	Shift
LB 485A	State pay costs, mentally incompetent	General	(Veto "A" Bill)	(Veto "A" Bill)
	State pay costs, mentally incompetent	Cash	(Veto "A" Bill)	(Veto "A" Bill)
LB 517A	LUST/Safe Drinking Water	General	1,200,000	1,200,000
	LUST/Safe Drinking Water	Federal	12,824,000	7,500,000
LB 523A *	Register partnerships with Secretary of State	Cash	8,750	17,500
LB 577A	Expand eligibility, Rural Health/Prof. Incentive Act	General	50,000	100,000
LB 588A *	Attorney General, state boundary actions	General	0	60,413
LB 590A	Electronic access of state information	Cash	938,500	938,500
LB 610A	Metabolic screening fee, food supplement/treatment	General	42,000	42,000
	Metabolic screening fee, food supplement/treatment	Cash	72,000	72,000
LB 622A	Engineers and Architects, authorization certificates	Cash	33,250	43,000
LB 626A	Statewide Trauma System Act	General	100,000	100,000
LB 635A	Uniform Motor Vehicle Records Disclosure Act	Cash	203,256	51,026
LB 641A *	Redefine boiler to include unfired pressure vessels	Cash	46,721	68,443
LB 660A	Authorize/enforce, Federal Telecomm. Act of 1996	General	43,926	43,835
LB 724A	School retirement, purchase additional yrs service	Cash	39,402	32,430
LB 729A	Legal Aid and Services Fund	General	5,500	4,500
	Legal Aid and Services Fund	Cash	435,000	870,000
LB 755	Women in Military Service For America Memorial	General	30,000	0
LB 798A	Certificate of Need exemptions	General	(192,330)	(192,330)

Bill	Description	Fund	FY1997-98	FY1998-99
LB 806A	State aid to education changes	General	21,100	110,000,000
LB 829A	Domestic violence incident reports, protection orders	General	4,000	1,500
LB 835A	Seamless Delivery System Pilot Project	General	250,000	0
LB 852A	Criminal background check, develop disability providers	Cash	39,930	39,930
LB 853A	Salary increase, Workers Compensation Court judges	Cash	0	(Veto "A" Bill)
LB 854A	Eliminate the Second Injury Fund, workers' comp	General	(23,971)	(23,971)
	Eliminate the Second Injury Fund, workers' comp	Revolving	(23,029)	(23,029)
	Eliminate the Second Injury Fund, workers' comp	Cash	(23,029)	(23,029)
LB 861A	DED, organizations surety bond support	General	227,280	225,200
LB 864A	Affordable housing, ADC/welfare reform, food stamps	General	807,172	750,321
	Affordable housing, ADC/welfare reform, food stamps	Cash	2,000,000	4,000,000
LB 865A*	Special education changes	General	19,782	9,595
LB 875A*	Substandard/blighted areas, tax levy	General	6,500	2,500
LB 882A	Create incarceration work camps	General	2,585,614	3,300,000
	General		9,365,236	128,657,696
	Cash		4,422,411	6,622,350
	Federal		12,824,000	7,500,000
	Revolving		(23,029)	(23,029)
	Total "A" Bills		26,588,618	142,757,017

Appropriations By Agency - All Fund Sources

FY98/FY99 Biennial Budget as Enacted in the 1997 Session

		Fund	w/o Deficits FY1996-97	Total FY1997-98	Total FY1998-99	FY98 vs Prior Year		FY99 vs Prior Year	
						\$ Change	% Change	\$ Change	% Change
3	Legislative Council	Gen	12,676,592	12,714,775	13,257,771	38,183	0.3%	542,996	4.3%
		Cash	84,960	84,960	84,960	0	0.0%	0	0.0%
		Fed	0	0	0	0	na	0	na
		Total	12,761,552	12,799,735	13,342,731	38,183	0.3%	542,996	4.2%
5	Supreme Court	Gen	39,490,621	42,144,631	43,250,781	2,654,010	6.7%	1,106,150	2.6%
		Cash	1,983,434	1,189,360	1,186,489	(794,074)	-40.0%	(2,871)	-0.2%
		Fed	515,312	257,639	257,639	(257,673)	-50.0%	0	0.0%
		Total	41,989,367	43,591,630	44,694,909	1,602,263	3.8%	1,103,279	2.5%
7	Governor	Gen	1,484,553	1,507,812	1,540,811	23,259	1.6%	32,999	2.2%
		Cash	834,586	875,305	806,656	40,719	4.9%	(68,649)	-7.8%
		Fed	4,400,706	3,601,739	3,472,406	(798,967)	-18.2%	(129,333)	-3.6%
		Rev	60,000	0	0	(60,000)	-100.0%	0	na
		Total	6,779,845	5,984,856	5,819,873	(794,989)	-11.7%	(164,983)	-2.8%
8	Lt. Governor	Gen	95,912	96,077	96,604	165	0.2%	527	0.5%
		Cash	0	0	0	0	na	0	na
		Fed	0	0	0	0	na	0	na
		Total	95,912	96,077	96,604	165	0.2%	527	0.5%
9	Secretary of State	Gen	566,806	1,189,920	633,134	623,114	109.9%	(556,786)	-46.8%
		Cash	927,732	2,652,765	2,027,655	1,725,033	185.9%	(625,110)	-23.6%
		Fed	0	0	0	0	na	0	na
		Rev	812,380	849,698	838,158	37,318	4.6%	(11,540)	-1.4%
		Total	2,306,918	4,692,383	3,498,947	2,385,465	103.4%	(1,193,436)	-25.4%
10	Auditor	Gen	1,515,290	1,565,626	1,594,585	50,336	3.3%	28,959	1.8%
		Cash	616,528	606,798	625,995	(9,730)	-1.6%	19,197	3.2%
		Fed	0	0	0	0	na	0	na
		Total	2,131,818	2,172,424	2,220,580	40,606	1.9%	48,156	2.2%

	Fund	w/o Deficits FY1996-97	Total FY1997-98	Total FY1998-99	FY98 vs Prior Year		FY99 vs Prior Year		
					\$ Change	% Change	\$ Change	% Change	
11	Attorney General	Gen	2,931,238	2,992,997	3,120,152	61,759	2.1%	127,155	4.2%
		Cash	115,493	115,493	115,493	0	0.0%	0	0.0%
		Fed	0	0	0	0	na	0	na
		Rev	382,325	407,392	415,645	25,067	6.6%	8,253	2.0%
		Total	3,429,056	3,515,882	3,651,290	86,826	2.5%	135,408	3.9%
12	Treasurer	Gen	32,001,297	32,002,056	32,008,443	759	0.0%	6,387	0.0%
		Cash	3,302,805	3,364,928	3,348,509	62,123	1.9%	(16,419)	-0.5%
		Fed	0	0	0	0	na	0	na
		Total	35,304,102	35,366,984	35,356,952	62,882	0.2%	(10,032)	-0.0%
13	Education	Gen	574,682,148	595,281,840	724,520,621	20,599,692	3.6%	129,238,781	21.7%
		Cash	20,692,733	21,870,822	22,937,040	1,178,089	5.7%	1,066,218	4.9%
		Fed	148,024,466	149,258,765	151,810,797	1,234,299	0.8%	2,552,032	1.7%
		Rev	467,106	630,668	639,162	163,562	35.0%	8,494	1.3%
		Total	743,866,453	767,042,095	899,907,620	23,175,642	3.1%	132,865,525	17.3%
14	Public Service Commission	Gen	2,281,791	2,123,351	2,153,405	(158,440)	-6.9%	30,054	1.4%
		Cash	1,171,897	981,900	1,030,000	(189,997)	-16.2%	48,100	4.9%
		Fed	0	0	0	0	na	0	na
		Total	3,453,688	3,105,251	3,183,405	(348,437)	-10.1%	78,154	2.5%
15	Parole Board	Gen	557,967	561,004	575,905	3,037	0.5%	14,901	2.7%
		Cash	0	0	0	0	na	0	na
		Fed	0	0	0	0	na	0	na
		Total	557,967	561,004	575,905	3,037	0.5%	14,901	2.7%
16	Revenue	Gen	59,489,919	56,035,435	56,544,184	(3,454,484)	-5.8%	508,749	0.9%
		Cash	18,555,990	18,105,518	18,229,726	(450,472)	-2.4%	124,208	0.7%
		Fed	100,000	25,000	25,000	(75,000)	-75.0%	0	0.0%
		Rev	797,800	876,625	960,693	78,825	9.9%	84,068	9.6%
		Total	78,943,709	75,042,578	75,759,603	(3,901,131)	-4.9%	717,025	1.0%
17	Aeronautics	Gen	32,406	32,400	32,400	(6)	-0.0%	0	0.0%
		Cash	20,987,292	17,865,248	21,063,317	(3,122,044)	-14.9%	3,198,069	17.9%
		Fed	0	0	0	0	na	0	na
		Total	21,019,698	17,897,648	21,095,717	(3,122,050)	-14.9%	3,198,069	17.9%

	Fund	w/o Deficits FY1996-97	Total FY1997-98	Total FY1998-99	FY98 vs Prior Year		FY99 vs Prior Year	
					\$ Change	% Change	\$ Change	% Change
18 Agriculture	Gen	5,690,046	5,437,979	5,541,927	(252,067)	-4.4%	103,948	1.9%
	Cash	4,164,296	4,299,470	4,375,977	135,174	3.2%	76,507	1.8%
	Fed	1,320,893	1,332,692	1,351,677	11,799	0.9%	18,985	1.4%
	Rev	522,756	422,548	430,652	(100,208)	-19.2%	8,104	1.9%
	Total	11,697,991	11,492,689	11,700,233	(205,302)	-1.8%	207,544	1.8%
19 Banking	Gen	0	0	0	0	na	0	na
	Cash	4,030,894	4,135,108	4,226,893	104,214	2.6%	91,785	2.2%
	Fed	0	0	0	0	na	0	na
	Total	4,030,894	4,135,108	4,226,893	104,214	2.6%	91,785	2.2%
20 HHS- Regulation	Gen	3,203,073	3,659,330	3,603,188	456,257	14.2%	(56,142)	-1.5%
	Cash	6,849,988	9,611,861	9,566,196	2,761,873	40.3%	(45,665)	-0.5%
	Fed	3,136,450	3,023,549	3,031,116	(112,901)	-3.6%	7,567	0.3%
	Total	13,189,511	16,294,740	16,200,500	3,105,229	23.5%	(94,240)	-0.6%
21 Fire Marshal	Gen	1,195,960	554,759	1,059,020	(641,201)	-53.6%	504,261	90.9%
	Cash	2,021,693	2,651,205	2,229,526	629,512	31.1%	(421,679)	-15.9%
	Fed	122,313	122,313	122,313	0	0.0%	0	0.0%
	Total	3,339,966	3,328,277	3,410,859	(11,689)	-0.3%	82,582	2.5%
22 Insurance	Gen	0	0	0	0	na	0	na
	Cash	5,683,049	5,797,217	5,631,840	114,168	2.0%	(165,377)	-2.9%
	Fed	146,391	147,146	148,109	755	0.5%	963	0.7%
	Total	5,829,440	5,944,363	5,779,949	114,923	2.0%	(164,414)	-2.8%
23 Labor	Gen	560,206	483,232	509,077	(76,974)	-13.7%	25,845	5.3%
	Cash	1,778,098	1,601,665	1,635,332	(176,433)	-9.9%	33,667	2.1%
	Fed	30,809,698	27,176,346	27,650,694	(3,633,352)	-11.8%	474,348	1.7%
	Total	33,148,002	29,261,243	29,795,103	(3,886,759)	-11.7%	533,860	1.8%
24 Motor Vehicles	Gen	1,197,458	0	0	(1,197,458)	-100.0%	0	na
	Cash	11,435,580	14,687,834	15,548,839	3,252,254	28.4%	861,005	5.9%
	Fed	1,752,024	1,774,364	1,779,365	22,340	1.3%	5,001	0.3%
	Total	14,385,062	16,462,198	17,328,204	2,077,136	14.4%	866,006	5.3%

