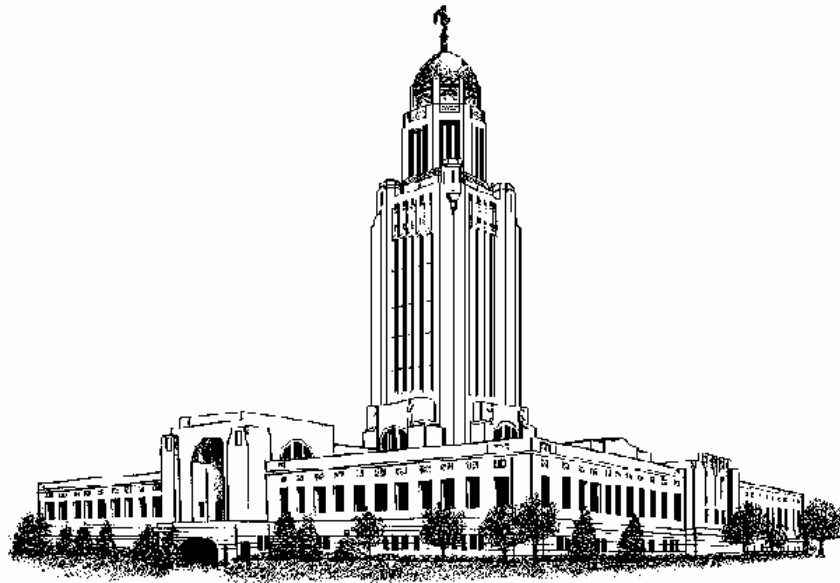


State of Nebraska

FY2005-06 and FY2006-07 Biennial Budget



**As Revised During the
2006 Legislative Session**

May 2006

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HIGHLIGHTS

General Fund Financial Status: A Tale of Two Biennium

With the 2006 Session changes, the state would finish **this biennium (FY06 & FY07)** with a projected ending balance of \$188.8 million, or \$1.0 million above the minimum 3% reserve for the FY06/FY07 biennium. In addition, the Cash Reserve Fund balance is projected at almost \$442 million at the end of the FY05/FY06 biennium. Revenue growth (adjusted for rate and base changes) for the two year period averages almost 6%. This is less than the 7.4% average spending growth but at the start of the biennium there was a positive \$300 million structural balance when comparing on-going revenues and on-going spending.

In terms of the 2006 Session, over the two year biennium, budget actions include a net increase in spending adjustments of only \$16.2 million (including lapsed FY05 carryover funds) with \$118.21 million of revenue reductions mostly the tax cuts in LB968.

Based on current estimates, the financial condition for the **following biennium (FY07 & FY08)** is not as bright. The projected ending balance declines from a positive \$188 million at the end of the current biennium to a negative \$76.4 million at the end of the following biennium which is \$277.5 million *BELOW* the minimum 3% reserve even with a transfer of \$100 million from the Cash Reserve Fund. A significant structural imbalance is created through the combination of projected budget growth averaging 6.5% and revenue growth averaging 2.4% using the historical average methodology.

A key to the financial status for the following biennium is the October 2006 meeting of the Nebraska Economic Forecast Advisory Board (NEFAB) when the initial NEFAB forecasts for FY07-08 and FY08-09 are made.

Budget Growth: Above Average This Biennium, But Below Average Over 5 Years

For the current biennium (FY06 & FY07), the General Fund budget, as originally enacted in the 2005 Session and adjusted in the 2006 Session, reflects an average growth of 7.4% over the two years. Excluding deficits, FY05-06 reflects a \$214.4 million (7.8%) increase over FY04-05, while FY06-07 includes an additional \$208.4 million (7.0%) above FY05-06 or \$422.7 million increase compared to the FY04-05 base year appropriation. Cumulatively, a total increase of \$637.1 million is appropriated over the two year period compared to the FY04-05 level. The bulk of this spending growth was enacted during the 2005 Session. Of the \$637 total change over the two year period, only \$18 million (2.8%) related to FY06-07 changes made during the 2006 Session.

State aid to individuals was the driving force behind the budget growth with an average growth of 9.3% over the two year period, 8.3% in FY05-06 and 10.3% in FY06-07. Aid to local government increased an average of 6.4% per year (8.9% in FY05-06 and 4.0% in FY06-07) the same as agency operations (6.1% in FY05-06 and 6.6% in FY06-07).

The spending growth in the FY06/FY07 biennium has gained attention because of its size, about 7.4% per year. However, spending growth tends to fluctuate over a series of years. In this case, the high spending growth in FY06 and FY07 follows three consecutive years of budget cuts and reallocations. Budget growth over the prior three years was 0.6% in FY02-03, 1.3% in FY03-04, and 3.9% in FY04-05. When factoring in these three years, the five year average growth was 4.1%.

Revenue Growth: Here Today, Gone Tomorrow?

Revenues for the **current biennium** used in the Financial Status are the February 2006 forecasts from the Nebraska Economic Forecast Advisory Board (NEFAB). When adjusted for rate and base changes, the February forecasts reflect a 7.7% growth in FY05-06 and 4.0% in FY06-07. The revised February 2006 forecasts were higher than the October forecasts and included two significant items that occurred since the October forecast; (1) revenue loss due to extension of the federal bonus depreciation and (2) additional income tax receipts attributed to the Powerball winners.

For the **following biennium**, the revenue estimates used in the Financial Status are derived using a "capped" historical average method. Inherent in this method is the concept that within any five-year period, below average revenue growth in some years will be offset by above average growth in others and vice versa. The revenue growth needed to arrive at the estimates under this method is 2.4% per year. These low growth years offset the higher growth early in the five year period; 9.5% in FY04-05 and 7.7% in FY05-06. The preliminary estimates for the two out years arrived at using this method are significantly lower than the range of the Dept of Revenue (NDR) and Legislative Fiscal Office (LFO) preliminary model estimates for those two years. Over the two-year period, the LFO/DOR Global Insight average is \$159 million higher than the numbers arrived at using the historical average method. This gap however is starting to narrow as the two year gap in October was \$220 million

2006 Session Budget Actions, Mostly Revenue Reductions

Over the two year biennium, a total of \$134 million of General Fund budget actions were taken. About 88% or \$118 million of the budget actions were reductions in revenues, most being in LB968 the omnibus tax bill. The remaining 12% or \$16 million was a net increase in spending.

The General Fund budget adjustments increase new General Fund appropriations by \$20.3 million over the two year period. This equals .4% of the original two-year appropriation. There was virtually no change in the overall level of mainline budget appropriations. Lower than projected TEEOSA school aid more than offset a large increase in General Funds due to a decline in the federal Medicaid match rate, higher than

projected health insurance costs, and other increases as shown below. In terms of A bills, about 90% is contained in three bills; LB605

University/Colleges capital projects financing, LB1199 change provisions relating to sex offenders including supervision and treatment, and LB 1226 Interrelated Water Management and storm water management. Several other bills have

significant impacts but not until the FY08/FY09 biennium. These include the homestead and TEEOSA aid impacts of LB968, and TEEOSA aid changes as part of LB1024.

	<u>2006 Session Budget Actions</u>	FY2005-06	FY2006-07	Two Yr Total
<u>Change in Spending</u>				
Mainline budget adjustments		2,402,234	(2,197,167)	205,067
Lapse Prior Year reappropriations		(4,220,990)	0	(4,220,990)
A Bills		0	20,250,709	20,250,709
Total Spending Changes		(1,818,756)	18,053,542	16,234,786
<u>Change in Revenues</u>				
Transfers-Out		(5,000,000)	(5,000,000)	(10,000,000)
Other Revenue Bills		0	(108,105,000)	(108,105,000)
Total Revenue Changes		(5,000,000)	(113,105,000)	(118,105,000)
<u>TOTAL BUDGET ACTIONS</u>		3,181,244	131,158,542	134,339,786

Source and Use of Budget “Surplus”

Since Sine Die of the 2005 Legislative Session a total of \$431 million of additional revenues were incorporated into the five year projected financial status either by higher actual receipts or revised forecasts. Although the financial status at Sine Die 2005 showed a projected \$233 million shortfall at the end of the five year status, this \$431 million of additional revenues has been described as the so called budget “surplus”.

In summary, 76% of the total was utilized for revenue reductions including the LB968 tax plan, LB904 which reallocated the ½% sales tax on motor vehicles to cities and counties, and allowing for state tax reductions with the federal bonus depreciation. Another 22% was utilized to enhance budgeted reserves, mostly a \$134 million increase in the Cash Reserve balance. And finally, a total of 1.6% was used for increased spending (excluding the TEEOSA and homestead exemption provisions of LB968)

	Four Year Total	% of Total
<u>Source</u>		
Actual FY04-05 receipts	48,245,531	11.2%
October 2005 Revised Forecasts	314,659,000	73.0%
February 2006 Revised Forecasts (base)	68,041,000	15.8%
Additional Revenues Since Sine Die 2005	430,945,531	100.0%
<u>Use</u>		
LB 968 Tax Reduction Plan (includes spending portions)	(236,789,418)	54.5%
LB 904 Redirect sales tax on motor vehicles above 5%	(41,250,000)	9.5%
LB 1010 Income tax adjust, charitable contributions	(11,597,000)	2.7%
Other Revenue Bills	(15,080,724)	3.5%
Allow 2005 Federal Tax Change (bonus depreciation)	(27,041,000)	6.2%
<i>Subtotal - Revenue Reductions</i>	<i>(331,758,142)</i>	<i>76.4%</i>
Increase Cash Reserve Fund (\$193M to \$327M)	(133,987,531)	30.9%
Reduce Gen Fund ending balance (-\$233M to -\$277M)	44,378,914	-10.2%
<i>Subtotal - Increase Reserves</i>	<i>(89,608,617)</i>	<i>20.6%</i>
Mainline Budget Changes (net reduction)	75,882,174	-17.5%
LB 1024 Provide for learning communities	(26,929,910)	6.2%
LB 1199 Change provisions, sex offenders	(24,511,938)	5.6%
LB 605 University/Colleges, capital projects financing	(19,875,000)	4.6%
LB 1226 Instream appropriations, ground water mgmt	(15,000,000)	3.5%
All Other A Bills (excludes LB968)	(2,471,303)	0.6%
<i>Subtotal - Increased Spending (net)</i>	<i>(12,905,977)</i>	<i>3.0%</i>
Total Use of Additional Funds	(434,272,736)	100.0%

GENERAL FUND FINANCIAL STATUS

GENERAL FUND FINANCIAL STATUS

	Actual	Biennial Budget		Following Biennium	
	FY2004-05	FY2005-06	FY2006-07	FY2007-08	FY2008-09
1 BEGINNING BALANCE					
2 Beginning Cash Balance	176,438,015	403,258,772	338,347,032	188,837,292	140,739,719
3 Cash Reserve transfers-automatic	(108,727,007)	(261,715,297)	(185,742,000)	0	0
4 Carryover obligations from FY05	0	(101,436,130)	0	0	0
5 Lapse excess FY05 carryover obligations	0	4,220,990	0	0	0
6 Allocation for potential deficits	0	0	(6,346,070)	(5,000,000)	(5,000,000)
7 Unobligated Beginning Balance	67,711,008	44,328,335	146,258,962	183,837,292	135,739,719
8 REVENUES					
9 Net Receipts (Feb 06 NEFAB)	3,031,634,318	3,278,000,000	3,325,000,000	3,365,000,000	3,447,000,000
10 General Fund transfers-out	(1,640,000)	(4,140,000)	(4,140,000)	(5,640,000)	(2,640,000)
11 General Fund transfers-in in receipts		in receipts	in receipts	0	0
12 Cash Reserve transfers-legislative	26,000,000	0	15,674,107	10,177,767	4,990,505
13 2006 General Fund transfers-out	0	0	0	0	0
14 2006 Revenue Bills	0	(5,000,000)	(113,105,000)	(100,499,200)	(105,925,524)
15 2006 Cash Reserve transfers	0	0	0	50,000,000	50,000,000
16 General Fund Net Revenues	3,055,994,318	3,268,860,000	3,223,429,107	3,319,038,567	3,393,424,981
17 APPROPRIATIONS					
18 Actual Expenditures / 2005 Appropriations	2,720,446,554	2,972,439,069	3,162,797,235	3,366,166,957	3,624,658,271
19 Projected increases, following biennium	0	0	0	in line 18	in line 18
20 2006 Mainline (Committee Proposed)	0	5,602,520	12,446,772	(30,254,103)	(17,743,353)
21 2006 Floor Actions	0	0	398,029	470,029	470,029
22 2006 State Claims	0	68,917	0	0	0
23 2006 Vetoes	0	(3,269,203)	(15,260,718)	(12,588,718)	(12,588,718)
24 2006 Overrides	0	0	218,750	218,750	218,750
24 2006 "A" Bills	0	0	20,250,709	38,123,225	10,601,635
25 General Fund Appropriations	2,720,446,554	2,974,841,303	3,180,850,777	3,362,136,140	3,605,616,614
26 ENDING BALANCE					
27 Dollar ending balance (Financial Status as shown)	403,258,772	338,347,032	188,837,292	140,739,719	(76,451,914)
28 Dollar ending balance (at Minimum Reserve)			187,808,464		201,008,762
29 Excess (shortfall) from Minimum Reserve			1,028,828		(277,460,676)
30 Biennial Reserve (%)			3.0%		-1.1%
General Fund Appropriations					
31 Annual \$ Change	150,670,165	225,904,437	202,809,188	181,285,363	243,480,475
32 Annual % Change	3.9%	7.8%	7.0%	5.7%	7.2%
33 Two Year Average	2.6%	--	7.4%	--	6.5%
34 Five Year Average	3.5%	--	4.1%	--	6.3%
General Fund Revenues					
35 Est. Revenue Growth (rate/base adjusted)	9.5%	7.7%	3.9%	2.3%	2.5%
36 Two Year Average	8.9%	--	5.8%	--	2.4%
36 Five Year Average	3.5%	--	6.2%	--	5.2%
37 Structural Revenues vs Approp.	311,187,764	298,158,697	31,044,223	(97,635,340)	(264,542,138)

CASH RESERVE FUND	FY2004-05	FY2005-06	FY2006-07	FY2007-08	FY2008-09
Projected Ending Balance-Cash Reserve Fund	177,167,720	273,616,790	441,900,267	381,722,500	326,731,995

CHRONOLOGY OF THE GENERAL FUND FINANCIAL STATUS

Over the past 12 months, the General Fund Financial Status for the current biennium (FY06/FY07) and following biennium (FY08/FY09) improved significantly mostly due to higher revenue forecasts and actual receipts, and then in essence regressed to the original state through enactment of tax cuts, revenue reallocations, and A bills.

For the current biennium, the variance from the minimum reserve started at \$8.3 million, grew to \$137 million after enactment of the mainline budget adjustments, and then declined to \$1.0 million with revenue reductions and A bills.

For the following biennium (FY08/FY09) the variance from the minimum reserve improved from a **negative** \$233 million to a **positive** \$107.3 million after enactment of the mainline budget adjustments. The four year impact of tax reductions and new A bills then reduced the financial status back to a **negative** \$277 million.

The overall financial picture did improve somewhat in that while the General Fund financial status actually returned to its original state, the Cash Reserve Fund unobligated balance increased from \$193 million to \$327 million.

SINE DIE 2005

At the end of the 2005 Session, the projected financial status yielded an unobligated ending balance for the FY05/FY06 Biennium of \$192.8 million, a figure that was \$8.3 million above the minimum 3% reserve (calculated at \$184 million). However, for the FY07/FY08 biennium, the projected ending balance was calculated at \$233 million BELOW the minimum reserve.

2005 INTERIM

The financial status improved significantly during the 2005 interim. For the current biennium, the variance from the minimum reserve improved from \$8.3 million to \$107.9 million while the following biennium improved from a negative \$233 million to only a negative \$85 million. In addition to this improvement in the General Fund financial status, the Cash Reserve Fund unobligated balance increased from \$193 million to \$401 million. This improvement was the result of significant increases in revenue forecasts.

In July 2005, actual receipts for FY2004-05 were \$48.2 million above the forecast used at Sine Die 2005 which was the April forecast of the Nebraska Economic Forecast Advisory Board (NEFAB). Adjusted revenue growth for FY04-05 based on actual receipts was 9.5% as compared to the 7.7% growth calculated per the April 2005 forecast. As these additional revenues were above the "certified forecast", they were transferred to the Cash Reserve Fund.

In October 2005, the FY05-06 and FY06-07 forecasts were revised by the Nebraska Economic Forecast Advisory Board on October 28, 2005. At that meeting, revenue forecasts were increased by a total of \$261.4 million; \$159.7 million in FY05-06 and \$101.7 million in FY06-07. These increases are a combination of the "base year" (FY04-05) being \$48.2 million above the April forecasts, a large one-time estate tax receipt in FY05-06, and higher growth projections. Because the FY05-06 revenue forecast was certified in July at \$3,092,258,000, the \$159.7 million increase in the FY06 forecast would be transferred to the Cash Reserve Fund under current law while the \$101.7 million increase in the forecast for FY06-07 would be retained in the General Fund and, adjusting for reserve calculation, accounts for most of the improvement in the FY06/FY07 financial status

2006 SESSION

February 2006 Revenue Forecast Revisions Two changes occurred in February 2006 related to revenue forecasts. First, federal bonus depreciation was extended per federal law. As current Nebraska tax law allows for this to apply to Nebraska tax, in the absence of any legislative offset, an income tax loss would occur amounting to \$8.4 million in FY06-07, \$15 million in FY07-08 and \$3.6 million in FY08-09. Subsequently on February 24, the NEFAB revised their forecasts increasing FY05-06 by \$26 million and FY06-07 by \$29.4 million. About \$12 million of this \$55 million increase can be attributed to likely income tax from the Powerball winners. As before, under current law the \$26 million additional revenue from FY05-06 would be transferred to the Cash Reserve Fund.

Appropriations Committee Proposal The Appropriations Committee Preliminary Budget actually reduced appropriations by \$11.3 million in the FY06/FY07 biennium. This included a lapse of FY05 carryover obligations (\$4.2 million) and reductions in new appropriations of \$5.3 million (FY06), and \$1.8 million (FY07). A \$22 million increase in General Funds to offset a decline in the federal Medicaid match rate was mostly offset by a \$15.9 million decline in projected TEEOSA school aid. An overall reduction was then achieved largely due to base reductions in Corrections (\$4.5 million each year) and Medicaid (\$1.5 million FY06 and \$5.7 million FY07).

After budget hearings and the revised revenue forecasts, the Appropriations Committee included additional General Funds of \$10.9 million in FY05-06 and \$14.2 million in FY06-07. These increases were largely related to utility costs, Mead environmental cleanup, water policy implementation, expansion of community corrections programs and acceleration of the Capitol exterior renovation project offset by a further decline in TEEOSA aid from the fall 2005 estimate to the certified level. Fund transfers included \$5 million from the General Fund to the Nebraska Cultural Preservation Endowment Fund in FY06-07 and a total of \$100 million from the Cash Reserve Fund to the General Fund in the following biennium.

Overall the combination of the February forecasts revisions and the Appropriations Committee proposed actions improved the General Fund financial status. The projected variance from the minimum reserve improved to \$114.5 million in the FY06/FY07 biennium and for the first time, achieved a positive figure (\$61.3 million) in the following biennium.

Floor Action Floor amendments and Governor vetoes amounted to a net reduction of appropriations and transfers of \$19.6 million in the current biennium and a total of \$46.7 million over the four year period increasing the positive variance from the minimum reserve to \$137.3 million in FY06/FY07 and \$107.3 million in FY08/FY09.

The overall financial status was basically returned to the 2005 Sine Die levels with enactment of various revenue reduction and A bills. Over the four year period a total of \$395 million of bills were enacted, of which 82% was reduced revenues and 18% increased appropriations.

Table 1 - Chronology of the Financial Status

	Current Biennium			Following Biennium		
	FY 05-06	FY 06-07	2 Yr Total	FY 07-08	FY 08-09	4 Yr Total
Sine Die 2005 Session			8.3			(233.1)
Plus: FY05 Actual vs Est General Fund Net Receipts	0.0	0.0	48.2	0.0	0.0	48.2
Less: FY05 Actual vs Est CRF transfers-automatic	0.0	0.0	(48.2)	0.0	0.0	(48.2)
Less: FY05 Actual vs Est Accounting adjustment	0.0	0.0	(5.6)	0.0	0.0	(5.6)
Plus: Assumed lapse, FY05 unexpended	0.0	0.0	6.0	0.0	0.0	6.0
Less: Change in Minimum Reserve	0.0	(3.1)	(3.1)	0.0	3.1	(0.0)
July 2005 Tax Rate Review Committee			5.7			(232.7)
Less: Update FY08/FY09 out year estimated approp.	0.0	0.0	0.0	(2.0)	(4.0)	(6.1)
Plus: Adjust lapse to achieve actual reaprop/encumb	0.0	3.5	3.5	0.0	0.0	3.5
Plus: Revenue Forecast (NEFAB Oct 28,2005)	159.7	101.7	261.4	53.7	(0.5)	314.7
Less: CRF Transfer revised FY06 forecast	0.0	(159.7)	(159.7)	0.0	0.0	(159.7)
Less: Change in Minimum Reserve	0.0	(3.0)	(3.0)	0.0	(1.7)	(4.6)
November 2005 Tax Rate Review Committee			107.9			(84.9)
Less: Fed Tax Changes	0.0	(8.4)	(8.4)	(15.0)	(3.6)	(27.0)
Plus: Revenue Forecast (revised 2/24/05) - Base	26.0	29.4	55.4	12.0	0.6	68.0
Less: CRF Transfer FY06 forecast above certified	0.0	(26.0)	(26.0)	0.0	0.0	(26.0)
Plus: Exclude allocation for deficits	5.0	0.0	5.0	0.0	0.0	5.0
Plus: Committee Proposed: Lapse excess FY05 carryover	4.2	0.0	4.2	0.0	0.0	4.2
Less: Committee Proposed: Midbiennium adjustments	(5.6)	(12.5)	(18.0)	30.2	17.7	29.8
Less: Committee Proposed: Transfer to Cultural Trust	0.0	(5.0)	(5.0)	0.0	0.0	(5.0)
Plus: Committee Proposed: Cash Reserve Fund Transfers	0.0	0.0	0.0	50.0	50.0	100.0
Less: Change in Minimum Reserve	0.0	(0.6)	(0.6)	0.0	(2.4)	(3.0)
Committee Budget (3/9/06)			114.5			61.3
Less: Floor amendments-appropriations	0.0	(0.4)	(0.4)	(0.5)	(0.5)	(1.3)
Plus: Floor amendment-reduce transfer to Cultural Trust	0.0	3.0	3.0	0.0	0.0	3.0
Plus: Mainline vetoes-appropriation	3.3	15.3	18.5	12.6	12.6	43.7
Plus: Mainline vetoes-transfer to Cultural Trust	0.0	2.0	2.0	0.0	0.0	2.0
Less: Mainline veto overrides	0.0	(0.2)	(0.2)	(0.2)	(0.2)	(0.7)
Less: Revenue bills (2006 Session)	(5.0)	(113.1)	(118.1)	(100.5)	(105.9)	(324.5)
Less: A Bills (2006 Session)	(1.3)	(20.3)	(21.6)	(38.1)	(10.6)	(70.3)
Less: Change in Minimum Reserve	0.0	3.3	3.4	0.0	6.1	9.4
Sine Die 2006 Session			1.0			(277.5)

CASH RESERVE FUND

The current projected status of the Cash Reserve Fund, including proposed changes, is shown below. Details of the components follow Table 2.

Table 2 Cash Reserve Fund Status

	FY2004-05	FY2005-06	FY2006-07	FY2007-08	FY2008-09
Beginning Balance	87,028,337	177,167,720	273,616,790	441,900,267	381,722,500
Excess of certified forecasts (line 3 in Status)	108,727,007	261,715,297	185,742,000	0	0
To/from Gen Fund per current law	(26,000,000)	0	(15,674,107)	(10,177,767)	(4,990,505)
From cigarette tax, stamp discount, MV sales tax	8,170,556	0	0	0	0
To NCCF, Eastern Nebr Vets Home (est cash flow)	(758,180)	(4,454,860)	(1,784,416)	0	0
To LLRW settlement fund	0	(145,811,367)	0	0	0
To Job Training Cash Fund	0	(15,000,000)	0	0	0
To/From Gen Fund (2006 Session)	0	0	0	(50,000,000)	(50,000,000)
Projected Ending Balance-Cash Reserve Fund	177,167,720	273,616,790	441,900,267	381,722,500	326,731,995
Estimate at Sine Die 2004	70,733,932	68,304,628	66,520,212	66,520,212	66,520,212
Estimate at Sine Die 2005	177,116,486	225,371,259	207,912,736	197,734,969	192,744,464

EXCESS OF CERTIFIED FORECASTS

Shown on line 3 of the Financial Status, revenues in excess of "certified" forecasts are required by statute to be transferred from the General Fund to the Cash Reserve Fund. These would take place in the fiscal year following completion of that year. For example, in FY04-05 revenues exceeded the certified forecast by \$177.2 million. Those excess amounts were transferred to the Cash Reserve Fund at the start of FY05-06.

TRANSFERS TO / FROM GENERAL FUND

Unlike the automatic transfers that occur after the close of the fiscal year and are statutorily required, other transfers can take place as specifically enacted by the Legislature.

For FY04-05, there is a net \$26 million transfer from the Cash Reserve Fund to the General Fund. This is the net impact of \$22.5 million repayment from the General Fund to the CRF (LB1310-2002), and two transfers from the CRF to the General Fund; \$3 million in LB798-2003 and \$45.5 million in LB1090-2004.

In the 2005 Session, a total of \$38.6 million was to be transferred to the General Fund to help cover the additional shortfall in the defined benefit retirement funds; \$15,674,107 in FY06-07, \$17,931,030 in FY07-08, and 4,990,505 in FY08-09.

In Table 2 the FY07-08 transfer number shown is the net of the \$17.9 million retirement transfer to the General Fund as noted above and a \$7.7 million transfer from the General Fund to the CRF as reimbursement for funds transferred to Nebraska Capital Construction Fund for the new Eastern Nebraska Veterans Home passed in LB798-2003 and increased in the 2005 Session.

TRANSFERS TO/FROM OTHER FUNDS

In the 2003 Session (LB 798) a total of \$5,727,707 is to be transferred to the Nebraska Capital Construction Fund (NCCF) at the discretion of the Budget Administrator to finance the replacement of the Fitzgerald Veterans Home in Omaha. Estimated cash flow of these transfers was \$755,807 FY03-04, \$758,180 FY04-05, \$2,429,304 FY05-06, and \$1,784,416 FY06-07. As noted above, the CRF was to be repaid through transfers from the General Fund. In the 2005 Session, the project total and FY05-06 estimated transfer was increased by \$2,025,556.

Also in the 2005 Session, \$145.8 million was transferred to the Low Level Radioactive Waste Settlement Fund to finance a lump sum payment of the lawsuit settlement, and \$15 million was transferred to the Job Training Cash Fund to expand available monies for job training.

2006 SESSION CHANGES

Transfers: LB1131 included a \$100 million transfer from the Cash Reserve Fund to the General Fund in the following biennium. This consists of a \$50 million transfer in both FY2007-08 and FY2008-09. This retains \$326 million as an unobligated balance at the end of FY2008-09.

Reallocation of Interest Earnings Current law (LB1090-2004), requires interest income from the Cash Reserve Fund to be transferred to the Building Renewal Allocation Fund beginning July 1, 2007 (prior to that date interest income is transferred to the General Fund). LB1131 alters the flow of interest income beginning July 1, 2007 to the following: for FY 2007-08 the first \$9,365,420 of interest income generated by the Cash Reserve Fund will go to the State Capitol Restoration Fund (created in LB 1131). This is the current estimate of scheduled costs of Capitol renovation in FY08-09. The transfer in the year prior to when the funds are needed ensures the assets are on hand for the following construction year, thus minimizing any risk of disruption in bidding and contracting for renovation services. This "transfer-in-advance" approach continues in FY2008-09 (\$7,359,687) and FY2009-10 (\$4,272,753). Based on construction schedules submitted to the Appropriations Committee the final transfer in FY 2009-10 was to have financed the final year of renovation planned for the Capitol building in FY2010-11. However, a Governor veto of \$2.7 million for FY06-07 coupled with the uncertainty of actual project costs that will likely occur may result in the need for future transfers.

Should interest income from the Cash Reserve exceed the amounts to be transferred to the State Capitol Renovation Fund the excess will be transferred to the Building Renewal Allocation Fund. Once the final Capitol renovation transfer is made all interest income from the Cash Reserve return to the Building Renewal Allocation Fund.

FINANCIAL STATUS – FOLLOWING BIENNIUM

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

WHILE 2006 ACTIONS ARE SHOWN SEPARATELY ON THE FINANCIAL STATUS ON PAGE 5, THE ON-GOING IMPACT OF 2006 SESSION ACTIONS ARE ALREADY INCORPORATED INTO THE PROJECTED DATA SHOWN IN THIS SECTION.

