

Appropriations Committee Budget Recommendations



Mid-Biennium Budget Adjustments FY2013-14 and FY2014-15

March 2014

Members of the Appropriations Committee

| | |
|-----------------------------|---------------------|
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HIGHLIGHTS

General Fund Financial Status

The financial status since Sine Die of the 2013 Legislative Session has been a continuing ebb and flow of positives and negatives. At Sine Die, the variance from the minimum General Fund reserve (commonly referred to as the surplus or shortfall) was predicted to be only \$1.0 million. The current estimate is a positive \$91.5 million. This is normally considered as the amount available for A Bills and other legislation.

The changes since Sine Die 2013 incorporates higher revenue forecasts and lapse of unexpended prior year appropriations, partially offset by midbiennium budget adjustments as proposed by the Appropriations Committee and described throughout this report.

Since Sine Die 2013, actual and projected revenues have increased by \$215.4 million. Actual receipts for FY2013-14 were \$52.4 million above forecast. In October 2013, the FY13-14 and FY14-15 forecasts were revised by the Nebraska Economic Forecast Advisory Board by a total of \$64 million; \$46.3 million in FY13-14 and \$17.7 million in FY14-15. And at the February 2014 board meeting, the FY13-14 and FY14-15 forecasts were revised by a total of \$99 million; \$36 million in FY13-14 and \$63 million in FY14-15.

Both the FY12-13 and FY13-14 additional revenues are considered “above the certified forecast” and under current law are (\$52.4 million) or will be (\$82.3 million) required to be transferred to the Cash Reserve Fund. The FY14-15 forecast won't be certified until the start of that fiscal year, therefore the \$80.7 million increase in the forecast for FY14-15 would be retained in the General Fund. The increased forecast amounts not transferred to the Cash Reserve Fund and lapse of unused FY12-13 appropriations are mostly translated into a more positive variance from the minimum reserve.

Cash Reserve Fund

The Appropriations Committee followed the concepts that (1) at this time a significant balance should be retained in the Cash Reserve Fund in light of the cyclical nature of variances from forecast and the dollar level of those variances cumulative over several years, and (2) any use of the Cash Reserve Fund should be for one-time items to match the one-time nature of the financing source. The projected unobligated ending balance under the committee proposal is \$696.7 million

The Appropriations Committee proposal includes two transfers. The first is a \$50.5 million transfer to the General Fund. This transfer covers a funding of a series of one-time items as shown on page 9. The second is a \$14.2 million transfer to the Nebraska Capital Construction Fund (NCCF) to cover the first three years of the State Capitol HVAC replacement project and installation of four courtyard fountains in the State Capitol.

General Fund Budget Adjustments

The Appropriations Committee proposed adjustments result in a net increase of General Fund appropriations of \$27,739 over the two year period. About 90% of this overall net change is in the items shown below. A more complete listing of all General Fund items can be found in Table 7 on page 17 and a narrative description of these items starts on page 19.

The more significant net impact over the two years is \$71 million of transfers from the General Fund to other Funds. Of these transfers, \$36 million is anticipated to be on-going (\$25 million to Property Tax Credit and \$11 million to Water Sustainability Fund), and \$35 million as a one-time transfer (\$10 million Job Training, \$15 million to Game and Parks, and \$11 million to Water Sustainability Fund)