	Fund	w/o Deficits FY1996-97	Total FY1997-98	Total FY1998-99	FY98 vs Prior Year \$ Change	FY98 vs Prior Year % Change	FY99 vs Prior Year \$ Change	FY99 vs Prior Year % Change
25 HHS- Services	Gen	101,413,922	110,693,906	115,165,653	9,279,984	9.2%	4,471,747	4.0%
	Cash	18,924,939	19,500,293	19,365,395	575,354	3.0%	(134,898)	-0.7%
	Fed	88,629,754	86,003,694	86,382,617	(2,626,060)	-3.0%	378,923	0.4%
	Total	208,968,615	216,197,893	220,913,665	7,229,278	3.5%	4,715,772	2.2%
26 HHS- Finance	Gen	457,505,790	469,833,976	491,476,290	12,328,186	2.7%	21,642,314	4.6%
	Cash	17,952,730	15,831,049	15,734,187	(2,121,681)	-11.8%	(96,862)	-0.6%
	Fed	680,576,874	681,070,494	713,792,032	493,620	0.1%	32,721,538	4.8%
	Total	1,156,035,394	1,166,735,519	1,221,002,509	10,700,125	0.9%	54,266,990	4.7%
27 Roads	Gen	625,000	596,000	596,000	(29,000)	-4.6%	0	0.0%
	Cash	453,015,862	475,325,102	469,336,194	22,309,240	4.9%	(5,988,908)	-1.3%
	Fed	186,000	0	0	(186,000)	-100.0%	0	na
	Total	453,826,862	475,921,102	469,932,194	22,094,240	4.9%	(5,988,908)	-1.3%
28 Veterans Affairs	Gen	551,913	592,512	578,394	40,599	7.4%	(14,118)	-2.4%
	Cash	0	0	0	0	na	0	na
	Fed	0	0	0	0	na	0	na
	Total	551,913	592,512	578,394	40,599	7.4%	(14,118)	-2.4%
29 Water Resources	Gen	4,610,285	5,597,834	4,019,052	987,549	21.4%	(1,578,782)	-28.2%
	Cash	10,000	10,000	10,000	0	0.0%	0	0.0%
	Fed	0	0	0	0	na	0	na
	Total	4,620,285	5,607,834	4,029,052	987,549	21.4%	(1,578,782)	-28.2%
30 Electrical Board	Gen	0	0	0	0	na	0	na
	Cash	669,550	760,607	765,575	91,057	13.6%	4,968	0.7%
	Fed	0	0	0	0	na	0	na
	Total	669,550	760,607	765,575	91,057	13.6%	4,968	0.7%
31 Military Dept Cash	Gen	3,936,331	4,313,609	4,358,144	377,278	9.6%	44,535	1.0%
	406,245	490,836	497,186	84,591	20.8%	6,350	1.3%	
	Fed	8,940,756	9,866,172	9,961,848	925,416	10.4%	95,676	1.0%
	Total	13,283,332	14,670,617	14,817,178	1,387,285	10.4%	146,561	1.0%

	Fund	w/o Deficits FY1996-97	Total FY1997-98	Total FY1998-99	FY98 vs Prior Year		FY99 vs Prior Year	
					\$ Change	% Change	\$ Change	% Change
32 Ed Lands & Funds	Gen	252,488	256,366	262,529	3,878	1.5%	6,163	2.4%
	Cash	2,431,954	2,617,265	2,671,476	185,311	7.6%	54,211	2.1%
	Fed	0	0	0	0	na	0	na
	Total	2,684,442	2,873,631	2,934,005	189,189	7.0%	60,374	2.1%
33 Game and Parks	Gen	8,641,544	8,900,701	9,013,376	259,157	3.0%	112,675	1.3%
	Cash	33,210,032	39,437,265	39,654,364	6,227,233	18.8%	217,099	0.6%
	Fed	48,880	178,880	178,880	130,000	266.0%	0	0.0%
	Total	41,900,456	48,516,846	48,846,620	6,616,390	15.8%	329,774	0.7%
34 Library Commission	Gen	2,773,530	2,813,675	2,889,155	40,145	1.4%	75,480	2.7%
	Cash	211,387	211,387	211,387	0	0.0%	0	0.0%
	Fed	974,114	988,564	988,564	14,450	1.5%	0	0.0%
	Total	3,959,031	4,013,626	4,089,106	54,595	1.4%	75,480	1.9%
35 Liquor Commission	Gen	663,165	665,691	683,300	2,526	0.4%	17,609	2.6%
	Cash	54,441	54,441	54,441	0	0.0%	0	0.0%
	Fed	0	0	0	0	na	0	na
	Total	717,606	720,132	737,741	2,526	0.4%	17,609	2.4%
36 Racing Commission	Gen	0	0	0	0	na	0	na
	Cash	894,738	745,403	733,695	(149,335)	-16.7%	(11,708)	-1.6%
	Fed	0	0	0	0	na	0	na
	Total	894,738	745,403	733,695	(149,335)	-16.7%	(11,708)	-1.6%
37 Workers Compensation	Gen	0	0	0	0	na	0	na
	Cash	2,937,531	3,014,777	3,078,091	77,246	2.6%	63,314	2.1%
	Fed	54,131	51,365	51,265	(2,766)	-5.1%	(100)	-0.2%
	Total	2,991,662	3,066,142	3,129,356	74,480	2.5%	63,214	2.1%
38 Status of Women	Gen	164,837	177,537	180,916	12,700	7.7%	3,379	1.9%
	Cash	5,000	5,000	5,000	0	0.0%	0	0.0%
	Fed	0	0	0	0	na	0	na
	Total	169,837	182,537	185,916	12,700	7.5%	3,379	1.9%

	Fund	w/o Deficits FY1996-97	Total FY1997-98	Total FY1998-99	FY98 vs Prior Year		FY99 vs Prior Year		
					\$ Change	% Change	\$ Change	% Change	
39	Brand Committee	Gen Cash Fed	0 3,281,240 0	0 3,306,700 0	0 3,377,532 0	0 25,460 0	na 0.8% na	0 70,832 0	na 2.1% na
		Total	3,281,240	3,306,700	3,377,532	25,460	0.8%	70,832	2.1%
40	Motor Vehicle Dealers	Gen Cash Fed	0 436,239 0	0 475,739 0	0 486,790 0	0 39,500 0	na 9.1% na	0 11,051 0	na 2.3% na
		Total	436,239	475,739	486,790	39,500	9.1%	11,051	2.3%
41	Real Estate Commission	Gen Cash Fed	0 785,304 0	0 819,448 0	0 805,120 0	0 34,144 0	na 4.3% na	0 (14,328) 0	na -1.7% na
		Total	785,304	819,448	805,120	34,144	4.3%	(14,328)	-1.7%
45	Barber Examiners	Gen Cash Fed	0 99,012 0	0 101,092 0	0 103,595 0	0 2,080 0	na 2.1% na	0 2,503 0	na 2.5% na
		Total	99,012	101,092	103,595	2,080	2.1%	2,503	2.5%
46	Correctional Services	Gen Cash Fed Rev	62,453,461 576,561 108,058 6,211,017	72,647,583 582,737 108,038 6,259,012	76,903,535 582,737 108,038 6,308,404	10,194,122 6,176 (20) 47,995	16.3% 1.1% -0.0% 0.8%	4,255,952 0 0 49,392	5.9% 0.0% 0.0% 0.8%
		Total	69,349,097	79,597,370	83,902,714	10,248,273	14.8%	4,305,344	5.4%
47	Educational Telecomm.	Gen Cash Fed	6,351,195 415,381 0	6,648,724 735,475 0	6,838,631 524,861 0	297,529 320,094 0	4.7% 77.1% na	189,907 (210,614) 0	2.9% -28.6% na
		Total	6,766,576	7,384,199	7,363,492	617,623	9.1%	(20,707)	-0.3%
48	Postsecondary Coord Comm	Gen Cash Fed Rev	3,895,611 3,000 705,261 50,000	4,757,949 2,400 705,261 50,000	5,286,900 2,400 705,261 50,000	862,338 (600) 0 0	22.1% -20.0% 0.0% 0.0%	528,951 0 0 0	11.1% 0.0% 0.0% 0.0%
		Total	4,653,872	5,515,610	6,044,561	861,738	18.5%	528,951	9.6%