REVENUES

For the “out years”, the preliminary estimates for FY2007-08 and FY2008-09 are prepared by the Legislative Fiscal Office (LFO) using the “capped” historical average methodology. This method first derives a revenue growth for the “out years” by calculating the level of revenues that would yield a five year average growth (FY04 to FY09) roughly equal to the historical average from FY81 to FY05 (5.2%). The revenue growth used for the two out years cannot be higher or lower than the average of the “above average” years (7.3% for 15 years of above average growth) or the average of the “below average” years (2.4% for 9 years of below average growth). The cap does not go into effect as the 2.4% average projected growth for FY08 and FY09 yields the five year average of 5.2% and is equal to the capped “floor”. This low growth for FY08 and FY09 is needed to offset the high 9.5% growth in FY04-05 and 7.7% growth in FY06-07.

Based on Feb 2006 Forecasts adjusted for 2006 Bills	Current Status	Average	Average	High Est	Low Est
	Global Insight	Global Insight	All Forecasts	NDR-Fair	LFO-Global
Dollar Forecast (thousands of \$)					
FY2005-06 NEFAB	3,278,000	3,278,000	3,278,000	3,278,000	3,278,000
FY2006-07 NEFAB+2006 Bills	3,216,895	3,216,895	3,216,895	3,216,895	3,216,895
FY2007-08 Prelim+2006 Bills	3,264,501	3,297,942	3,351,015	3,422,849	3,290,605
FY2008-09 Prelim+2006 Bills	3,341,074	3,466,943	3,537,818	3,627,929	3,460,017
Calculated Growth (adjusted)					
FY2005-06 NEFAB	7.7%	7.7%	7.7%	7.7%	7.7%
FY2006-07 NEFAB	3.8%	3.8%	3.8%	3.8%	3.8%
FY2007-08 Prelim	2.4%	3.4%	5.1%	7.3%	3.2%
FY2008-09 Prelim	2.6%	5.4%	5.8%	6.2%	5.4%
Two Year Average	2.5%	4.4%	5.4%	6.8%	4.3%
Five Year Average	5.2%	6.0%	6.4%	6.9%	5.9%
\$ Difference from Status					
FY2007-08	0	33,441	86,514	158,348	26,104
FY2008-09	0	125,869	196,744	286,855	118,943
Cumulative Total	0	159,310	283,258	445,203	145,047

As an alternative to the “capped average method”, the national forecast service used for forecasting purposes by the Nebraska Dept of Revenue (NDR) and Legislative Fiscal Office (LFO) included information which allows an econometric forecast for the two “out years” (FY2007-08 and FY2008-09). Although the Forecast Board does not forecast revenues beyond the current biennial budget, both NDR and LFO have calculated revenue estimates for FY2007-08 and FY2008-09 (prepared October 2005). The preliminary estimates for the two

out years arrived at using the capped historical average concept (as used in the Financial Status), are significantly lower than the range of the NDR and LFO model estimates for those two years as shown in the table below. Over the two-year period, the LFO/DOR Global Insight average is \$159 million higher than the numbers arrived at using the historical average method. This gap however is starting to narrow as the two year gap in October was \$220 million

APPROPRIATIONS

For the “following biennium” (FY07-08 and FY08-09), the mainline budget numbers reflect the annualized impact of the 2005 **AND 2006** session budget actions plus an estimate of future year increases in entitlement programs, salary and health insurance increases, and other funding requirements that are normally not optional. Obviously the actual funding needs in these areas will not be known until the

biennial budget process starts again in the 2007 Session. However for planning purposes, some level of funding for these items must be acknowledged and shown as likely funding commitments

Table 3 Projected Budget Increases-Following Biennium

	Factor	Est for Following Biennium	
		FY2007-08	FY2008-09
<u>Aid to Local Govt</u>			
Special Education	5.0%	8,714,009	9,149,709
Aid to K-12 Schools (TEEOSA)	4% & 13%	28,865,899	97,005,311
Aid to ESU's	2.5%	86,958	307,079
Homestead Exemption	3.0%	8,560,980	1,890,989
Community Colleges	3.0%	2,034,529	2,095,565
<u>Aid to Individuals</u>			
Medicaid	10.0%	60,691,574	60,205,497
Public Assistance	8.0%	18,677,066	20,065,339
Childrens Health Insurance (CHIP)	8.0%	2,119,806	2,119,721
Developmental Disability aid	3.0%	2,569,298	1,868,695
Behavioral Health aid	3.0%	1,709,562	1,296,062
<u>Operations</u>			
Employee Salaries	2.0%	18,149,534	18,512,524
Employee Health Insurance	10.0%	11,585,664	12,744,231
Operations increase	2.0%	5,707,762	5,821,917
Inmate per diem costs	6.0%	1,991,736	2,111,240
Sex offender treatment, Norfolk	calculated	871,500	3,630,000
Public safety communications system	calculated	(46,854)	5,875,150
Depreciation surcharge	calculated	5,238,815	0
Retirement (defined benefit plans)	calculated	(33,268)	8,092,000
Construction	reaffirm only	4,414,169	(9,480,869)
All Other	na	(623,376)	170,313
Net Annual \$ Increase		181,285,362	243,480,474
Net Annual % Increase		5.7%	7.2%

Aid to Local Governments

Special Education: Increases for FY07-08 and FY08-09 reflect a 5% per year increase as provided for in current law as enacted in LB1243-2000.

State Aid to Schools (TEEOSA) The estimates for FY08 and FY09 are based on the same methodology utilized for the November 15 estimates required under current law for the proposed biennial budget. However, these estimates are based on Fiscal Office assumptions and should be considered Fiscal Office estimates. The estimates reflect a growth in school aid of 4% in FY08 and 13% in FY09. In a "normal" year where spending growth, valuation growth and "other receipts" growth are all relatively equal, the growth in TEEOSA should be approximately 5.0% to 5.5%. The growth in FY07-08 reflects an estimated spending growth of 5.5% in school year FY06, an extra ½% above "normal" due to expiration of the zero percent budget limit. Aid growth is somewhat lower than normal as the slightly higher spending growth is more than offset by a higher projected property valuation growth of 6.3%. This occurs even with the initial impact of valuing agricultural land at 75% per LB968-2006. For FY08-09, the 13% growth is largely attributed to expiration of temporary aid adjustment factor (\$31.2 million) and impacts of LB1024 (\$25.8 million) which increases the cost growth factor by a full percentage point and provides for inflating the "allowances".

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

Homestead Exemption This program is projected to increase by 15.2% in FY07-08 and 3% in FY08-09. This includes a 3% per year inflation increase while the large increase in FY08 is attributed to a \$6.9 million change per LB968 passed during the 2006 Session (see 2006 Revenue bills starting on page 19)

Aid to Community Colleges A 3% per year annual increase is included for the following biennium budget reflecting increased state aid to support operations budget increases and meet community college area aid eligibility per LB269-1997. This increase amounts to about a \$2 million per year increase.

Aid to Individuals

Medicaid For the following biennium, a 10% per year increase is used. The FY08 increase is slightly higher with annualizing to a full year the decline in the Medicaid match rate.

Public Assistance A growth rate of 8.0% per year is utilized for the various Public Assistance programs for the following biennium.

Children's Health Insurance (CHIP) For the following biennium, CHIP is projected to increase at almost 20% per year. This is due to two things. First, a 10% per year increase is used which is the same as Medicaid. Second, the General Fund would pick up all increases in this program because the \$5 million allocation from the Health Care Cash Fund is a fixed amount. This almost doubles the General Fund impact.

Developmental Disability Aid A 3% per year increase is included. This provides the equivalent of 2% per year for rate equity (similar to the 2% used for state employees salaries) and 1% for clients transitioning from K-12 programs. The FY08 increase is slightly higher due to annualizing the decline in the federal Medicaid match rate.

Behavioral Health Aid. This area includes substance abuse and mental health aid. The increases in the following biennium reflect a 3% increase to reflect some annual increase in provider rates. No projected increase is included due to the mental health reform transition as any increases would come from phase-down of regional center operations and shift in funds.

Agency Operations

Employee Salary Increases Although salary increases will be the result of bargaining, some level of increase is factored in more for illustration than planning purposes. A 2% per year increase is included which approximates inflation. This is equal to the FY04 / FY05 biennium but less than the 3% and 3.25% increases in the FY06 / FY07 biennium.

Employee Health Insurance For planning purposes, a 10% per year increase in health insurance is included for the following biennium. This rate of growth is lower than the increases in the current budget but roughly equal to the average growth over the past 5 to 10 years.

Operations Inflation Included in the projected status is an allocation for operating cost increases equal to 2% of non-personnel operating costs.

Depreciation Surcharge The increase in FY07-08 reflects the amount needed to take the projects funded in FY06-07 from 1% to 2% as required by current law.

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.

Sex offender treatment, Norfolk LB 1199 revised a number of statutory sections relating to sex crimes, sex offenders and civil commitment including two provisions that result in substantial costs, lifetime supervision and civil commitment. This includes additional parole staff and operation of a treatment facility in Norfolk. These increased costs will be phased in over a four year period. A more detailed description can be found on page 40

Public safety communications system The mainline budget bill provided initial funds for the public safety communications system. Initial costs in FY06 and FY07 are modest and included use of homeland security funds. The larger General Fund costs, in the absence of other funding sources, are assumed to start in FY08-09 with the start of master lease payments on equipment. A more detailed description can be found on page 43.

Defined benefit retirement plans A substantial increase was funded in FY06-07 due to shortfalls in defined benefit retirement plans (school, judges, Patrol). These continue through FY09 and into FY10 and FY11. For a more detailed description of the cause of the shortfalls, see the 2005 Session Budget Summary.

Chronology of Additional Funding Needs	Biennial Budget		Following Biennium		"Out Year" Next Fall	
	FY2005-06	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11
Defined Benefit Retirement Plan						
Needed to fund shortfall, Fall 2004 (w/o 2005 action)	17,009,167	32,913,033	34,319,456	21,378,931	4,709,398	1,666,297
Impact of 2005 Bills	(17,180,818)	(17,238,926)	(1,360,335)	(1,360,335)	(1,360,335)	(796,054)
Assumed extension of LB503	0	0	(15,028,091)	(15,028,091)	0	0
State Funds Needed Per 2005 Session	0	15,674,107	17,931,030	4,990,505	3,349,063	870,243
Change in "shortfall" projection, Fall 2005	0	(1,746,520)	(16,054,121)	3,169,404	13,084,937	12,122,757
Deficit: 7/10 of 1% + Class V annuity	0	478,821	0	0	0	0
Delete assumed extension of LB503	0	0	15,028,091	15,028,091	0	0
LB 366 Membership/rates, state/county retirement	0	0	2,692,140	2,692,140	2,692,140	2,692,140
LB 1019 Misc changes, 30 year amortization	0	0	(5,224,000)	(3,415,000)	(1,704,000)	(499,000)
State Funds Needed Per 2006 Session	0	14,406,408	14,373,140	22,465,140	17,422,140	15,186,140
Annual Change		14,406,408	(33,268)	8,092,000	(5,043,000)	(2,236,000)

CAPITAL CONSTRUCTION

General Fund dollars included in the projected budget for the following biennium for capital construction reflect reaffirmations only based on the FY06/FY07 biennial budget. These are dollar amounts needed to complete funding of previously approved projects. Nothing is included for new projects in FY08 or FY09.

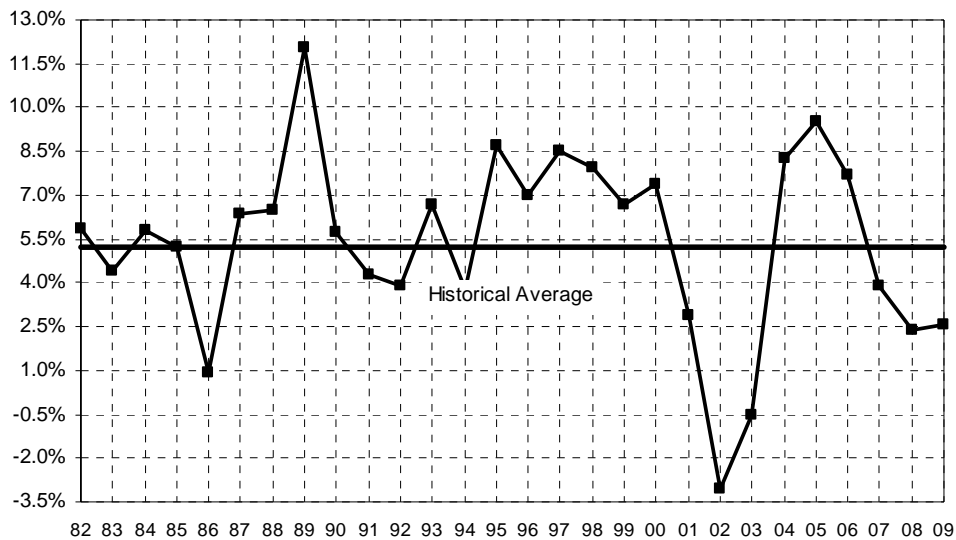
GENERAL FUND REVENUES

GENERAL FUND REVENUE FORECASTS

Table 4 General Fund Revenue Forecasts

	Actual FY2004-05	NEFAB FY2005-06	NEFAB FY2006-07	LFO Prelim FY2007-08	LFO Prelim FY2008-09
Actual/Forecast					
Sales and Use Tax	1,231,011,089	1,264,000,000	1,310,000,000	1,333,000,000	1,369,000,000
Individual Income Tax	1,400,076,680	1,500,000,000	1,575,000,000	1,628,000,000	1,699,000,000
Corporate Income Tax	198,380,442	245,000,000	220,000,000	206,000,000	196,000,000
Miscellaneous receipts	207,726,086	269,000,000	220,000,000	198,000,000	183,000,000
Total General Fund Revenues	3,037,194,297	3,278,000,000	3,325,000,000	3,365,000,000	3,447,000,000
2006 Revenue Bills	0	0	(108,105,000)	(100,499,200)	(105,925,524)
Net Receipts per Financial Status	3,037,194,297	3,278,000,000	3,216,895,000	3,264,500,800	3,341,074,476
Adjusted Growth					
Total General Fund Revenues	9.5%	7.7%	4.0%	2.3%	2.5%
Five Yr Average	3.4%	--	5.8%	--	5.2%

General Fund Adjusted Revenue Growth



CURRENT BIENNIUM

Revenue estimates for FY2005-06 and FY2006-07 are the October 2005 forecasts from the Nebraska Economic Forecast Advisory Board (NEFAB). These forecasts yield a projected adjusted revenue growth of 7.7% in FY05-06 and 4.0% in FY06-07, an average growth of 5.8% slightly higher than the 5.2% historical average over the past 24 years. Note that the higher growth in FY05-06 is partly attributed to high investment income (larger than normal balances) and high corporate income tax receipts.

FOLLOWING BIENNIUM

For the “out years”, the preliminary estimates for FY2007-08 and FY2008-09 are prepared by the Legislative Fiscal Office (LFO) using the “capped” historical average methodology. This method first derives a revenue growth for the “out years” by calculating the level of revenues that would yield a five year average growth (FY04 to FY09) roughly equal to the historical average from FY81 to FY05 (5.2%). The revenue growth used for the two out years cannot be higher or lower than the average of the “above average” years (7.3% for 15 years of above average growth) or the average of the “below average” years (2.4% for 9 years of below average growth). The cap does not go into effect as the 2.4% average projected growth for FY08 and FY09 yields the five year average of 5.2% and is equal to the capped “floor”. This low growth for FY08 and FY09 is needed to offset the high 9.5% growth in FY04-05 and 7.7% growth in FY06-07.

As an alternative to the “capped average method”, the national forecast service used for forecasting purposes by the Nebraska Dept of Revenue (NDR) and Legislative Fiscal Office (LFO) included information which allows an econometric forecast for the two “out years” (FY2007-08 and FY2008-09). Although the Forecast Board does not forecast revenues beyond the current biennial budget, both NDR and LFO have calculated revenue estimates for FY2007-08 and FY2008-09 (prepared October 2005).

The preliminary estimates for the two out years arrived at using the capped historical average concept (as used in the Financial Status), are significantly lower than the range of the NDR and LFO model estimates for those two years as shown in the table below. Over the two-year period, the LFO/DOR Global Insight average is \$159 million higher than the numbers arrived at using the historical average method. This gap however is starting to narrow as the two year gap in October was \$220 million

CHRONOLOGY OF REVENUE FORECASTS

Table 5 provides a chronology of revenue forecasts for FY2004-05, FY2005-06 and FY2006-07 since the initial NEFAB forecast in October 2002 (FY04-05) and October 2004 (FY05-06 and FY06-07). The table shows the actual forecast and the change from the prior forecast broken down by the cause of the change whether it be bills enacted, federal tax law changes, or revised economic assumptions (“base”).

Over the two year period, and through four forecast changes, base forecast changes increased available revenues by \$295 million in FY05-06 and \$261 million in FY06-07.

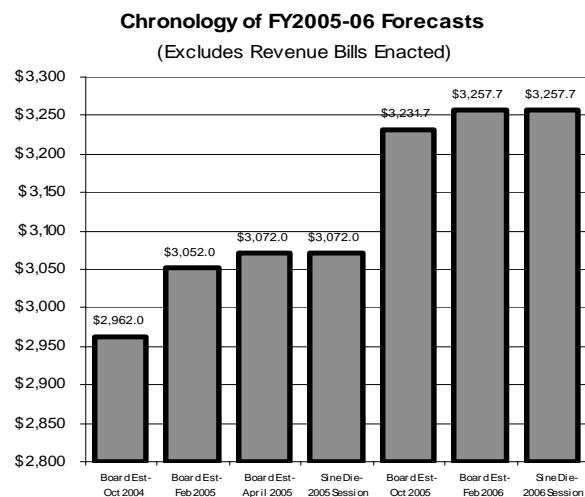


Table 5 Chronology of Revenue Forecasts

	Sales/Use	Individual	Corporate	Misc	Total Forecast	Change in Forecast			
						Base	Fed Chnge	Bills	Total
FY2004-05									
Board Est-July 2002	1,080,000	1,345,000	135,000	150,000	2,710,000				
Spec Session-August 2002	1,083,721	1,345,000	135,000	173,522	2,737,243	0	0	27,243	27,243
Board Est-Oct 2002	1,070,000	1,345,000	123,000	150,000	2,688,000	(49,243)	0	0	(49,243)
Board Est-Feb 2003	1,070,000	1,360,000	117,000	150,000	2,697,000	9,000	0	0	9,000
Board Est-April 2003	1,070,000	1,360,000	125,000	145,000	2,700,000	3,000	0	0	3,000
Sine Die-2003 Session	1,238,571	1,397,816	125,000	180,659	2,942,046	(0)	0	242,046	242,046
TRR Committee-July 2003	1,238,571	1,388,946	122,617	180,659	2,930,793	0	(11,253)	0	(11,253)
Board Est-Oct 2003	1,220,000	1,290,000	132,000	172,000	2,814,000	(116,793)	0	0	(116,793)
Board Est-Feb 2004	1,170,000	1,260,000	149,000	172,000	2,751,000	(63,000)	0	0	(63,000)
Sine Die-2004 Session	1,172,491	1,262,599	149,271	191,118	2,775,479	0	0	24,479	24,479
Board Est-Oct 2004	1,191,000	1,318,000	167,000	190,000	2,866,000	90,521	0	0	90,521
Board Est-Feb 2005	1,220,000	1,348,000	183,000	198,000	2,949,000	83,000	0	0	83,000
Board Est-April 2005	1,220,000	1,385,000	185,000	199,000	2,989,000	40,000	0	0	40,000
Sine Die-2005 Session	1,220,000	1,385,000	185,000	199,000	2,989,000	0	0	0	0
Actual Receipts FY04-05	1,231,011	1,400,077	198,380	207,726	3,037,194	48,194	0	0	48,194
Change: First NEFAB to Current	151,011	55,077	63,380	57,726	327,194	44,679	(11,253)	293,768	327,194
FY2005-06									
Board Est-Oct 2004	1,240,000	1,370,000	170,000	182,000	2,962,000				
Board Est-Feb 2005	1,261,000	1,420,000	186,000	185,000	3,052,000	90,000	0	0	90,000
Board Est-April 2005	1,261,000	1,440,000	186,000	185,000	3,072,000	20,000	0	0	20,000
Sine Die-2005 Session	1,251,982	1,439,950	185,950	214,376	3,092,258	0	0	20,258	20,258
Board Est-Oct 2005	1,265,000	1,508,000	214,000	265,000	3,252,000	159,742	0	0	159,742
Board Est-Feb 2006	1,264,000	1,500,000	245,000	269,000	3,278,000	26,000	0	0	26,000
Sine Die-2006 Session	1,264,000	1,500,000	245,000	269,000	3,278,000	0	0	0	0
Change: First NEFAB to Current	24,000	130,000	75,000	87,000	316,000	295,742	0	20,258	316,000
FY2006-07									
Board Est-Oct 2004	1,290,000	1,430,000	176,000	175,000	3,071,000				
Board Est-Feb 2005	1,320,000	1,500,000	186,000	175,000	3,181,000	110,000	0	0	110,000
Board Est-April 2005	1,320,000	1,520,000	186,000	175,000	3,201,000	20,000	0	0	20,000
Sine Die-2005 Session	1,299,749	1,515,678	183,591	203,275	3,202,293	0	0	1,293	1,293
Board Est-Oct 2005	1,310,000	1,580,000	200,000	214,000	3,304,000	101,707	0	0	101,707
Board Est-Feb 2006	1,310,000	1,575,000	220,000	220,000	3,325,000	29,421	(8,421)	0	21,000
Sine Die-2006 Session	1,266,446	1,517,377	218,677	214,395	3,216,895	0	0	(108,105)	(108,105)
Change: First NEFAB to Current	(23,554)	87,377	42,677	39,395	145,895	261,128	(8,421)	(106,812)	145,895

GENERAL FUND TRANSFERS-OUT

General Fund Transfers-Out account for funds that are transferred from the General Fund to another fund within the state treasury. These items have the same affect as an appropriation but are not expended from the General Fund as such and therefore are shown under the revenue category as transfers-out from the General Fund (see line 10 on the Financial Status) and subsequently expended from the receiving fund.

Transfers to the Ethanol Production Incentive Cash Fund (EPIC) and Trail Development Assistance Fund remained unchanged from that enacted during the 2005 Session. The EPIC transfers were authorized by LB536 (2001) which called for transfers of \$1.5 million per year for FY2001-02 through FY2007-08 and LB90 (2005) which provided \$2.5 million per year from FY2005-06 through FY2010-11

During the 2006 Session, as part of the omnibus tax package, LB968 also enacted two additional transfers to the EPIC fund, \$5 million in FY05-06 and \$5 million in FY06-07. Also, the Appropriations Committee originally recommended a transfer of \$5,000,000 to the Nebraska Cultural Preservation Endowment Fund on July 1, 2006. Interest earnings from the endowment fund are transferred to the Nebraska Arts and Humanities Cash Fund in the Nebraska Arts Council to provide matching grants to arts organizations. This was reduced by \$3 million through a floor amendment and the remaining \$2 million was then vetoed by the Governor.

Table 6 General Fund Transfers Out

	Actual	Biennial Budget		Est for Following Biennium	
	FY2004-05	FY2005-06	FY2006-07	FY2007-08	FY2008-09
Ethanol Credits (EPIC Fund)	(1,500,000)	(4,000,000)	(4,000,000)	(5,500,000)	(2,500,000)
Trail Development Assistance Fund	(140,000)	(140,000)	(140,000)	(140,000)	(140,000)
<i>General Fund Transfers-Out Per 2005</i>	<i>(1,640,000)</i>	<i>(4,140,000)</i>	<i>(4,140,000)</i>	<i>(5,640,000)</i>	<i>(2,640,000)</i>
LB 968 Additional transfers to EPIC fund	0	(5,000,000)	(5,000,000)	0	0
LB 1060 To Cultural Preservation Endowm	0	0	VETOED	0	0
<i>Total-General Fund Transfers-Out</i>	<i>(1,640,000)</i>	<i>(9,140,000)</i>	<i>(9,140,000)</i>	<i>(5,640,000)</i>	<i>(2,640,000)</i>

GENERAL FUND TRANSFERS-IN

There are over 250 individual and distinct cash funds in the state treasury. These funds are created where statute earmarks revenue sources for a specific purpose. Each fund maintains its own balance and must be used for the specific purpose authorized in statute. However, there are several instances where statute authorizes that monies in a cash fund can be transferred to the General Fund at the discretion of the Legislature. For accounting purposes, these are shown as "Transfers in" and are included as revenues.

The transfers shown in Table 7 were enacted in the 2005 Session, are already incorporated into the "Net Receipts" figures of the NEFAB forecasts. There were no additional transfers enacted in the 2006 Session.

Table 7 General Fund Transfers In

	Actual	Biennial Budget		Est for Following Biennium	
	FY2004-05	FY2005-06	FY2006-07	FY2007-08	FY2008-09
Securities Act Cash Fund	19,100,000	16,000,000	16,000,000	0	0
Tobacco Products Admin Cash Fund	0	6,000,000	6,000,000	0	0
Dept of Insurance Cash Fund	4,000,000	3,000,000	3,000,000	0	0
Dept of Motor Vehicles Cash Fund	3,575,962	1,500,000	1,500,000	0	0
Low Level Radioactive Waste, excess funds	0	1,094,661	0	0	0
Charitable Gaming Oper Fund	432,456	250,000	250,000	0	0
Excess, unclaimed Lottery prize money	5,000,000	0	0	0	0
Military Dept, excess of building sales	2,500,000	0	0	0	0
Game & Parks Recreation Road Fund	2,000,000	0	0	0	0
Education Innovation Fund	553,000	0	0	0	0
Unclaimed Property lapse	500,000	0	0	0	0
MV Industry Licensing Board	50,000	0	0	0	0
<i>Transfers-In already in the forecast</i>	<i>37,711,418</i>	<i>27,844,661</i>	<i>26,750,000</i>	<i>0</i>	<i>0</i>
2006 Changes: None	na	None	None	0	0
<i>Total General Fund Transfers-In</i>	<i>37,711,418</i>	<i>27,844,661</i>	<i>26,750,000</i>	<i>0</i>	<i>0</i>

REVENUE BILLS – 2006 SESSION

A substantial amount of revenue reduction bills were enacted during the 2006 legislative session. Table 8 lists the bills enacted followed by a narrative description of the major bills in numerical order.

Table 8 Revenue Bills - 2006 Session

	FY2006-07	FY2007-08	FY2008-09
LB 647 File biennial reports, limited liability companies	133,200	0	133,200
LB 795 Repayment changes, school incentive payments	(130,000)	0	0
LB 872 Provide for emissions trading programs	(30,000)	(100,000)	(100,000)
LB 904 Sales tax on motor vehicles above 5%	(11,250,000)	(15,000,000)	(15,000,000)
LB 965 Long-Term Care Savings Plan Act	(1,920,000)	(1,981,000)	(2,101,000)
LB 968 Sales / income / property / EPIC changes (1)	(89,399,000)	(78,503,000)	(83,700,000)
LB 990 Change Beginning Farmer Tax Credit	0	(38,000)	(132,000)
LB 1010 Income tax adjust, charitable contributions	(3,749,000)	(3,863,000)	(3,985,000)
LB 1189 Change sales tax exemption, molds and dies	(1,152,200)	(1,014,200)	(1,040,724)
LB 1208 Distance education services	(3,808,000)	0	0
LB 1256 Nebraska Early Childhood Endowment	(1,800,000)	0	0
Total - Revenue Bills 2006 Session	(113,105,000)	(100,499,200)	(105,925,524)

(1) Not shown under LB968 are the \$5 million transfers to EPIC in FY05-06 and FY06-07 and the property tax related impacts (change in agricultural land valuation and homestead) which impact on General Fund appropriations.

LB 904 Prior law (enacted in 2003) provided that any sales tax on motor vehicles derived from a sales tax rate that is in excess of 5.0% is deposited into the General Fund. The sales tax up to 5.0% is credited to the Highway Trust Fund and is divided between the state (53.3%), cities (23.33%), and counties (23.33%). LB 904 redirects the amounts over 5.0% from the General Fund to the Highway Allocation Fund which is distributed 50% to cities and 50% to counties. Annual revenue deposited into the General Fund from the .5% sales tax on motor vehicles is estimated at \$15,000,000. Therefore, LB 904 will decrease annual General Fund revenue by \$15,000,000 and place this revenue into the Highway Allocation Fund to be distributed to cities and counties. The estimated revenue shift in FY06-07 is \$11,250,000 due to the partial year impact with an October 2006 operative date.

LB904 also requires cities or counties that levy a local sales tax on motor vehicles, trailers and semi-trailers to use this revenue only for street construction and maintenance purposes. Exceptions to this requirement are allowed if the city or county has issued bonds to be used for street construction/maintenance and pledged non-motor vehicle sales tax revenue for their repayment, or has pledged motor vehicle sales tax revenue for the repayment of non-street related bonds issued prior to January 1, 2006. This provision may require a city/county to reallocate sources of funding to different areas within their budget.