| Major General Fund Changes - Appropriations | FY2013-14 | FY2014-15 | 2 Yr Total |
|--|--------------------|------------------|-------------------|
| DHHS-Lower FFY2015 FMAP | 0 | 16,919,325 | 16,919,325 |
| Nat Resources-One-time funding, Resources Development Fund | 0 | 10,492,793 | 10,492,793 |
| Corrections-Inmate per diem and medical expenses | 3,950,000 | 4,050,000 | 8,000,000 |
| Corrections-Inmate capacity issues | 880,972 | 5,139,157 | 6,020,129 |
| DHHS-Increase funding, waiting list - developmental disability aid | 0 | 5,000,000 | 5,000,000 |
| DHHS-MAGI Eligibility Rules Under ACA (SCHIP) | 1,369,305 | 2,775,125 | 4,144,430 |
| Education-Early Childhood grant program, one-time funds | 0 | 3,510,000 | 3,510,000 |
| DHHS-State Disabled - Medical (net) | 742,200 | 1,598,100 | 2,340,300 |
| DHHS-ACA Section 2101F Population (SCHIP) | 440,134 | 1,665,075 | 2,105,209 |
| DHHS-2% increase in provider rates - developmental disability aid | 0 | 2,595,048 | 2,595,048 |
| University-Pediatric cancer research | 0 | 1,800,000 | 1,800,000 |
| TEEOSA state aid, NDE calculated per current law | 0 | (40,254,527) | (40,254,527) |
| Homestead Exemption | (6,500,000) | (6,000,000) | (12,500,000) |
| Medicare Part D clawback reduction | (2,800,000) | (4,800,000) | (7,600,000) |
| Base Adjustments, DHHS programs | (800,000) | (6,922,744) | (7,722,744) |
| All Other | 642,306 | 4,535,470 | 5,177,776 |
| Total Change in GF Appropriations | (2,075,083) | 2,102,822 | 27,739 |

| Major General Fund Changes – Transfers-Out | FY2013-14 | FY2014-15 | 2 Yr Total |
|---|------------------|-------------------|-------------------|
| Transfer to Job Training Cash Fund | 0 | 10,000,000 | 10,000,000 |
| Transfer to Game & Parks - Improvement and Maintenance Fund | 0 | 15,000,000 | 15,000,000 |
| Transfer to Water Sustainability Fund | 0 | 21,000,000 | 21,000,000 |
| Transfer to Property Tax Credit Cash Fund | 0 | 25,000,000 | 25,000,000 |
| Total Change in GF Transfers-Out | 0 | 71,000,000 | 71,000,000 |

General Fund Revenue Forecasts

Revenue estimates for FY2013-14 and FY2014-15 are the February 2014 forecasts from the Nebraska Economic Forecast Advisory Board (NEFAB). These forecasts yield a projected adjusted revenue growth of 4.3% in FY13-14 and 4.5% in FY14-15, an average growth of 4.4%. While this two year growth is below the 5% historical average, the average growth for the prior three years (FY11, FY12 and FY13) was 7.2%.

The NEFAB does not make official forecasts for the following biennium or what's commonly referred to as the "out years". Although different methodologies could be utilized, the revenue estimates used for the following biennium (FY15-16 and FY16-17) in the current financial status are prepared by the Legislative Fiscal Office (LFO) using the "capped" historical average methodology. This "smoothing" technique derives a revenue growth for the "out years" by

calculating the level of revenues that would yield a five year average growth (FY12 to FY17) roughly equal to the historical average from FY81 to FY13 (5.1%). Under this method, revenue growth for the two years would average 4.6%.

Bills Incorporated into the Committee Proposal

A total of 35 bills were assigned to the Appropriations Committee most of which contained an appropriation for a specific purpose. If the Committee approved all or part of the appropriation (or transfer) in these bills, the amounts were incorporated into the mainline budget adjustments in LB905 or LB906 rather than advancing multiple bills. The following is a listing of those instances which had a General Fund impact.