	Fund	w/o Deficits FY1996-97	Total FY1997-98	Total FY1998-99	FY98 vs Prior Year		FY99 vs Prior Year	
					\$ Change	% Change	\$ Change	% Change
50 State Colleges	Gen	27,807,182	28,978,209	29,633,042	1,171,027	4.2%	654,833	2.3%
	Cash	14,613,402	14,819,623	15,028,938	206,221	1.4%	209,315	1.4%
	Fed	8,876,090	8,875,226	8,903,643	(864)	-0.0%	28,417	0.3%
	Rev	5,006,750	5,107,503	5,212,065	100,753	2.0%	104,562	2.0%
	Total	56,303,424	57,780,561	58,777,688	1,477,137	2.6%	997,127	1.7%
51 University of Nebraska	Gen	332,353,157	342,957,156	354,437,249	10,603,999	3.2%	11,480,093	3.3%
	Cash	346,133,423	347,732,424	349,355,409	1,599,001	0.5%	1,622,985	0.5%
	Fed	107,072,365	108,106,749	109,171,897	1,034,384	1.0%	1,065,148	1.0%
	Rev	245,230,019	247,809,498	250,466,871	2,579,479	1.1%	2,657,373	1.1%
	Total	1,030,788,964	1,046,605,827	1,063,431,426	15,816,863	1.5%	16,825,599	1.6%
52 Board of Agriculture	Gen	203,242	203,242	203,242	0	0.0%	0	0.0%
	Cash	13,225	7,500	7,500	(5,725)	-43.3%	0	0.0%
	Fed	0	0	0	0	na	0	na
	Total	216,467	210,742	210,742	(5,725)	-2.6%	0	0.0%
53 Real Estate Appraisers	Gen	0	0	0	0	na	0	na
	Cash	143,047	154,327	156,526	11,280	7.9%	2,199	1.4%
	Fed	0	0	0	0	na	0	na
	Total	143,047	154,327	156,526	11,280	7.9%	2,199	1.4%
54 Historical Society	Gen	3,176,830	3,443,251	3,452,230	266,421	8.4%	8,979	0.3%
	Cash	637,832	879,161	888,562	241,329	37.8%	9,401	1.1%
	Fed	417,636	397,636	397,636	(20,000)	-4.8%	0	0.0%
	Total	4,232,298	4,720,048	4,738,428	487,750	11.5%	18,380	0.4%
55 Natural Resources Commission	Gen	8,031,517	8,891,116	8,444,746	859,599	10.7%	(446,370)	-5.0%
	Cash	1,459,015	3,133,015	3,133,015	1,674,000	114.7%	0	0.0%
	Fed	20,000	10,000	10,000	(10,000)	-50.0%	0	0.0%
	Total	9,510,532	12,034,131	11,587,761	2,523,599	26.5%	(446,370)	-3.7%
56 Nebraska Wheat Board	Gen	0	0	0	0	na	0	na
	Cash	1,016,527	1,174,887	1,181,774	158,360	15.6%	6,887	0.6%
	Fed	0	0	0	0	na	0	na
	Total	1,016,527	1,174,887	1,181,774	158,360	15.6%	6,887	0.6%

	Fund	w/o Deficits FY1996-97	Total FY1997-98	Total FY1998-99	FY98 vs Prior Year		FY99 vs Prior Year	
					\$ Change	% Change	\$ Change	% Change
57	Oil & Gas Commission	Gen	0	0	0	na	0	na
		Cash	311,265	331,490	20,225	6.5%	30,390	9.2%
		Fed	87,375	84,900	(2,475)	-2.8%	0	0.0%
		Total	398,640	416,390	17,750	4.5%	30,390	7.3%
58	Engineers Architects	Gen	0	0	0	na	0	na
		Cash	285,477	318,174	32,697	11.5%	27,552	8.7%
		Fed	0	0	0	na	0	na
		Total	285,477	318,174	32,697	11.5%	27,552	8.7%
60	Gasohol Committee	Gen	0	0	0	na	0	na
		Cash	399,670	404,113	4,443	1.1%	6,546	1.6%
		Fed	0	0	0	na	0	na
		Total	399,670	404,113	4,443	1.1%	6,546	1.6%
61	Dairy Board	Gen	0	0	0	na	0	na
		Cash	1,364,000	1,364,000	0	0.0%	0	0.0%
		Fed	0	0	0	na	0	na
		Total	1,364,000	1,364,000	0	0.0%	0	0.0%
62	Land Surveyors	Gen	0	0	0	na	0	na
		Cash	21,033	21,033	0	0.0%	0	0.0%
		Fed	0	0	0	na	0	na
		Total	21,033	21,033	0	0.0%	0	0.0%
63	Public Accountancy	Gen	0	0	0	na	0	na
		Cash	389,308	436,961	47,653	12.2%	(18,661)	-4.3%
		Fed	0	0	0	na	0	na
		Total	389,308	436,961	47,653	12.2%	(18,661)	-4.3%
64	State Patrol	Gen	27,271,427	28,264,733	993,306	3.6%	544,486	1.9%
		Cash	5,318,440	5,880,749	562,309	10.6%	(49,406)	-0.8%
		Fed	913,116	963,962	50,846	5.6%	(7,372)	-0.8%
		Total	33,502,983	35,109,444	1,606,461	4.8%	487,708	1.4%

	Fund	w/o Deficits FY1996-97	Total FY1997-98	Total FY1998-99	FY98 vs Prior Year		FY99 vs Prior Year	
					\$ Change	% Change	\$ Change	% Change
65 Admin Services (DAS)	Gen	6,399,583	6,856,410	6,940,943	456,827	7.1%	84,533	1.2%
	Cash	12,849,488	11,094,456	15,887,173	(1,755,032)	-13.7%	4,792,717	43.2%
	Fed	0	0	0	0	na	0	na
	Rev	99,951,355	106,274,631	107,983,413	6,323,276	6.3%	1,708,782	1.6%
	Total	119,200,426	124,225,497	130,811,529	5,025,071	4.2%	6,586,032	5.3%
66 Abstracter's Board	Gen	0	0	0	0	na	0	na
	Cash	20,464	20,706	20,955	242	1.2%	249	1.2%
	Fed	0	0	0	0	na	0	na
	Total	20,464	20,706	20,955	242	1.2%	249	1.2%
67 Equal Opportunity Commission	Gen	1,262,769	1,212,657	1,243,092	(50,112)	-4.0%	30,435	2.5%
	Cash	0	0	0	0	na	0	na
	Fed	521,139	437,920	442,766	(83,219)	-16.0%	4,846	1.1%
	Total	1,783,908	1,650,577	1,685,858	(133,331)	-7.5%	35,281	2.1%
68 Mexican- American Commission	Gen	150,093	153,201	155,913	3,108	2.1%	2,712	1.8%
	Cash	0	0	0	0	na	0	na
	Fed	0	0	0	0	na	0	na
	Total	150,093	153,201	155,913	3,108	2.1%	2,712	1.8%
69 Arts Council	Gen	1,281,918	1,397,822	1,408,628	115,904	9.0%	10,806	0.8%
	Cash	30,000	100,000	100,000	70,000	233.3%	0	0.0%
	Fed	492,095	531,415	491,687	39,320	8.0%	(39,728)	-7.5%
	Total	1,804,013	2,029,237	2,000,315	225,224	12.5%	(28,922)	-1.4%
70 Foster Care Review Board	Gen	1,096,679	979,412	1,004,665	(117,267)	-10.7%	25,253	2.6%
	Cash	1,000	6,000	6,000	5,000	500.0%	0	0.0%
	Fed	69,916	170,629	174,624	100,713	144.0%	3,995	2.3%
	Total	1,167,595	1,156,041	1,185,289	(11,554)	-1.0%	29,248	2.5%
72 Economic Development	Gen	4,568,684	6,400,634	6,456,110	1,831,950	40.1%	55,476	0.9%
	Cash	9,469,961	5,883,383	7,599,674	(3,586,578)	-37.9%	1,716,291	29.2%
	Fed	32,431,297	32,360,272	32,347,648	(71,025)	-0.2%	(12,624)	-0.0%
	Total	46,469,942	44,644,289	46,403,432	(1,825,653)	-3.9%	1,759,143	3.9%

		Fund	w/o Deficits FY1996-97	Total FY1997-98	Total FY1998-99	FY98 vs Prior Year		FY99 vs Prior Year	
						\$ Change	% Change	\$ Change	% Change
73	Landscape Architects	Gen	0	0	0	0	na	0	na
		Cash	9,408	9,005	9,105	(403)	-4.3%	100	1.1%
		Fed	0	0	0	0	na	0	na
	Total	9,408	9,005	9,105	(403)	-4.3%	100	1.1%	
74	Power Review Board	Gen	0	0	0	0	na	0	na
		Cash	153,099	199,320	204,808	46,221	30.2%	5,488	2.8%
		Fed	0	0	0	0	na	0	na
	Total	153,099	199,320	204,808	46,221	30.2%	5,488	2.8%	
75	Investment Council	Gen	0	0	0	0	na	0	na
		Cash	441,324	470,684	486,914	29,360	6.7%	16,230	3.4%
		Fed	0	0	0	0	na	0	na
	Total	441,324	470,684	486,914	29,360	6.7%	16,230	3.4%	
76	Indian Affairs	Gen	145,675	152,638	156,656	6,963	4.8%	4,018	2.6%
		Cash	0	0	0	0	na	0	na
		Fed	0	0	0	0	na	0	na
	Total	145,675	152,638	156,656	6,963	4.8%	4,018	2.6%	
77	Industrial Relations	Gen	211,341	213,204	216,723	1,863	0.9%	3,519	1.7%
		Cash	0	0	0	0	na	0	na
		Fed	0	0	0	0	na	0	na
	Total	211,341	213,204	216,723	1,863	0.9%	3,519	1.7%	
78	Crime Commission	Gen	2,323,305	2,899,283	2,970,098	575,978	24.8%	70,815	2.4%
		Cash	798,290	798,745	816,211	455	0.1%	17,466	2.2%
		Fed	5,010,020	7,978,329	7,988,073	2,968,309	59.2%	9,744	0.1%
	Total	8,131,615	11,676,357	11,774,382	3,544,742	43.6%	98,025	0.8%	
82	Hearing Impaired	Gen	503,003	510,124	521,796	7,121	1.4%	11,672	2.3%
		Cash	48,648	38,673	38,673	(9,975)	-20.5%	0	0.0%
		Fed	0	0	0	0	na	0	na
	Total	551,651	548,797	560,469	(2,854)	-0.5%	11,672	2.1%	

	Fund	w/o Deficits FY1996-97	Total FY1997-98	Total FY1998-99	FY98 vs Prior Year		FY99 vs Prior Year		
					\$ Change	% Change	\$ Change	% Change	
83	Community Colleges	Gen Cash Fed	37,694,489 0 0	39,164,305 0 0	48,159,322 0 0	1,469,816 0 0	3.9% na na	8,995,017 0 0	23.0% na na
	Total		37,694,489	39,164,305	48,159,322	1,469,816	3.9%	8,995,017	23.0%
84	Environmental Quality (DEQ)	Gen Cash Fed	2,231,662 22,332,207 21,611,970	3,775,478 27,614,932 37,077,346	3,864,849 22,836,026 28,738,346	1,543,816 5,282,725 15,465,376	69.2% 23.7% 71.6%	89,371 (4,778,906) (8,339,000)	2.4% -17.3% -22.5%
	Total		46,175,839	68,467,756	55,439,221	22,291,917	48.3%	(13,028,535)	-19.0%
85	Retirement Board	Gen Cash Fed	14,651,673 2,013,053 0	13,936,501 1,884,868 0	13,936,501 1,848,246 0	(715,172) (128,185) 0	-4.9% -6.4% na	0 (36,622) 0	0.0% -1.9% na
	Total		16,664,726	15,821,369	15,784,747	(843,357)	-5.1%	(36,622)	-0.2%
86	Dry Bean Board	Gen Cash Fed	0 425,644 0	0 300,000 0	0 300,000 0	0 (125,644) 0	na -29.5% na	0 0 0	na 0.0% na
	Total		425,644	300,000	300,000	(125,644)	-29.5%	0	0.0%
87	Accountability & Disclosure	Gen Cash Fed	341,853 81,746 0	346,513 226,900 0	355,311 74,193 0	4,660 145,154 0	1.4% 177.6% na	8,798 (152,707) 0	2.5% -67.3% na
	Total		423,599	573,413	429,504	149,814	35.4%	(143,909)	-25.1%
88	Nebraska Corn Board	Gen Cash Fed	0 2,712,383 0	0 2,803,751 0	0 3,510,169 0	0 91,368 0	na 3.4% na	0 706,418 0	na 25.2% na
	Total		2,712,383	2,803,751	3,510,169	91,368	3.4%	706,418	25.2%
90	Railway Council	Gen Cash Fed Rev	5,562 0 0 350,000	6,384 0 0 700,000	7,390 0 0 900,000	822 0 0 350,000	14.8% na na 100.0%	1,006 0 0 200,000	15.8% na na 28.6%
	Total		355,562	706,384	907,390	350,822	98.7%	201,006	28.5%