	FY2006-07	FY2007-08
Cities	5,625,000	7,500,000
Counties	5,625,000	7,500,000
Total	\$11,250,000	\$15,000,000

LB 965 allows for the creation of a long-term care savings account. Contributions to this account will be deductible up to \$1,000 for a single return or \$2,000 for a joint return. There is a \$160,000 lifetime maximum that can be put into the account with an annual inflation adjustment. Withdrawals from the account not used for long-term care are added to income and are subject to a 10% penalty. LB 965 allows for individuals, over the age of 62, to pay for long-term care insurance premiums out of the aforementioned accounts without being subject to penalty. Revenue losses are projected at \$1.920 million, \$1.981 million, and \$2.101 million in FY07 through FY09, respectively.

Under LB 965, the State Treasurer will be the Trustee of the Nebraska long-term care savings plan trust program and anticipates a single administrator selected by the State Treasurer. The State Treasurer aims to model the program after the Nebraska educational savings plan trust (NESPT). The primary components of the operating expenses are expenditures for marketing and the request for proposals process and are budgeted at \$120,000 in FY06-07 and \$100,000 for FY07-08.

Because the long-term care savings account is not in the federal tax code, the Department of Revenue is not able to rely on the IRS to enforce the spending restrictions; therefore, in the next seven to ten years,

the cost to administer this program could become significant, in order to insure that the plan pay outs are for approved long-term care expenses.

The bill also includes the Long-Term Care Partnership Program Act. Under this program, an individual will receive a one dollar disregard of a counted asset when determining eligibility for the Medicaid Program for every dollar of a benefit an individual receives from a long term care insurance benefit. The Department of Health and Human Services Finance and Support is required to file a state plan amendment with the federal Centers for Medicare and Medicaid to implement this program. Federal law was recently passed to allow for partnership programs. In the immediate future, there will not be any additional costs or savings associated with the establishment of this program. In the long term, there are potential savings to the Medicaid program but no estimate was possible.

LB 968 was the omnibus tax cut bill for the 2006 Session. LB 968 impacts three different areas of taxation: sales tax, income tax, and property tax. Furthermore, the bill also provides for additional transfers to the Ethanol Production Incentive Cash Fund (EPIC). The figures in Table 8 only reflect the revenue impacts of LB968 which are the sales and income tax provisions. The property tax reduction components are reflected in as higher spending in the TEEOSA school aid formula and homestead exemption for reimbursing local governments. The full impact of LB968, including the property tax/spending provisions is shown on page 22.

Sales Tax: Effective July 1, 2006, sales tax on contractor labor is changed to exempt single family dwellings and duplexes. Moreover, a refund is allowed for sales tax paid on contractor labor for other owner-occupied units (primarily condominiums). Also the definition of “major renovation” is changed for the purposes of commercial property. LB 968 also exempts housing agencies from paying sales and use taxes on building materials and construction services.

Income Tax: LB 968 provides for a refundable earned income tax credit (EITC) equal to 8% of the Federal EITC allowed under §32 of the IRS code. The credit is for tax years beginning January 1, 2006. The Department of Revenue estimates between 111,000 and 113,000 returns claiming this credit based on the number of Nebraska filers taking the federal credit.

Income Brackets		Bracket 1 Up to:	Bracket 2 Up to:	Bracket 3 Up to:	Bracket 4 Up to:
Previous Law	Married-Jointly	\$4,000	\$30,000	\$46,750	> \$46,750
	Married-Seperately	\$2,000	\$15,000	\$23,375	> \$23,375
	Single	\$2,400	\$17,000	\$26,500	> \$26,500
	Head of Household	\$3,800	\$24,000	\$35,000	> \$35,000
Per LB 968	Married-Jointly	\$4,000	\$31,000	\$50,000	> \$50,000
	Married-Seperately	\$2,000	\$15,500	\$25,000	> \$25,000
	Single	\$2,400	\$17,500	\$27,000	> \$27,000
	Head of Household	\$3,800	\$25,000	\$35,000	> \$35,000

For tax years beginning January 1, 2006, LB 968 increases the individual income tax brackets, and eliminates the phase-outs of the personal credit, itemized deductions, and standard deductions.

General Fund Transfers-Out: LB 968 provided for two \$5,000,000 transfers from the General Fund to the EPIC Fund, one in FY06 and one in FY07.

Property Tax (affects General Fund appropriations): As amended, LB 968 reduces the level of assessment of agricultural land from 80% to 75% for purposes of taxation. Because of a loss of an estimated \$1.576 billion in taxable valuations, the Fiscal Office estimates the amount of TEEOSA state aid for equalized systems will increase by up to \$12,500,000 in FY08 and \$13,000,000 in FY09.

The maximum value of a homestead that can qualify for the homestead program is increased under LB968. Furthermore, it provides a larger property tax exemption for those who qualify. These provisions will be operative for applications filed in calendar year 2007. The maximum exemptions are increased from 80% and 100% to 100% and 120% of the assessed value for the over 65 and disabled portions of

the program. The maximum valuations are increased from 150% and 200% to 175% and 225% for the over 65 and disabled portions of the program. Homestead exemption reimbursement costs are expected to increase by \$6,894,000 in FY07-08 and \$7,068,000 in FY08-09.

Lastly, LB 968 amends section 77-3442 (levy limits) to eliminate the reduction in the levy limit for schools from \$1.05 per \$100 of taxable value to \$1.00 that is to take place in FY2008-09 under prior law. It is estimated that the elimination of this decline in the levy limit will save the state an estimated \$59,664,404 in TEEOSA state aid to schools.

Impact on Political Subdivisions: Under the sales tax section of LB968, political subdivisions will lose an estimated \$7.16, \$7.4, and \$8.0 million in FY07 through FY09, respectively, in city sales and use tax returned to municipalities. Under the property tax section of LB968, a loss of \$1.576 billion in taxable valuations translates to a loss of approximately \$27,000,000 in property tax collections for political subdivisions. About half of this will be replaced with state aid under the TEEOSA school aid formula and it's possible that some of this loss would be recovered by increasing tax levies on other property to the extent that local political subdivisions are under the levy limit.

LB 968 Summary	FY2005-06	FY2006-07	FY2007-08	FY2008-09
Revenue Component				
Earned Income Tax Credit (EITC) @ 8%	0	(16,450,000)	(17,024,000)	(17,598,000)
Change brackets	0	(24,297,000)	(16,049,000)	(17,112,000)
Delete phase out of standard deduction	0	(1,500,000)	(1,600,000)	(1,700,000)
Delete phase out of itemized deduction	0	(3,800,000)	(4,100,000)	(4,300,000)
Delete phase out of personal exemption	0	(7,200,000)	(7,600,000)	(8,100,000)
Subtotal - Income Tax	0	(53,247,000)	(46,373,000)	(48,810,000)
Sales tax-repeal contractor labor (primary residenc	0	(30,414,000)	(30,978,000)	(33,648,000)
Sales tax-exempt housing authorities	0	(738,000)	(1,152,000)	(1,242,000)
Total Impact on Revenues	0	(84,399,000)	(78,503,000)	(83,700,000)
Transfer-Out Component				
Transfers from General Fund to EPIC fund	(5,000,000)	(5,000,000)	0	0
Appropriations Component				
Agricultural land valuation at 75%, increased TEEC	0	0	12,500,000	13,000,000
Homestead exemption qualifications	0	0	6,894,000	7,068,000
Retain \$1.05 school levy limit, aid adjust expires	0	0	0	(59,664,404)
Administrative costs		112,546	138,638	138,638
Total Impact on Appropriations	0	112,546	19,532,638	(39,457,766)
Overall Net Impact: Annual	(5,000,000)	(89,511,546)	(98,035,638)	(44,242,234)
Overall Net Impact: Four Yr Total				(236,789,418)

LB 1010 amends LB 28 passed in 2005, which grants tax credits to individuals that make planned gifts, corporations that make direct contributions, and estates and trusts that may make either to Nebraska-based charitable endowments. The changes would cut the credit percentage in half, from 30 percent for individual contributions to 15 percent and 20 percent for corporations to 10 percent, and reduce the maximum credit that could be received in any tax year for individuals, corporations, or estates or trusts from \$10,000 to \$5,000. However, the bill will also allow the taxpayer to receive both the federal and state charitable deduction and the LB 28 credit. These changes are operative for the 2006 tax year, the same as for LB 28 (2005) itself. The net impact of these changes would reduce revenues by \$3,749,000 in FY06-07, \$3,863,000 in FY07-08 and \$3,985,000 in FY08-09.

LB1208 implements the recommendations of the Distance Education Enhancement Task Force. Distance education services would be transferred from distance education consortia to educational service units (ESU's). Network Nebraska would be recognized by statute as a series of contracts

coordinated by the Chief Information Officer to provide government and education entities access to a high speed reliable telecommunications network. A Distance Education Council would be created for coordination of courses. Lottery funds would be used for distance education equipment and incentives for districts and E.S.U.'s exchanging courses.

The bill changes the allocation of lottery proceeds between the Education Innovation Fund and the Nebraska Scholarship Fund. Currently, each fund receives 22.25% of lottery funds. The bill changes the allocation to 19.75% to the Education Innovation Fund and 24.75% to the Nebraska Scholarship Fund. It is estimated the change will shift about \$540,000 of lottery proceeds from the Education Innovation Fund to the Nebraska Scholarship Fund each fiscal year. The bill changes the allocation of the Education Innovation Fund beginning in 2006-07. The fiscal impact of the change in 2006-07 is a loss of revenue for the General Fund. Under current law for 2006-07, \$1 million of the fund is allocated for school reorganization incentives and the remainder is to be deposited in the General Fund, after administrative expenses are deducted. The bill eliminates the remittance of funds to the General Fund and allocates funds for the Attracting Excellence to Teaching Program Act (teacher loan forgiveness), school reorganization incentives, administrative expenses, and distance education equipment and incentives. The onetime fiscal impact in terms of lost revenue for the General Fund is \$3,808,000 in FY2006-07

LB 1256 establishes an endowment fund to provide early childhood education grants to programs for at-risk children from birth to age three. A six-member Early Childhood Education Endowment Board of Trustees is created to administer the grant program. Grants may be provided to school districts, cooperatives of school districts and educational service units. Grant recipients are eligible for up to 50% of the total budget of the program each year. Continuation grants may be awarded.

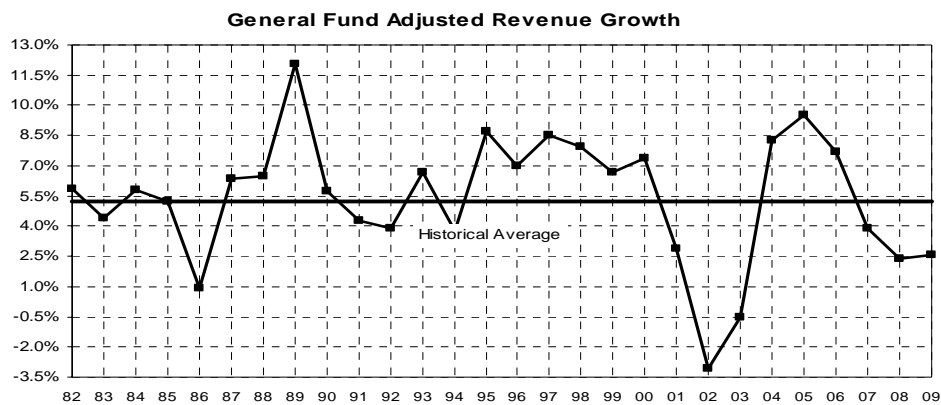
The State Department of Education is to request proposals from private endowments to be the provider for the Nebraska Early Childhood Endowment within 90 days of passage of the bill. The endowment provider must place at least \$1 million in the endowment prior to December 31, 2006, \$5 million prior to June 30, 2007, and not less than \$20 million in a private endowment within five years. All interest, earnings and proceeds from the endowment are deposited into the Early Childhood Endowment Cash Fund at least quarterly to be used for grants, evaluation and technical assistance.

On the effective date of an endowment agreement until June 30, 2007, the investment income on \$40 million of the Cash Reserve Fund is to accrue to the Early Childhood Education Cash Fund. This interest, estimated at \$1.8 million, would have been credited to the General Fund and therefore is a General Fund revenue loss. After July 1, 2007, the Early Childhood Endowment Fund will consist of the greater of \$40 million, or 10% of the value of funds belonging to the state for educational purposes (Permanent School Fund), if the constitutional amendment contained in LB 1006 passes in November, 2006. Because interest and earnings from the Permanent School Fund are currently allocated to school districts as state apportionment, a \$40 million decrease in the Permanent School Fund decreases the amount of state apportionment distributed to school districts beginning in 2007-08. The estimated decrease is about \$1.8 million per year. The reduction in apportionment aid decreases local school district resources for purposes of computing state aid (TEEOSA) beginning in 2007-08. The reduction in local resources increases state aid by a like amount two years later. So, an additional \$1.8 million of general funds will be required for TEEOSA aid beginning in 2009-10.

HISTORICAL GENERAL FUND REVENUES

(Revenue growth adjusted for tax rate and tax base changes)

millions of dollars	Sales/ Use	Individual Income	Corporate Income	Misc. Receipts	Total GF Receipts	Adjusted Growth
FY1984-85 Actual	300.5	324.6	48.9	109.3	783.3	5.2%
FY1985-86 Actual	310.4	357.2	54.5	112.1	834.2	0.9%
FY1986-87 Actual	345.2	365.8	67.4	108.0	886.4	6.3%
FY1987-88 Actual	393.1	437.7	73.8	111.4	1,016.0	6.5%
FY1988-89 Actual	430.1	479.7	80.6	143.0	1,133.4	12.1%
FY1989-90 Actual	444.2	501.1	71.9	135.4	1,152.6	5.8%
FY1990-91 Actual	547.4	609.4	81.9	128.3	1,367.0	4.3%
FY1991-92 Actual	592.4	658.6	103.6	135.7	1,490.3	3.9%
FY1992-93 Actual	586.4	690.3	102.7	145.2	1,524.6	6.7%
FY1993-94 Actual	648.8	722.4	113.1	169.4	1,653.7	3.7%
FY1994-95 Actual	683.8	746.7	123.9	151.0	1,705.4	8.7%
FY1995-96 Actual	711.0	846.5	126.8	152.4	1,836.7	7.0%
FY1996-97 Actual	755.9	944.1	137.3	172.2	2,009.5	8.5%
FY1997-98 Actual	803.8	981.6	142.2	177.8	2,105.4	8.0%
FY1998-99 Actual	744.7	1,078.5	135.0	165.7	2,123.9	6.7%
FY1999-00 Actual	900.4	1,180.4	140.0	183.1	2,403.9	7.4%
FY2000-01 Actual	905.0	1,233.4	138.1	180.4	2,456.9	2.9%
FY2001-02 Actual	918.9	1,159.8	107.6	179.2	2,365.5	-3.0%
FY2002-03 Actual	1,028.9	1,129.4	111.6	186.4	2,456.4	-0.5%
FY2003-04 Actual	1,114.4	1,249.9	167.4	187.0	2,718.7	8.3%
FY2004-05 Actual	1,231.0	1,400.1	198.4	207.7	3,037.2	9.5%
FY2005-06 NEFAB+Bills	1,264.0	1,500.0	245.0	269.0	3,278.0	7.7%
FY2006-07 NEFAB+Bills	1,266.5	1,517.4	218.7	214.3	3,217.0	3.9%
FY2007-08 LFO Prelim	1,284.9	1,577.1	204.6	198.0	3,264.7	2.4%
FY2008-09 LFO Prelim	1,318.1	1,645.3	194.5	183.1	3,341.0	2.5%
AVERAGE GROWTH:						
FY95 to FY00 (Five Yr)	5.6%	10.5%	4.0%	1.8%	7.2%	
FY00 to FY05 (Five Yr)	2.9%	3.4%	7.8%	-0.4%	3.2%	
Above Average Years (15)	6.0%	9.0%	11.7%	2.6%	7.3%	
Below Average Years (9)	2.2%	4.1%	-4.0%	1.6%	2.4%	
Historical Average (22 yrs)	4.7%	7.1%	4.7%	0.9%	5.2%	



GENERAL FUND APPROPRIATIONS

OVERVIEW OF THE FY06 & FY07 GENERAL FUND BIENNIAL BUDGET

This section of the report provides a summary of current General Fund appropriations which reflect the cumulative impact of (1) the original budget as enacted in the 2005 Session and (2) changes made during the 2006 Session. A more detailed breakdown of operations and state aid is contained in Table 11 while Table 10 provides a summary listing of the FY06 and FY07 significant increases and reductions which account for about 93% of the total increase in General Fund appropriations over the two year period.

While this report provides a narrative description of the major changes enacted during the 2006 Session, the reader should refer to the 2005 Biennial Budget Report for a more detailed description of the budget actions taken in that session for the initial enactment of the FY06 / FY07 biennial budget.

Table 9 General Fund Appropriations FY2005-06 and FY2006-07

FY2004-05	Operations	Aid-Ind	Aid-Local	Construction	Total
Total Per 2004 Session	1,018,017,210	785,572,536	935,446,662	19,046,316	2,758,082,724
FY2005-06	Operations	Aid-Ind	Aid-Local	Construction	Total
Total Per 2005 Session	1,079,894,592	850,904,771	1,018,289,225	23,350,481	2,972,439,069
2006 Session-Committee Proposed	4,024,342	676,670	901,508	0	5,602,520
2006 Session-State Claims	68,917	0	0	0	68,917
2006 Session-Floor Amendments	0	0	0	0	0
2006 Session-Governor Vetoes	(513,122)	(2,756,081)	0	0	(3,269,203)
2006 Session-Veto Overrides	0	0	0	0	0
2006 Session "A" bills	0	0	0	0	0
2006 Session Budget Actions	3,580,137	(2,079,411)	901,508	0	2,402,234
Final Appropriation with deficits	1,083,474,729	848,825,360	1,019,190,733	23,350,481	2,974,841,303
Change over prior year (excluding deficits)					
Dollar	61,877,382	65,332,235	82,842,563	4,304,165	214,356,345
Percent	6.1%	8.3%	8.9%	22.6%	7.8%
FY2006-07	Operations	Aid-Ind	Aid-Local	Construction	Total
Total Per 2005 Session	1,140,640,722	920,771,776	1,080,034,206	21,350,531	3,162,797,235
2006 Session-Committee Proposed	10,867,347	21,896,690	(26,817,715)	6,500,450	12,446,772
2006 Session-Floor Amendments	(579,971)	550,000	428,000	0	398,029
2006 Session-Mainline Governor Vetoes	(7,565,504)	(4,274,366)	(748,848)	(2,672,000)	(15,260,718)
2006 Session-Mainline Veto Overrides	0	218,750	0	0	218,750
2006 Session "A" bills	8,101,045	(638,256)	6,087,920	6,700,000	20,250,709
2006 Session Budget Actions	10,822,917	17,752,818	(21,050,643)	10,528,450	18,053,542
Total Per 2006 Session	1,151,463,639	938,524,594	1,058,983,563	31,878,981	3,180,850,777
Change over prior year (excluding deficits)					
Dollar	71,569,047	87,619,823	40,694,338	8,528,500	208,411,708
Percent	6.6%	10.3%	4.0%	36.5%	7.0%
Two Year Change (over FY04-05 excluding deficits)					
Dollar	133,446,429	152,952,058	123,536,901	12,832,665	422,768,053
Percent (2 Yr Avg)	6.4%	9.3%	6.4%	29.4%	7.4%
Percent (5 Yr Avg)	3.1%	7.7%	2.3%	3.1%	4.1%

Excluding deficits, FY05-06 reflects a \$214.4 million (7.8%) increase over FY04-05, while FY06-07 includes an additional \$208.4 million (7.0%) above FY05-06 or \$422.7 million increase compared to the FY04-05 base year appropriation. Cumulatively, a total of \$637.1 million is appropriated over the two year period compared to the FY04-05 level. ***This large increase over the two year period takes place after three years of budget cuts and reallocations where budget growth was 0.6% in FY02-03, 1.3% in FY03-04, and 3.9% in FY04-05. When factoring in these three years, the five year average growth was 4.1%.***

State aid to individuals was the driving force behind the budget growth with an average growth of 9.3% over the two year period, 8.3% in FY05-06 and 10.3% in FY06-07. Aid to local government increased an average of 6.4% per year (8.9% in FY05-06 and 4.0% in FY06-07) the same as agency operations (6.1% in FY05-06 and 6.6% in FY06-07).

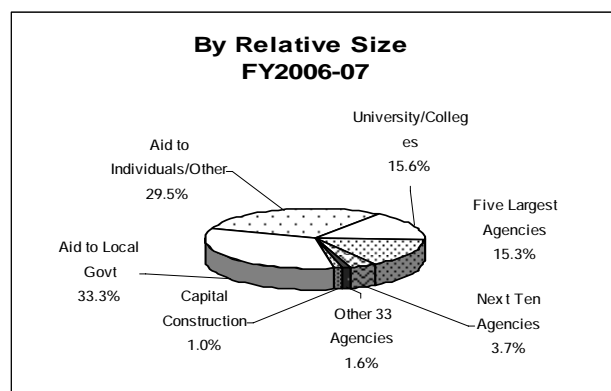
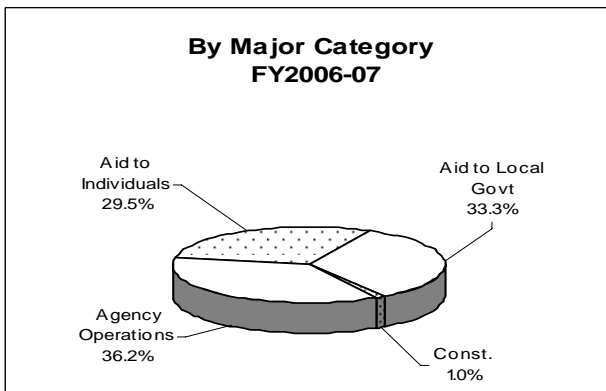
The following table highlights the major changes in the FY06 and FY07 General Fund budget as compared to the FY04-05 base year appropriation. The items listed account for about 93% of the total change in appropriations over the two year period while the top four alone account for 72% of the total increase. All items shown reflect the cumulative impact of actions taken in the 2005 Session and subsequently modified in the 2006 Session.

Table 10 Major Changes in the FY06 & FY07 General Fund Budget
(Includes both 2005 and 2006 Session Actions)

Excludes FY05 deficits	\$ Change over FY05 Base Year		Sum Total for the Biennium
	FY2005-06	FY2006-07	
TEEOSA Aid to Schools	64,904,424	82,777,471	147,681,895
Salaries & Health Insurance (net)	39,297,043	89,973,573	129,270,616
Medicaid	37,254,417	88,533,123	125,787,540
Public Assistance	16,523,327	40,766,818	57,290,145
Special Education	8,057,336	13,133,458	21,190,794
Retirement, K-12 School/Judges/Patrol	1,552,615	16,019,194	17,571,809
Construction	4,304,165	12,832,665	17,136,830
Operating costs, utilities (University+Colleges)	5,231,063	8,326,391	13,557,454
Homestead Exemption	4,081,900	7,634,900	11,716,800
Water policy task force (DNR 2005+2006)	6,000,000	5,149,318	11,149,318
Behavioral health aid (net of reg center shifts)	4,052,907	6,646,051	10,698,958
Replace one-time cash, CPS workers, childrens task force)	3,708,585	5,138,585	8,847,170
Depreciation surcharge (0% to 1%)	3,865,662	4,440,359	8,306,021
Community Colleges	2,424,569	5,678,830	8,103,399
Community Corrections programs	1,250,000	5,625,000	6,875,000
Developmental Disability (net)	425,875	6,383,448	6,809,323
Sex offender supervision & treatment (LB1199)	0	6,197,078	6,197,078
Draw down cash/fed funds, BSDC (HHS)	(3,250,000)	(3,250,000)	(6,500,000)
Base reduction, shift to cash (Corrections)	0	(5,596,199)	(5,596,199)
All Other	14,672,457	26,357,990	41,030,447
Total (combined 2005 and 2006 Session actions)	214,356,345	422,768,053	637,124,398
<u>By Session:</u>			
2005 Session	214,356,345	404,714,511	619,070,856
2006 Session	deficits	18,053,542	18,053,542
Total	214,356,345	422,768,053	637,124,398

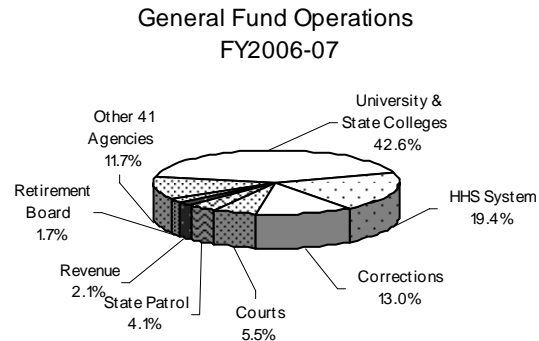
Table 11 FY2006-07 General Fund Budget by Major Area

	w/o Deficits FY2005-06	2006 Session FY2006-07	Change over Prior Yr		Change over Prior Yr		Two Yr Average Change	Five Yr Average Change	% of Budget FY06-07
			FY2005-06 \$	%	FY2006-07 \$	%			
AGENCY OPERATIONS									
University/Colleges	466,463,538	495,353,972	32,686,634	7.5%	28,890,434	6.2%	6.9%	2.3%	15.6%
Health/Human Services System	201,830,849	218,236,466	3,894,173	2.0%	16,405,617	8.1%	5.0%	3.2%	6.9%
Correctional Services	136,154,964	136,796,113	4,015,786	3.0%	641,149	0.5%	1.7%	4.8%	4.3%
Courts	59,110,239	62,225,402	3,469,029	6.2%	3,115,163	5.3%	5.8%	2.9%	2.0%
State Patrol	44,463,228	48,010,563	2,923,278	7.0%	3,547,335	8.0%	7.5%	4.7%	1.5%
Revenue	21,730,099	22,567,557	743,430	3.5%	837,458	3.9%	3.7%	2.3%	0.7%
Retirement Board	17,797,165	32,203,573	748,454	4.4%	14,406,408	80.9%	37.4%	16.7%	1.0%
Other 42 Agencies	132,344,510	136,069,993	13,396,598	11.3%	3,725,483	2.8%	7.0%	1.8%	4.3%
Total-GF Operations	1,079,894,592	1,151,463,639	61,877,382	6.1%	71,569,047	6.6%	6.4%	3.1%	36.2%
STATE AID TO INDIVIDUALS									
Medicaid	507,609,799	558,888,505	37,254,417	7.9%	51,278,706	10.1%	9.0%	7.2%	17.6%
Public Assistance	207,645,126	231,888,617	16,523,327	8.6%	24,243,491	11.7%	10.2%	9.9%	7.3%
Developmental disabilities	58,458,245	64,415,818	425,875	0.7%	5,957,573	10.2%	5.4%	4.8%	2.0%
Behavioral Health aid	39,939,037	44,577,915	9,019,907	29.2%	4,638,878	11.6%	20.1%	9.6%	1.4%
Childrens Health Insurance (CHIP)	11,573,536	10,842,937	(936,919)	-7.5%	(730,599)	-6.3%	-6.9%	na	0.3%
Higher Ed Student Aid programs	6,966,815	5,766,815	1,200,000	20.8%	(1,200,000)	-17.2%	0.0%	-3.7%	0.2%
Aging Programs	5,867,884	6,042,213	170,909	3.0%	174,329	3.0%	3.0%	2.1%	0.2%
Water Conservation Fund	2,688,454	2,688,454	0	0.0%	0	0.0%	0.0%	-6.7%	0.1%
Public Health Aid	3,060,471	3,964,166	161,955	5.6%	903,695	29.5%	16.9%	6.4%	0.1%
All Other Aid to Individuals/Other	7,095,404	9,449,154	1,512,764	27.1%	2,353,750	33.2%	30.1%	3.3%	0.3%
Total-GF Aid to Individuals/Other	850,904,771	938,524,594	65,332,235	8.3%	87,619,823	10.3%	9.3%	7.7%	29.5%
STATE AID TO LOCAL GOVT									
State Aid to Schools (TEEOSA)	683,473,181	701,346,228	64,904,424	10.5%	17,873,047	2.6%	6.5%	2.1%	22.0%
Special Education	169,204,057	174,280,179	8,057,336	5.0%	5,076,122	3.0%	4.0%	3.6%	5.5%
Aid to Community Colleges	65,312,215	68,566,476	2,424,569	3.9%	3,254,261	5.0%	4.4%	0.9%	2.2%
Homestead Exemption	52,920,000	56,473,000	4,081,900	8.4%	3,553,000	6.7%	7.5%	9.4%	1.8%
Aid to ESU's	10,696,975	11,546,488	132,062	1.3%	849,513	7.9%	4.5%	-2.5%	0.4%
Aid to Cities	11,257,193	11,257,193	0	0.0%	0	0.0%	0.0%	-7.7%	0.4%
Aid to Counties	4,965,866	4,965,866	0	0.0%	0	0.0%	0.0%	-6.9%	0.2%
Early Childhood programs	3,680,471	3,680,471	1,583,291	75.5%	0	0.0%	32.5%	19.7%	0.1%
County jail cost reimbursement	3,501,405	3,910,000	0	0.0%	408,595	11.7%	5.7%	-0.8%	0.1%
Other Aid to Local Govt	13,277,862	22,957,662	1,658,981	14.3%	9,679,800	72.9%	40.6%	0.9%	0.7%
Total-GF Aid to Local Govt	1,018,289,225	1,058,983,563	82,842,563	8.9%	40,694,338	4.0%	6.4%	2.3%	33.3%
CAPITAL CONSTRUCTION									
	23,350,481	31,878,981	4,304,165	22.6%	8,528,500	36.5%	29.4%	3.1%	1.0%
TOTAL-GENERAL FUNDS									
	2,972,439,069	3,180,850,777	214,356,345	7.8%	208,411,708	7.0%	7.4%	4.1%	100.0%



AGENCY OPERATIONS

This area accounts for the costs of actually operating state agencies including employee salaries and benefits, data processing, utilities, vehicle and equipment purchases, fuel and oil, etc... In the FY06-07 budget, 36.2% of all 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 six largest agencies (Health and Human Services, Corrections, Courts, State Patrol, Revenue and Retirement Board) account for 88% of all state operations. The other 41 agencies account for only 12% of operations and only 4.3% of the total General Fund budget.