| Bills Incorporated into Committee Proposal (Gen Fund) | FY2013-14 | FY2014-15 | 2 Yr Total |
|---|---------------|-------------------|-------------------|
| LB 666 Intent relating to funding for the Civil Air Patrol | 0 | Cash | Cash |
| LB 689 Increase funding, community aging services | 0 | 1,000,000 | 1,000,000 |
| LB 738 Replacement of the Vehicle, Title, Registration System | 0 | Cash | Cash |
| LB 764 1University Pediatric cancer research | 0 | 1,800,000 | 1,800,000 |
| LB 827 Increase funding, community health centers | 0 | 250,000 | 250,000 |
| LB 889-Increase funding, EMS training | 0 | 212,000 | 212,000 |
| LB 891 Midwest Interstate Passenger Rail Compact dues | 45,000 | 15,000 | 60,000 |
| LB 936 State Ward Permanency Pilot project | 0 | 528,000 | 528,000 |
| LB 944 Nurturing Healthy Behaviors, early childhood | 0 | 400,000 | 400,000 |
| Total – GF Appropriations | 45,000 | 4,205,000 | 4,250,000 |
| LB 797 Funding for fountains at the State Capitol | | CRF transfer | CRF transfer |
| LB 873 Game & Parks - Improvement and Maintenance Fund | 0 | 15,000,000 | 15,000,000 |
| LB 874 Appropriate funds, Ponca State Park projects | | See LB873 | see LB873 |
| LB 1033 Appropriate funds, Arbor Lodge State Historical Park projects | | See LB873 | see LB873 |
| LB 1046 Create Water Sustainability Fund, transfer General Funds | 0 | 21,000,000 | 21,000,000 |
| LB 1091 Job Training Cash Fund | 0 | 10,000,000 | 10,000,000 |
| LB 1094 General Fund transfer, Property Tax Credit Cash Fund | 0 | 25,000,000 | 25,000,000 |
| Total – GF Transfers | 0 | 71,000,000 | 71,000,000 |

Property Tax Credits

The Appropriations Committee proposal includes a \$25 million increase in the amount for the Property Tax Credits increasing the credit from \$115 million to \$140 million. It is intended that the \$140 million credit level be continued into the future therefore this increase is financed with a transfer from the General Fund not the Cash Reserve Fund which would be a one-time source of revenue. The \$25 million increase would equate to a 3.3% annual increase if applied to the first full year in 2008. While this percent increase is under the 5.9% average growth in valuation, it exceeds the 2.5% average growth in the General fund budget since 2008.

With this increase, the amount of the 2014 credit is projected at roughly \$74 per \$100,000 compared to the current 2013 level of \$65.97 per \$100,000 of valuation and a projected credit amount of \$61 per \$100,000 of valuation if the total credit amount was left at \$115 million. (See page 31).

Water Funding Initiatives

Water related funding is one of the largest amounts included in the Appropriations Committee Proposal. A total of \$31 million is included in FY2014-15 which consists of a \$10.5 million increase in General Fund appropriations for the Resources Development Fund and a \$21 million transfer of monies to the Water Sustainability Fund. Of this transfer, \$10 million is considered a one-time item and is covered by a like transfer from the Cash Reserve Fund to the General Fund.

Note that the actual appropriation of monies from the Water Sustainability fund is not contained in the committee proposal. While the transferred funds would be held in the Water Sustainability Fund, the actual appropriation that will allow the funds to be expended would be carried out via LB 1098A. (See page 33)

Game & Parks Improvement and Maintenance Fund

The Appropriation Committee's recommendation for the Game and Parks Commission combines the provisions of LB 873, LB 874 and LB 1033 by providing a \$15 million transfer from the Cash Reserve Fund (through the General Fund) and a \$2.5 million transfer from the State Recreation Road Fund to the Commission for deferred maintenance and improvement projects at state parks. (See page 33)

Job Training Funding

The Appropriations Committee recommendation includes the transfer of \$10,000,000 from the Cash Reserve Fund (through the General Fund) to the Job Training Cash Fund in the Department of Economic Development in FY2014-15. This fund is used to provide employee training assistance to businesses that maintain, expand and diversify the state's economic base and in the process, retain and create quality jobs for Nebraska residents. (See page 33)

TEEOSA School Aid

The Appropriations Committee proposal includes TEEOSA aid funding at a total of \$899.9 million for FY2014-15, \$880.5 million General Fund and \$19.4 million Insurance Premium Tax. This is based on the current TEEOSA law and reflects the state aid calculated and presented by the Department of Education (NDE) in January 2014. This \$899.9 million total aid level is \$40.2 million less than the \$940.2 million estimated at the end of the 2013 legislative session and funded in the originally enacted FY2014-15 budget.