	Fund	w/o Deficits FY1996-97	Total FY1997-98	Total FY1998-99	FY98 vs Prior Year		FY99 vs Prior Year	
					\$ Change	% Change	\$ Change	% Change
91 Soybean Board	Gen	0	0	0	0	na	0	na
	Cash	2,310,955	0	0	(2,310,955)	-100.0%	0	na
	Fed	0	0	0	0	na	0	na
	Total	2,310,955	0	0	(2,310,955)	-100.0%	0	ERR
92 Grain Sorghum Board	Gen	0	0	0	0	na	0	na
	Cash	930,145	1,001,346	1,004,131	71,201	7.7%	2,785	0.3%
	Fed	0	0	0	0	na	0	na
	Total	930,145	1,001,346	1,004,131	71,201	7.7%	2,785	0.3%
93 Tax Equalization & Review (TERC)	Gen	333,059	383,649	390,316	50,590	15.2%	6,667	1.7%
	Cash	0	1,500	1,500	1,500	na	0	0.0%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	333,059	385,149	391,816	52,090	15.6%	6,667	1.7%
94 Public Advocacy	Gen	430,000	511,682	451,217	81,682	19.0%	(60,465)	-11.8%
	Cash	70,000	435,000	940,000	365,000	521.4%	505,000	116.1%
	Fed	0	0	0	0	na	0	na
	Total	500,000	946,682	1,391,217	446,682	89.3%	444,535	47.0%
Capital Construction	Gen	19,843,088	41,250,742	48,072,549	21,407,654	107.9%	6,821,807	16.5%
	Cash	4,757,432	7,773,846	7,062,062	3,016,414	63.4%	(711,784)	-9.2%
	Fed	254,875	16,169,536	2,773,900	15,914,661	6244.1%	(13,395,636)	-82.8%
	Rev	10,220,019	11,217,400	11,829,200	997,381	9.8%	611,800	5.5%
	Total	35,075,414	76,411,524	69,737,711	41,336,110	117.8%	(6,673,813)	-8.7%
STATE TOTALS	Gen	1,885,810,146	1,979,767,633	2,169,585,690	93,957,487	5.0%	189,818,057	9.6%
	Cash	1,073,119,105	1,111,845,045	1,113,920,974	38,725,940	3.6%	2,075,929	0.2%
	Fed	1,148,329,975	1,178,855,941	1,194,299,331	30,525,966	2.7%	15,443,390	1.3%
	Rev	370,061,527	380,604,975	386,034,263	10,543,448	2.8%	5,429,288	1.4%
	Total	4,477,320,753	4,651,073,594	4,863,840,258	173,752,841	3.9%	212,766,664	4.6%

CAPITAL CONSTRUCTION

Capital Construction Summary

	Reaffirmations	New Projects	Total
<i>FY1997-98</i>			
General Funds (SBF)	7,735,123	33,515,619	41,250,742
Cash Funds	396,346	7,377,500	7,773,846
Federal Funds	10,462,466	5,707,070	16,169,536
Revolving/Other Funds	626,400	4,091,000	4,717,400
Nebr Capital Const Fund (NCCF)	6,500,000	0	6,500,000
FY1997-98 Total	25,720,335	50,691,189	76,411,524
<i>FY1998-99</i>			
General Funds (SBF)	1,921,841	46,150,708	48,072,549
Cash Funds	46,562	7,015,500	7,062,062
Federal Funds	0	2,773,900	2,773,900
Revolving/Other Funds	715,200	4,614,000	5,329,200
Nebr Capital Const Fund (NCCF)	6,500,000	0	6,500,000
FY1998-99 Total	9,183,603	60,554,108	69,737,711
<i>FY1999-00</i>			
General Funds (SBF)	1,214,123	34,436,525	35,650,648
Cash Funds	0	0	0
Federal Funds	0	0	0
Revolving/Other Funds	715,200	6,670,000	7,385,200
Nebr Capital Const Fund (NCCF)	6,500,000	0	6,500,000
FY1999-00 Total	8,429,323	41,106,525	49,535,848
<i>FY2000-01</i>			
General Funds (SBF)	0	26,323,749	26,323,749
Cash Funds	0	0	0
Federal Funds	0	0	0
Revolving/Other Funds	715,200	0	715,200
Nebr Capital Const Fund (NCCF)	6,500,000	0	6,500,000
FY2000-01 Total	7,215,200	26,323,749	33,538,949

New Construction refers to projects initiated in the 1995 Session while *Reaffirmations* refers to projects authorized and initial funding provided in prior legislative session.

The Nebraska Capital Construction Fund (NCCF) accounts for the portion of the cigarette tax earmarked for capital construction.

The FY98/FY99 biennial budget for General Fund capital construction projects reflects a significant increase relative to the prior year. The following is a summary of the major, new General Fund construction projects. A complete list of all projects, including all fund sources, is contained on the following pages.

NEW DIETARY FACILITY
(GRAND ISLAND VETERANS' HOME)

This project would construct and equip a new dietary (food service) facility at the Grand Island Veterans Home. The preliminary design calls for a new 29,400 gross square foot, two-story facility on campus. The need for a new facility is based on current health code violations, space planning needs, and food delivery and staffing problems in the existing facility. Proposed funding amounts to 35% state funds and 65% from the federal Dept of Veterans Affairs. For the project to be placed on the Veterans Administration Group 1 priority list, the state must provide authorization for the project and certify the availability of state matching funds.

FY1997-98: \$1,586,800 General
 \$2,865,055 Federal

GENERAL CUSTODY PRISON FACILITY

As noted in the operations section under the Dept of Correctional Services, the April 1997 prison population of 3,306 is projected to increase to 4,419 in 2000 and 6,033 in 2005. As the current population is already 157% of design capacity for existing facilities, additional prison space, of a fairly large capacity, is required. LB 150 authorizes the Department of Correctional Services to construct a new medium-maximum adult correctional facility with a design capacity of 960 beds consisting of 192 segregation beds and

768 medium security beds, with ancillary capacity of up to an additional 256 beds. The bill appropriates \$4,064,148 from the General Fund and \$2,213,791 federal funds in FY 1997-98 and \$18,034,053 from the General Fund and \$2,246,400 federal funds in FY 1998-99 for the prison. Total cost of the project is not to exceed \$73,943,763. This total cost assumes approximately \$2.5 million savings by having the site of the new facility subject to a competitive site selection process to be conducted by the Dept of Correctional Services. Operating costs are estimated at approximately \$15 million annually.

FY1997-98: \$4,064,148 General
 \$2,213,791 Federal

FY1998-99: \$18,034,053 General
 \$2,246,400 Federal

FY1999-00: \$24,069,080 General

FY2000-01: \$23,316,291 General

INCARCERATION WORK CAMP

LB 882 provides that as a condition of a sentence of probation, the courts may require an offender to successfully complete an incarceration work camp program as determined by the Department of Correctional Services (DCS). The work camp is to be completed no later than January 1, 2005, for adult offenders who meet certain criteria. The work camp is to provide structured programming, education and aftercare planning. Upon successful completion of the work camp program, the sentencing court may modify the offender's conditions of his or her sentence of probation, place the offender in an aftercare program, or discharge the offender. The program statement for the incarceration work camp assumes a minimum stay of 120 days and a maximum stay of 180 days for

offenders. The probation program assumes all offenders would be placed on intensive supervision probation for a period of up to one year upon release from the work camp. Assuming 2-3 cycles per year, 200 to 300 individuals could be handled.

A program statement calls for a 41,431 square foot, 100-bed, stand-alone facility. DCS also advises that the work camp should be located in close proximity to an existing correctional facility to reasonably access existing site utilities and other infrastructure amenities, as well as additional medical services, maintenance and other programmatic services. Construction costs for the facility are estimated at \$5,226,501. With site acquisition and development costs of \$1,436,000, the total project cost is estimated at \$6,662,501.

The cash flow of the appropriations for the project are all based on an opening date of late December 1999.

FY1997-98: \$2,585,614 General
FY1998-99: \$3,300,000 General
FY1999-00: \$776,887 General

CONNELL HALL RENOVATION
(WAYNE STATE COLLEGE)

Connell Hall currently houses Wayne State College's Social Sciences Division. The original building was constructed in 1923 to serve as a cafeteria and dormitory. In 1939, an addition was constructed to serve as a student center. In 1963, the majority of space in the facility was converted to classroom use. Among primary deficiencies of the existing building are narrow and several dead-end corridors restricting traffic flow, numerous barriers to accessibility, lack of adequate temperature controls and ventilation,

antiquated fire escapes, inadequate alarm systems, lack of a fire sprinkler system, inadequate electrical wiring, limited acoustic separation between spaces, and poor arrangement of space as the result of various uncoordinated modifications of space within the building over time. Recommended funding would provide for complete renovation of the facility.

FY1997-98: \$240,000 General
FY1998-99: \$3,340,000 General
FY1999-00: \$683,100 General

MILLER HALL RENOVATION
(CHADRON STATE COLLEGE)

This building was constructed in 1920 and served as the campus' primary physical education facility until 1964. Following completion of a new gymnasium, Miller Hall's use was converted to that of a support facility for intramural and intercollegiate athletic programs through 1986. Since that time and completion of a new student activity and recreation facility, Miller Hall has been limited in its use to storage. While the facility has not been in active use for a decade, it's structural integrity has been maintained in order that the building could be brought back "on line" in response to space needs. Funding would provide for complete renovation of the facility to be occupied primarily by the college's School of Education which is currently housed in Hildreth Hall, a facility constructed in 1926. Renovated space would also accommodate relocation of the campus' computer center, student computer labs and a testing center.