Operations show a net increase of \$61.9 million (6.1%) in FY05-06 with a \$71.6 million increase (6.6%) in FY06-07 compared to FY05-06. Over the 2 year period, funding for operations increased by \$195 million an average increase of 6.4%

Salary and health insurance contracts account for 66% of the total increase in operations funding. State employee salary increases were 3% for FY05-06 and 3.25% for FY06-07. Salary increases for higher education were funded at roughly 4% each year. After five years of single digit increases in health insurance costs, there was a 22% increase in the calendar year 2006 contract resulting in projected fiscal year increases of 16% per year for FY05-06 and FY06-07.

The second largest item was \$17.6 million over the two year period for defined retirement benefit plans. Although this shows under operations, most of this increase is the states portion of the K-12 school retirement system. This does not show as "state aid" since the monies are placed directly in the retirement system administered by the state and not actually sent to the schools. Other major operations items include \$8.3 million for restoration of the LB1100 depreciation surcharge to 1% per current law (\$3.9 million FY06, \$4.4 million FY07), and \$8.8 million (\$3.7 million FY06, \$5.1 million FY07) to replace the one-time use of cash funds in FY04-05 to fund additional child protective services (CPS) staff. The budget includes several new and expanded items including additional staffing for probation and expansion of community corrections programs (\$2,196,576 FY06 and \$6,940,758 FY07), \$6.2 million in FY06-07 for sex offender supervision and treatment per LB1199 passed in the 2006 Session, HHS eligibility workers to process people eligible for the new Medicare prescription drug coverage (\$968,975 FY06 and \$1,155,170 in FY07), and expanded funding for child advocacy centers (\$375,000 in FY06 and \$562,500 FY07).

Significant reductions include utilization of cash and federal fund balances in lieu of General Funds at the Beatrice State Developmental Center (\$3.2 million each year), and a \$12 million shift from operations to state aid to individuals for shifting savings from the regional center phase-down to behavioral health aid (\$4.9 million FY06, \$7.0 million FY07). Also in the 2006 Session, there was a \$5.6 million reduction in funding for the Dept. of Correctional Services consisting of a \$1.1 million shift from General to Cash funds and a \$4.5 million base reduction mostly related to vacancy savings.

The budget includes a relatively large percent increases in General Funds for the University and State Colleges. To a great extent, this reflects the fact that the budget includes General Fund levels that will fund 100% of costs for assumed salary, health insurance and other increased costs such as utilities, operations and maintenance of new facilities, and restoration of the depreciation surcharge. By funding 100% of these costs with General Funds, no tuition increases should be required to fund basic cost increases as approved. This was deemed important considering budget reductions of the last several years and the fact that average annual tuition rate increases for the past four years have exceeded 10% for the University and have approximated 10% for the State Colleges.

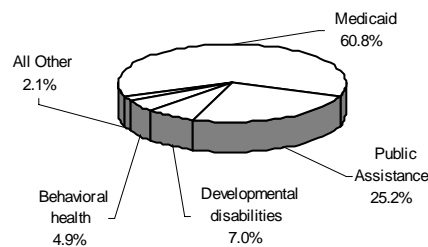
Agency Operations (change over FY05 base yr)	FY2005-06	FY2006-07	Two Yr Total
Salaries & health insurance cost increases	39,297,043	89,973,573	129,270,616
Retirement, K-12 School/Judges/Patrol	1,552,615	16,019,194	17,571,809
Utilities and operating costs	6,443,584	10,865,370	17,308,954
Community Corrections programs, probation officers	2,196,576	6,940,758	9,137,334
Replace cash, childrens task force (HHS)	3,708,585	5,138,585	8,847,170
Depreciation surcharge (0% to 1%)	3,865,662	4,440,359	8,306,021
Sex offender supervision & treatment (LB1199-2006)	0	6,197,078	6,197,078
Water policy task force (Dept of Natural Resources)	6,000,000	(250,682)	5,749,318
Medicare prescription drug assistance (dual eligibles)	968,975	1,155,170	2,124,145
DD quality assurance (HHS)	1,000,000	1,000,000	2,000,000
Judges salary increase (Courts)	450,595	953,383	1,403,978
New DD unit, BSDC/HRC (HHS)	572,553	572,553	1,145,106
Regional center savings to behavioral health (HHS)	(4,967,000)	(7,012,734)	(11,979,734)
Draw down cash/fed funds, BSDC (HHS)	(3,250,000)	(3,250,000)	(6,500,000)
Base reduction, shift to cash (Corrections)	0	(5,596,199)	(5,596,199)
All Other	4,038,194	6,300,021	10,338,215
Total Increase – Agency Operations	61,877,382	133,446,429	195,323,811

AID TO INDIVIDUALS

About 29.5% of all General Fund appropriations are classified as state aid to individuals. Aid to individuals includes programs such as Medicaid, Temporary Assistance to Needy Families (TANF), student scholarships, etc. This area also includes aid to quasi-government units that are those local agencies that do not have the authority to levy property taxes such as area agencies on aging, mental health regions and developmental disability regions.

This area has the largest percentage growth in the budget with a net increase of \$65.3 million (8.3%) in FY05-06 and an additional \$87.6 million (10.3%) in FY06-07. Medicaid grows at 9.0% per year average including a 6% increase in nursing home provider rates, 2-3% increase in other provider rates, and 10% per year increase in drug and pharmacy costs. Also about 10% of this overall increase in Medicaid can be attributed to a decline in the federal match rate as funded in the 2006 Session. Public Assistance programs (foster care, child welfare, childcare, etc...) increase at 8.6% in FY06 and 11.7% in FY07. About 40% of this increase is attributed to child care costs reflecting the combination of (1) relatively high increases in child care provider rates (held steady since 2001) and (2) flat federal funding causing the General Fund to absorb all cost increases..

General Fund Aid to Individuals
FY2006-07

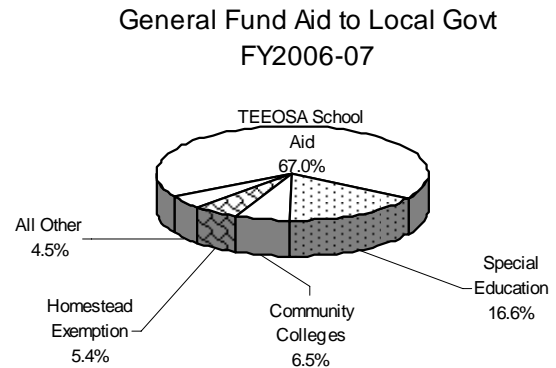


Aid to Individuals (change over FY05 base yr)	FY2005-06	FY2006-07	Two Yr Total
Medicaid	37,254,417	88,533,123	125,787,540
Public Assistance	16,523,327	40,766,818	57,290,145
Developmental Disability-rate equity + transition	1,998,428	7,956,001	9,954,429
Developmental Disability-quality assurance shift	(1,000,000)	(1,000,000)	(2,000,000)
Developmental Disability-new BSDC unit shift	(572,553)	(572,553)	(1,145,106)
Behavioral health (rates and programs)	4,052,907	6,646,051	10,698,958
Behavioral health (reallocate regional center savings)	4,967,000	7,012,734	11,979,734
Community health centers, local health dept	437,500	2,675,000	3,112,500
All Other	1,671,209	934,884	2,606,093
Total Increase – Aid to Individuals	65,332,235	152,952,058	218,284,293

AID TO LOCAL GOVERNMENTS

This area accounts for aid payments to local governments and accounts for 33.3% of all General Fund appropriations. This category includes those local entities that have the authority to levy a property tax such as cities, counties, and schools and includes programs such as state aid to schools (TEEOSA), special education, community colleges, and homestead exemption reimbursements. Statutorily required state payments for teacher and K-12 school employee retirement are not included under this category as those amounts are credited directly to the retirement fund and are not checks written to school districts nor do those amounts show up as a school revenue or subsequent expenditure.

Aid to local governments shows an \$82.8 million increase (8.9%) in FY05-06 and an additional \$40.7 million increase (4.0%) in FY06-07. The relatively large increase in FY05-06 is the result of increases in TEEOSA school aid (\$64.9 million, 10.5%) and Homestead Exemption reimbursement. The key reason for this large percentage increase in TEEOSA is the return of the basic allowable growth rate to the 2.5% level in school year FY05-06 after two years at 0%. This results in an increase in the cost growth factor from 1.0% in FY04-05 aid year to 3.5% in FY05-06 and then 6% in FY06-07. For FY05-06, the increase in the cost growth factor of 2.5% results in an additional 2.5% increase in NEED above and beyond school spending growth. This 2.5% increase in "NEED" translates to a 7% increase in TEEOSA aid (TEEOSA aid is roughly 1/3 of formula NEED). Excluding the impact of the cost growth factor, aid would have grown at 3.0%.



Aid to Local Governments (change over FY05 base yr)	FY2005-06	FY2006-07	Two Yr Total
TEEOSA Aid to Schools-to certified aid level	64,904,424	82,777,471	147,681,895
Special Education	8,057,336	13,133,458	21,190,794
Community Colleges	2,424,569	5,678,830	8,103,399
Homestead Exemption	4,081,900	7,634,900	11,716,800
Early Childhood program	1,777,000	1,777,000	3,554,000
Governors Emergency Fund	1,000,000	1,000,000	2,000,000
Water policy, compact compliance	0	2,700,000	2,700,000
Storm Water Management grants (LB 1226-2006)	0	2,461,885	2,461,885
NRD Water Management grants (LB 1226-2006)	0	2,461,885	2,461,885
All Other	597,334	3,911,472	4,508,806
Total Increase - Aid to Local Govt	82,842,563	123,536,901	206,379,464

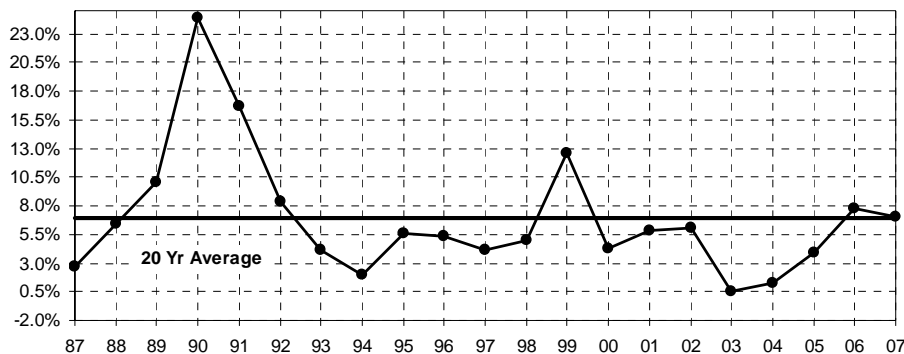
CAPITAL CONSTRUCTION

Capital construction accounts for only 1% of General Fund appropriations and includes costs for new construction and major repairs and renovation of state-owned facilities. The term "major" is used with respect to repair and renovations as relatively small or on-going projects are routinely done within agencies operating budgets. Road construction and maintenance is **not** included in this category. This is included under cash fund agency operations. Because construction is such a small portion of the total, additions of individual projects can cause large fluctuations in the percent change. This occurs in this case with the inclusion of two projects, renovation of the CPACS Engineering Building at UNO (\$14.2 million over four years), and renovation of Sparks Hall at Chadron State College (\$2.7 million in FY05-06) as authorized in the 2005 Session.

HISTORICAL GENERAL FUND APPROPRIATIONS

<i>Excludes Deficits</i>	Agency Operations	Aid to Ind/Other	Aid to Local Govt	Construction	Total	% Change
FY1986-87 Approp	408,294,337	161,365,037	261,349,671	1,874,529	832,883,574	2.7%
FY1987-88 Approp	433,985,912	175,226,580	271,923,379	5,556,592	886,692,463	6.5%
FY1988-89 Approp	480,627,905	191,593,375	295,016,924	8,225,128	975,463,332	10.0%
FY1989-90 Approp	544,560,284	221,182,663	422,495,453	25,001,066	1,213,239,466	24.4%
FY1990-91 Approp	628,674,380	240,400,698	520,530,440	25,493,478	1,415,098,996	16.6%
FY1991-92 Approp	636,491,819	250,284,030	628,828,141	17,318,861	1,532,922,851	8.3%
FY1992-93 Approp	662,252,737	320,457,672	608,472,921	4,976,777	1,596,160,107	4.1%
FY1993-94 Approp	676,413,141	346,829,183	597,466,962	7,264,678	1,627,973,964	2.0%
FY1994-95 Approp	695,515,177	384,690,537	632,796,916	5,954,449	1,718,957,079	5.6%
FY1995-96 Approp	725,857,466	410,620,962	652,868,725	20,831,107	1,810,178,260	5.3%
FY1996-97 Approp	750,780,005	440,564,731	674,622,322	19,843,088	1,885,810,146	4.2%
FY1997-98 Approp	781,597,662	461,238,934	695,680,295	41,250,742	1,979,767,633	5.0%
FY1998-99 Approp	818,104,542	489,445,789	860,034,724	60,994,066	2,228,579,121	12.6%
FY1999-00 Approp	877,214,679	523,395,392	868,657,713	54,676,163	2,323,943,947	4.3%
FY2000-01 Approp	928,262,744	598,336,773	885,742,858	46,446,858	2,458,789,233	5.8%
FY2001-02 Approp	989,205,923	646,333,088	944,027,473	27,384,852	2,606,951,336	6.0%
FY2002-03 Approp	1,003,728,744	647,793,727	951,729,511	18,044,257	2,621,296,239	0.6%
FY2003-04 Approp	999,655,261	705,616,238	929,503,078	20,515,031	2,655,289,608	1.3%
FY2004-05 Approp	1,018,017,210	785,572,536	935,446,662	19,046,316	2,758,082,724	3.9%
FY2005-06 Approp	1,079,894,592	850,904,771	1,018,289,225	23,350,481	2,972,439,069	7.8%
FY2006-07 Approp	1,151,463,639	938,524,594	1,058,983,563	31,878,981	3,180,850,777	7.0%
Average Annual Growth						
FY88/FY89 Biennium	8.5%	9.0%	6.2%	109.5%	8.2%	
FY90/FY91 Biennium	14.4%	12.0%	32.8%	76.1%	20.4%	
FY92/FY93 Biennium	2.6%	15.5%	8.1%	-55.8%	6.2%	
FY94/FY95 Biennium	2.5%	9.6%	2.0%	9.4%	3.8%	
FY96 / FY97 Biennium	3.9%	7.0%	3.3%	82.6%	4.7%	
FY98 / FY98 Biennium	4.4%	5.4%	12.9%	75.3%	8.7%	
FY00 / FY01 Biennium	6.5%	10.6%	1.5%	-12.7%	5.0%	
FY02 / FY03 Biennium	4.0%	4.1%	3.7%	-37.7%	3.3%	
FY04 / FY05 Biennium	0.7%	10.1%	-0.9%	2.7%	2.6%	
FY06 / FY07 Biennium	6.4%	9.3%	6.4%	29.4%	7.4%	
Avg FY87 to FY97 (10 yr)	6.3%	10.6%	9.9%	26.6%	8.5%	
Avg FY97 to FY07 (10 yr)	4.4%	7.9%	4.6%	4.9%	5.4%	
Avg FY87 to FY07 (20 yr)	5.3%	9.2%	7.2%	15.2%	6.9%	

General Fund Budget Growth - Past 20 Years



2006 SESSION BUDGET ACTIONS

A summary listing of 2006 General Fund budget adjustments is contained in Table 12. These mid-biennium budget adjustments increase FY05-06 and FY06-07 General Fund new appropriations by a total of \$20.5 million over the two year period. This equals .3% of the original two-year appropriation. In addition, \$4.2 million of reappropriated FY04-5 appropriations are deleted.

General Fund Adjustments-2006 Session	FY2005-06	FY2006-07	Two Yr Total
Mainline Adjustments	2,402,234	(2,197,167)	205,067
A Bills	0	20,250,709	20,250,709
Change in General Fund New Appropriations	2,402,234	18,053,542	20,455,776
Lapse excess unobligated GF reappropriations	(4,220,990)	0	(4,220,990)
Grand Total General Fund Changes	(1,818,756)	18,053,542	16,234,786

There was virtually no change in mainline General Fund budget adjustments. Mainline budget adjustments relate to financing programs and services based on laws existing prior to the 2006 Session. A \$2.4 million increase in FY05-06 was offset by a \$2.2 million reduction in FY06-07 yielding a net \$205,067 increase over the two years. The largest individual item is a \$32.7 million General Fund reduction in TEEOSA school aid for FY06-07 when compared to the original amount budgeted last session. Even with this decline from the previous estimate, there is still a 2.5% increase in TEEOSA aid. This "savings" were offset by three large increase items, \$21 million to offset a decline in the Medicaid match rate, \$7.7 million for higher than projected health insurance rates, and \$5.5 million for higher utility costs in FY05-06.

While mainline budget adjustment related to "current law", "A" bills finance new legislation or changes in law enacted during the 2006 Session. Three bills passed in 2006 account for about 90% of the total A bill amounts; \$6.6 million for University of Nebraska and State Colleges capital facility projects financing (LB 605), \$6.2 million for expanded sex offender supervision and treatment (LB1199), and \$5 million for implementation of water policy changes including storm water management grants to cities and interrelated water management grants to NRD's. (LB 1226)

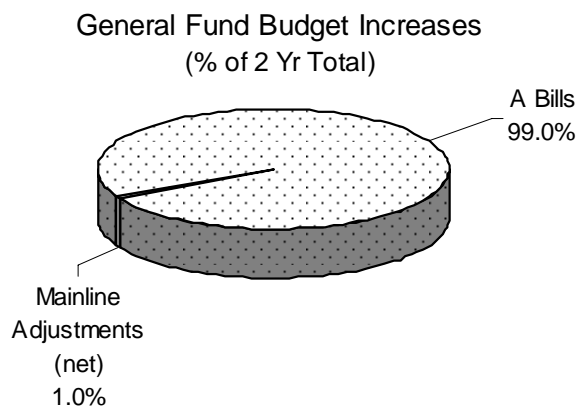


Table 12 General Fund Budget Adjustments – 2006 Session

	Change from 2005 Enacted Budget		
	FY2005-06	FY2006-07	Two Yr total
1	<u>SIGNIFICANT INCREASES:</u>		
2	0	21,364,102	21,364,102
3	2,479,006	5,271,696	7,750,702
4	0	6,625,000	6,625,000
5	0	6,197,078	6,197,078
6	0	5,000,000	5,000,000
7	5,180,373	329,247	5,509,620
8	0	4,375,000	4,375,000
9	4,169,760	0	4,169,760
10	0	3,949,318	3,949,318
11	907,000	907,000	1,814,000
12	0	1,800,000	1,800,000
13	0	1,700,000	1,700,000
14	0	1,675,145	1,675,145
15	150,000	850,000	1,000,000
16	0	1,095,000	1,095,000
17	0	855,616	855,616
18	0	781,000	781,000
19	0	750,000	750,000
20	0	748,847	748,847
21	0	428,000	428,000
22	0	408,595	408,595
23	0	400,000	400,000
24	0	290,000	290,000
25	0	218,750	218,750
26	25,000	100,000	125,000
27	12,911,139	66,119,394	79,030,533
28	<u>SIGNIFICANT REDUCTIONS:</u>		
29	0	(32,709,035)	(32,709,035)
30	(4,500,000)	(4,500,000)	(9,000,000)
31	(1,500,000)	(5,700,000)	(7,200,000)
32	(3,448,923)	(1,096,199)	(4,545,122)
33	(900,000)	(4,005,616)	(4,905,616)
34	(1,675,145)	0	(1,675,145)
34	0	(1,267,699)	(1,267,699)
35	1,470,000	(1,470,000)	0
36	(10,554,068)	(50,748,549)	(61,302,617)
37	45,163	2,682,697	2,727,860
38	<u>GENERAL FUND NEW APPROPRIATIONS</u>		
	2,402,234	18,053,542	20,455,776
39	(4,220,990)	0	(4,220,990)
40	<u>TOTAL GENERAL FUND CHANGE</u>		
	(1,818,756)	18,053,542	16,234,786

DEPARTMENT OF EDUCATION

TEEOSA School Aid

There were several changes in the TEEOSA school aid during the 2006 Session. While the FY06-07 certified aid, and estimates for FY07-08 and FY08-09, are significantly below the previous estimates, there is still an increase in aid in all three years. Although the FY06-07 certified aid is \$32.4 million below the estimate at Sine Die 2005, it's still \$17.8 million or 2.6% above the FY05-06 certified aid.

The relatively low growth in FY06-07 reflects a modest 4.1% growth in spending (impacting the calculation of NEEDS) and a 6.5% growth in valuations (impacting the yield from local effort rate component of the formula).

The large 13% growth in FY08-09 can be attributed to the expiration of the aid adjustment factor per existing law, and increase in the cost growth factor per LB1024 enacted during the 2006 Session. The return of the school levy limit from \$1.05 to \$1.00 that was originally scheduled for FY08-09 was eliminated as part of LB968.. However, LB1024 retained the levy limit at \$1.05.

TOTAL TEEOSA AID	Certified FY2005-06	Certified/Est FY2006-07	Estimated FY2007-08	Estimated FY2008-09
<u>Estimated Dollars</u>				
Sine Die 2005 Session	700,594,282	750,885,264	815,903,856	950,875,894
Revised after joint meeting (Oct 05)	700,594,282	735,315,272	773,961,018	908,419,127
Certified TEEOSA aid (March 1)	700,594,282	718,467,329	735,261,256	866,039,699
Sine Die 2006 Session	700,594,282	718,467,329	747,761,256	845,205,295
<u>Change over Prior Year</u>				
Dollar	66,277,006	17,873,047	29,293,927	97,444,039
Percent	10.4%	2.6%	4.1%	13.0%
<u>Change from Prior Estimate</u>				
Revised after joint meeting	0	(15,569,992)	(41,942,837)	(42,456,767)
Per NDE letter and actual AFR	0	(16,847,943)	(38,699,762)	(42,379,428)
Subtotal - data element changes	0	(32,417,935)	(80,642,600)	(84,836,195)
LB 968 Ag land valuation (80% to 75%)	0	0	12,500,000	13,000,000
LB 968 retain \$1.05 school levy	0	0	0	(59,664,404)
LB 1024 Learning communities-aid changes	0	0	0	25,830,000
Total Change Since Sine Die 2005	0	(32,417,935)	(68,142,600)	(105,670,599)
<u>Change Due to:</u>				
Cost Growth Factor (enrollment)	0	18,151,439	545,265	572,629
Federal Categorical grants	0	(38,930,565)	(41,144,308)	(43,201,523)
Yield from Local Effort Rate	0	(14,145,904)	(28,816,535)	(30,513,668)
Other Receipts (offsets to aid)	0	(4,662,712)	(4,877,835)	(5,590,770)
School Disbursements	0	3,090,296	(8,760,400)	(8,397,083)
All Other (formula adjust, lopoff, etc...)	0	4,079,510	2,411,213	2,294,220
Subtotal - data element changes	0	(32,417,935)	(80,642,600)	(84,836,196)
LB 968 Ag land valuation (80% to 75%)	0	0	12,500,000	13,000,000
LB 968 retain \$1.05 school levy	0	0	0	(59,664,404)
LB 1024 Learning communities-aid changes	0	0	0	25,830,000
Total Change Since Sine Die 2005	0	(32,417,935)	(68,142,600)	(105,670,600)

GENERAL FUNDS ONLY	Certified FY2005-06	Estimated FY2006-07	Estimated FY2007-08	Estimated FY2008-09
<u>Estimated Dollars</u>				
Sine Die 2005 Session	683,473,181	734,055,263	798,653,105	933,193,876
Revised after joint meeting (Oct 05)	683,473,181	718,194,171	756,411,890	890,431,270
Certified TEEOSA aid (March 1)	683,473,181	701,346,228	717,712,127	848,051,842
Sine Die 2006 Session	683,473,181	701,346,228	730,212,127	827,217,438
<u>Change from Prior Estimate</u>				
Revised after joint meeting	0	(15,861,092)	(42,241,215)	(42,762,605)
Per NDE letter and actual AFR	0	(16,847,942)	(38,699,763)	(42,379,429)
Subtotal - data element changes	0	(32,709,035)	(80,940,978)	(85,142,034)
LB 968 Ag land valuation (80% to 75%)	0	0	12,500,000	13,000,000
LB 968 retain \$1.05 school levy	0	0	0	(59,664,404)
LB 1024 Learning communities-aid changes	0	0	0	25,830,000
Total Change	0	(32,709,035)	(68,440,978)	(105,976,438)

Change from Sine Die 2005 to Revised Estimates per Oct 2005 Joint Meeting: The most significant cause of the aid change in FY2006-07 was actual 2005 valuation growth of 6.5% compared to the previously estimated 5%. Valuation growth relates directly to the yield from local effort rate which is a "resource" and offsets the need for state aid. For FY07-08 and FY08-09 the changes reflect continuation of the higher 2005 valuation plus estimates for 2006 valuation growth changed from 5% to 6.25% based on likelihood of Sarpy and Lancaster revaluations. Spending growth declined from (1) 5.50% plus specific adds for LB503 retirement contributions (\$10 million) and LB 577 early childhood programs (\$2.4 million) to (2) 5.54% "budgeted to budgeted" growth which included the retirement and early childhood monies.

Change from October 2005 Revision to FY2006-07 Aid Certification (3/1/06) Most of the aid change for FY2006-07 was due to lower NEEDS. Actual FY05 disbursements were slightly lower than estimated but more than offset by a higher cost growth factor due to the enrollment portion (\$18 million). The October estimate assumed no enrollment factor increase. NEEDS were also reduced due to much higher than projected federal categorical grants per actual AFR data. These are included in disbursements but subtracted out to derive NEEDS. The increase is partially attributed to showing all of these disbursements as federal categorical grants rather than special education instruction disbursements as some were coded in prior years. Another \$5 million reduction is attributed to higher "Other Receipts" which are offsets to NEED. For FY07-08 and FY08-09, as the FY06-07 aid year (ie FY04-5 AFR data) is the basis on which the out years are projected, almost all the changes which affected FY06-07 aid are also carried forward into the out years except for the higher cost growth factor. While the cost growth factor is used in the calculation of NEED for the aid formula, the factors are not used to estimate disbursements for the out years. That is a separate estimate. Therefore, increases in NEED attributed to the cost growth factor do not affect the out year spending estimates.

LB 968 was the omnibus tax reduction bill and had two components which affected TEEOSA school aid. First, the reduction in the taxable value of agricultural land from 80% to 75% will result in an increase in school aid of \$12 - \$13 million. Second, LB968 also continued the K-12 school property tax levy limit at \$1.05 rather than return to \$1.00 in FY08-09 per current law.

LB 1024 contained numerous provisions including creation of learning communities in response to the Omaha/Douglas County school boundary dispute. With respect to TEEOSA, the bill changes the application of the cost growth factor in the formula. First, the factor will be applied before allowances are subtracted. This in essence inflates the amount of the allowances for purposes of calculating NEEDS. LB1024 also provides for the cost growth factor to include the full optional allowable growth rather than half, resulting in a full one percentage point increase in the factor when counting the two year period

used. A model run by the Dept of Education (NDE) estimates these changes to increase state aid by \$24.63 million starting in FY08-09.