LB 725 currently on Final Reading would restore \$33 million of this amount by reducing the Local Effort Rate (LER) to \$1.00 and if enacted would utilize about one-third of the \$91.5 million available for A Bills. As this \$1.00 LER is already currently law starting in FY16, this would have no impact on the out year estimates for TEEOSA.

Correctional Services

Despite a significant increase in the number of parolees in the past two years, the Nebraska Department of Correctional Services (DCS) has experienced a marked increase in the overall inmate population at the various correctional facilities in the state which is creating capacity issues. As of January 31, 2014, the inmate population was 154.90% of design capacity. Last

session funding was provided in FY2013-14 and FY2014-15 for DCS to prepare a program statement providing for a comprehensive and updated long-range capital construction master plan for all state correctional facilities. This study will be completed in the fall of 2014. The Appropriations Committee, following the proposals of the Governor, included a substantial amount of funds, \$4.8 million in FY14 and \$9.2 million in FY15, for inmate per diem and medical costs and several items that are intended to address the immediate short-term capacity needs.

For the long-term, there is prison reform legislation in the Judiciary Committee. What this legislation will ultimately address is not known at this time, but it is expected to address both the front-end (probation/community corrections options) and the back-end (more options for parolees). Additionally, the Council of State Governments plans to examine Nebraska's prison system over the next year or so. Finally, as previously noted, DCS is updating its long-range capital construction master plan regarding inmate projections and capacity needs and facility options.

Developmental Disability Aid

The committee proposal includes a substantial increase in FY2014-15 funding for developmental disability aid. First, the recommendation includes \$2,595,048 general funds to provide a 2% increase in provider rates for developmental disability providers in FY2014-15 and \$5,000,000 million to provide services to persons on the developmental disability waiting list (\$4,745,000 for aid and \$255,000 for service coordination)

State Capitol Building Projects

The Appropriations Committee recommended a \$14.5 million transfer from the Cash Reserve Fund to the Nebraska Capital Construction Fund for two State Capitol Building projects. The first is \$2,500,000 for installation of fountains to be located in each of the four Nebraska State Capitol courtyards consistent with the original design of the building. The second is a seven-phase, 10-year project to renovate the existing Capitol HVAC systems and complete associated infrastructure, fire protection, life safety and architectural improvements. The committee appropriates \$11.7 million from the Capital Construction Fund (NCCF) to cover the first three years of the project. The remaining years would be financed with General fund appropriations.