FY1997-98: \$560,000 General
FY1998-99: \$1,921,910 General

INFORMATION SCIENCE TECHNOLOGY AND
ENGINEERING BUILDING-(UNO)

The Information Science Technology and Engineering (IST&E) initiative is a multicampus, interdisciplinary approach to providing teaching, applied research and interaction with business. The initiative was developed by the University in partnership with Nebraska businesses. The IST&E building will house the Omaha-based programs of the UNL College of Engineering and Technology and the new UNO College of Information Science and Technology. In addition to the two colleges, the IST&E initiative establishes a new Institute for Information Sciences, Technology and Engineering to promote interdisciplinary education and research, and facilitate interaction with businesses throughout Nebraska. The 188,100 gross square foot facility will provide laboratory, office, research and computer lab spaces for the two colleges as well as general purpose classrooms, computer user rooms and office space for the Institute for Information Sciences, Technology and Engineering. Total cost of the facility is \$37 million of which \$23 million is state General Funds and the other \$14 million private non-state sources.

FY1997-98: \$15,000,000 General
\$2,716,000 Private

FY1998-99: \$8,000,000 General
\$4,614,000 Private

FY1999-00: \$6,670,000 Private

LIVESTOCK TEACHING CENTER
(NCTA-CURTIS)

These funds will construct a 45,250 sq ft livestock facility at the Nebraska College of Technical Agriculture at Curtis. This facility will provide an all weather learning facility as well as an extension and continuing education center. Currently NCTA has no structure to accommodate crowds and activities involving agricultural instruction. The facility will include an agricultural arena, seating capacity, support areas, offices, rest rooms, concession facilities, wash rack, and storage space.

FY1997-98: \$289,949 General

FY1998-99: \$1,785,485 General

MASONRY AND STRUCTURAL REPAIR
(STATE CAPITOL BUILDING)

From October, 1995 through April, 1996 a comprehensive investigation of the exterior envelope of the Capitol was undertaken to determine the causes of distress to the facade of the building and to develop plans for its repair and restoration. Recommended funding would initiate a nine-year restoration program to repair and resolve deterioration of the Capitol's exterior envelope. The project will include: steps to arrest stone cracking due to compression build up, tuckpointing to retard water penetration, partial disassembly and reconstruction of areas where stone displacement has occurred, removal of organic growth from the facade, and removal of

existing copper roofs at the building's base followed by installation of a new roofing deck and waterproofing membrane with a new copper roofing system on top. The total project is expected to cost \$20.6 million cash flowed over an 8 year period.

FY1997-98: \$522,814 General
 FY1998-99: \$2,072,795 General
 FY1999-00 \$3,007,458 General each year through
 FY2004-05:

LB309 TASK FORCE
FOR BUILDING RENEWAL

Under LB 1190 (1996 Session) of the 34 cent tax on cigarettes, 21 cents is credited to the General Fund (less \$3 million for MIRF), 1 cent is credited to the NORDA fund under Game and Parks, 3 cents to Cancer Research Fund, and 2 cents to the Omaha Auditorium project (through FY2000-01). Beginning in FY97-98, the remainder of the tax will be directly credited to the Building Renewal Allocation Fund. For the period FY97-98 through

FY2000-01, this specific earmark will be the equivalent of seven cents of annual cigarette tax receipts and nine cents for FY2001-02 and future years with the expiration of the Omaha Auditorium project. However, for the four-year period beginning FY97-98 and continuing through FY2000-01, LB1190 permits expenditures from the Building Renewal Allocation Fund to support the Information Technology Infrastructure Act (century date problem) limited to no more than the equivalent of two cents of annual cigarette tax revenue (approximately \$2.6 million annually over the FY97-98 through FY2000-01 period). For the FY97-98 through FY 2000-01 period, therefore, no less than the equivalent of five cents of annual cigarette tax revenue (\$6.5 million) would still be available for appropriation to the 309 Task Force. The amount of cigarette tax revenue to be available for appropriation to the Task Force after FY2000-01 is the equivalent of nine cents; the 5 cents available from FY97-98 to FY2000-01, plus 4 cents available from the expiration of the Century Date and Omaha auditorium projects. The following table summarizes the cash flow of the 13 cent distribution:

<i>Allocation of 13 cents (millions of \$)</i>	FY97-98	FY98-99	FY99-00	FY00-01	FY01-02
To NORDA Fund (1 cent)	\$1.3	\$1.3	\$1.3	\$1.3	\$1.3
To Cancer Research Fund (3 cents)	3.9	3.9	3.9	3.9	3.9
To Omaha auditorium renovations (2 cents)	2.6	2.6	2.6	2.6	0.0
To Century Date Change (2 cents)	2.6	2.6	2.6	2.6	0.0
To 309 Task Force	6.5	6.5	6.5	6.5	11.7
Receipts from 13 cents @ \$1,300,000/cent	16.9	16.9	16.9	16.9	16.9

In addition to the \$6.5 million of earmarked cigarette tax, the budget includes General Fund appropriations of \$5.9 million for both FY97-98 and FY98-99 with intent language for another \$5.9 million appropriation in FY1999-2000. In

conjunction with the earmarked cigarette tax, a total of \$12.4 million per year is available (\$37.2 million over the three year period) to reduce the backlog of repair projects.

Project Listing - Reaffirmations

REAFFIRMATIONS		FY	General	Cash	Federal	Rev (Other)	NCCF *	Total
#25-HHS-Services	Replace Norfolk Veterans Home facilities	1997-98	0	0	10,462,466	0	0	10,462,466
#47-NETV	Satellite transponder lease	1997-98	1,214,123	0	0	0	0	1,214,123
	Satellite transponder lease	1998-99	1,921,841	0	0	0	0	1,921,841
	Satellite transponder lease	1999-00	1,214,123	0	0	0	0	1,214,123
#47-NETV	Transponder digitization	1997-98	0	396,346	0	0	0	396,346
	Transponder digitization	1998-99	0	46,562	0	0	0	46,562
#51-University	Asbestos removal, Burnett Hall (UNL)	1997-98	1,705,287	0	0	0	0	1,705,287
#51-University	Replace two Lincoln power plant boilers (UNL)	1997-98	1,350,000	0	0	0	0	1,350,000
#51-University	Walter Scott Engineering link (UNL)	1997-98	412,713	0	0	0	0	412,713
#65-DAS	Replace State Capitol steam/condensate line	1997-98	3,053,000	0	0	0	0	3,053,000
#65-DAS	Parking garage expansion	1997-98	0	0	0	266,400	0	266,400
	Parking garage expansion	1998-99	0	0	0	355,200	0	355,200
	Parking garage expansion	1999-00	0	0	0	355,200	0	355,200
	Parking garage expansion	2000-01	0	0	0	355,200	0	355,200
#65-DAS	Century Date Change project	1997-98	0	0	0	0	operations	0
	Century Date Change project	1998-99	0	0	0	0	operations	0
	Century Date Change project	1999-00	0	0	0	0	operations	0
	Century Date Change project	2000-01	0	0	0	0	operations	0
#65-DAS	LB309 Task Force, deferred repair/maint (cig tax)	1997-98	0	0	0	0	6,500,000	6,500,000
	LB309 Task Force, deferred repair/maint (cig tax)	1998-99	0	0	0	0	6,500,000	6,500,000
	LB309 Task Force, deferred repair/maint (cig tax)	1999-00	0	0	0	0	6,500,000	6,500,000
	LB309 Task Force, deferred repair/maint (cig tax)	2000-01	0	0	0	0	6,500,000	6,500,000

REAFFIRMATIONS		FY	General	Cash	Federal	Rev (Other)	NCCF *	Total
#78-Crime Comm	Training Center lease payment	1997-98	GF Transfer	0	0	360,000	0	360,000
	Training Center lease payment	1998-99	GF Transfer	0	0	360,000	0	360,000
	Training Center lease payment	1999-00	GF Transfer	0	0	360,000	0	360,000
	Training Center lease payment	2000-01	GF Transfer	0	0	360,000	0	360,000
REAFFIRMATION	FY1997-98		7,735,123	396,346	10,462,466	626,400	6,500,000	25,720,335
TOTALS	FY1998-99		1,921,841	46,562	0	715,200	6,500,000	9,183,603
	FY1999-00		1,214,123	0	0	715,200	6,500,000	8,429,323
	FY2000-01		0	0	0	715,200	6,500,000	7,215,200

Project Listing - New Construction

NEW CONSTRUCTION		FY	General	Cash	Federal	Rev (Other)	NCCF	Total
#25-HHS-Services	New Dietary Facility (Grand Island Vets Home)	1997-98	1,586,800	0	2,865,055	0	0	4,451,855
#25-HHS-Services	Security improvements-regional centers	1997-98	118,200	0	0	0	0	118,200
#27-Roads	New maintenance facility (Nebraska City)	1997-98	0	630,000	0	0	0	630,000
	Equipment storage building (Omaha)	1997-98	0	358,000	0	0	0	358,000
	Construction office addition (Grand Island)	1997-98	0	152,000	0	0	0	152,000
	Construction office addition (Scottsbluff)	1997-98	0	80,000	0	0	0	80,000
	Equipment storage building (Ainsworth)	1997-98	0	182,000	0	0	0	182,000
	Equipment storage building (Lyons)	1997-98	0	182,000	0	0	0	182,000
	Equipment storage building (Pawnee City)	1997-98	0	146,000	0	0	0	146,000
	Salt storage (Gothenburg)	1997-98	0	40,000	0	0	0	40,000
	Salt storage (Crawford)	1997-98	0	40,000	0	0	0	40,000
	Salt storage (Papillion)	1997-98	0	40,000	0	0	0	40,000
	Salt storage (Beatrice)	1997-98	0	40,000	0	0	0	40,000
	Maintenance office addition (Ogallala)	1998-99	0	48,000	0	0	0	48,000
	Maintenance office addition (Lexington)	1998-99	0	48,000	0	0	0	48,000
	Mechanics shop (McCook)	1998-99	0	291,000	0	0	0	291,000
	Construction office addition (Bridgeport)	1998-99	0	151,000	0	0	0	151,000
	Shop and Office (Naper)	1998-99	0	193,000	0	0	0	193,000
	Equipment storage building (Hartington)	1998-99	0	194,000	0	0	0	194,000
	Equipment storage building (Merriman)	1998-99	0	116,000	0	0	0	116,000
	Equipment storage building (Central City)	1998-99	0	155,000	0	0	0	155,000
	Shop and Office (Mullen)	1998-99	0	242,000	0	0	0	242,000
	Salt storage (Lincoln Salt Valley)	1998-99	0	40,000	0	0	0	40,000
	Salt storage (Gordon)	1998-99	0	40,000	0	0	0	40,000
	Salt storage (Clarkson)	1998-99	0	40,000	0	0	0	40,000
	Salt storage (Bartlett)	1998-99	0	40,000	0	0	0	40,000
#33-Game & Parks	Deferred maintenance, all parks	1997-98	0	150,000	0	0	0	150,000
	Deferred maintenance, all parks	1998-99	0	150,000	0	0	0	150,000