The bill also provides that the NEEDS calculation for a district shall be the greater of the calculated NEEDS or the prior year NEEDS. This provision is only applicable for school districts having general fund levies of at least \$.99. This provision stabilizes aid for school districts with declining enrollments. Calculations indicate that state aid will increase by an estimated \$1.2 million in FY2008-09, \$3.3 million in FY2009-10, and \$5.4 million in FY2010-11 pursuant to the change.

LB1024 eliminates net option funding for students attending another school in a learning community in which the student resides. The change will mean the majority of the funds currently distributed as net option funding to the eleven school districts in the learning community will be distributed as allocated income tax funds to all school districts beginning in FY2008-09. The overall amount of state aid distributed as net option/allocated income tax aid will not change since the total amount is capped, but aid for individual school districts will increase or decrease.

Major unknown significant fiscal impacts of the bill are provisions allowing school districts to exceed the applicable allowable growth rate in certain instances. School districts in a learning community may exceed the allowable growth rate for anticipated increases in transportation in the first year the district is a member of a learning community. The bill requires schools that are members of a learning community to provide free transportation to students who attend a school in the district other than their attendance center. The amount of increased transportation costs for school districts is unknown. Any increase in transportation spending will increase state aid two years after the spending increase occurs.

Schools may also exceed the allowable growth rate in 2008-09 if the sum of its poverty, elementary class size, focus school and limited English proficiency allowance exceed the poverty weightings plus the limited English proficiency weightings times the cost grouping cost per student in the 2007-08 state aid allocation. NDE is to compute the amount by which the allowable growth rate may be exceeded. In the following years, schools will be able to exceed the allowable growth rate if the growth in these allowances is greater than the applicable growth rate of the school district. These provisions allow school districts to increase spending with property tax dollars by the amount of exclusions. This will increase state aid two years later when the increased expenditures are included in the calculation of adjusted general fund operating expenditures. There will be an unknown fiscal impact for these provisions, which could be significant, beginning with aid distributed in 2008-09.

LB 1256 establishes an endowment fund to provide early childhood education grants to programs for at-risk children from birth to age three. After July 1, 2007, the Early Childhood Endowment Fund will consist of the greater of \$40 million, or 10% of the value of funds belonging to the state for educational purposes (Permanent School Fund), if the constitutional amendment contained in LB 1006 passes in November, 2006. Because interest and earnings from the Permanent School Fund are currently allocated to school districts as state apportionment on an annual basis, a \$40 million decrease in the Permanent School Fund decreases the amount of state apportionment distributed to school districts beginning in FY2007-08. The estimated decrease is about \$1.8 million per year. The reduction in apportionment aid decreases local school district resources for purposes of computing state aid (TEEOSA) beginning in FY2007-08. The reduction in local resources increases state aid by a like amount two years later. So, an additional \$1.8 million of general funds will be required for TEEOSA aid beginning in FY2009-10.

2006 Legislation Affecting K-12 Schools

Several bills enacted during the 2006 Session affected K-12 schools. Three bills impacted TEEOSA state aid (LB968, LB1024, and LB1256) and are described above. Another bill, LB 1208, made significant changes in the distance education area. This is described under the 2006 Session bills in the General Fund Revenue section (starts on page 19). Other bills not otherwise described include **LB 690** which creates the Career Education Partnership Act. The bill provides for the State Department of Education

(NDE) to administer a program to provide grants to collaborative partnerships of two or more school districts that are collaborating on a project with an educational service unit, or a public postsecondary institution and an advisory group. Grants may not exceed \$75,000 per project and may be expended over a two year period. Career education includes curriculum, work ethics, general employability skills, technical skills, occupational specific skills, and applied learning that integrates academic knowledge and vocational skills taught through the following course areas: Agriculture education; business education; career education; family and consumer sciences; health occupations; industrial technology education; marketing education; and trade and industrial education.

DEPARTMENT OF REVENUE

Homestead Exemption

Based on 2005 property taxes levied, the total Homestead Exemption cost for FY05-06 is calculated at \$53,827,000. The current appropriation is \$52,920,000, thereby creating a deficit request of \$907,000. With the higher FY05-06 base, the same amount is also added to FY06-07 maintain an allowance for a 5% increase next year. Homestead payments to counties for the last five years were: FY00-01 \$37,801,613; FY01-02 \$40,801,558; FY02-03 \$46,429,602; FY04-05 \$50,262,031; FY05-06 \$53,821,000.

LB 968, the omnibus tax reduction bill also had a component which affected the Homestead exemption program. The bill increased both the exempt amount and the maximum value.

For eligible persons over 65, the bill changes the maximum amount of value that is eligible for exemption from 80% to 100% of the county average assessed value of a single family residential property or \$40,000.00, whichever is greater. For eligible veterans and others with disabilities, the maximum amount of value that is eligible for exemption would increase from 100% to 125% of the county average assessed value of a single-family residential property or \$50,000.00, whichever is greater.

The bill also changes the maximum value of an eligible homestead for qualified persons over 65 from 150% to 200% of the county's average assessed value of a single-family residence or \$95,000.00, whichever is greater. For eligible veterans and others with disabilities, the maximum value of an eligible homestead would increase from 175% to 225% of the county's average assessed value of a single-family residence or \$110,000, whichever is greater. Changes would become operative on January 1, 2007.

Projected reimbursement costs related to these two provisions amounts to \$6,894,000 in FY07-08 and \$7,068,000.

HEALTH AND HUMAN SERVICES SYSTEM

Base Adjustment, Medicaid and Children's Health Insurance

Year-to-date analysis of the Medicaid Program and the Children's Health Insurance Program (CHIP) shows slower growth than was projected last session when the biennial budget was originally enacted. Therefore, the Medicaid Program is reduced by \$1,500,000 general funds in FY06-07 and \$5,700,000 general funds in FY07-08, a .3% and 1% reduction respectively. Similarly, CHIP is reduced by \$900,000 general funds in FY06 and \$1,250,000 general funds in FY 07. The percentage reductions are 8% and 9%.

Federal Medicaid Match Rate

The federal match rate for Nebraska will decline by 1.75%, from 59.68% to 57.93% beginning in October, 2006. Costs for replacement of the lost federal funds are shown below by area. The FY06-07 number only reflects nine months impact while the full year impact is included in FY07-08. In FY05-06, \$628,250 of one-time federal fund balances is used to offset the drop in the Medicaid match rate at the Beatrice Developmental Center, however the full general fund impact is included in FY07-08.

Agency	Program	Type	FY2005-06	FY2006-07	FY2007-08	FY2008-09
#25 HHS-Services	Administrative program	Oper	0	141,129	188,172	188,172
#25 HHS-Services	Regional Centers	Oper	0	44,028	58,704	58,704
#25 HHS-Services	Beatrice Develop (BSDC)	Oper	0	0	838,467	838,467
#25 HHS-Finance	Behavioral Health aid	Aid	0	138,034	184,045	184,045
#26 HHS-Finance	Childrens Health (CHIP)	Aid	0	578,361	771,148	771,148
#26 HHS-Finance	Public Assistance	Aid	0	384,111	512,148	512,148
#26 HHS-Finance	Medicaid	Aid	0	17,813,350	23,751,133	23,751,133
#26 HHS-Finance	Developmental Disabilites aid	Aid	0	2,265,089	3,020,119	3,020,119
Total			0	21,364,102	29,323,936	29,323,936

Developmental Disability Aid

Last session, developmental disability aid was increased by 2% per year for provider rates consistent with rate increases for several other areas and the Governors recommendation. However this increase did provide adequate funds to achieve "rate equity" as state employee salary increases were 3% for FY05-06 and 3.25% for FY06-07. The budget increases General Fund aid by \$1,675,145 in FY06-07 to again achieve 100% rate equity.

The Governor vetoed a like amount of unused FY05-06 developmental disability aid funds to in essence "pay" for the higher amount funded in FY06-07 noted above.

Behavioral Health Aid

Provider Rate Increases An additional \$547,307 of General Funds is included for FY2006-07 to provide funds for a 3% rate increase for the almost \$18 million of new behavioral health services developed and offered per the behavioral health reform initiative. This was not included last year when a 3% increase in FY06-07 was provided for services existing at that time. Also an additional \$308,309 of General Funds is included to increase the 3% provider rate increase to 3.25% in 2006-07. This includes \$262,700 for the previously existing services and \$45,609 for the new services noted above.

Base Transfers LB 425 (2005) authorizes the State Budget Administrator to transfer funds during 2005-06 and 2006-07 from the regional centers to the administration program in the Department of Health and Human Services and to the aid program for behavioral health services. The funds are to be transferred upon notification by the Director of HHS that funds may be reallocated. On November 30, 2005, HHS indicated that \$2,720,500 could be transferred from the Hastings Regional Center to Program 33 – Administration (\$674,766) and to Program 38 – Behavioral Health Aid (\$2,045,734) to develop and provide community-based services pursuant to LB 1083 (2004).

Ryan White AIDS Program

Federal funding and the current level of state funding provided to cover treatment drugs for individuals who are HIV-positive or have AIDS are not sufficient to cover all eligible persons. There is currently a waiting list. The budget revisions provided \$750,000 in general funds to reduce the number of individuals on the waiting list.

Public Health Departments

Additional \$1.9 million General Funds are provided for local public health. Each of the 18 public health departments will receive \$100,000 to reinforce communicable disease programs. The Department of Health and Human Services Regulation and Licensure is appropriated \$100,000 to provide technical assistance.

Community Health Centers

In the 2005 session, the Legislature provided \$875,000 general funds for each year of the current biennium. The governor vetoed half of the amount (\$437,500) in FY2005-06 and by one-fourth in FY2006-07 (\$218,750). In the 2006 Session, these funds were restored by the Legislature and again vetoed by the Governor. However, the FY2006-07 amount of \$218,750 was overridden.

LB 1199 Prosecution, treatment, and monitoring of sex offenders

LB 1199 revised a number of statutory sections relating to sex crimes, sex offenders and civil commitment. The bill makes changes in 5 areas relating to sex offenders: criminal offenses & penalties, civil commitment, community supervision, the Sex Offender Registration Act and residency restrictions. Two provisions of the bill that result in substantial costs are lifetime supervision and civil commitment. LB 1199 provides for lifetime supervision after release from prison or civil commitment for repeat sex offenders and first time offenders convicted of rape of a child under twelve years of age or forcible rape of a person over twelve years of age. Cost estimates are as follows:

Dept of Correctional Services (DCS) and Parole Total DCS and parole costs are estimated at \$703,910 in FY06-07, \$892,448 in FY07-08, and \$1,087,412 in FY08-09. Supervision shall be provided by the office of parole administration. Each individual subject to supervision shall be evaluated by office of parole administration and have conditions of supervision imposed which are the least restrictive conditions that are compatible with public safety. It is estimated that 60-80 individuals per year would be required to be under lifetime parole supervision. With a recommended caseload for high-risk sex offenders at 25, an additional 3 FTE (2 officers & 1 supervisor) would be required in FY07, an additional 3 officers in FY08, and an additional 2 officers and 2nd supervisor in FY09. It is also assumed that there will be 1 support staff added for every 7 officers and 1 supervisor. Two clinical psychologists, a staff assistant and interpreter are new positions to work on the requirements of the evaluation including primary testimony at the hearings. The Parole Administration shall review the conditions of community supervision on an annual basis. This review in most cases is assumed to be a formal assessment rather than an extensive re-evaluation. In most cases it would not involve a polygraph or other instrument except where & when determined necessary. The cost of such yearly assessment is estimated at an average of \$200 per individual: \$16,000 in FY07 (80 individuals), \$32,000 in FY08 (160 individuals), \$48,000 in FY09 (240 individuals), etc...

The bulk of DCS costs relates to inmate evaluations, around \$125,000 per year. The initial testing of the inmates would include the following components: risk assessment, clinical interviews, testing, review of all records, & polygraph administration. This is estimated to cost \$1,300 per offender (80 offenders per year). In terms of yearly evaluations, there would be an estimated 80 inmates per year that require an evaluation at estimated cost of \$250 per offender. Each evaluation would take between 8 & 12 hours. The evaluation would include an in-depth interview, testing, & evaluation using a wide range of instruments, outside interviews, review of case files, etc.

Sex offender treatment, Norfolk Regional Center LB 1199 creates a separate legal standard for the commitment of sex offenders under the Mental Health Commitment Act. The standard requires the person to have a mental illness or personality disorder which makes the person likely to commit future acts of sexual violence and unable to control his or her conduct. This standard will allow the civil commitment of dangerous sex offenders who do not meet the traditional mentally ill and dangerous civil

commitment standard. LB 1199 also requires an agency with jurisdiction over a sex offender to provide a 90-day notice prior to the individual's release to the Attorney General, the county attorney in the county where the person will be released and the county attorney in the county of prosecution. A county attorney is also required to notify the attorney general within 45 days of receiving notice of a sex offenders release indicating whether or not he or she intends to civilly commit the offender. Also the bill mandates that civil commitment evaluations be conducted prior to the completion of a criminal sentence for violent offenders, repeat offenders and child predators who refuse treatment.

An additional 33 civil commitments per year are projected under the bill composed of two populations. Mentally ill and dangerous sex offenders are persons with a conviction for a sexual offense and are primarily persons diagnosed with pedophilia. DCS recommended civil commitments for 40 persons and based on this, Health and Human Services (HHS) estimates 8 additional civil commitments per year. Personality disorders with 2 or more convictions for sexual offenses are persons convicted primarily of rape. The 5 year average of these persons who are released from prison is approximately 27, but usually

Norfolk Estimated Population	FY2006-07	FY2007-08	FY2008-09	FY2009-10
Dollars				
New Admissions (50% FY07, 75%)	1,815,000	2,722,500	2,722,500	2,722,500
Plus entire population from FY2006-07	--	3,630,000	3,630,000	3,630,000
Plus entire population from FY2007-08	--	--	3,630,000	3,630,000
Plus entire population from FY2008-09	--	--	--	3,630,000
Total	1,815,000	6,352,500	9,982,500	13,612,500
Cumulative Population				
New Admissions (50% FY07, 75%)	17	25	25	25
Plus entire population from FY2006-07	--	33	33	33
Plus entire population from FY2007-08	--	--	33	33
Plus entire population from FY2008-09	--	--	--	33
Total	17	58	91	124

1 or 2 are currently civilly committed, leaving 25 additional civil commitments per year. With these additional commitments, a sex offender treatment program is created at the Norfolk Regional Center site. Populations are projected to reach 124 after a four year

phase-in period based on the 33 yearly commitments noted above. HHS anticipates that costs could continue to compound annually until after the fourth year because HHS estimates the average length of stay in the inpatient treatment program to last 4 years based on current commitments of sex offenders released from prison. Costs could then stabilize because sex offenders will be completing the treatment program and getting discharged.

DEPARTMENT OF NATURAL RESOURCES

Water Policy Implementation

Mainline budget adjustments include \$3,949,318 funding for the following functions in the Department of Natural Resources in FY2006-07: 1) \$849,318 General Funds for staffing and operating costs to continue implementation of the integrated water management provisions of LB 962-2004, 2) \$400,000 General fund for expenses related to the Platte River Cooperative Agreement, and 3) \$2,700,000 for costs relating to measures intended to facilitate compliance with interstate compact stipulations. Intent language specifies that this funding is of a one-time nature and shall not become a part of the Department of Natural Resources budget

LB 1226 Interrelated Water Management Plan Program

LB 1226 made a variety of changes regarding instream water appropriations ground water and management areas.

Natural resources districts (NRDs) located in river basins or sub basins that have been determined to be fully appropriated or over appropriated are given the authority to levy an additional tax equal to the amount needed to administer and implement activities required by the Nebraska Ground Water Management and Protection Act. The NRDs meeting the designation contained in LB 1226 could level an additional tax not to exceed 3 cents on each \$100 of taxable property in FY06-07 and 2 cents in FY07-08 and FY08-09.

LB 1226 establishes the Interrelated Water Management Plan Program in the Department of Natural Resources. The program would function as a grant program administered by the Department under the direction of the Natural Resources Commission. Grants would be used to facilitate and fund the duties of NRDs under the Nebraska Ground Water Management and Protection Act. The Legislature appropriated \$2.5 million for the grant program and administrative expenses

LB 1226 also establishes the Storm Water Management Plan Program in the Department of Environmental Quality (DEQ) described in more detail on page 45

DEPARTMENT OF CORRECTIONAL SERVICES

Base Adjustment

Based on year to date spending, budget adjustments include a \$4.5 million base reduction each year. These savings, mainly for estimated vacancy savings, utilities, and per diems, still should leave some room for unexpected cost increases such as utilities.

Fund Shift

An excess cash fund balance has accumulated and this is used to reduce the General Fund appropriation, \$3,231,923 in FY05-06 and \$1,096,199 in FY06-07. A large portion of these cash funds are generated by "safekeeper" fees and community corrections inmate room and board.

County Jail Reimbursement

There were four bills introduced on county jail reimbursement in 2006 (LB's 922, 923, 1015, and 1025). Although none of these were enacted, budget adjustments included monies to fund this program at the statutory cap level of \$3.91 million by adding \$408,595 in FY2006-07.

LB 1199 Prosecution, treatment, and monitoring of sex offenders

LB1199 also affected the Dept of Corrections Services and parole administration. See the narrative description of the bill under HHS on page 40.

UNIVERSITY OF NEBRASKA

Environmental Clean-Up Costs at ARDC (Mead)

The 2006 Session revisions provide \$4,169,760 General Funds for FY2005-06 and transfers \$2,760,760 from the Environmental Trust Fund to a University of Nebraska Cash Fund for FY2006-07 for one-time funding to assist with remedial investigation and clean-up expenses related to the Agricultural Research and Development Center (ARDC) near Mead. The Nebraska Ordnance Plant near Mead, NE was used for munitions production in WWII and the Korean Conflict. The federal government declared the plant

excess property in 1959 and the University subsequently purchased 9,600 acres between 1962 and 1971. The Army Corp of Engineers is responsible for clean-up within ARDC's 9,600 acres with the exception of four areas. In the 1970's, the University legally disposed of chemical and low-level radioactive waste in these four areas. Since that time the Environmental Protection Agency has ordered removal of the containers of chemical and low-level radioactive waste and clean-up of any contaminated soil. The University has hired MACTEC Engineering and Consulting for the project. The total project timeline is three years beginning in FY2004-05.

Utilities

See global issue utility increases on page 46

DEPARTMENT OF ADMINISTRATIVE SERVICES

Public Safety Communications System

New funding of \$150,000 General Funds and \$150,000 Federal Funds for FY2005-06 and \$850,000 General Funds and \$1,350,000 Federal Funds for FY 2006-07 was provided to begin funding for the Public Safety Communications System. This funding will address assessment needs of all available tower resources in the state, development of the coverage plan and production of the frequency plan for the system. In essence, the first two years of funding will lay the groundwork needed for implementation of an integrated, interoperable, scalable system of statewide communication.

In terms of future years, equipment costs are estimated at \$9.1 million in FY 2007-08 for tower equipment and \$14.7 million in FY2008-09 for radio equipment for state agencies. On-going operating costs are projected at \$2.2 million in FY08-09 and \$2.9 million thereafter and \$2 million for ongoing system operation.

In terms of financing, at this time, it is unknown whether or not there will be funding sources other than the General Fund beginning with FY2007-08. Although LB1060 includes intent language stating that "It is the intent of the Legislature that non-General Fund sources be maximized for the Nebraska Public Safety Communications System", for planning purposes it's assumed General Funds would be the financing source. Also, for planning purposes, it's assumed that the Master Lease program is utilized to pay the FY08 equipment costs over a 10 year timeframe (annual cost approximately \$1.1 million) and the FY09 equipment costs over a 5 year timeframe, the projected lifespan of the radio equipment (annual cost approximately \$3.3 million).

Projected Annual Costs	FY2005-06	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11
System Startup	300,000	2,200,000	0	0	0	0
10 yr master lease (FY08 equipment)	na	na	1,153,145	1,153,145	1,153,145	1,153,145
5 yr master lease (FY09 equipment)	na	na	na	3,331,151	3,331,151	3,331,151
Recurring system costs	0	0	150,000	2,194,000	2,964,000	2,964,000
Total Costs	300,000	2,200,000	1,303,145	6,678,296	7,448,296	7,448,296
General Funds	150,000	850,000	803,145	6,678,296	7,448,296	7,448,296
Homeland Security Fed Funds	150,000	1,350,000	500,000	0	0	0
Total Costs	300,000	2,200,000	1,303,145	6,678,296	7,448,296	7,448,296

COMMISSION ON LAW ENFORCEMENT AND CRIMINAL JUSTICE

Expand Community Corrections Programs

2006 budget changes include an additional \$4.375 million in General Funds for FY2006-07 to fund expanded community corrections programs. This includes: specialized courts (\$2.0 million), recidivism reduction treatment center study (\$45,000), day and evening reporting centers (\$1.25 million), and substance abuse evaluation and treatment of offenders at (\$1.08 million). Although a \$2.5 million excess cash fund balance has accumulated in the probation and parole cash funds, these one-time excess funds remain unused and uncommitted for future use, possibly some or all for the recidivism reduction treatment center, depending on what the study recommends.

Grand Island Training Center Fund Shift

Funds were shifted from cash funds to the General Fund in the amount of \$290,000 for FY2006-07 and \$580,000 in FY2007-08. The Training Center has been partially funded by a \$2 fee added to court costs in every criminal proceeding generating approximately \$580,000 per year in revenue (\$290,000 for half of a fiscal year). This fee will terminate on January 1, 2007. Tuition was supposed to replace the court fee and it was set to begin on January 1, 2007, when the fee terminated. Tuition revenue is estimated at \$208,500 for FY2006-07, and \$417,000 in FY2007-08.

LB 746, enacted in the 2006 Session, reinstated \$1 of the \$2 court fee that was set to expire. However it also delayed the charging of tuition at the Training Center until January 1, 2011. These changes require additional General Funds of \$63,500 for FY2006 07, and \$127,000 in FY2007-08. These amounts are in addition to the adjustment shown above..

COMMUNITY COLLEGES

The Legislature originally included an additional \$1,497,695 for FY2006-07 community college aid. This adjustment was intended to provide a FY2006-07 rate of General Fund increase for community college aid comparable to that for the University of Nebraska and Nebraska State College System. The Governor vetoed half the amount leaving \$748,847.

DEPARTMENT OF ENVIRONMENTAL QUALITY

Superfund Cost-Share costs

The Department of Environmental Quality requested additional funding to provide the state's share of costs for the Superfund program. The Environmental Protection Agency requires that the state pay 20% of Superfund site remediation costs. In recent years, all General Funds appropriated for this purpose were eliminated, and the department had funded the state's cost share expenses with a grant from the Nebraska Environmental Trust. The 2006 changes include cash funding resulting from a one-time use of funds from the Integrated Solid Waste Management Cash Fund and the re-establishment of a General Fund appropriation to the program. The total recommendation includes: \$375,484 Cash Funds for FY05-06 and \$400,000 General Funds, and \$1,009,000 Cash Funds for FY07-08.

LB 1226 Storm Water Management Plan program

In addition to a variety of changes regarding instream water appropriations ground water and management areas, LB 1226 establishes the Storm Water Management Plan Program. The program would exist as a grant program administered by DEQ and would provide funding to cities that have a plan in place for meeting the requirements of the National Pollutant Discharge Elimination System (NPDES) permit. Based upon the nature and projected cost of NPDES projects, a General Fund appropriation of \$2,500,000 is provided for grants and administrative costs.

Grant funds are split 80% to urbanized areas and 20% to non-urbanized areas and shall be distributed proportionately based on the population of applicants within each category. Any city or county receiving a grant shall contribute matching funds equal to twenty percent of the grant amount.

RETIREMENT BOARD

Defined Benefit Retirement Plans, State Contribution per Current Law

The budget changes include a net reduction of \$1,267,699 General funds for contributions to the three defined benefit plans; K-12 schools, judges, and State Patrol. Last session, there was a projected \$32.9 million shortfall for FY06-07 reduced to \$15.7 with the passage of LB503. This additional \$15.7 million was funded with General Funds. With the revised projections for the defined benefit plans, the shortfall is reduced to \$14.4 million allowing for the \$1.3 million reduction in contribution.

Required General Funds	Biennial Budget		Following Biennium	
	FY2005-06	FY2006-07	FY2007-08	FY2008-09
Funding Needs - Sine Die 2005				
Fall 2004 Projected Shortfall (without 2005 action)	17,009,167	32,913,033	34,319,456	21,378,931
Impact of 2005 Bills	(17,180,818)	(17,238,926)	(1,360,335)	(1,360,335)
Total to Fund Remaining Shortfall	0	15,674,107	32,959,121	20,018,596
Funding Needs - Revised per 2006 Session				
Fall 2005 Projected Shortfall (After 2005 Bills & assumptions)	0	13,927,587	16,905,000	23,188,000
Deficit: 7/10 of 1% + Class V annuity	0	478,821	0	0
Delete assumed extension of LB503	0	0	15,028,091	15,028,091
Total to Fund Remaining Shortfall	0	14,406,408	31,933,091	38,216,091
Change in Projected Funding Needs	0	(1,267,699)	(1,026,030)	18,197,495

For the **following biennium**, there's a net \$17.2 million increase in state contributions to these defined benefit plans, \$1 million savings in FY08 and \$18.2 additional costs in FY09. The revised projections for the plans show a two year reduction in the overall shortfall of \$12.9 million. This would normally result in a General Fund savings. However, the amount of General Fund contribution built into the projected financial status at Sine Die of the 2003 Session assumed that LB503 would have to be extended another two years mitigating the need for even more General Funds. However the impact of an extension of LB503 has been removed from the financial status because no legislation was introduced in 2006 to extend LB503 for another two years, and it would require the emergency clause if an extension was to be considered next session. Therefore, compared to the planning numbers, the \$12.9 million savings from the lower shortfall is more than offset by an additional \$30 million General Funds needed to replace the assumed extension of LB503 over the two year period.

LB 1019 Miscellaneous retirement changes, 30 year amortization

Along with a variety of other changes, LB1019 changes the amortization period for unfunded actuarial accrued liabilities from the current 25-year period to a 30-year period for the Judges', State Patrol and School Employees Retirement Systems. The change would extend the time period over which plan liabilities are to be paid. Projections provided by Buck Consultants indicate unfunded actuarial liabilities will likely continue at least through FY2011-12. An actuarial analysis indicates that the change to the 30-year amortization would reduce the required annual actuarial contributions by \$5,224,000 in FY07-08, \$3,415,000 in FY08-09, \$1,704,000 in FY09-10 and \$499,000 in FY10-11.

LB 366 Membership/rate changes, state/county retirement

LB366 changes participation in the respective state and county retirement plans to immediately on employment rather than after 12 months of continuous service.

According to the Nebraska Information System (NIS), and after adjusting for state patrol and judges retirement plan members, there were approximately 1,474 new hires with an average salary of \$27,285 in the past 11 months. Assuming a flat state/employer contribution rate of 7.5% (see section 2.) the estimated impact would be \$3 million all fund sources.

LB 366 State Cost	Immediate Participation	7.5% rate on first \$19,954	Total
General	1,594,144	1,097,996	2,692,140
Cash	771,886	531,650	1,303,536
Federal	513,384	353,602	866,986
Revolving	136,943	94,322	231,265
Total	3,016,357	2,077,570	5,093,927

The bill also increases the employer and employee contribution on the first \$19,954 from 6.8% to 7.5%, the same as the current contribution rate on salary above \$19,954. The additional .7% contribution would cost the state about \$2.1 million all fund sources.

The operative date for LB366 is January 1, 2007 therefore the fiscal impact of this provision for FY2006-07 is one-half the amount shown in the table above. As the amounts by agency and program are unknown, such increases would be financed as deficits next session rather than an A bill at this point.

UTILITIES COST INCREASES (MULTIPLE AGENCIES)

The budget revisions include several funding adjustments for extraordinary increases in utility (primarily natural gas) costs as experienced since last fall. These adjustments took into account the latest utilities unit cost and consumption information available at the time. The Legislature originally included on-going funding but the Governor vetoed virtually all the FY06-07 amounts with any continued needed funding to be determined at a future time.

<u>Utility Cost Increases</u>	FY2005-06	FY2006-07
DAS Energy Surcharge-24/7 facilities (HHS Services)	748,549	0
Utilities for Air National Guard facilities (Military Dept)	42,400	0
Utility costs (NETC)	28,325	0
Utility costs, WSC and PSC (State Colleges)	257,917	226,065
Utility costs (University)	4,000,000	0
Utility costs-natural gas (Capital Commission)	103,182	103,182
General Fund Total	5,180,373	329,247

HEALTH INSURANCE RATES (MULTIPLE AGENCIES)

At Sine Die 2005, fiscal year health insurance cost increases were based on the actual calendar year 2005 rates, and projected rates for calendar year 2006 (+12%) and calendar year 2007 (+12%).

The actual calendar year 2006 rates have now been set and reflect a 22% increase rather than the budgeted 12%. Most of this difference can be attributed to higher than projected claims as well as an addition to replenish reserves that had been drawn down. Increased General Fund costs for FY05-06 are

\$2,479,006 reflecting a six months impact (January through June) and \$5,271,696 for a full year impact. This only affects state agencies and does not apply to the University of Nebraska or State Colleges.