General Fund Financial Status

| FINANCIAL STATUS | Actual | Biennial Budget | | Est for Following Biennium | |
|--|---------------|-----------------|-------------------|----------------------------|--------------------|
| | FY2012-13 | FY2013-14 | FY2014-15 | FY2015-16 | FY2016-17 |
| 1 Beginning Balance | | | | | |
| 2 Beginning Cash Balance | \$498,526,356 | \$814,678,170 | \$361,335,741 | \$338,527,254 | \$337,999,516 |
| 3 Cash Reserve Fund transfer-automatic | (104,789,781) | (285,292,610) | (82,313,000) | 0 | 0 |
| 4 Carryover obligations from FY13 | 0 | (259,952,427) | 0 | 0 | 0 |
| 5 LB 905 Lapse FY13 reappropriated funds | 0 | 514,185 | 0 | 0 | 0 |
| 6 Allocation for potential deficits | 0 | 0 | (5,000,000) | (5,000,000) | (5,000,000) |
| 7 Unobligated Beginning Balance | 393,736,575 | 269,947,318 | 274,022,741 | 333,527,254 | 332,999,516 |
| 8 Estimated Receipts | | | | | |
| 9 Net Receipts (Feb 2014 NEFAB+Hist Avg) | 4,047,001,258 | 4,103,000,000 | 4,238,000,000 | 4,404,000,000 | 4,628,000,000 |
| 10 General Fund transfers-out (current law) | (114,700,000) | (121,300,000) | (116,800,000) | (117,050,000) | (117,050,000) |
| 11 General Fund transfers-in (current law) | in forecast | in forecast | in forecast | 0 | 0 |
| 12 Cash Reserve transfers (current law) | 78,000,000 | (53,000,000) | 0 | 0 | 0 |
| 13 LB 130 Cash Reserve Fund transfers | 0 | 0 | 50,500,000 | 0 | 0 |
| 14 LB 905 General Fund transfers-out | 0 | 0 | (71,000,000) | (36,000,000) | (36,000,000) |
| 15 LB 905 General Fund transfers-in | 0 | 0 | 6,800,000 | 0 | 0 |
| 16 Bills Enacted Into Law | 0 | 0 | 0 | 0 | 0 |
| 17 Bills Passed | 0 | 0 | 0 | 0 | 0 |
| 18 General Fund Net Receipts | 4,010,301,258 | 3,928,700,000 | 4,107,500,000 | 4,250,950,000 | 4,474,950,000 |
| 19 Appropriations | | | | | |
| 20 Expenditures/Approp per 2013 Sessions | 3,589,359,663 | 3,838,168,907 | 4,040,892,665 | 4,261,533,932 | 4,434,554,026 |
| 21 LB 905 Mainline Midbiennium adjustments | 0 | (2,075,083) | 2,102,822 | (15,056,194) | (15,337,512) |
| 22 LB 949 State Claims | 0 | 1,217,753 | 0 | 0 | 0 |
| 23 General File amendments | 0 | 0 | 0 | 0 | 0 |
| 24 Select File amendments | 0 | 0 | 0 | 0 | 0 |
| 25 Vetoes-Mainline bills | 0 | 0 | 0 | 0 | 0 |
| 26 Veto overrides-Mainline bills | 0 | 0 | 0 | 0 | 0 |
| 27 Bills Enacted Into Law | 0 | 0 | 0 | 0 | 0 |
| 28 Bills Passed | 0 | 0 | 0 | 0 | 0 |
| 29 General Fund Appropriations | 3,589,359,663 | 3,837,311,577 | 4,042,995,487 | 4,246,477,738 | 4,419,216,514 |
| 30 Ending Balance | | | | | |
| 31 \$ Ending balance (Financial Status as Shown) | 814,678,170 | 361,335,741 | 338,527,254 | 337,999,516 | 388,733,002 |
| 32 \$ Ending balance (at Minimum Reserve) | -- | -- | 247,085,609 | -- | 264,012,444 |
| 33 Difference = Variance from Minimum Reserve | -- | -- | 91,441,645 | -- | 124,720,557 |
| 34 Biennial Reserve (%) | -- | -- | 4.2% | -- | 4.5% |
| 35 Annual Spending Growth (w/o deficits) | 4.7% | 5.7% | 5.3% | 5.0% | 4.1% |
| 36 Two Year Average Growth | 2.7% | -- | 5.5% | -- | 4.5% |
| 37 Est. Revenue Growth (rate/base adjusted) | 5.4% | 4.3% | 4.5% | 4.6% | 4.6% |
| 38 Two Year Average | 5.5% | -- | 4.4% | -- | 4.6% |

| CASH RESERVE FUND | FY2012-13 | FY2013-14 | FY2014-15 | FY2015-16 | FY2016-17 |
|---|---------------|--------------|--------------|-------------|-------------|
| Beginning Balance | 428,878,372 | 384,121,401 | 679,398,552 | 696,711,552 | 696,711,552 |
| Transfer amounts above forecasts (line 3) | 104,789,781 | 285,292,610 | 82,313,000 | 0 | 0 |
| Transfers under current law | (149,548,126) | 0 | 0 | 0 | 0 |
| To/from Gen Fund per current law | (78,000,000) | 53,000,000 | 0 | 0 | 0 |
| To Nebr Capital Construction Fund (NCCF) | (80,000,000) | (43,015,459) | 0 | 0 | 0 |
| To/From Water Contingency Cash Fund (2008) | 4,991,572 | 0 | 0 | 0 | 0 |
| To EPIC Fund (cash flow transfers LB379-2011) | 4,461,676 | 0 | 0 | 0 | 0 |
| To Affordable Housing Trust fund LB???-2012) | (1,000,000) | 0 | 0 | 0 | 0 |
| LB 130 To General Fund | 0 | 0 | (50,500,000) | 0 | 0 |
| LB 130 To Nebr Capital Construction Fund (NCCF) | 0 | 0 | (14,500,000) | 0 | 0 |
| Projected Ending Balance | 384,121,401 | 679,398,552 | 696,711,552 | 696,711,552 | 696,711,552 |