NEW CONSTRUCTION		FY	General	Cash	Federal	Rev (Other)	NCCF	Total
#33-Game & Parks	Emergency repairs-parks system	1997-98	0	60,000	0	0	0	60,000
	Emergency repairs-parks system	1998-99	0	60,000	0	0	0	60,000
#33-Game & Parks	Basic facility items (tables, trash cans, etc)-	1997-98	0	100,000	0	0	0	100,000
	Basic facility items (tables, trash cans, etc)-	1998-99	0	100,000	0	0	0	100,000
#33-Game & Parks	Motorboat access/improvements (parks)	1997-98	0	40,000	120,000	0	0	160,000
	Motorboat access/improvements (parks)	1998-99	0	40,000	120,000	0	0	160,000
#33-Game & Parks	Building repairs-Ft Robinson SP	1997-98	0	100,000	0	0	0	100,000
	New cabins (6)-Mahoney SP	1997-98	0	500,000	0	0	0	500,000
	White River Trail-Ft Robinson SP	1997-98	0	25,000	110,000	0	0	135,000
	Diversion dam-Chadron SP	1997-98	0	50,000	0	0	0	50,000
	Well and land-Smith Falls SP	1997-98	0	7,500	0	0	0	7,500
	Cabin renovation-Chadron SP	1997-98	0	20,000	0	0	0	20,000
	Building repairs-Ft Robinson SP	1998-99	0	100,000	0	0	0	100,000
	New cabins (6)-Niobrara SP	1998-99	0	400,000	0	0	0	400,000
	Cabin renovation-Platte River SP	1998-99	0	30,000	0	0	0	30,000
	Modular home-Smith Falls SP	1998-99	0	65,000	0	0	0	65,000
#33-Game & Parks	New park office-Lake McConaughy SRA	1997-98	0	300,000	0	0	0	300,000
	Sewage and water improvements-Louisville SRA	1997-98	0	40,000	0	0	0	40,000
	Electrical hook-ups-Conestoga SRA	1997-98	0	25,000	0	0	0	25,000
	Electrical hook-ups-Stagecoach SRA	1997-98	0	25,000	0	0	0	25,000
	Electrical hook-ups-Wagon Train SRA	1997-98	0	25,000	0	0	0	25,000
	Latrine/dump station (Cedar Bay)-Merritt SRA	1997-98	0	200,000	0	0	0	200,000
	Shower/Latrine building-Lake Maloney SRA	1997-98	0	125,000	0	0	0	125,000
	Campground development-Branched Oak SRA	1998-99	0	350,000	0	0	0	350,000
	Burbach area cabins-Lewis and Clark SRA	1998-99	0	200,000	0	0	0	200,000
	Shoreline stablization-Merritt SRA	1998-99	0	35,000	0	0	0	35,000
	Shower/Latrine building-Enders Reservoir SRA	1998-99	0	65,000	0	0	0	65,000
	Electrical hook-ups-Medicine Creek SRA	1998-99	0	40,000	0	0	0	40,000
	Culvert- Walgren Lake SRA	1998-99	0	25,000	0	0	0	25,000
	Well replacement-Long Pine SRA	1998-99	0	7,500	0	0	0	7,500

NEW CONSTRUCTION		FY	General	Cash	Federal	Rev (Other)	NCCF	Total
	Electrical hook-ups-Calamus SRA	1998-99	0	40,000	0	0	0	40,000
	Foot bridge-Long Pine SRA	1998-99	0	20,000	0	0	0	20,000
	Dump station-Sutherland Reservoir SRA	1998-99	0	20,000	0	0	0	20,000
#33-Game & Parks	Mansion renovation-Arbor Lodge SHP	1997-98	0	20,000	0	0	0	20,000
	Garden walls-Arbor Lodge SHP	1997-98	0	10,000	0	0	0	10,000
	Sewage treatment improvements-Ft Kearny	1998-99	0	70,000	0	0	0	70,000
	Greenhouse/heating system-Arbor Lodge SHP	1998-99	0	10,000	0	0	0	10,000
#33-Game & Parks	Trail development grants	1997-98	GF Transfer	50,000	0	0	0	50,000
	Trail development grants	1998-99	GF Transfer	50,000	0	0	0	50,000
#33-Game & Parks	Aquatic habitat enhancement/restoration	1997-98	0	2,000,000	0	0	0	2,000,000
	Aquatic habitat enhancement/restoration	1998-99	0	2,000,000	0	0	0	2,000,000
#33-Game & Parks	Habitat land acquisition/improvements	1997-98	0	1,000,000	0	0	0	1,000,000
	Habitat land acquisition/improvements	1998-99	0	1,000,000	0	0	0	1,000,000
#33-Game & Parks	Fisheries lake acquisition/development	1997-98	0	100,000	0	0	0	100,000
	Fisheries lake acquisition/development	1998-99	0	100,000	0	0	0	100,000
#33-Game & Parks	Emergency repairs-Wildlife Mgmt	1997-98	0	25,000	0	0	0	25,000
	Emergency repairs-Wildlife Mgmt	1998-99	0	25,000	0	0	0	25,000
#33-Game & Parks	Facility improvements-Wildlife Mgmt Areas	1997-98	0	100,000	0	0	0	100,000
	Facility improvements-Wildlife Mgmt Areas	1998-99	0	100,000	0	0	0	100,000
#33-Game & Parks	Non-game/endangered species land	1997-98	0	50,000	0	0	0	50,000
	Non-game/endangered species land	1998-99	0	50,000	0	0	0	50,000
#33-Game & Parks	Pond/raceway renovation-AKSARBEN	1997-98	0	25,000	0	0	0	25,000
#33-Game & Parks	Replace bridge-Rock Creek Hatchery	1997-98	0	50,000	0	0	0	50,000

NEW CONSTRUCTION		FY	General	Cash	Federal	Rev (Other)	NCCF	Total
#33-Game & Parks	Motorboat access/improvements (Game Cash	1997-98	0	40,000	120,000	0	0	160,000
	Motorboat access/improvements (Game Cash	1998-99	0	40,000	120,000	0	0	160,000
#33-Game & Parks	Repairs/renovations-Lincoln Central Office	1997-98	0	100,000	0	0	0	100,000
	Repairs/renovations-Lincoln Central Office	1998-99	0	100,000	0	0	0	100,000
#46-Corrections	Misc improvements/renovations-all facilities	1997-98	100,000	0	0	0	0	100,000
	Misc improvements/renovations-all facilities	1998-99	104,000	0	0	0	0	104,000
#46-Corrections	CSI Warehouse/Office building	1997-98	0	0	0	30,000	0	30,000
#46-Corrections	New General Custody Prison	1997-98	4,064,148	0	2,213,791	0	0	6,277,939
	New General Custody Prison	1998-99	18,034,053	0	2,246,400	0	0	20,280,453
	New General Custody Prison	1999-00	24,069,080	0	0	0	0	24,069,080
	New General Custody Prison	2000-01	23,316,291	0	0	0	0	23,316,291
#46-Corrections	Incarceration work camp	1997-98	2,585,614	0	0	0	0	2,585,614
	Incarceration work camp	1998-99	3,300,000	0	0	0	0	3,300,000
	Incarceration work camp	1999-00	776,887	0	0	0	0	776,887
#47-NETV	Satellite replacement consultation	1997-98	50,000	0	0	0	0	50,000
#47-NETV	Transmitter replacement (Merriman)	1997-98	278,224	0	278,224	0	0	556,448
	Transmitter replacement (Omaha)	1998-99	287,500	0	287,500	0	0	575,000
#47-NETV	ATV/HDTV project consulting	1997-98	25,000	0	0	0	0	25,000
	ATV/HDTV project consulting	1998-99	25,000	0	0	0	0	25,000
NEB*SAT	Comm Colleges-Lincoln TV classroom	1997-98	In LB389	0	0	0	0	In LB389
	Comm Colleges-Lincoln codec	1997-98	42,000	0	0	0	0	42,000
	Comm Colleges-North Platte microwave link	1998-99	18,500	0	0	0	0	18,500
	Comm Colleges-McCook TV classroom	1998-99	In LB389	0	0	0	0	In LB389
	Comm Colleges-Alliance TV classroom	1998-99	In LB389	0	0	0	0	In LB389
	Comm Colleges-HastingsTV classroom	1998-99	In LB389	0	0	0	0	In LB389

NEW CONSTRUCTION		FY	General	Cash	Federal	Rev (Other)	NCCF	Total
	Chadron St College-classroom audio	1997-98	5,500	0	0	0	0	5,500
	Wayne St College-classroom automation	1997-98	16,770	0	0	0	0	16,770
	UNL-classroom interactive data/audio response	1997-98	62,225	0	0	0	0	62,225
	UNL-East Campus TV classroom	1997-98	50,000	0	0	0	0	50,000
	UNL-North Platte interconnection/second	1997-98	5,000	0	0	0	0	5,000
	UNO-Eppley Hall TV classroom	1997-98	90,000	0	0	0	0	90,000
	UNL-Mead uplink	1998-99	88,000	0	0	0	0	88,000
	UNL-Concord/Wayne interconnect	1998-99	18,500	0	0	0	0	18,500
	UNL-North Platte TV classroom	1998-99	50,000	0	0	0	0	50,000
	K-12-Niobrara Valley pod uplink/downlink	1997-98	88,000	0	0	0	0	88,000
	K-12-Central Nebr pod activation	1997-98	150,000	0	0	0	0	150,000
	K-12-satellite downlinks	1997-98	85,200	0	0	0	0	85,200
	K-12-Tri-Valley pod uplink/downlink	1998-99	88,000	0	0	0	0	88,000
	K-12-Western Nebr pod activation	1998-99	150,000	0	0	0	0	150,000
	K-12-satellite downlinks	1998-99	85,200	0	0	0	0	85,200
	NETC-1st year all-channel phased uplink	1997-98	71,225	0	0	0	0	71,225
	NETC-network 3 to 2-program origination	1997-98	115,900	0	0	0	0	115,900
	NETC-multichannel digital distribution	1997-98	142,550	0	0	0	0	142,550
	NETC-switching/controlling 5 new channels	1997-98	188,500	0	0	0	0	188,500
	NETC-all channel codecs/modems	1998-99	120,950	0	0	0	0	120,950
	NETC/UNL-TV classroom new tech upgrade	1998-99	90,315	0	0	0	0	90,315
	NETC-scheduling/traffic expansion	1998-99	33,000	0	0	0	0	33,000
	NETC-multi channel digital distribution (Phase	1998-99	183,000	0	0	0	0	183,000
	NETC-multi channel digital master control	1998-99	111,500	0	0	0	0	111,500
	NETC-multi channel videotape distribution	1998-99	268,000	0	0	0	0	268,000
#50-Colleges	Connell Hall renovation (WSC)	1997-98	240,000	0	0	0	0	240,000
	Connell Hall renovation (WSC)	1998-99	3,340,000	0	0	0	0	3,340,000
	Connell Hall renovation (WSC)	1999-00	683,100	0	0	0	0	683,100