	2005 Session	Current Estimate	Change
Total Monthly Premium Rates *			
CY 2002 Actual (BC/BS PPO Family)	939.48	939.48	--
CY 2003 Actual (BC/BS PPO Family)	1,047.18	1,047.18	--
CY 2004 Actual (BC/BS PPO Family)	1,084.78	1,084.78	--
CY 2005 Actual (BC/BS BlueChoice Family)	1,184.82	1,184.82	--
CY 2006 Actual (BC/BS BlueChoice Family)	1,327.00	1,445.10	118.10
CY 2007 Estimated (BC/BS BlueChoice Family)	1,486.24	1,618.51	132.27

* Employee pays 21%, the state pays 79%

Projected Annual Increase (CY basis)

CY 2002	0.56%	0.56%	--
CY 2003	11.46%	11.46%	--
CY 2004	3.59%	3.59%	--
CY 2005	9.22%	9.22%	--
CY 2006	12.00%	22.00%	10.00%
CY 2007	12.00%	12.00%	0.00%

Projected Annual Increases (FY basis)

FY2005-06 (6 months CY2005, 6 months CY2006)	10.80%	16.10%	5.30%
FY2006-07 (6 months CY2006, 6 months CY2007)	12.00%	16.60%	4.60%
FY2006-07 (Biennial Basis)	24.10%	35.30%	11.20%

Agency Health Insurance Cost Increases	Per 2005 Session	2006 Change	Revised Total
FY2005-06			
General	5,402,702	2,479,006	7,881,708
Cash	2,591,220	1,433,138	4,024,358
Federal	1,654,645	1,025,013	2,679,658
Revolving	360,795	177,308	538,103
Total	10,009,362	5,114,465	15,123,827

FY2006-07

General	12,056,034	5,271,696	17,327,730
Cash	5,782,261	3,023,981	8,806,242
Federal	3,691,254	2,179,720	5,870,974
Revolving	805,061	377,050	1,182,111
Total	22,334,610	10,852,447	33,187,057

CAPITAL CONSTRUCTION

Fire/Life Safety Projects, Norfolk Regional Center

The budget includes \$1,095,000 of state building funds for fire/life safety and ADA projects at the Norfolk Regional Center in order to keep 120 beds open for the mentally ill and sex offenders. Projects include standby generators for fire and emergency power; modifications of electrical systems, wastewater collection and the water supply connection; installation of fire dampers; and ADA modifications.

Center for Women-York facilities project, fund shift

In the 2005 Session, the Legislature concurred with the Governor's recommendation to transfer amounts from the Vacant Building and Excess Land Cash Fund to the Nebraska Capital Construction Fund and to in turn appropriate the related amounts for renovation of facilities at the Nebraska Correctional Center for Women in York. This funding amounted to \$1,403,000 for 2005-06 and \$781,000 for 2006-07. Amounts to be available from the Vacant Building and Excess Land Cash Fund are projected to fall short of amounts required for demolition of vacant state buildings. As such, the budget adjustments include elimination of the scheduled 2006-07 transfer of \$781,000 from the Vacant Building and Excess Land Cash Fund to the Nebraska Capital Construction Fund in order that the amount be available to support vacant building demolition costs. The FY2006-07 appropriation for renovating the York correctional facilities is then revised to reflect State Building Fund (effectively the same as General Fund) as the source of funding rather than the Nebraska Capital Construction Fund.

State Capitol Exterior Restoration Project

The mainline budget bills passed in the 2005 session contain appropriations and express legislative intent to appropriate funds for ongoing masonry and other exterior restoration of the Capitol for the next three

years ranging from \$1.3 million to \$2.8 million. The Nebraska Capitol Commission estimated that if funding for the restoration work continued beyond FY2008-09 at a rate of approximately \$3,000,000 annually, related funding would be required through FY2022-23. This would entail \$42,040,785 beyond amounts presently committed for the project over the 14-fiscal year period beginning 2009-10 and continuing through 2022-23. The Capitol Commission has alternatively estimated funding needs for the restoration work if it were accelerated to accommodate the most efficient construction schedule possible. Under this estimate, appropriations for the project would be required through FY2010-11. This would entail \$28,156,729 beyond amounts presently committed for the project and would require the following appropriations:

The Legislature endorsed this accelerated plan by (1) providing additional General Funds of \$4,372,000 in FY06-07 and \$5,586,869 in FY07-08, and (2) recommending that starting July 1, 2007, Cash Reserve Fund interest that was to start going to the 309 Task		Reaffirmation Per 2005 Session	Additional to Accelerate Project	Governor Veto	Revised Total	Fund Source
	FY2005-06	3,940,000	0	0	3,940,000	Gen
	FY2006-07	1,300,000	4,372,000	(2,672,000)	3,000,000	Gen
	FY2007-08	2,800,000	5,586,869	0	8,386,869	Gen
	FY2008-09	2,800,000	6,565,420	0	9,365,420	Cash
	FY2009-10	0	7,359,687	0	7,359,687	Cash
	FY2010-11	0	4,272,753	0	4,272,753	Cash
	Total	10,840,000	28,156,729	(2,672,000)	36,324,729	

Force per LB1090 (2004) be allocated to the Capitol exterior restoration project until completed. This lag would allow accumulation of funds during FY07-08 so that full accelerated funding from this source would be available at the start of FY08-09.

With a \$2,672,000 line item veto, the Governor reduced the additional FY2006-07 from \$4,372,000 to \$1,700,000. The other years remained as passed by the Legislature.

LB 605 University/Colleges, capital projects financing

In 1998, the Legislature passed LB 1100 in order to provide the University of Nebraska and the Nebraska State Colleges with a long-term funding commitment that allowed for the maintenance, repair, renovation or replacement of selected facilities. With the funding obligations for LB1100 concluding in the next biennium, LB 605 establishes a second phase of long-term funding for additional projects for the University of Nebraska and the Nebraska State Colleges.

LB605 authorizes debt financing (bonds) for various University of Nebraska and Nebraska State College capital projects and directs the Legislature to appropriate amounts from the General Fund to the University of Nebraska and Nebraska State Colleges for each fiscal year beginning FY2006-07 and continuing through FY2019-20. The bill also provides for University and State College matching amounts, with limitations, to supplement these General Fund appropriations. Related General Fund appropriations and institutional matching funds would effectively represent sources of revenue to be drawn upon by the University and State Colleges to retire debt financing instruments (i.e. bonds) authorized under the bill. General Fund appropriations directed by LB605 and anticipated cash flow of University and State College matching funds under the bill's amended provisions are summarized below.

Based on the cash flow of state appropriations and institutional matching amounts, estimates can be made as to the level of proceeds that could be generated by bond issues authorized under LB605. Under current bond market conditions, State College bonds issued pursuant to LB605 could generate approximately \$20 to \$21 million of proceeds to be applied toward projects authorized under the bill. University bonds similarly issued could generate \$170 to \$180 million of proceeds to be applied toward projects authorized under the bill. Actual proceeds that ultimately could be generated (given the assumed revenue streams) would depend upon levels of interest rates prevailing at the time related bonds were issued. A listing of projects authorized by the bill and estimated costs are also shown below.

LB 605 - Estimated Costs of Authorized Projects

University of Nebraska

UNL - Sheldon Memorial Art Gallery	10,000,000
UNL - Behlen, Brace and Ferguson Halls (1)	34,500,000
UNL - Keim Hall (1)	14,000,000
UNL - Animal Science Complex	20,000,000
UNMC - Poynter, Bennet, and Wittson Halls	22,500,000
UNMC - Eppley Institute for Research, Cancer & Allied Diseases	5,500,000
UNMC - College of Dentistry	9,500,000
UNO - Library	14,500,000
UNO - Utilities infrastructure	9,000,000
UNK - Bruner Hal	14,000,000
UNK - Campuswide central utilities plant and system	18,500,000
Total - University	172,000,000

Nebraska State College System

CSC - Academic/Administration Building	4,681,357
PSC - Al Wheeler Activity Center (2)	5,014,923
PSC - Install emergency power generator	802,500
WSC - Memorial Stadium & Rice Auditorium	3,610,671
WSC - Campus Services Building (2)	4,981,587
Total - State Colleges	19,091,038

Project listing and estimates from floor debate handout compiled by NU & NSCS in March 2006. Projects are deferred maintenance, repair, and renovation except for:

- (1) project is repair/renovate OR replace the facility
- (2) project includes an addition to the facility

LB 605 Cash Flow	Nebr. State Colleges			University of Nebraska		
	General	Cash	Total	General	Cash	Total
FY2006-07	1,125,000	200,000	1,325,000	5,500,000	0	5,500,000
FY2007-08	1,125,000	400,000	1,525,000	5,500,000	0	5,500,000
FY2008-09	1,125,000	600,000	1,725,000	5,500,000	0	5,500,000
FY2009-10	1,125,000	1,200,000	2,325,000	11,000,000	5,800,000	16,800,000
FY2010-11	1,125,000	1,200,000	2,325,000	11,000,000	11,000,000	22,000,000
FY2011-12	1,125,000	1,200,000	2,325,000	11,000,000	11,000,000	22,000,000
FY2012-13	1,125,000	1,200,000	2,325,000	11,000,000	11,000,000	22,000,000
FY2013-14	1,125,000	1,200,000	2,325,000	11,000,000	11,000,000	22,000,000
FY2014-15	1,125,000	1,200,000	2,325,000	11,000,000	11,000,000	22,000,000
FY2015-16	1,125,000	1,200,000	2,325,000	11,000,000	11,000,000	22,000,000
FY2016-17	1,125,000	1,200,000	2,325,000	11,000,000	11,000,000	22,000,000
FY2017-18	1,125,000	1,200,000	2,325,000	11,000,000	11,000,000	22,000,000
FY2018-19	1,125,000	1,200,000	2,325,000	11,000,000	11,000,000	22,000,000
FY2019-20	1,125,000	1,200,000	2,325,000	11,000,000	11,000,000	22,000,000
FY2020-21	0	0	0	0	5,200,000	5,200,000
Total	15,750,000	14,400,000	30,150,000	137,500,000	121,000,000	258,500,000

GOVERNOR VETOES AND OVERRIDES

Agency	Item	Amount To Governor		Governor Veto		Veto Override	
		FY2005-06	FY2006-07	FY2005-06	FY2006-07	FY2005-06	FY2006-07
Courts	Increased costs, mileage reimbursement rates	59,986	59,986	0	(59,986)	0	0
Courts	Increased costs, mileage reimbursement rates	34,262	34,262	0	(34,262)	0	0
Courts	Increased costs, TSB mileage rate	22,951	34,487	0	(34,487)	0	0
Education	State employee teacher retirement	7,022	7,210	(7,022)	(7,210)	0	0
Education	American Indian Education staff (2.0 FTE)	0	146,094	0	(146,094)	0	0
Education	Visual & Performing Arts Consultant (1.0 FTE)	0	86,385	0	(86,385)	0	0
Education	Hispanic/Latino Education Consultant (1.0 FTE)	0	86,084	0	(86,084)	0	0
HHS-Services	DAS Energy Surcharge	748,549	748,549	0	(748,549)	0	0
HHS-Finance	Rebase based on year to date analysis-CHIP	(900,000)	(1,250,000)	0	(2,755,616)	0	0
HHS-Finance	Developmental disability aid, rate equity	643,436	1,675,145	(643,436)	0	0	0
HHS-Finance	Developmental disability aid, est unobligated funds	0	0	(1,675,145)	0	0	0
HHS-Finance	Community Health Center aid, restore 2005 veto	437,500	218,750	(437,500)	(218,750)	0	218,750
HHS-Finance	Alcohol-related birth defects prevention programs	0	100,000	0	(100,000)	0	0
Nat Resources	Reduction in General Fund authority	0	0	(23,343)	(49,640)	0	0
Library Comm	Statewide license fees, online databases	0	325,000	0	(325,000)	0	0
Corrections	Draw down of SCAAP funds, one-time GF savings	0	0	(217,000)	0	0	0
NETC	Utility costs	28,325	56,650	0	(56,650)	0	0
Coord Comm	Nebr Scholarship Program, restore 2005 veto	0	1,200,000	0	(1,200,000)	0	0
State Colleges	Utility costs, WSC and PSC	257,917	441,465	0	(215,400)	0	0
University	Utility costs	4,000,000	4,000,000	0	(4,000,000)	0	0
DAS	Utility costs-natural gas (Capital Commission)	343,939	343,939	(240,757)	(240,757)	0	0
DAS	Accelerate Capitol masonry project funding	0	4,372,000	0	(2,672,000)	0	0
Crime Comm.	Expand Community Corrections programs	0	5,750,000	0	(1,375,000)	0	0
Vis Impaired	Replace federal funds	50,000	200,000	(25,000)	(100,000)	0	0
Comm Colleges	Increased state aid, match higher ed FY07 increase	0	1,497,695	0	(748,848)	0	0
Vetoed / Overrides - Mainline Budget				(3,269,203)	(15,260,718)	0	218,750
<i>Line Item</i>	LB 542 Tax Policy Reform Commission	0	250,000	0	(150,000)	0	0
<i>Vetoed</i>	LB 746 Grants to free civil legal service providers	0	263,500	0	(145,000)	0	0
	LB 872 Provide for emissions trading programs	0	80,187	0	(41,635)	0	0
	LB 965 Long-Term Care Savings Plan Act	0	140,620	0	(20,620)	0	0
	LB 1248 Medicaid reform, planning / implementation	0	192,000	0	(83,500)	0	0
<i>Veto Bill and A Bill</i>	LB 366 Retirement membership / rate changes	0	1,346,070	0	(1,346,070)	0	1,346,070
	LB 817 Change salaries, constitutional officers	0	143,522	0	(143,522)	0	143,522
<i>Signed Bill and Veto A Bill</i>	LB 990 Beginning Farmer Tax Credit changes	0	7,315	0	(7,315)	0	0
	LB 1086 Prostitution Intervention and Treatment	0	750,000	0	(750,000)	0	0
Vetoed / Overrides - A Bills				0	(2,687,662)	0	1,489,592
Total General Fund Vetoes				(3,269,203)	(17,948,380)	0	1,708,342

TOTAL APPROPRIATIONS ALL FUND SOURCES

TOTAL APPROPRIATIONS ALL FUNDS

Table 9 shows the total appropriation from all fund sources as enacted in the 2005 legislative session with the budget revisions enacted during the 2006 Session. While a complete listing of all items is contained in Appendix A, the major cash and federal items are shown in Table 14 below.

NOTE THAT IN MOST CASES, THE CASH AND FEDERAL AMOUNTS ARE RELATED TO A GENERAL FUND ISSUE DESCRIBED IN THE GENERAL FUND SECTION.

Table 13 Total Appropriations - All Funds

<i>FY2004-05</i>	General	Cash	Federal	Rev/Other	Total
Adjusted Per 2004 Session	2,758,082,724	1,348,606,437	2,150,399,990	538,811,896	6,795,901,047
2005 Session Deficits	(6,544,531)	5,402,102	158,000	(480,355)	(1,464,784)
2005 Session State Claims	598,959	258,727	209,896	0	1,067,582
2005 Session "A" bills	0	0	0	0	0
Final per 2005 Session	2,752,137,152	1,354,267,266	2,150,767,886	538,331,541	6,795,503,845
<i>FY2005-06</i>	General	Cash	Federal	Rev/Other	Total
Total Per 2005 Session	2,972,439,069	1,599,561,441	2,183,758,870	546,381,840	7,302,141,220
2006 Session-Legislature	2,333,317	20,280,965	(7,029,955)	3,529,286	19,113,613
2006 Session State Claims	68,917	150,000	0	0	218,917
2006 Session "A" bills	0	0	0	0	0
<i>2006 Deficits</i>	2,402,234	20,430,965	(7,029,955)	3,529,286	19,332,530
Final per 2006 Session	2,974,841,303	1,619,992,406	2,176,728,915	549,911,126	7,321,473,750
Change over prior year (without deficits)					
Dollar	214,356,345	250,955,004	33,358,880	7,569,944	506,240,173
Percent	7.8%	18.6%	1.6%	1.4%	7.4%
<i>FY2006-07</i>	General	Cash	Federal	Rev/Other	Total
Total Per 2005 Session	3,162,797,235	1,432,968,123	2,285,836,199	542,698,627	7,424,300,184
2006 Session-Legislature	12,844,801	17,631,711	(32,030,383)	2,099,396	545,525
2006 Session Vetoes	(15,260,718)	(23,707)	0	(432,607)	(15,717,032)
2006 Session Overrides	218,750	0	0	0	218,750
2006 Session "A" bills	20,250,709	7,802,552	1,000,707	78,486	29,132,454
Post 2006 Session	0	0	0	0	0
<i>2006 Session Actions</i>	18,053,542	25,410,556	(31,029,676)	1,745,275	14,179,697
Total Per 2006 Session	3,180,850,777	1,458,378,679	2,254,806,523	544,443,902	7,438,479,881
Change over prior year (without deficits)					
Dollar	208,411,708	(141,182,762)	71,047,653	(1,937,938)	136,338,661
Percent	7.0%	-8.8%	3.3%	-0.4%	1.9%

Table 14 Significant Cash and Federal Fund Adjustments - 2006 Session

Major Items - Cash Funds	FY2005-06	FY2006-07	2 Yr Total
PSC-Increased aid, Enhanced Wireless 911 reimbursements	11,000,000	0	11,000,000
Courts-Cash fund authority, Community Corrections allocation	0	5,650,000	5,650,000
Health insurance rate changes (All agencies)	1,433,138	3,023,981	4,457,119
Corrections-Adjust appropriation based on actual FY05 cash revenue	3,231,923	1,096,199	4,328,122
LB 1208 Distance education services	0	2,711,969	2,711,969
LB 1256 Nebraska Early Childhood Endowment	0	1,988,000	1,988,000
LB 1222 Change provisions & fees, Enhanced Wireless 911 Services	0	1,586,400	1,586,400
Roads-Mass transit aid, restore vetoed amounts	0	1,500,000	1,500,000
Courts-Cash fund authority, fee voucher system & SSAS fees	1,200,000	1,200,000	2,400,000
University-Mead ARDC contamination investigation & clean-up	0	2,760,760	2,760,760
DEQ-Superfund sites, nonfederal cost share	375,484	1,009,000	1,384,484
Motor Vehicles-License plate production, cash flow	1,100,000	0	1,100,000
Treasurer-Convention Center Support Fund	450,389	0	450,389
All Other	1,640,031	2,884,247	4,524,278
TOTAL CASH FUNDS	20,430,965	25,410,556	45,841,521

Major Items - Federal Funds	FY2005-06	FY2006-07	2 Yr Total
HHS-Fed Medicaid match rate change	0	(20,594,123)	(20,594,123)
HHS-Rebase based on year to date analysis-CHIP & Medicaid	(4,132,738)	(10,505,097)	(14,637,835)
Corrections-Strike obsolete reference to Prog 875-Hastings INS	(4,839,393)	(5,435,736)	(10,275,129)
Health insurance rate changes (All agencies)	1,025,013	2,179,720	3,204,733
HHS-Developmental disability aid, rate equity (LB852)	688,730	1,793,064	2,481,794
All Other	228,433	1,532,496	1,760,929
TOTAL FEDERAL FUNDS	(7,029,955)	(31,029,676)	(38,059,631)

Enhanced Wireless 911 Enhancements (PSC)

The 2006 budget adjustments included an increase of \$11 million Cash Funds for state aid in the Public Service Commission's Enhanced Wireless 911 program for fiscal year 2005-06. This funding will be used to reimburse valid applications for cost recovery filed with the Commission. The demand on fund resources is anticipated to increase dramatically as Phase I work is being completed. The \$11 million represents an amount slightly less than the fund balance. No fees will be raised to meet this increased appropriation level. Any unexpended aid dollars are reappropriated to FY2006-07

Cash fund authority, Community Corrections allocation (Courts)

The additional General Funds appropriated for expansion of community corrections programs (see page 44) is appropriated to the Community Corrections Council under the Crime Commission. However, when the Council approves allocation of the funds, the bulk of the monies will likely fall under the Courts either Probation or a new program for specialized courts. The cash fund authorization here provides the Courts the spending authority for any allocations and/or contracting with the Community Corrections Council. The amounts shown here are based on the original appropriations prior to the Governors veto. While he vetoed General Fund amounts, the cash funds remained unchanged.

Mass Transit Aid (Roads)

The budget revisions includes an increase in funding for transit operating assistance of \$1,500,000 Cash in FY06-07, bringing total aid funding to \$2,923,900 from the Roads Operations Cash Fund. This aid program provides state grants of up to 50% of eligible transit system operating costs and gives priority to projects that serve the needs of the elderly and handicapped.

The amount of funding for transit aid is lower now than it was 29 years ago in FY1976-77. In addition, due to the Department of Roads' policy of funding the rural systems at 100% of their request, the amount of aid provided to Omaha and Lincoln has fallen from 93% of available funding in the first year of the aid program (FY75-76), to 30% in FY04-05. This percentage will keep declining as the needs of the rural systems increase, unless additional funding is provided.

In the 2005 session, the Legislature made room in the Department of Road's budget for an increase in transit aid by reducing the department's request for Capital Facilities (buildings) by \$1,500,000 each year. This action allowed an increase in transit funding to occur with no impact on highway construction or the variable fuel tax. The Governor vetoed the transit aid increase, but could not move the \$3,000,000 (2yr. total) back into Capital Facilities. Technically, the \$1,500,000 is still available for transit aid funding and if used for transit aid, it will not decrease the amount of state money available for highway construction below the department's request for the current biennium.

This increase in transit aid, which can only be used for operating assistance, not capital items, will be distributed to the transit systems serving Omaha and Lincoln to help compensate them for the services and reduced fares they provide to elderly and handicapped patrons. The aid requests from the rural systems will continue to be fully funded.

Appendix A Detailed Listing of All Budget Adjustments – 2006 Session

General Fund Items		Type	Current Biennium		Following Biennium		
			FY2005-06	FY2006-07	FY2007-08	FY2008-09	
3	Leg Council	122					
			Term limit impacts, orientation and training	Oper			
3	Leg Council	122					
			Complete furniture replacement per 1989 renovation plan	Oper			
3	Leg Council	122					
			LB 542 Tax Policy Reform Commission	Oper	147,000	50,000	50,000
					0	0	0
					100,000	0	0
3	Leg Council	126					
			LB 956 Legislative Audit and Research Office, Legislative Auditor	Oper	0	15,000	15,000
5	Supreme Court	52					
			Leave payouts	Oper	113,181	0	0
5	Supreme Court	52					
			Increased costs, mileage reimbursement rates	Oper	59,986	0	0
5	Supreme Court	52					
			Court interpreter services	Oper	30,100	30,100	30,100
5	Supreme Court	52					
			County court recording equipment	Oper	29,583	0	0
5	Supreme Court	52					
			LB 746 Grants to providers of free civil legal services	Oper	0	55,000	0
5	Supreme Court	67					
			Leave payouts	Oper	12,424	0	0
5	Supreme Court	67					
			Increased costs, mileage reimbursement rates	Oper	34,262	0	0
5	Supreme Court	67					
			Increased costs, TSB mileage rate	Oper	22,951	0	0
5	Supreme Court	67					
			Transfer 10 FTE to probation community corrections	Oper	(294,086)	(604,914)	(604,914)
5	Supreme Court	435					
			Transfer community corrections funds from #78 Crime Commission	Oper	81,032	168,122	168,122
5	Supreme Court	435					
			Transfer 10 FTE from probation program	Oper	294,086	604,914	604,914
7	Governor	2					
			LB 817 Change salaries of state constitutional officers	Oper	0	10,985	21,970
8	Lt. Governor	8					
			LB 817 Change salaries of state constitutional officers	Oper	0	8,637	17,274
9	Sec of State	9					
			LB 817 Change salaries of state constitutional officers	Oper	0	11,626	23,252
9	Sec of State	22					
			LB 1024 Provide for learning communities	Oper	0	36,260	0
10	State Auditor	10					
			LB 817 Change salaries of state constitutional officers	Oper	0	14,505	29,010
11	Attorney Gen	11					
			LB 817 Change salaries of state constitutional officers	Oper	0	11,295	22,590
11	Attorney Gen	507					
			Reimburse costs, Ameriquet litigation	Oper	0	(100,000)	0
11	Attorney Gen	508					
			Adjust base for one-time litigation costs	Oper	1,470,000	(1,470,000)	(1,470,000)
11	Attorney Gen	507					
			LB 1113 Various judiciary and law enforcement changes	Oper	0	150,000	150,000
12	Treasurer	12					
			LB 817 Change salaries of state constitutional officers	Oper	0	14,505	29,010
12	Treasurer	659					
			LB 965 Long-Term Care Savings Plan Act	Oper	0	120,000	100,000
13	Education	25					
			LB 1024 Provide for learning communities	Oper	0	114,200	282,600
13	Education	158					
			TEEOSA aid, fund certified level	Aid	0	(32,709,035)	(85,142,034)
13	Education	158					
			LB 1024 Provide for learning communities	Aid	0	0	202,800
13	Education	158					
			LB 1024 Provide for learning communities	Aid	0	0	25,830,000

General Fund Items (continued)		Current Biennium			Following Biennium			
	Type	FY2005-06	FY2006-07	FY2007-08	FY2008-09			
13	Education	158	LB 1208 Distance education services	Aid	0	714,150	530,300	559,800
13	Education	158	LB 690 Career Education Partnership Act	Aid	0	450,000	450,000	450,000
13	Education	158	LB 968 Sales / income / property / EPIC changes	Aid	0	0	12,500,000	(46,664,404)
14	PSC	14	LB 817 Change salaries of state constitutional officers	Oper	0	71,969	143,938	143,938
16	Revenue	102	LB 872 Provide for emissions trading programs	Oper	0	38,552	0	0
16	Revenue	102	LB 968 Sales / income / property / EPIC changes	Oper	0	112,546	138,638	138,638
16	Revenue	102	LB 1189 Change a sales tax exemption for molds and dies	Oper	0	26,237	26,857	26,857
16	Revenue	108	Homestead exemption	Aid	907,000	907,000	907,000	907,000
16	Revenue	108	LB 968 Sales / income / property / EPIC changes	Aid	0	0	6,894,000	7,068,000
18	Agriculture	63	LB 856 Change poultry disease control provisions	Oper	0	50,000	50,000	50,000
20	HHS-Regulation	177	Technical support, local health depts, communicable disease response	Oper	0	100,000	100,000	100,000
20	HHS-Regulation	177	LB 1199 Change provisions, sex offenders	Oper	0	12,168	0	0
21	Fire Marshal	193	SLEBEC / management salary compression pay equity	Oper	0	20,385	20,385	20,385
25	HHS-Services	33	Fed Medicaid match rate change-xxx	Oper	0	141,129	188,172	188,172
25	HHS-Services	33	HRC base transfer, behavioral health	Oper	674,766	674,766	674,766	674,766
25	HHS-Services	33	Part D Eligibility Determination	Oper	(242,244)	(577,585)	(577,585)	(577,585)
25	HHS-Services	33	Operating funding for the Volunteer Service Commission	Oper	0	30,000	30,000	30,000
25	HHS-Services	33	LB 1069 Change HHS transportation reimbursements	Oper	0	217,280	198,192	198,192
25	HHS-Services	33	LB 1113 Various judiciary and law enforcement changes	Oper	0	22,500	0	0
25	HHS-Services	33	LB 994 Misc HHS changes, rural health training	Oper	0	(1,162,105)	0	0
25	HHS-Services	33	LB 994 Misc HHS changes, rural health training	Oper	0	45,000	31,000	31,000
25	HHS-Services	35	LB 994 Misc HHS changes, rural health training	Oper	0	(62,598)	0	0
25	HHS-Services	250	DAS Energy Surcharge-Juvenile Services	Oper	118,971	0	0	0
25	HHS-Services	365	Fed Medicaid match rate change-Regional Centers	Oper	0	44,028	58,704	58,704
25	HHS-Services	365	HRC base transfer, behavioral health	Oper	(2,720,500)	(2,720,500)	(2,720,500)	(2,720,500)
25	HHS-Services	365	DAS Energy Surcharge-Regional Centers	Oper	427,703	0	0	0
25	HHS-Services	421	Fed Medicaid match rate change-BSDC	Oper	0	0	838,467	838,467
25	HHS-Services	421	DAS Energy Surcharge-BSDC	Oper	97,561	0	0	0
25	HHS-Services	519	DAS Energy Surcharge-Veterans Homes	Oper	104,314	0	0	0
25	HHS-Services	870	LB 1199 Change provisions, sex offenders	Oper	0	1,815,000	6,352,500	9,982,500
25	HHS-Services	870	LB 1199 Change provisions, sex offenders	Oper	0	3,666,000	0	0
26	HHS-Finance	38	Fed Medicaid match rate change-Behavioral Health aid	Aid	0	138,034	184,045	184,045
26	HHS-Finance	38	Rate increases, behavioral health services	Aid	0	855,616	855,616	855,616
26	HHS-Finance	38	HRC base transfer, behavioral health	Aid	2,045,734	2,045,734	2,045,734	2,045,734