Chronology of the General Fund Financial Status

(Shows impact of individual Items and then the subsequent variance from the minimum reserve)

| Millions of Dollars | Current Biennium | | | Following Biennium | | |
|--|------------------|--------|--------------|--------------------|--------|---------------|
| | FY12 | FY13 | 3 Yr Total | FY14 | FY15 | 5 Yr Total |
| Sine Die 2013 Session | | | 1.0 | | | (3.8) |
| Carryover obligations from FY11-12 | 0.0 | 0.0 | 0.2 | 0.0 | 0.0 | 0.2 |
| FY13 Actual vs Est General Fund Net Receipts | 0.0 | 0.0 | 52.4 | 0.0 | 0.0 | 52.4 |
| FY13 Actual vs Est CRF transfers-automatic | (52.4) | 0.0 | (52.4) | 0.0 | 0.0 | (52.4) |
| FY13 Actual vs Est Accounting adjustment | 0.0 | 0.0 | (5.4) | 0.0 | 0.0 | (5.4) |
| Assumed lapse, FY13 unexpended appropriations | 20.0 | 0.0 | 20.0 | 0.0 | 0.0 | 20.0 |
| Change in Minimum Reserve | 0.0 | (8.4) | (8.4) | 0.0 | 8.0 | (0.4) |
| July 2013 Tax Rate Review Committee | | | 7.4 | | | 10.7 |
| Revenue Forecasts (revised Oct 2013) | 46.3 | 17.7 | 64.0 | 17.1 | 18.1 | 99.2 |
| "Above certified" FY14 forecast to CRF | 0.0 | (46.3) | (46.3) | 0.0 | 0.0 | (46.3) |
| Change in Minimum Reserve | 0.0 | (0.5) | (0.5) | 0.0 | (1.0) | (1.5) |
| Post October 2013 NEFAB forecasts | | | 24.6 | | | 62.0 |
| Lapse FY12 & FY13 appropriations >July TRR | 14.7 | 0.0 | 14.7 | 0.0 | 0.0 | 14.7 |
| Exclude allocation for deficits | 5.0 | 0.0 | 5.0 | 0.0 | 0.0 | 5.0 |
| 2013 Midbiennium Budget Requests (original) | (12.7) | (35.9) | (48.6) | (33.4) | (33.4) | (115.4) |
| TEEOSA School Aid revisions (Oct 2013meeting) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Change in Minimum Reserve | 0.0 | 0.0 | 0.0 | 0.0 | 0.8 | 0.8 |
| Nov 2013 Tax Rate Review Committee | | | (4.3) | | | (32.8) |
| Committee Prelim vs Nov TRR (agency request) | 20.4 | 28.9 | 49.4 | 27.5 | 27.5 | 104.4 |
| TEEOSA School Aid to current law | 0.0 | 40.3 | 40.3 | 42.1 | 42.4 | 124.7 |
| Allocation for Post Hearing Adjustments | (5.0) | (49.0) | (54.0) | (13.0) | (13.0) | (80.0) |
| GF Transfers-in, Medicaid False Claims Cash Fund | 0.0 | 6.8 | 6.8 | 0.0 | 0.0 | 6.8 |
| State Claims (est) | (1.2) | 0.0 | (1.2) | 0.0 | 0.0 | (1.2) |
| Change in Minimum Reserve | 0.0 | (0.2) | (0.2) | 0.0 | (1.0) | (1.2) |
| Committee Preliminary Budget | | | 36.8 | | | 120.7 |
| Delete Allocation for Post Hearing Adjustments | 5.0 | 49.0 | 54.0 | 13.0 | 13.0 | 80.0 |
| Increase funding, Resources Development Fund | 0.0 | (10.5) | (10.5) | 0.0 | 0.0 | (10.5) |
| Correctional Services, costs and population issues | (4.8) | (9.2) | (14.0) | (5.0) | (5.0) | (23.9) |
| Developmental disability - waiting list | 0.0 | (5.0) | (5.0) | (5.0) | (5.0) | (15.0) |
| Education-Early childhood grant program | 0.0 | (3.5) | (3.5) | (0.1) | (0.1) | (3.7) |
| Developmental disability - 2% provider rates | 0.0 | (2.6) | (2.6) | (2.6) | (2.6) | (7.8) |
| University-Pediatric cancer research | 0.0 | (1.8) | (1.8) | 0.0 | 0.0 | (1.8) |
| All Other appropriation items | (0.8) | (2.8) | (3.6) | (2.8) | (2.8) | (9.1) |
| Transfer to Game & Parks – Improve/Maint Fund | 0.0 | (15.0) | (15.0) | 0.0 | 0.0 | (15.0) |
| Transfer to Job Training Cash Fund | 0.0 | (10.0) | (10.0) | 0.0 | 0.0 | (10.0) |
| Transfer to Water Sustainability Fund | 0.0 | (21.0) | (21.0) | (11.0) | (11.0) | (43.0) |
| Transfer to Property Tax Credit Cash fund | 0.0 | (25.0) | (25.0) | (25.0) | (25.0) | (75.0) |
| Transfer: Cash Reserve Fund to General Fund | 0.0 | 50.5 | 50.5 | 0.0 | 0.0 | 50.5 |
| Revenue Forecasts (revised Oct 2013) | 36.0 | 63.0 | 99.0 | 37.0 | 0.0 | 136.0 |
| "Above certified" FY14 forecast to CRF | 0.0 | (36.0) | (36.0) | 0.0 | 0.0 | (36.0) |
| Change in Minimum Reserve | 0.0 | (0.7) | (0.7) | 0.0 | 0.6 | (0.1) |
| Committee Budget to the Floor | | | 91.5 | | | 124.7 |