NEW CONSTRUCTION		FY	General	Cash	Federal	Rev (Other)	NCCF	Total
#50-Colleges	Miller Hall renovation (CSC)	1997-98	560,000	0	0	0	0	560,000
	Miller Hall renovation (CSC)	1998-99	1,921,910	0	0	0	0	1,921,910
#50-Colleges	Studio Arts renovation (WSC)	1997-98	0	0	0	1,345,000	0	1,345,000
#50-Colleges	Replace theatre fly mechanism (CSC)	1997-98	165,000	0	0	0	0	165,000
#51-University	Info Science Technology & Engineering bldng	1997-98	15,000,000	0	0	2,716,000	0	17,716,000
	Info Science Technology & Engineering bldng	1998-99	8,000,000	0	0	4,614,000	0	12,614,000
	Info Science Technology & Engineering bldng	1999-00	0	0	0	6,670,000	0	6,670,000
#51-University	Livestock Teaching Center (NCTA-Curtis)	1997-98	289,949	0	0	0	0	289,949
	Livestock Teaching Center (NCTA-Curtis)	1998-99	1,785,485	0	0	0	0	1,785,485
#65-DAS	Governors mansion restoration	1997-98	750,000	0	0	0	0	750,000
#65-DAS	Masonry/Structural repair-State Capitol	1997-98	522,814	0	0	0	0	522,814
	Masonry/Structural repair-State Capitol	1998-99	2,072,795	0	0	0	0	2,072,795
	Masonry/Structural repair-State Capitol	1999-00	3,007,458	0	0	0	0	3,007,458
	Masonry/Structural repair-State Capitol	2000-01	3,007,458	0	0	0	0	3,007,458
	Masonry/Structural repair-State Capitol	2001-02	3,007,458	0	0	0	0	3,007,458
	Masonry/Structural repair-State Capitol	2002-03	3,007,458	0	0	0	0	3,007,458
	Masonry/Structural repair-State Capitol	2003-04	3,007,458	0	0	0	0	3,007,458
	Masonry/Structural repair-State Capitol	2004-05	3,007,458	0	0	0	0	3,007,458
#65-DAS	Security improvements-State Capitol	1997-98	92,000	0	0	0	0	92,000
#65-DAS	Misc repairs/renovations-State Capitol	1997-98	50,000	0	0	0	0	50,000
	Misc repairs/renovations-State Capitol	1998-99	50,000	0	0	0	0	50,000
#65-DAS	Capitol Mural preservation	1997-98	25,000	25,000	0	0	0	50,000
	Capitol Mural preservation	1998-99	25,000	25,000	0	0	0	50,000

NEW CONSTRUCTION		FY	General	Cash	Federal	Rev (Other)	NCCF	Total
#65-DAS	LB309 Task Force, deferred repair/maint (Gen	1997-98	5,900,000	0	0	0	Reaffirm	5,900,000
	LB309 Task Force, deferred repair/maint (Gen	1998-99	5,900,000	0	0	0	Reaffirm	5,900,000
	LB309 Task Force, deferred repair/maint (Gen	1999-00	5,900,000	0	0	0	Reaffirm	5,900,000
#78-Crime Comm.	Repairs/improvements-GI Training Center	1997-98	0	100,000	0	0	0	100,000
	Repairs/improvements-GI Training Center	1998-99	0	100,000	0	0	0	100,000
NEW	FY1997-98		33,515,619	7,377,500	5,707,070	4,091,000	0	50,691,189
CONSTRUCTION	FY1998-99		46,150,708	7,015,500	2,773,900	4,614,000	0	60,554,108
TOTALS	FY1999-00		34,436,525	0	0	6,670,000	0	41,106,525
	FY2000-01		26,323,749	0	0	0	0	26,323,749

FY1996-97 DEFICIT APPROPRIATIONS

Chronology of FY1996-97 Appropriations

<i>General Funds</i>	Operations	State Aid	Construction	Total
<i>Total Per 1995 Session</i>	723,729,874	1,131,842,920	14,267,066	1,869,839,860
1996 Session-LB1189 As Sent To Governor	6,911,850	6,355,527	5,776,022	19,043,399
1996 Session-LB1189 Governor Vetoes	(4,659,436)	(4,731,308)	(200,000)	(9,590,744)
1996 Session "A" bills (net of vetoes)	297,631	6,220,000	0	6,517,631
<i>Total Per 1996 Session</i>	<u>726,279,919</u>	<u>1,139,687,139</u>	<u>19,843,088</u>	<u>1,885,810,146</u>
Shift aid to operations-HELP funds	6,895,000	(6,895,000)	0	0
Shift aid to operations-HHS reallocation	1,115,008	(1,115,008)	0	0
Shift operations to aid-State Colleges	(195,415)	195,415	0	0
Shift operations to aid-University	(4,445,804)	4,445,804	0	0
Shift operations to aid-DED	(3,908)	3,908	0	0
<i>Revised Total Per 1996 Session</i>	<u>729,644,800</u>	<u>1,136,322,258</u>	<u>19,843,088</u>	<u>1,885,810,146</u>
1997 Session Deficits (LB388+LB887)	701,148	(5,629,514)	896,845	(4,031,521)
1997 Session State Claims (LB890)	650,981	0	0	650,981
<i>Final Appropriation</i>	<u>730,996,929</u>	<u>1,130,692,744</u>	<u>20,739,933</u>	<u>1,882,429,606</u>

<i>All Funds</i>	General	Cash	Federal	Rev/Other	Total
<i>Total Per 1995 Session</i>	1,869,839,860	1,033,335,029	1,135,867,557	356,852,485	4,395,894,931
1996 Session Mainline to Gov.	19,043,399	1,984,478	4,993,715	2,688,994	28,710,586
1996 Session Vetoes	(9,590,744)	(20,000)	(1,605,925)	0	(11,216,669)
1996 Session Overrides	0	0	0	0	0
1996 Session "A" bills	6,517,631	2,044,367	(48,440)	6,906,817	15,420,375
<i>Total Per 1996 Session</i>	<u>1,885,810,146</u>	<u>1,037,343,874</u>	<u>1,139,206,907</u>	<u>366,448,296</u>	<u>4,428,809,223</u>
Update cash/federal estimates	0	35,775,231	9,123,068	3,613,231	48,511,530
<i>Adjusted Per 1996 Session</i>	<u>1,885,810,146</u>	<u>1,073,119,105</u>	<u>1,148,329,975</u>	<u>370,061,527</u>	<u>4,477,320,753</u>
1997 Session-Deficits (LB388)	(4,654,521)	473,461	69,553	5,195,579	1,084,072
1997 Session-Early deficits (LB887)	623,000	0	0	0	623,000
1997 Session-State Claims (LB890)	650,981	816,864	0	128,564	1,596,409
<i>Final Per 1997 Session</i>	<u>1,882,429,606</u>	<u>1,074,409,430</u>	<u>1,148,399,528</u>	<u>375,385,670</u>	<u>4,480,624,234</u>

FY1996-97 Deficiency Appropriations

Agency/Issue	Type	Fund	FY1996-97
#03-Legislative Council			
122 LR455 power industry study	Oper	General	350,000
#05-Supreme Court			
3 Use of retired judges, reallocate	Oper	General	(25,000)
4 Use of retired judges, reallocate	Oper	General	(25,000)
5 Use of retired judges, reallocate	Oper	General	50,000
52 Dispute resolution cash authority	Oper	Cash	90,000
6 Reallocate vacancy savings, salary shortfall	Oper	General	(150,000)
52 Reallocate vacancy savings, salary shortfall	Oper	General	85,000
67 Preadjudicated youth contracts	Oper	Cash	155,000
7 Reallocate vacancy savings, salary shortfall	Oper	General	(250,000)
67 Reallocate vacancy savings, salary shortfall	Oper	General	255,000
570 Increase PSL for data entry overtime (\$50,000)	Oper	PSL	YES
#07-Governor			
107 Increase PSL, retiring employee costs (\$12,133)	Oper	PSL	YES
#09-Secretary of State			
86 Records management services	Oper	Revolving	14,759
#11-Attorney General			
507 Additional attorney/support staff, Social Services	Oper	Revolving	42,950
#13-Education			
25 Accrued vacation/sick leave, transferred employees	Oper	General	0
25 Costs for retiring employees	Oper	Federal	0
25 Costs for retiring employees	Oper	General	0
25 Costs for retiring employees	Oper	Federal	0
25 Option enrollment transportation claims	Aid	General	0
25 Reduce aid earmark, multicultural program	---	----	YES
25 Use Special Ed balance for pre-school (\$1,924,513)	Aid	General	NO
401 Costs for retiring employees	Oper	General	0
401 Accrued salary balance, teacher transferred	Oper	General	0
900 Repair boiler (match 309 funds)	Oper	General	0
#16-Revenue			
13 Tax Commissioners salary	Oper	General	8,286
102 Tax Commissioners salary	Oper	General	(8,286)
108 Homestead exemption reimbursement	Aid	General	(6,262,514)
#18-Agriculture			

Agency/Issue	Type	Fund	FY1996-97
63 Lapse excess funds, Animal Industry (pseudorabies)	Oper	General	(300,000)
#19-Banking			
65 Reclassification of positions, reallocate PSL (\$-2,500)	Oper	PSL	YES
66 Reclassification of positions, reallocate PSL (\$2,500)	Oper	PSL	YES
#20-HHS Regulation			
178 Reallocate PSL to #26-622 (\$-20,000)	Oper	PSL	0
178 Transfer Examining Board Cash to Sec of State	Oper	---	na
177 Reallocate funds, partnership implementation	Oper	General	(100,000)
33 Reallocate funds, partnership implementation	Oper	General	2,933
341 Reallocate funds, partnership implementation	Oper	General	(135,000)
341 Reallocate funds, partnership implementation	Oper	Federal	(100,000)
571 Reallocate funds, partnership implementation	Oper	General	3,000
571 Reallocate funds, partnership implementation	Oper	Federal	3,209
#22-Insurance			
68 Reallocate PSL (\$3,000)	Oper	PSL	YES
69 Reallocate PSL (\$-3,000)	Oper	PSL	YES
#25-HHS Services			
345 Operating deficit, Juvenile Services	Oper	General	0
365 Increase facility security	Oper	General	86,860
177 Reallocate funds, partnership implementation	Oper	General	100,000
33 Reallocate funds, partnership implementation	Oper	General	(57,089)
33 Reallocate funds, partnership implementation	Oper	Federal	158,122
34 Reallocate funds, partnership implementation	Oper	Cash	(18,714)
355 Reallocate funds, partnership implementation	Oper	General	28,958
355 Reallocate funds, partnership implementation	Oper	Cash	15,962
355 Reallocate funds, partnership implementation	Oper	Federal	183,779
356 Reallocate funds, partnership implementation	Oper	General	(23,450)
356 Reallocate funds, partnership implementation	Oper	Cash	(10,148)
356 Reallocate funds, partnership implementation	Oper	Federal	(170,863)
366 Reallocate funds, partnership implementation	Oper	General	(479,129)
366 Reallocate funds, partnership implementation	Oper	Federal	(1,417,482)
341 Reallocate funds, partnership implementation	Oper	General	1,135,000
341 Reallocate funds, partnership implementation	Oper	Federal	(7,200,000)
571 Reallocate funds, partnership implementation	Oper	General	(22,000)
571 Reallocate funds, partnership implementation	Oper	Federal	26,498
250 Reallocate funds, partnership implementation	Oper	General	49,302
#26-HHS Finance			
622 Reallocate PSL (\$20,000)	Oper	PSL	YES