General Fund Items (continued)		Type	Current Biennium		Following Biennium	
			FY2005-06	FY2006-07	FY2007-08	FY2008-09
26	HHS-Finance	176	LB 962 Remove restriction, Nursing Faculty Student Loan	0	150,000	0
26	HHS-Finance	341	Medicaid reform initiatives implementation costs	50,000	492,500	492,500
26	HHS-Finance	341	LB 1248 Medicaid reform, planning and implementation	0	108,500	0
26	HHS-Finance	341	LB 994 Misc HHS changes, rural health training	0	1,224,703	0
26	HHS-Finance	344	Fed Medicaid match rate change-CHIP	0	578,361	771,148
26	HHS-Finance	344	Rebase based on year to date analysis-CHIP	(900,000)	(4,005,616)	(4,005,616)
26	HHS-Finance	347	Fed Medicaid match rate change-Public Assistance	0	384,111	512,148
26	HHS-Finance	347	LB 1069 Change HHS transportation reimbursements	0	(733,215)	(763,203)
26	HHS-Finance	348	Fed Medicaid match rate change-Medicaid	0	17,813,350	23,751,133
26	HHS-Finance	348	Rebase based on year to date analysis-Medicaid	(1,500,000)	(5,700,000)	(5,700,000)
26	HHS-Finance	348	Medicaid reform initiatives implementation costs	(50,000)	(492,500)	(492,500)
26	HHS-Finance	348	LB 85 Increase irrevocable burial trust amount, Medicaid	0	30,000	55,000
26	HHS-Finance	348	LB 1069 Change HHS transportation reimbursements	0	(85,041)	(88,520)
26	HHS-Finance	424	Fed Medicaid match rate change-Develop Disabilities aid	0	2,265,089	3,020,119
26	HHS-Finance	424	Developmental disability aid, rate equity (LB852)	0	1,675,145	1,675,145
26	HHS-Finance	424	Developmental disability aid, est unobligated funds	(1,675,145)	0	0
26	HHS-Finance	502	Qualified Community Health Center aid, restore Gov veto	0	218,750	218,750
26	HHS-Finance	502	Increase aid, Public Health departments	0	1,800,000	1,800,000
26	HHS-Finance	514	Establish a citizen advocacy program in Omaha	0	65,000	65,000
26	HHS-Finance	514	Ryan White AIDS program, additional funds (LB1028)	0	750,000	750,000
28	Vets Affairs	37	LB 996 State veteran cemetery system changes	0	0	240,000
29	Natural Resources	310	Water policy implementation, continue base funding	0	1,249,318	1,249,318
29	Natural Resources	310	Water policy implementation, interstate compact compliance	0	2,700,000	0
29	Natural Resources	311	LB 1226 Instream appropriations, ground water mgmt	0	2,461,885	2,461,885
29	Natural Resources	311	LB 1226 Instream appropriations, ground water mgmt	0	38,115	38,115
29	Natural Resources	334	Reduction in General Fund authority	(23,343)	(49,640)	(49,640)
31	Military Dept	544	Utilities for Air National Guard facilities	42,400	0	0
33	Game & Parks	336	SLEBEC / management salary compression pay equity	0	3,058	3,058
38	Status of Women	577	Projected unused appropriation, current year	(30,000)	0	0
46	Corrections	200	Projected dept budget savings	(4,500,000)	(4,500,000)	(4,500,000)
46	Corrections	200	Adjust appropriation based on actual FY05 cash revenues	(3,231,923)	(1,096,199)	(1,096,199)
46	Corrections	200	Draw down of SCAAP funds, one-time GF savings	(217,000)	0	0
46	Corrections	200	LB 385 State DNA Data Base, missing persons	0	56,556	27,500
46	Corrections	200	LB 1113 Various judiciary and law enforcement changes	0	58,687	56,687
46	Corrections	200	LB 1199 Change provisions, sex offenders	0	703,910	892,448
46	Corrections	750	County jail reimbursement to statutory cap	0	408,595	408,595

General Fund Items (continued)		Type	Current Biennium		Following Biennium	
			FY2005-06	FY2006-07	FY2007-08	FY2008-09
47	NETC	533	Utility costs	28,325	0	0
47	NETC	533	Closed captioning, expanded FCC requirements (oper+equip)	30,733	45,866	45,866
47	NETC	533	Updated depreciation charges, Carpenter Center renovation	0	2,500	2,500
50	State Colleges	48	Utility costs, WSC and PSC	257,917	226,065	226,065
50	State Colleges	48	Lower than projected health insurance rates	0	(226,065)	(226,065)
51	University	515	Utility costs	4,000,000	0	0
51	University	515	Mead ARDC contamination investigation & clean-up	4,169,760	0	0
51	University	515	Nebraska P-16 initiative	0	100,000	100,000
51	University	515	LB 994 Misc HHS changes, rural health training	0	200,000	200,000
54	Hist Society	648	Skeletal remains consultations	23,000	23,000	23,000
64	State Patrol	100	Increased gasoline costs	189,781	111,055	111,055
64	State Patrol	100	Sex Offender Registry staff - replace federal funds	92,800	150,025	150,025
64	State Patrol	100	SLEBEC / management salary compression pay equity	0	277,450	277,450
64	State Patrol	100	Utilize one-time excess cash fund balances	(500,000)	0	0
64	State Patrol	100	LB 385 State DNA Data Base, missing persons	0	90,997	69,192
64	State Patrol	630	Correct fund allocation, Capital Security transfer	(19,383)	(43,407)	(43,407)
65	DAS	245	Public safety communications system	150,000	803,146	6,678,296
65	DAS	536	State Claims - Misc. (LB1226)	68,917	0	0
65	DAS	685	Utility costs-natural gas (Capital Commission)	103,182	103,182	103,182
69	Arts Council	326	Health insurance, coverage change	1,311	2,248	2,248
69	Arts Council	326	Computer replacements	9,596	9,596	9,596
78	Crime Comm.	196	Retrosession of jurisdiction, Santee Sioux Nation	(5,492)	(21,970)	(21,970)
78	Crime Comm.	198	Replace federal Byrne/JAG grant funds with general funds	0	428,000	0
78	Crime Comm.	199	Training Center, replace loss of LEIF fees	0	290,000	580,000
78	Crime Comm.	199	LB 746 Grants to providers of free civil legal services	0	63,500	127,000
78	Crime Comm.	220	Transfer community corrections funds to #5 Supreme Court (Probation)	(81,032)	(168,122)	(168,122)
78	Crime Comm.	220	Expand Community Corrections programs (LB 1258)	0	4,375,000	4,375,000
78	Crime Comm.	220	LB 1113 Various judiciary and law enforcement changes	0	3,400	3,400
81	Visually Impaired	357	Replace federal funds	25,000	100,000	100,000
83	Comm Colleges	152	Increased state aid, match higher ed FY07 increase	0	748,847	748,847
84	DEQ	513	Superfund sites, nonfederal cost share	0	1,500,000	1,500,000
84	DEQ	513	LB 1226 Instream appropriations, ground water mgmt	0	2,461,885	2,461,885
84	DEQ	513	LB 1226 Instream appropriations, ground water mgmt	0	38,115	38,115

		Current Biennium			Following Biennium		
		FY2005-06	FY2006-07	FY2007-08	FY2008-09		
Cash Fund Items							
	Type						
3	Leg Council	122	LB 1248 Medicaid reform, planning and implementation	Oper	0	50,000	0
5	Supreme Court	52	Increased costs, mileage reimbursement rates	Oper	13,626	13,626	13,626
5	Supreme Court	52	Cash fund authority, Supreme Court Education Cash Fund	Oper	100,000	150,000	150,000
5	Supreme Court	52	LB 746 Grants to providers of free civil legal services	Aid	0	145,000	290,000
5	Supreme Court	435	Cash fund authority, fee voucher system & SSAS fees	Oper	1,200,000	1,200,000	1,200,000
5	Supreme Court	420	Cash fund authority, Community Corrections allocation	Oper	0	2,000,000	2,000,000
5	Supreme Court	435	Cash fund authority, Community Corrections allocation	Oper	0	3,650,000	3,650,000
9	Sec of State	51	LB 647 Biennial reports, limited liability companies	Oper	0	40,500	29,500
11	Attorney Gen	290	Reimburse costs, Ameriquest litigation	Oper	0	100,000	0
11	Attorney Gen	507	Tobacco enforcement litigation	Oper	0	100,000	100,000
12	Treasurer	665	Convention Center Support Fund	Aid	450,389	0	0
13	Education	25	LB 1256 Nebraska Early Childhood Endowment	Oper	0	10,000	8,000
13	Education	158	LB 1256 Nebraska Early Childhood Endowment	Aid	0	1,978,000	2,242,000
13	Education	161	LB 1208 Distance education services	Oper	0	25,000	25,000
13	Education	161	LB 1208 Distance education services	Aid	0	0	3,741,000
13	Education	161	LB 1208 Distance education services	Aid	0	250,000	500,000
14	Public Svs Com.	583	Increased aid, Enhanced Wireless 911 reimbursements	Aid	11,000,000	0	0
14	Public Svs Com.	686	Legal services, billed services from Attorney General	Oper	0	29,986	29,986
14	Public Svs Com.	790	Legal services, billed services from Attorney General	Oper	0	2,677	2,677
14	Public Svs Com.	583	LB 1222 Change provisions & fees, Enhanced Wireless 911 Services	Aid	0	1,586,400	1,665,600
16	Revenue	102	LB 968 Sales / income / property / EPIC changes	Oper	0	33,150	0
19	Banking	65	Multi-state settlement, Ameriquest Mortgage Company.	Oper	200,000	0	0
20	HHS-Regulation	178	LB 994 Misc HHS changes, rural health training	Oper	0	1,044	1,044
20	HHS-Regulation	178	LB 994 Misc HHS changes, rural health training	Oper	0	118,000	140,163
20	HHS-Regulation	178	LB 994 Misc HHS changes, rural health training	Oper	0	5,573	0
21	Fire Marshal	193	SLEBEC / management salary compression pay equity	Oper	0	2,040	2,040
24	Motor Vehicles	70	License plate production, cash flow	Oper	1,100,000	0	0
24	Motor Vehicles	70	LB 454 Concealed Handgun Permit Act	Oper	0	30,000	0
24	Motor Vehicles	70	LB 1008 Change expiration date, MV license, vision restrictions	Oper	0	19,500	0
25	HHS-Services	250	DAS Energy Surcharge-Juvenile Services	Oper	4,175	4,175	4,175
25	HHS-Services	365	DAS Energy Surcharge-Regional Centers	Oper	34,567	34,567	34,567

Cash Fund Items (continued)	Type	Current Biennium			Following Biennium		
		FY2005-06	FY2006-07	FY2007-08	FY2008-09		
25 HHS-Services	421	DAS Energy Surcharge-BSSDC	22,017	22,017	22,017	22,017	22,017
25 HHS-Services	519	DAS Energy Surcharge-Veterans Homes	85,132	85,132	85,132	85,132	85,132
25 HHS-Services	35	LB 994 Misc HHS changes, rural health training	0	(404,643)	0	0	0
26 HHS-Finance	175	Medical Student assistance, mental health students	0	60,000	80,000	80,000	80,000
26 HHS-Finance	341	LB 994 Misc HHS changes, rural health training	0	404,643	0	0	0
27 Roads	305	Mass transit aid, restore vetoed amounts	0	1,500,000	1,500,000	1,500,000	1,500,000
29 Natural Resources	334	Cash fund expenditure authority	150,000	150,000	150,000	150,000	150,000
33 Game & Parks	336	SLEBEC / management salary compression pay equity	0	17,329	17,329	17,329	17,329
35 Liquor Control	73	LB 845 Retail liquor license changes, server training	0	20,000	20,000	20,000	20,000
37 Workers Comp	530	LB 489 Workers' compensation, elevator inspection changes	0	67,916	65,416	65,416	65,416
46 Corrections	200	Adjust appropriation based on actual FY05 cash revenues	3,231,923	1,096,199	1,096,199	1,096,199	1,096,199
48 Coord Comm	690	Nebraska Scholarship Program, increase cash fund authorization	50,000	0	0	0	0
51 University	515	Mead ARDC contamination investigation & clean-up	0	2,760,760	0	0	0
57 Oil & Gas Comm	335	Satellite data-based photo geological study	26,000	0	0	0	0
59 Geologists	159	Consultant	4,595	5,405	5,405	5,405	5,405
64 State Patrol	100	Rent costs, Criminal Identification Division	150,000	150,000	150,000	150,000	150,000
64 State Patrol	100	Utilize one-time excess cash fund balances	500,000	0	0	0	0
64 State Patrol	205	SLEBEC / management salary compression pay equity	0	25,884	25,884	25,884	25,884
64 State Patrol	325	Adjust base, one-time hangar costs	44,700	(44,700)	(44,700)	(44,700)	(44,700)
64 State Patrol	630	Correct fund allocation, Capital Security transfer	19,383	43,407	43,407	43,407	43,407
64 State Patrol	100	LB 454 Concealed Handgun Permit Act	0	774,000	218,000	218,000	218,000
65 DAS	560	Authorize added available funds, Vacant Building Fund	0	781,000	0	0	0
65 DAS	591	State Claims - Tort (LB1226)	150,000	0	0	0	0
65 DAS	173	LB 1208 Distance education services	0	2,436,969	2,310,819	2,310,819	2,310,819
75 Invest Council	610	Recruitment costs, replace State Investment Officer	10,000	0	0	0	0
78 Crime Comm.	199	Training Center, replace loss of LEIF fees	0	(290,000)	(580,000)	(580,000)	(580,000)
78 Crime Comm.	199	Certification status and student records database changes	100,000	0	0	0	0
78 Crime Comm.	199	LB 746 Grants to providers of free civil legal services	0	(63,500)	(127,000)	(127,000)	(127,000)

Cash Fund Items (continued)	Type	Current Biennium			Following Biennium			
		FY2005-06	FY2006-07	FY2007-08	FY2008-09			
82 Deaf/Hard Hrng	578	LB 87	Change provisions relating to deaf and hard of hearing persons	Oper	0	0	4,500	4,500
84 DEQ	513	Superfund sites, nonfederal cost share	Aid	375,484	1,009,000	0	0	0
85 Retirement	41	Contract with DAS Info Technology, PIONEER System Review	Oper	14,817	0	0	0	0
93 TERC	115	Costs for replacement of an existing commissioner	Oper	15,500	0	0	0	0
93 TERC	115	Allocation for retaining appeals referees	Oper	20,000	0	0	0	0
94 Public Advocacy	425	Correct error, repeal LB348A section 6	Oper	(74,481)	(74,481)	(74,481)	(74,481)	(74,481)
99 Construction	900	LB 996 State veteran cemetery system changes	Const	0	75,000	0	0	0
99 Construction	900	LB 605 Capital projects financing (State Colleges)	Const	0	200,000	400,000	400,000	400,000
All All Agencies	--	Health insurance rate changes	Oper	1,433,138	3,023,981	3,023,981	3,023,981	3,023,981
Cash Funds - Operations					8,555,092	18,607,156	13,802,686	13,802,686
Cash Funds - State Aid					11,875,873	6,528,400	9,810,600	10,468,600
Cash Funds - Construction					0	275,000	400,000	400,000
Cash Funds - Total					20,430,965	25,410,556	24,013,286	24,671,286

Federal Fund Items		Type	Current Biennium		Following Biennium	
			FY2005-06	FY2006-07	FY2007-08	FY2008-09
25	HHS-Services	33		(141,129)	(188,172)	(188,172)
25	HHS-Services	33	(242,244)	(577,585)	(577,585)	(577,585)
25	HHS-Services	33	0	(605,675)	0	0
25	HHS-Services	35	0	(323,164)	0	0
25	HHS-Services	33	0	18,894	17,234	17,234
25	HHS-Services	250	6,979	6,979	6,979	6,979
25	HHS-Services	365	0	(44,028)	(58,704)	(58,704)
25	HHS-Services	365	68,978	68,978	68,978	68,978
25	HHS-Services	421	0	628,850	(838,467)	(838,467)
25	HHS-Services	421	137,635	137,635	137,635	137,635
25	HHS-Services	519	62,428	62,428	62,428	62,428
26	HHS-Finance	38	0	(138,034)	(184,045)	(184,045)
26	HHS-Finance	341	50,000	492,500	492,500	492,500
26	HHS-Finance	341	0	928,839	0	0
26	HHS-Finance	344	0	(578,361)	(771,148)	(771,148)
26	HHS-Finance	344	(1,912,500)	(2,656,250)	(2,656,250)	(2,656,250)
26	HHS-Finance	347	0	(384,111)	(512,148)	(512,148)
26	HHS-Finance	347	0	(333,046)	(346,667)	(346,667)
26	HHS-Finance	348	0	(17,813,350)	(23,751,133)	(23,751,133)
26	HHS-Finance	348	(2,220,238)	(7,848,847)	(7,848,847)	(7,848,847)
26	HHS-Finance	348	(50,000)	(492,500)	(492,500)	(492,500)
26	HHS-Finance	424	0	(2,265,089)	(3,020,119)	(3,020,119)
26	HHS-Finance	424	688,730	1,793,064	1,793,064	1,793,064
26	HHS-Finance	348	0	(117,437)	(122,240)	(122,240)
26	HHS-Finance	348	0	82,296	145,312	145,312
31	Military Dept	544	127,200	0	0	0
46	Corrections	200	(4,839,393)	(5,435,736)	(5,435,736)	(5,435,736)
65	DAS	245	150,000	1,350,000	1,350,000	1,350,000
81	Visually Impaired	357	(82,543)	(375,517)	(375,517)	(375,517)
99	Construction	967	0	1,350,000	0	0
All	All	--	1,025,013	2,179,720	2,179,720	2,179,720
			(3,535,947)	(1,628,011)	(3,158,707)	(3,158,707)
			(3,494,008)	(30,751,665)	(37,766,721)	(37,766,721)
			0	1,350,000	0	0
			(7,029,955)	(31,029,676)	(40,925,428)	(40,925,428)

		Type	Current Biennium		Following Biennium		
			FY2005-06	FY2006-07	FY2007-08	FY2008-09	
Revolving / Other Fund Items							
11	Attorney Gen	507	Legal services for state agencies	Oper	43,893	86,810	86,810
65	DAS	180	Gasoline costs (TSB)	Oper	551,689	827,533	827,533
65	DAS	560	Utility costs, various SBD run state facilities (Building Division)	Oper	1,156,396	1,156,396	1,156,396
65	DAS	560	Deferred maintenance projects/ equipment (Building Division)	Oper	1,600,000	0	0
65	DAS	49	LB 1208 Distance education services	Oper	0	31,045	31,045
65	DAS	172	LB 1208 Distance education services	Oper	0	47,441	47,441
99	Construction	900	Shift NCW-York funding from NCCF (Vacant Bldng transfer) to SBF	Const	0	(781,000)	0
All	All Agencies	--	Health insurance rate changes	Oper	177,308	377,050	377,050
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			Revolving Funds - Operations		3,529,286	2,526,275	2,526,275
			Revolving Funds - State Aid		0	0	0
			Revolving Funds - Construction		0	(781,000)	0
			Revolving Funds - Total		3,529,286	1,745,275	2,526,275

Appendix B General Fund Appropriations by Agency

	FY2004-05		FY2005-06		FY2006-07		Change over Prior Year (excludes deficits)			
	w/o deficits	2005 Sess	2006 Deficits		2005 Sess	2006 Changes		FY06 \$ and %	FY07 v\$ and %s	
			With Deficits	Revised		Revised	Revised			
#03 Legislative Council	14,230,041	15,645,765	200,587	15,846,352	16,107,784	278,956	16,386,740	1,415,724	740,975	4.7%
#03 Legislative Council	14,230,041	15,645,765	200,587	15,846,352	16,107,784	278,956	16,386,740	1,415,724	740,975	4.7%
#05 Supreme Court	55,641,210	59,110,239	678,864	59,789,103	61,344,118	881,284	62,225,402	3,469,029	3,115,163	5.3%
#05 Supreme Court	55,641,210	59,110,239	678,864	59,789,103	61,344,118	881,284	62,225,402	3,469,029	3,115,163	5.3%
#07 Governor	1,400,915	1,478,136	6,177	1,484,313	1,596,777	24,120	1,620,897	77,221	142,761	9.7%
#07 Governor	1,400,915	1,478,136	6,177	1,484,313	1,596,777	24,120	1,620,897	77,221	142,761	9.7%
#08 Lt. Governor	117,304	117,627	695	118,322	120,315	10,114	130,429	323	12,802	10.9%
#08 Lt. Governor	117,304	117,627	695	118,322	120,315	10,114	130,429	323	12,802	10.9%
#09 Secretary of State	712,672	695,207	3,162	698,369	714,420	54,609	769,029	(17,465)	73,822	10.6%
#09 Secretary of State	712,672	695,207	3,162	698,369	714,420	54,609	769,029	(17,465)	73,822	10.6%
#10 State Auditor	1,945,375	2,300,453	7,114	2,307,567	2,369,419	29,633	2,399,052	355,078	98,599	4.3%
#10 State Auditor	1,945,375	2,300,453	7,114	2,307,567	2,369,419	29,633	2,399,052	355,078	98,599	4.3%
#11 Attorney General	6,290,405	6,637,393	1,488,957	8,126,350	7,429,635	(1,368,392)	6,061,243	346,988	(576,150)	-8.7%
#11 Attorney General	6,290,405	6,637,393	1,488,957	8,126,350	7,429,635	(1,368,392)	6,061,243	346,988	(576,150)	-8.7%
#12 State Treasurer	17,768,561	17,768,561	0	17,768,561	17,768,561	0	17,768,561	0	0	0.0%
#12 State Treasurer	1,554,653	1,573,471	4,703	1,578,174	1,599,851	144,507	1,744,358	18,818	170,887	10.9%
#12 State Treasurer	19,323,214	19,342,032	4,703	19,346,735	19,368,412	144,507	19,512,919	18,818	170,887	0.9%
#13 Education	797,988,790	872,734,644	0	872,734,644	929,178,211	(31,544,885)	897,633,326	74,745,854	24,898,682	2.9%
#13 Education	14,145,323	14,727,924	33,076	14,761,000	15,125,264	184,537	15,309,801	582,601	581,877	4.0%
#13 Education	812,134,113	887,462,568	33,076	887,495,644	944,303,475	(31,360,348)	912,943,127	75,328,455	25,480,559	2.9%
#14 Public Service Comm	2,184,286	2,276,907	9,582	2,286,489	2,382,664	92,345	2,475,009	92,621	198,102	8.7%
#14 Public Service Comm	2,184,286	2,276,907	9,582	2,286,489	2,382,664	92,345	2,475,009	92,621	198,102	8.7%
#15 Parole Board	697,955	723,288	2,444	725,732	751,933	5,197	757,130	25,333	33,842	4.7%
#15 Parole Board	697,955	723,288	2,444	725,732	751,933	5,197	757,130	25,333	33,842	4.7%
#16 Revenue	48,838,100	52,920,000	907,000	53,827,000	55,566,000	907,000	56,473,000	4,081,900	3,553,000	6.7%
#16 Revenue	20,986,669	21,730,099	90,072	21,820,171	22,198,681	368,876	22,567,557	743,430	837,458	3.9%
#16 Revenue	69,824,769	74,650,099	997,072	75,647,171	77,764,681	1,275,876	79,040,557	4,825,330	4,390,458	5.9%
#18 Agriculture	5,487,050	5,606,644	24,756	5,631,400	5,811,355	102,643	5,913,998	119,594	307,354	5.5%
#18 Agriculture	5,487,050	5,606,644	24,756	5,631,400	5,811,355	102,643	5,913,998	119,594	307,354	5.5%
#20 HHS-Regulation	5,659,114	6,426,843	20,952	6,447,795	6,591,516	156,723	6,748,239	767,729	321,396	5.0%
#20 HHS-Regulation	5,659,114	6,426,843	20,952	6,447,795	6,591,516	156,723	6,748,239	767,729	321,396	5.0%

	FY2004-05			FY2005-06			FY2006-07			Change over Prior Year (excludes deficits)		
	w/o deficits	2005 Sess	2006 Deficits	2005 Sess	2006 Deficits	With Deficits	2005 Sess	2006 Changes	Revised	FY06 \$ and %r	FY07 v\$ and %s	
#21 Fire Marshal	3,370,188	3,534,018	15,387	3,549,405	3,762,567	53,106	3,815,673	163,830	4.9%	281,655	8.0%	
#21 Fire Marshal	3,370,188	3,534,018	15,387	3,549,405	3,762,567	53,106	3,815,673	163,830	4.9%	281,655	8.0%	
#23 Labor	527,473	534,429	2,167	536,596	550,381	4,608	554,989	6,956	1.3%	20,560	3.8%	
#23 Labor	527,473	534,429	2,167	536,596	550,381	4,608	554,989	6,956	1.3%	20,560	3.8%	
#25 HHS-Services	158,945,500	161,495,372	(753,808)	160,741,564	171,557,494	3,803,568	175,361,062	2,549,872	1.6%	13,865,690	8.6%	
#25 HHS-Services	158,945,500	161,495,372	(753,808)	160,741,564	171,557,494	3,803,568	175,361,062	2,549,872	1.6%	13,865,690	8.6%	
#26 HHS-Finance	774,075,595	835,404,066	(2,079,411)	833,324,655	906,504,821	17,752,818	924,257,639	61,328,471	7.9%	88,853,573	10.6%	
#26 HHS-Finance	33,332,062	33,908,634	132,327	34,040,961	34,126,390	2,000,775	36,127,165	576,572	1.7%	2,218,531	6.5%	
#26 HHS-Finance	807,407,657	869,312,700	(1,947,084)	867,365,616	940,631,211	19,753,593	960,384,804	61,905,043	7.7%	91,072,104	10.5%	
#27 Roads	16,394	18,184	0	18,184	18,184	0	18,184	1,790	10.9%	0	0.0%	
#27 Roads	16,394	18,184	0	18,184	18,184	0	18,184	1,790	10.9%	0	0.0%	
#28 Veterans Affairs	723,929	742,140	3,691	745,831	771,002	7,848	778,850	18,211	2.5%	36,710	4.9%	
#28 Veterans Affairs	723,929	742,140	3,691	745,831	771,002	7,848	778,850	18,211	2.5%	36,710	4.9%	
#29 Natural Resources	6,300,582	6,276,822	0	6,276,822	6,276,822	5,161,885	11,438,707	(23,760)	-0.4%	5,161,885	82.2%	
#29 Natural Resources	8,346,787	14,989,597	4,094	14,993,691	7,320,438	1,296,139	8,616,577	6,642,810	79.6%	(6,373,020)	-42.5%	
#29 Natural Resources	14,647,369	21,266,419	4,094	21,270,513	13,597,260	6,458,024	20,055,284	6,619,050	45.2%	(1,211,135)	-5.7%	
#31 Military Dept	828,000	1,828,000	0	1,828,000	1,828,000	0	1,828,000	1,000,000	120.8%	0	0.0%	
#31 Military Dept	3,271,868	3,402,370	53,185	3,455,555	3,507,189	22,934	3,530,123	130,502	4.0%	127,753	3.8%	
#31 Military Dept	4,099,868	5,230,370	53,185	5,283,555	5,335,189	22,934	5,358,123	1,130,502	27.6%	127,753	2.4%	
#32 Ed Lands & Funds	400,125	408,700	1,675	410,375	423,389	3,563	426,952	8,575	2.1%	18,252	4.5%	
#32 Ed Lands & Funds	400,125	408,700	1,675	410,375	423,389	3,563	426,952	8,575	2.1%	18,252	4.5%	
#33 Game & Parks	40,986	50,000	0	50,000	50,000	0	50,000	9,014	22.0%	0	0.0%	
#33 Game & Parks	8,968,566	9,159,742	26,974	9,186,716	9,423,995	60,419	9,484,414	191,176	2.1%	324,672	3.5%	
#33 Game & Parks	9,009,552	9,209,742	26,974	9,236,716	9,473,995	60,419	9,534,414	200,190	2.2%	324,672	3.5%	
#34 Library Commission	1,196,792	1,213,042	0	1,213,042	1,229,292	0	1,229,292	16,250	1.4%	16,250	1.3%	
#34 Library Commission	2,232,745	2,328,472	9,933	2,338,405	2,419,641	21,124	2,440,765	95,727	4.3%	112,293	4.8%	
#34 Library Commission	3,429,537	3,541,514	9,933	3,551,447	3,648,933	21,124	3,670,057	111,977	3.3%	128,543	3.6%	
#35 Liquor Control	909,498	810,394	4,155	814,549	838,883	8,835	847,718	(99,104)	-10.9%	37,324	4.6%	
#35 Liquor Control	909,498	810,394	4,155	814,549	838,883	8,835	847,718	(99,104)	-10.9%	37,324	4.6%	
#38 Status of Women	0	200,000	(29,793)	170,207	200,000	440	200,440	200,000	na	440	0.2%	
#38 Status of Women	0	200,000	(29,793)	170,207	200,000	440	200,440	200,000	na	440	0.2%	
#46 Correctional Services	3,501,405	3,501,405	0	3,501,405	3,501,405	408,595	3,910,000	0	0.0%	408,595	11.7%	
#46 Correctional Services	132,139,178	136,154,964	(7,343,817)	128,811,147	140,286,379	(3,490,266)	136,796,113	4,015,786	3.0%	641,149	0.5%	
#46 Correctional Services	135,640,583	139,656,369	(7,343,817)	132,312,552	143,787,784	(3,081,671)	140,706,113	4,015,786	3.0%	1,049,744	0.8%	