Cash Reserve Fund

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

The Cash Reserve Fund unobligated balance at the end of the current FY14/FY15 biennium is projected at \$697 million per the committee proposal.

Table 1 Cash Reserve Fund

| | Actual FY2012-13 | Estimated FY2013-14 | Estimated FY2014-15 | Estimated FY2015-16 | Estimated FY2016-17 |
|--|---------------------|------------------------|------------------------|------------------------|------------------------|
| Beginning Balance | 428,878,372 | 384,121,401 | 679,398,552 | 696,711,552 | 696,711,552 |
| Excess of certified forecasts | 104,789,781 | 285,292,610 | 82,313,000 | 0 | 0 |
| To Gen Fund per current law | (78,000,000) | 53,000,000 | 0 | 0 | 0 |
| To Nebr Capital Construction Fund (NCCF) | (80,000,000) | (43,015,459) | 0 | 0 | 0 |
| To Affordable Housing Trust fund | (1,000,000) | 0 | 0 | 0 | 0 |
| Repayment of Water Contingency transfer | 4,991,572 | 0 | 0 | 0 | 0 |
| EPIC cash flow transfers (LB379-2011) | 4,461,676 | 0 | 0 | 0 | 0 |
| 2014 – Transfer to General Fund | 0 | 0 | (50,500,000) | 0 | 0 |
| 2014 – Transfer to NCCF | 0 | 0 | (14,500,000) | 0 | 0 |
| Ending Balance | 384,121,401 | 679,398,552 | 696,711,552 | 696,711,552 | 696,711,552 |

The relatively high balance in the Cash Reserve Fund (CRF) raises the question; is this balance too high? Should the balance be reduced and if so in what manner and by how much? To try and address the issue of what the balance should be, we first look at what is the purpose of the Cash Reserve Fund. The major purpose of the fund is to provide protection against forecast errors. Monies are accumulated in the CRF when receipts exceed certified forecast levels and are then available to offset instances when receipts are below forecasts.