Agency/Issue	Type	Fund	FY1996-97
177 Reallocate funds, partnership implementation	Oper	General	0
33 Reallocate funds, partnership implementation	Oper	General	54,157
33 Reallocate funds, partnership implementation	Oper	Cash	(20,189)
33 Reallocate funds, partnership implementation	Oper	Federal	(158,122)
34 Reallocate funds, partnership implementation	Oper	Cash	38,903
355 Reallocate funds, partnership implementation	Oper	General	0
356 Reallocate funds, partnership implementation	Oper	General	(5,508)
356 Reallocate funds, partnership implementation	Oper	Cash	(5,814)
356 Reallocate funds, partnership implementation	Oper	Federal	(12,915)
366 Reallocate funds, partnership implementation	Oper	General	479,129
366 Reallocate funds, partnership implementation	Oper	Federal	1,417,482
341 Reallocate funds, partnership implementation	Oper	General	(1,000,000)
341 Reallocate funds, partnership implementation	Oper	Federal	7,300,000
571 Reallocate funds, partnership implementation	Oper	General	19,000
571 Reallocate funds, partnership implementation	Oper	Federal	(29,707)
#27-Roads			
901 Reallocate funds between projects	Const	Cash	YES
901 Storage building bid increase	Const	Cash	96,000
572 Storage building bid increase	Const	Cash	(96,000)
#29-Water Resources			
331 Nebr v. Wyoming water rights litigation (LB887)	Oper	General	623,000
#31-Military Department			
192 Governors Emergency Fund	Aid	General	1,047,000
548 Reallocate tuition funds to emerg oper center project	Aid	General	(414,000)
902 Reallocate tuition funds to emerg oper center project	Const	General	209,000
#33-Game and Parks			
967 Reallocate funds between construction projects	Const	Cash	84,200
969 Reallocate funds between construction projects	Const	Cash	246,000
969 Reallocate funds between construction projects	Const	Cash	(330,200)
#46-Dept of Correctional Services			
250 Reallocate funds, partnership implementation	Oper	General	(49,302)
250 Reallocate funds, partnership implementation	Oper	Federal	49,302
905 Secure Youth Facility-detention pond	Const	Cash	114,900
913 Rivendell acquisition/renovation	Const	General	0
914 Segregation space-DEC	Const	General	0
#47-Educational Telecommunications Commission			
533 Reallocate funds, emergency alert equipment	Oper	General	(2,000)
566 Reallocate funds, emergency alert equipment	Oper	General	2,000
533 Reapprop funds, NEB*SAT training grants (\$16,000)	Oper	General	YES

Agency/Issue	Type	Fund	FY1996-97
533 Reapprop construction funds, intent	Const	General	YES
901 Reallocate project designations	Oper	---	YES
#50-State Colleges			
915 Underground tank removal-Chadron	Const	General	34,300
915 Underground tank removal-Chadron	Const	Cash	14,700
915 Underground tank removal-Peru	Const	General	140,000
915 Underground tank removal-Peru	Const	Cash	60,000
915 Underground tank removal-Wayne	Const	General	4,900
915 Underground tank removal-Wayne	Const	Cash	2,100
937 Reapprop construction funds	Const	General	0
#51-University of Nebraska			
781 Reapprop student contract funds, intent	Oper	General	YES
#64-State Patrol			
100 Overtime pay	Oper	General	0
205 Dyed fuels program	Oper	Cash	30,000
400 AFIS-renovation costs	Oper	Federal	20,250
#65-Administrative Services (DAS)			
172 Health & Human services computer applications	Oper	Revolving	3,072,840
535 Relocation/rent expenses	Oper	General	1,287
535 Relocation/rent expenses	Oper	Revolving	8,178
560 NCCY-maintenance costs	Oper	Revolving	63,117
560 Transfer Patrol Troop D headquarters oper/maint	Oper	Revolving	17,430
605 SOS usage	Oper	Revolving	1,260,000
605 Accelerate classification system study	Oper	Revolving	275,000
535 State Claims (LB890)	Oper	General	650,981
535 State Claims (LB890)	Oper	Cash	816,864
535 State Claims (LB890)	Oper	Revolving	128,564
606 Relocation/rent expenses	Oper	Cash	6,761
608 Costs associated with SLEBEC impasse	Oper	Revolving	162,450
911 DNA Lab	Const	General	388,895
911 DNA Lab	Const	Revolving	278,855
900 Renovate 10th Floor of Capitol, legislative use	Const	General	119,750
#72-Economic Development			
603 Reallocate \$5,000 PSL from Prog 603 to Prog 601	Oper	PSL	YES
#85-Retirement Board			
42 Increase PSL, overtime (\$15,000)	Oper	PSL	YES
#90-Railway Council			
na Reimburse Gen Fund for lawsuit costs (\$29,015)	Oper	---	YES

Agency/Issue	Type	Fund	FY1996-97
FY1996-97 DEFICIENCY APPROPRIATIONS-ALL FUNDS			
General			(3,380,540)
Cash			1,290,325
Federal			69,553
Revolving			5,324,143
Total			3,303,481

DEFINITION OF TERMS

Definition of Terms

State Biennial Budget

A biennium is the time period for which the same Legislature exists. The 95th Legislature will exist for two years, with the first session held in 1997, the second session in 1998. Although the State Constitution prohibits one Legislature from enacting appropriations that are binding on a future Legislature, the first session of the 95th Legislature can bind the second session of the same 95th Legislature. Therefore the 95th Legislature meeting in 1997 can enact appropriations for FY1997-98 and FY1998-99 without binding the 96th 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 1997 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 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 basic continuation budget, employee salary increases, employee health insurance increases, 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, called "A" bills, 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 which runs from July 1st through June 30th of the following year. The fiscal year covering the period July 1, 1997 through June 30, 1998 is referred to as FY1997-98 or simply FY98. Within this 12 month period, agencies are limited to only those appropriations made for FY1997-98.

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 which has several general categories of accounts such as commercial, individual, and trust accounts while under these general types of accounts are many separate and distinct individual accounts. In the state system, the broad types of funds are listed below:

GENERAL FUND - This fund accounts for all the receipts not specified by statute to be credited to another fund. The majority of General Fund revenues come from sales and use taxes, and individual and corporate income taxes. Also deposited into the General Fund are liquor taxes, and approximately half of the cigarette tax and insurance premium taxes. Note that there is only one General Fund. Because appropriations from this fund determine the level of sales and income tax rates, most discussion on "balancing the budget" relates to the General Fund.

CASH FUNDS - These funds are used to account for the revenues and expenditures of dedicated fees and charges. Unlike the single General Fund, there are more than 180 individual cash funds contained in 68 different agencies. In many instances, an agency has multiple cash funds. For example, the Dept of Agriculture has 24 different cash funds. Monies held in these funds generally can only be used for the specific purpose for which the fund was created. Cash funds are used to account for revenues such as University and State College tuition and fees, University Medical Center 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 University of Nebraska and Dept of Roads combined account for almost 80% 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. A large portion of the federal funds (approximately 55%) is expended in Social Services as federal match for Medicaid, AFDC, and other public assistance programs.

REVOLVING FUNDS - These type of funds account for transactions where one agency provides goods or services to another agency. For example, the Dept of Education pays DAS-Central Data Processing for use of the states' mainframe computer. The expenditure is charged against the Departments budget (be it General, Cash, or Federal). DAS then receives these funds which are credited to a revolving fund from which DAS pays staff salaries, lease payments on computers, utilities, etc... This in essence double-counts 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. Revolving funds are also used by the University and State Colleges to account for revenues from dormitories, student unions, agricultural experiment stations, 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 9 cents of the cigarette tax which is earmarked for capital construction.

Because these amounts are both relatively small, they are combined with Revolving Funds for purposes of this report.

Operations, State Aid, Construction

In this report, there are several instances where appropriations by fund type are also broken down into three categories: operations, state aid, and capital construction.

OPERATIONS - This category accounts for the costs of actually operating state agencies including costs such as employee salaries and benefits, data processing, utilities, vehicle and equipment, fuel and oil, etc...

STATE AID - This area accounts for payments made to local governments, individuals, and quasi-government units. Aid to local governments includes programs such as state aid to schools, special education, technical community colleges, and homestead exemption reimbursements. Aid to individuals includes programs such as Medicaid, Aid to Families with Dependent Children (AFDC), student scholarships, etc... Aid to quasi-government units are those local agencies that do not have the authority to levy property taxes such as area agencies on aging, mental health and developmental disability regions.

CONSTRUCTION - This area includes costs for new construction and major repairs and renovation of state-owned facilities. The term "major" was used with respect to repair and renovations as relatively small or on-going repair/renovation projects are routinely done within an agencies operating budget. Note that 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 300 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) 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 which 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

The budgetary process is a biennial cycle of submissions, reviews, and appropriations. The full cycle takes almost one complete 12 month period.

The following steps basically comprise the cycle as it works during the preparation of a biennial budget.

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

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

Step 3 Staff Review From September through December, analysts for the Dept of Administrative Services 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 Governors Recommendation By statute, the Governors 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, Governor recommendations and the Committees preliminary recommendation. During these hearings, agencies, interest groups, and the general public submit requested changes to the Committees preliminary recommendation. Also during this time, the other standing committees of the Legislature may have hearings on the budgets of those agencies under their subject jurisdiction.

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.

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

Step 10 Final Reading The number of votes required for

passage of budget bills depends on whether the bill has the emergency clause (ie.. the bill becomes law immediately after signed by the Governor), and whether the appropriation exceeds the Governor's recommendation. Any bill with the emergency clause (including budget bills) requires 33 votes for passage. 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) or at or below the Governor's recommendation (25).

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. First, the Committee may offer to override the entire bill; second, the Committee may offer to override selected line item vetoes; third, any member may then offer a motion to override the entire bill; and fourth 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 FY97-98 and FY98-99 biennial budget was enacted in the 1997 Session. Both years can be changed during the 1998 Session, even though at that time, the state will be nine months into FY97-98. The second year of the biennial budget (FY1998-99) can also be subject to change during the 1998 Session and again during the 1999 Session.

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