	FY2004-05			FY2005-06			FY2006-07			Change over Prior Year (excludes deficits)							
		w/o deficits		2005 Sess		2006 Deficits		2005 Sess		2006 Changes		Revised		FY06 \$ and %r		FY07 v\$ and %s	
#47 NETC	Oper	8,677,302	9,187,982	80,928	9,268,910	9,268,910	9,474,008	94,874	9,568,882	510,680	5.9%	380,900	4.1%				
#47 NETC	Total	8,677,302	9,187,982	80,928	9,268,910	9,268,910	9,474,008	94,874	9,568,882	510,680	5.9%	380,900	4.1%				
#48 Coordinating Comm	Aid	5,766,815	6,966,815	0	6,966,815	6,966,815	5,766,815	0	5,766,815	1,200,000	20.8%	(1,200,000)	-17.2%				
#48 Coordinating Comm	Oper	1,113,254	1,182,965	3,830	1,186,795	1,186,795	1,220,010	8,144	1,228,154	69,711	6.3%	45,189	3.8%				
#48 Coordinating Comm	Total	6,880,069	8,149,780	3,830	8,153,610	8,153,610	6,986,825	8,144	6,994,969	1,269,711	18.5%	(1,154,811)	-14.2%				
#50 State Colleges	Oper	35,159,799	38,304,336	257,917	38,562,253	38,562,253	40,867,931	0	40,867,931	3,144,537	8.9%	2,563,595	6.7%				
#50 State Colleges	Total	35,159,799	38,304,336	257,917	38,562,253	38,562,253	40,867,931	0	40,867,931	3,144,537	8.9%	2,563,595	6.7%				
#51 University of Nebraska	Oper	398,617,105	428,159,202	8,169,760	436,328,962	436,328,962	454,186,041	300,000	454,486,041	29,542,097	7.4%	26,326,839	6.1%				
#51 University of Nebraska	Total	398,617,105	428,159,202	8,169,760	436,328,962	436,328,962	454,186,041	300,000	454,486,041	29,542,097	7.4%	26,326,839	6.1%				
#52 State Fair Board	Oper	153,104	0	0	0	0	0	0	0	(153,104)	-100.0%	0	na				
#52 State Fair Board	Total	153,104	0	0	0	0	0	0	0	(153,104)	-100.0%	0	na				
#54 Historical Society	Oper	3,843,474	4,056,277	40,491	4,096,768	4,096,768	4,187,725	60,196	4,247,921	212,803	5.5%	191,644	4.7%				
#54 Historical Society	Total	3,843,474	4,056,277	40,491	4,096,768	4,096,768	4,187,725	60,196	4,247,921	212,803	5.5%	191,644	4.7%				
#64 State Patrol	Oper	41,539,950	44,463,228	(50,470)	44,412,758	44,412,758	47,028,201	982,362	48,010,563	2,923,278	7.0%	3,547,335	8.0%				
#64 State Patrol	Total	41,539,950	44,463,228	(50,470)	44,412,758	44,412,758	47,028,201	982,362	48,010,563	2,923,278	7.0%	3,547,335	8.0%				
#65 Admin Services (DAS)	Oper	8,288,306	8,644,116	341,681	8,985,797	8,985,797	8,873,487	994,825	9,868,312	355,810	4.3%	1,224,196	14.2%				
#65 Admin Services (DAS)	Total	8,288,306	8,644,116	341,681	8,985,797	8,985,797	8,873,487	994,825	9,868,312	355,810	4.3%	1,224,196	14.2%				
#67 Equal Opportunity	Oper	1,207,639	1,228,933	5,238	1,234,171	1,234,171	1,266,173	11,139	1,277,312	21,294	1.8%	48,379	3.9%				
#67 Equal Opportunity	Total	1,207,639	1,228,933	5,238	1,234,171	1,234,171	1,266,173	11,139	1,277,312	21,294	1.8%	48,379	3.9%				
#68 Mexican-American	Oper	191,898	191,936	619	192,555	192,555	197,682	1,315	198,997	38	0.0%	7,061	3.7%				
#68 Mexican-American	Total	191,898	191,936	619	192,555	192,555	197,682	1,315	198,997	38	0.0%	7,061	3.7%				
#69 Arts Council	Aid	619,517	819,517	0	819,517	819,517	769,517	0	769,517	200,000	32.3%	(50,000)	-6.1%				
#69 Arts Council	Oper	499,180	548,361	12,215	560,576	560,576	566,598	14,626	581,224	49,181	9.9%	32,863	6.0%				
#69 Arts Council	Total	1,118,697	1,367,878	12,215	1,380,093	1,380,093	1,336,115	14,626	1,350,741	249,181	22.3%	(17,137)	-1.3%				
#70 Foster Care Review	Oper	1,087,946	1,159,254	6,692	1,165,946	1,165,946	1,210,353	14,230	1,224,583	71,308	6.6%	65,329	5.6%				
#70 Foster Care Review	Total	1,087,946	1,159,254	6,692	1,165,946	1,165,946	1,210,353	14,230	1,224,583	71,308	6.6%	65,329	5.6%				
#72 Economic Development	Aid	361,350	2,061,350	0	2,061,350	2,061,350	2,211,350	0	2,211,350	1,700,000	470.5%	150,000	7.3%				
#72 Economic Development	Oper	3,629,109	4,025,454	12,688	4,038,142	4,038,142	4,151,618	26,980	4,178,598	396,345	10.9%	153,144	3.8%				
#72 Economic Development	Total	3,990,459	6,086,804	12,688	6,099,492	6,099,492	6,362,968	26,980	6,389,948	2,096,345	52.5%	303,144	5.0%				
#76 Indian Commission	Oper	175,290	182,089	858	182,947	182,947	189,590	1,825	191,415	6,799	3.9%	9,326	5.1%				
#76 Indian Commission	Total	175,290	182,089	858	182,947	182,947	189,590	1,825	191,415	6,799	3.9%	9,326	5.1%				
#77 Industrial Relations	Oper	222,537	254,041	1,177	255,218	255,218	261,010	2,503	263,513	31,504	14.2%	9,472	3.7%				
#77 Industrial Relations	Total	222,537	254,041	1,177	255,218	255,218	261,010	2,503	263,513	31,504	14.2%	9,472	3.7%				

	FY2004-05			FY2005-06			FY2006-07			Change over Prior Year (excludes deficits)	
	w/o deficits	2005 Sess	2006 Deficits	2005 Sess	2006 Changes	Revised	FY06 \$ and %r	FY07 v\$ and %s			
				With Deficits							
#78 Crime Commission	695,798	2,188,298	(5,492)	2,182,806	406,030	2,594,328	1,492,500	214.5%	406,030	18.6%	
#78 Crime Commission	2,158,497	3,544,458	(75,866)	3,468,592	4,574,764	8,207,267	1,385,961	64.2%	4,662,809	131.6%	
#78 Crime Commission	2,854,295	5,732,756	(81,358)	5,651,398	4,980,794	10,801,595	2,878,461	100.8%	5,068,839	88.4%	
#81 Blind & Visually Impaired	149,261	149,261	0	149,261	0	149,261	0	0.0%	0	0.0%	
#81 Blind & Visually Impaired	381,807	495,504	28,724	524,228	107,920	616,501	113,697	29.8%	120,997	24.4%	
#81 Blind & Visually Impaired	531,068	644,765	28,724	673,489	107,920	765,762	113,697	21.4%	120,997	18.8%	
#82 Deaf & Hard of Hearing	690,904	709,616	2,180	711,796	4,636	734,998	18,712	2.7%	25,382	3.6%	
#82 Deaf & Hard of Hearing	690,904	709,616	2,180	711,796	4,636	734,998	18,712	2.7%	25,382	3.6%	
#83 Community Colleges	62,887,646	65,312,215	0	65,312,215	748,847	68,566,476	2,424,569	3.9%	3,254,261	5.0%	
#83 Community Colleges	62,887,646	65,312,215	0	65,312,215	748,847	68,566,476	2,424,569	3.9%	3,254,261	5.0%	
#84 Environmental Quality	0	0	0	0	2,861,885	2,861,885	0	na	2,861,885	na	
#84 Environmental Quality	3,635,398	3,400,809	17,571	3,418,380	75,480	3,531,607	(234,589)	-6.5%	130,798	3.8%	
#84 Environmental Quality	3,635,398	3,400,809	17,571	3,418,380	2,937,365	6,393,492	(234,589)	-6.5%	2,992,683	88.0%	
#85 Retirement Board	17,048,711	17,797,165	0	17,797,165	(1,267,699)	32,203,573	748,454	4.4%	14,406,408	80.9%	
#85 Retirement Board	17,048,711	17,797,165	0	17,797,165	(1,267,699)	32,203,573	748,454	4.4%	14,406,408	80.9%	
#87 Account/Disclosure	397,433	380,175	2,343	382,518	4,983	399,850	(17,258)	-4.3%	19,675	5.2%	
#87 Account/Disclosure	397,433	380,175	2,343	382,518	4,983	399,850	(17,258)	-4.3%	19,675	5.2%	
#90 Railway Council	2,726	0	0	0	0	0	(2,726)	-100.0%	0	na	
#90 Railway Council	2,726	0	0	0	0	0	(2,726)	-100.0%	0	na	
#93 Tax Equal/Review	673,621	718,373	2,471	720,844	5,254	747,300	44,752	6.6%	28,927	4.0%	
#93 Tax Equal/Review	673,621	718,373	2,471	720,844	5,254	747,300	44,752	6.6%	28,927	4.0%	
#96 Property Assess/Tax	4,384,935	4,523,306	21,779	4,545,085	46,315	4,721,188	138,371	3.2%	197,882	4.4%	
#96 Property Assess/Tax	4,384,935	4,523,306	21,779	4,545,085	46,315	4,721,188	138,371	3.2%	197,882	4.4%	
Construction-Total	19,046,316	23,350,481	0	23,350,481	10,528,450	31,878,981	4,304,165	22.6%	8,528,500	36.5%	
OPERATIONS	1,018,017,210	1,079,894,592	3,580,137	1,083,474,729	10,822,917	1,151,463,639	61,877,382	6.1%	71,569,047	6.6%	
STATE AID	1,721,019,198	1,869,193,996	(1,177,903)	1,868,016,093	(3,297,825)	1,997,508,157	148,174,798	8.6%	128,314,161	6.9%	
CONSTRUCTION	19,046,316	23,350,481	0	23,350,481	10,528,450	31,878,981	4,304,165	22.6%	8,528,500	36.5%	
TOTAL GENERAL FUNDS	2,758,082,724	2,972,439,069	2,402,234	2,974,841,303	18,053,542	3,180,850,777	214,356,345	7.8%	208,411,708	7.0%	

Appendix C General Fund Appropriations by State Aid Program

	FY2004-05			FY2005-06			FY2006-07			Change over Prior Year		(exclude deficits)	
	w/o Deficits			2005 Sess			2006 Deficits			2006 Change			FY07 v\$ and %s
Treasurer	Aid to NRD's	1,545,502	0	1,545,502	1,545,502	0	1,545,502	0	1,545,502	0	0.0%	0	0.0%
Treasurer	Aid to Cities	11,257,193	0	11,257,193	11,257,193	0	11,257,193	0	11,257,193	0	0.0%	0	0.0%
Treasurer	Aid to Counties	4,965,866	0	4,965,866	4,965,866	0	4,965,866	0	4,965,866	0	0.0%	0	0.0%
Education	State Aid to Education (TEEOA)	618,568,757	0	683,473,181	683,473,181	0	683,473,181	(32,709,035)	701,346,228	64,904,424	10.5%	17,873,047	2.6%
Education	Special Education	161,146,721	0	169,204,057	169,204,057	0	169,204,057	0	174,280,179	8,057,336	5.0%	5,076,122	3.0%
Education	Aid to ESU's	10,564,913	0	10,696,975	10,696,975	0	10,696,975	714,150	11,546,488	132,062	1.3%	849,513	7.9%
Education	High ability learner programs	2,336,921	0	2,336,921	2,336,921	0	2,336,921	0	2,336,921	0	0.0%	0	0.0%
Education	Early Childhood program	2,097,180	0	3,680,471	3,680,471	0	3,680,471	0	3,680,471	1,583,291	75.5%	0	0.0%
Education	School Lunch	421,087	0	421,087	421,087	0	421,087	0	421,087	0	0.0%	0	0.0%
Education	Textbook loan program	351,259	0	420,000	420,000	0	420,000	0	420,000	68,741	19.6%	0	0.0%
Education	School Breakfast reimbursement	271,378	0	271,378	271,378	0	271,378	0	271,378	0	0.0%	0	0.0%
Education	Adult Education	230,574	0	230,574	230,574	0	230,574	0	230,574	0	0.0%	0	0.0%
Education	Rural Education Transition funds	0	0	0	0	0	0	0	650,000	0	na	650,000	na
Education	Vocational Education	0	0	0	0	0	0	0	450,000	0	na	450,000	na
Education	Vocational Rehabilitation	2,000,000	0	2,000,000	2,000,000	0	2,000,000	0	2,000,000	0	0.0%	0	0.0%
Revenue	Homestead Exemption	48,838,100	907,000	53,827,000	907,000	907,000	53,827,000	907,000	56,473,000	4,081,900	8.4%	3,553,000	6.7%
HHS-Finance	Behavioral Health Aid	30,919,130	2,045,734	41,984,771	41,984,771	3,039,384	44,577,915	3,039,384	44,577,915	9,019,907	29.2%	4,638,878	11.6%
HHS-Finance	Medical student assistance/RHOP	662,068	0	662,068	662,068	0	662,068	0	662,068	0	0.0%	0	0.0%
HHS-Finance	Nursing student/faculty assistance	0	0	0	0	150,000	150,000	150,000	150,000	0	na	150,000	na
HHS-Finance	Juvenile predisposition detention	386,400	0	150,400	150,400	0	150,400	0	150,400	(236,000)	-61.1%	0	0.0%
HHS-Finance	County Juvenile Services aid	1,492,500	0	0	0	0	0	0	0	(1,492,500)	-100.0%	0	na
HHS-Finance	Childrens Health Insurance	12,510,455	(900,000)	10,673,536	10,673,536	(3,427,255)	10,842,937	(3,427,255)	10,842,937	(936,919)	-7.5%	(730,599)	-6.3%
HHS-Finance	Public Assistance	191,121,799	207,645,126	207,645,126	207,645,126	(349,104)	231,888,617	(349,104)	231,888,617	16,523,327	8.6%	24,243,491	11.7%
HHS-Finance	Medicaid	470,355,382	507,609,799	506,059,799	506,059,799	11,565,809	558,888,505	11,565,809	558,888,505	37,254,417	7.9%	51,278,706	10.1%
HHS-Finance	Developmental disabilities	58,032,370	58,458,245	(1,675,145)	56,783,100	60,475,584	64,415,818	3,940,234	64,415,818	425,875	0.7%	5,957,573	10.2%
HHS-Finance	Community health centers	0	437,500	437,500	437,500	2,018,750	2,675,000	2,018,750	2,675,000	437,500	na	2,237,500	511.4%
HHS-Finance	Public Health Aid	2,898,516	3,060,471	3,060,471	3,060,471	815,000	3,964,166	815,000	3,964,166	161,955	5.6%	903,695	29.5%
HHS-Finance	Care Management	1,771,558	1,824,705	1,824,705	1,824,705	1,878,915	1,878,915	0	1,878,915	53,147	3.0%	54,210	3.0%
Nat Resources	Small Watershed Fund	23,760	0	0	0	0	0	0	0	(23,760)	-100.0%	0	na
Nat Resources	Nebr Water Conservation Fund	2,688,454	2,688,454	2,688,454	2,688,454	2,688,454	2,688,454	0	2,688,454	0	0.0%	0	0.0%
Nat Resources	Resources Development Fund	3,588,368	3,588,368	3,588,368	3,588,368	3,588,368	3,588,368	0	3,588,368	0	0.0%	0	0.0%
Nat Resources	Water Resource Development	0	0	0	0	2,700,000	2,700,000	0	2,700,000	0	na	2,700,000	na
Nat Resources	NRD Water Management grants	0	0	0	0	2,461,885	2,461,885	0	2,461,885	0	na	2,461,885	na
Military Dept	Governors Emergency Fund	0	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	0	1,000,000	1,000,000	na	0	0.0%

	FY2004-05		FY2005-06		FY2006-07		Change over Prior Year (exclude deficits)		
	w/o Deficits	2005 Sess	2006 Deficits	Revised	2005 Sess	2006 Change	Revised	FY06 \$ and %r	FY07 v\$ and %s
Military Dept	828,000	828,000	0	828,000	828,000	0	828,000	0	0.0%
Game & Parks	40,986	50,000	0	50,000	50,000	0	50,000	9,014	22.0%
Library Comm	1,196,792	1,213,042	0	1,213,042	1,229,292	0	1,229,292	16,250	1.4%
Corrections	3,501,405	3,501,405	0	3,501,405	3,501,405	408,595	3,910,000	0	0.0%
Coord. Comm	5,717,065	6,917,065	0	6,917,065	5,717,065	0	5,717,065	1,200,000	21.0%
Coord. Comm	49,750	49,750	0	49,750	49,750	0	49,750	0	0.0%
Arts Council	536,654	636,654	0	636,654	586,654	0	586,654	100,000	18.6%
Arts Council	82,863	182,863	0	182,863	182,863	0	182,863	100,000	120.7%
Econ Develop	247,500	497,500	0	497,500	497,500	0	497,500	250,000	101.0%
Econ Develop	0	850,000	0	850,000	850,000	0	850,000	850,000	na
Econ Develop	113,850	113,850	0	113,850	113,850	0	113,850	0	0.0%
Econ Develop	0	350,000	0	350,000	500,000	0	500,000	350,000	na
Crime Comm	0	1,492,500	0	1,492,500	1,492,500	0	1,492,500	1,492,500	na
Crime Comm	587,812	587,812	0	587,812	587,812	0	587,812	0	0.0%
Crime Comm	21,970	21,970	(5,492)	16,478	21,970	(21,970)	0	0	0.0%
Crime Comm	0	0	0	0	0	428,000	428,000	0	na
Crime Comm	13,457	13,457	0	13,457	13,457	0	13,457	0	0.0%
Crime Comm	52,559	52,559	0	52,559	52,559	0	52,559	0	0.0%
Crime Comm	20,000	20,000	0	20,000	20,000	0	20,000	0	0.0%
Blind & Vis Imp	149,261	149,261	0	149,261	149,261	0	149,261	0	0.0%
Comm Colleges	62,887,646	65,312,215	0	65,312,215	67,817,629	748,847	68,566,476	2,424,569	3.9%
Environ Cntrl	0	0	0	0	0	400,000	400,000	0	na
Environ Cntrl	0	0	0	0	0	2,461,885	2,461,885	0	na
Individuals/Other	785,572,536	850,904,771	(2,079,411)	848,825,360	920,771,776	17,752,818	938,524,594	65,332,235	8.3%
Local Government	935,446,662	1,018,289,225	901,508	1,019,190,733	1,080,034,206	(21,050,643)	1,058,983,563	82,842,563	8.9%
Total General Fund State Aid	1,721,019,198	1,869,193,996	(1,177,903)	1,868,016,093	2,000,805,982	(3,297,825)	1,997,508,157	148,174,798	8.6%
								87,619,823	10.3%
								40,694,338	4.0%
								128,314,161	6.9%

Appendix D Health Insurance Rate Increase

	FY05-06			FY05-06			FY05-06			FY06-07			FY06-07		
	General	Cash	Federal	Revolving	Total	General	Cash	Federal	Revolving	Total	General	Cash	Federal	Revolving	Total
03 Legislative Council	53,587	241	0	0	53,828	113,956	512	0	0	114,468					
05 Supreme Court	295,345	3,170	702	0	299,217	628,062	6,741	1,493	0	636,296					
07 Governor	6,177	1,115	4,268	0	11,560	13,135	2,371	9,076	0	24,582					
08 Lt. Governor	695	0	0	0	695	1,477	0	0	0	1,477					
09 Secretary of State	3,162	6,162	0	2,796	12,120	6,723	13,106	0	5,945	25,774					
10 Auditor	7,114	1,154	0	0	8,268	15,128	2,454	0	0	17,582					
11 Attorney General	18,957	2,516	2,403	3,122	26,998	40,313	5,350	5,110	6,640	57,413					
12 Treasurer	4,703	3,739	7,059	0	15,501	10,002	7,951	15,011	0	32,964					
13 Education	33,076	3,058	107,787	2,431	146,352	70,337	6,503	229,210	5,169	311,219					
14 Public Service Comm	9,582	7,381	0	0	16,963	20,376	15,698	0	0	36,074					
15 Parole	2,444	0	0	0	2,444	5,197	0	0	0	5,197					
16 Revenue	90,072	26,027	0	0	116,099	191,541	55,345	0	0	246,886					
17 Aeronautics	0	7,916	0	0	7,916	0	16,833	0	0	16,833					
18 Agriculture	24,756	18,473	5,476	1,287	49,992	52,643	39,280	11,644	2,737	106,304					
19 Banking	0	19,693	0	0	19,693	0	41,877	0	0	41,877					
20 HHS-Regulation	20,952	47,463	67,877	0	136,292	44,555	100,931	144,341	0	289,827					
21 Fire Marshal	15,387	5,988	0	0	21,375	32,721	12,733	0	0	45,454					
22 Insurance	0	28,617	396	0	29,013	0	60,855	841	0	61,696					
23 Labor	2,167	3,206	119,118	0	124,491	4,608	6,818	253,308	0	264,734					
24 Motor	0	53,636	1,951	0	55,587	0	114,059	4,149	0	118,208					
25 HHS-Services	785,621	93,523	515,478	0	1,394,622	1,670,653	198,877	1,096,183	0	2,965,713					
26 HHS-Finance	82,327	6,367	90,578	0	179,272	175,072	13,541	192,617	0	381,230					
27 Roads	0	767,697	0	0	767,697	0	1,632,537	0	0	1,632,537					
28 Veterans Affairs	3,691	0	0	0	3,691	7,848	0	0	0	7,848					
29 Natural Resources	27,437	1,710	833	0	29,980	58,346	3,637	1,771	0	63,754					
30 Electrical Board	0	7,913	0	0	7,913	0	16,828	0	0	16,828					
31 Military Dept	10,785	1,818	28,455	0	41,058	22,934	3,866	60,511	0	87,311					
32 Ed Lands & Funds	1,675	9,275	0	0	10,950	3,563	19,724	0	0	23,287					
33 Game and Parks	26,974	149,596	2,501	0	179,071	57,361	318,124	5,319	0	380,804					
34 Library Commission	9,933	160	1,483	0	11,576	21,124	341	3,154	0	24,619					
35 Liquor Control	4,155	0	0	0	4,155	8,835	0	0	0	8,835					
36 Racing Commission	0	1,881	0	0	1,881	0	3,999	0	0	3,999					
37 Workers Comp	0	15,977	206	0	16,183	0	33,975	438	0	34,413					
38 Status of Women	207	0	0	0	207	440	0	0	0	440					
39 Brand Committee	0	21,920	0	0	21,920	0	46,614	0	0	46,614					
40 Motor Vehicle	0	2,076	0	0	2,076	0	4,415	0	0	4,415					
41 Real Estate Comm	0	3,368	0	0	3,368	0	7,163	0	0	7,163					

	FY05-06			FY05-06			FY05-06			FY06-07			FY06-07		
	General	Cash	Federal	Revolving	Total	General	Cash	Federal	Revolving	Total	General	Cash	Federal	Revolving	Total
45 Barber Examiners	0	642	0	0	642	0	1,365	0	0	1,365	0	0	0	0	1,365
46 Corrections	605,106	0	2,626	23,480	631,212	1,286,780	0	5,585	49,932	1,342,297	0	0	0	0	1,342,297
47 NETC	21,870	0	0	0	21,870	46,508	0	0	0	46,508	0	0	0	0	46,508
48 Postsecond Coord Comm	3,830	0	100	0	3,930	8,144	0	213	0	8,357	0	0	0	0	8,357
53 Real Estate Appraisers	0	290	0	0	290	0	617	0	0	617	0	0	0	0	617
54 Historical Society	17,491	3,072	2,175	0	22,738	37,196	6,532	4,626	0	48,354	0	0	0	0	48,354
56 Wheat Board	0	449	0	0	449	0	955	0	0	955	0	0	0	0	955
57 Oil & Gas Comm	0	1,849	58	0	1,907	0	3,931	123	0	4,054	0	0	0	0	4,054
58 Engineers/Architects	0	1,253	0	0	1,253	0	2,664	0	0	2,664	0	0	0	0	2,664
60 Gasohol	0	1,290	0	0	1,290	0	2,743	0	0	2,743	0	0	0	0	2,743
63 Public Accountancy	0	1,450	0	0	1,450	0	3,085	0	0	3,085	0	0	0	0	3,085
64 State Patrol	186,332	28,536	10,593	0	225,461	396,242	60,682	22,527	0	479,451	0	0	0	0	479,451
65 Admin Services	19,582	4,300	0	144,192	168,074	41,643	9,143	0	306,627	357,413	0	0	0	0	357,413
67 Equal Opportunity Comm	5,238	0	5,268	0	10,506	11,139	0	11,203	0	22,342	0	0	0	0	22,342
68 Mexican-American Comm	619	0	0	0	619	1,315	0	0	0	1,315	0	0	0	0	1,315
69 Arts Council	1,308	0	305	0	1,613	2,782	0	648	0	3,430	0	0	0	0	3,430
70 Foster Care	6,692	0	1,074	0	7,766	14,230	0	2,284	0	16,514	0	0	0	0	16,514
72 Economic Development	12,688	3,608	5,395	0	21,691	26,980	7,674	11,473	0	46,127	0	0	0	0	46,127
74 Power Review Brd	0	1,427	0	0	1,427	0	3,035	0	0	3,035	0	0	0	0	3,035
75 Investment Council	0	2,479	0	0	2,479	0	5,272	0	0	5,272	0	0	0	0	5,272
76 Indian Commission	858	0	0	0	858	1,825	0	0	0	1,825	0	0	0	0	1,825
77 Industrial Relations	1,177	0	0	0	1,177	2,503	0	0	0	2,503	0	0	0	0	2,503
78 Crime Commission	5,166	3,737	2,353	0	11,256	10,986	7,947	5,003	0	23,936	0	0	0	0	23,936
81 Blind & Visually Impaired	3,724	370	12,469	0	16,563	7,920	787	26,515	0	35,222	0	0	0	0	35,222
82 Hearing Impaired	2,180	0	0	0	2,180	4,636	0	0	0	4,636	0	0	0	0	4,636
84 Environmental Quality	17,571	36,528	26,026	0	80,125	37,365	54,040	55,344	0	146,749	0	0	0	0	146,749
85 Retirement Board	0	12,706	0	0	12,706	0	27,020	0	0	27,020	0	0	0	0	27,020
86 Dry Bean Board	0	121	0	0	121	0	258	0	0	258	0	0	0	0	258
87 Accountability/Disclosure	2,343	167	0	0	2,510	4,983	355	0	0	5,338	0	0	0	0	5,338
88 Corn Board	0	1,829	0	0	1,829	0	3,889	0	0	3,889	0	0	0	0	3,889
92 Grain Sorghum Brd	0	422	0	0	422	0	897	0	0	897	0	0	0	0	897
93 TERC	2,471	0	0	0	2,471	5,254	0	0	0	5,254	0	0	0	0	5,254
94 Public Advocacy	0	2,983	0	0	2,983	0	6,343	0	0	6,343	0	0	0	0	6,343
96 Property Assess/Tax	21,779	794	0	0	22,573	46,315	1,689	0	0	48,004	0	0	0	0	48,004
Subtotal	2,479,006	1,433,138	1,025,013	177,308	5,114,465	5,271,696	3,023,981	2,179,720	377,050	10,852,447	5,271,696	3,023,981	2,179,720	377,050	10,852,447
50 State Colleges	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
51 University of Nebraska	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	2,479,006	1,433,138	1,025,013	177,308	5,114,465	5,271,696	3,023,981	2,179,720	377,050	10,852,447	5,271,696	3,023,981	2,179,720	377,050	10,852,447