The level of "protection" or in other words the level of funds to retain in the Cash Reserve fund, can be derived by looking at historical variances derived by comparing forecasts at Sine Die of the legislative session when the budget was enacted and actual receipts which are known anywhere from 13 to 15 months later (see Appendix E). Over the 27 year period the average negative variance is -4.4% clustered in groups of 3 to 4 years. For simplicity, using a 4% negative variance clustered for four consecutive years would require a balance equal to about 16% of annual net receipts. Applied to the four years of the current "savings" cycle that began in FY11 yields a dollar balance of \$643 million based on projected revenue in FY13-14. Applied to the average forecast from FY15 to FY17 the target balance would be \$702 million. Another factor to keep in mind is the need for supplemental funds during a budget down period. One recent illustration is the latest budget shortfall which occurred during the 2008 through -

2011 legislative sessions. During that time a total of \$986 million of one-time funds were utilized to balance the budget in addition to the various budget cuts that were made. The largest amount of one-time funds came from the federal government through the ARRA budget followed by Cash Reserve Fund transfers and extraordinary cash fund lapses. While this was a time of unprecedented revenue declines, it illustrates the cumulative impact of multiple year shortfalls.

| <u>One-time Funds used in last Budget Crisis</u> | <u>FY2008-09</u> | <u>FY2009-10</u> | <u>FY2010-11</u> | <u>3 Yr total</u> |
|--|-------------------|--------------------|--------------------|--------------------|
| ARRA Child Care | 0 | 7,000,000 | 3,200,000 | 10,200,000 |
| ARRA Enhanced FMAP | 64,840,697 | 105,476,177 | 128,682,483 | 298,999,357 |
| ARRA Unemployment FMAP | 0 | 39,431,000 | 15,600,000 | 55,031,000 |
| ARRA Enhanced FFP | 1,180,453 | 1,627,715 | 832,548 | 3,640,716 |
| ARRA General Stabilization | 0 | 35,000,000 | 17,000,000 | 52,000,000 |
| ARRA Education Stabilization | 0 | 93,668,750 | 140,287,176 | 233,955,926 |
| ARRA used in state GF budget | 66,021,150 | 282,203,642 | 305,602,207 | 653,826,999 |
| Cash Reserve Fund Transfers (1) | 0 | 105,000,000 | 154,000,000 | 259,000,000 |
| Extraordinary cash fund transfers (2) | 0 | 37,010,000 | 36,158,100 | 73,168,100 |
| Total One-Time Funds | 66,021,150 | 424,213,642 | 495,760,307 | 985,995,099 |

(1) Enacted in 2008, 2009, 2010 sessions (2) Amounts above a \$36 million average lapse

Appropriations Committee Proposal

The Appropriations Committee followed the concepts that (1) at this time a significant balance should be retained in the Cash Reserve Fund in light of the cyclical nature of variances from forecast and the dollar level of those variances cumulative over several years, and (2) any use of the Cash Reserve Fund should be for one-time items to match the one-time nature of the financing source. The projected unobligated ending balance under the committee proposal is \$696.7 million

The Appropriations Committee proposal includes two transfers. The first is a \$50.5 million transfer to the General Fund. This transfer covers a funding of a series of one-time items as shown below.

The second is a \$14.2 million transfer to the Nebraska Capital Construction Fund (NCCF) to cover the first three years of the State Capitol HVAC replacement project and installation of four courtyard fountains in the State Capitol.

| <u>Related Item</u> | <u>\$ Amount</u> | <u>Transfer</u> |
|---|-------------------|-------------------|
| DCS- temporary housing, county jails | 4,950,229 | |
| Natural Resources-Resources Development Fund | 10,492,793 | |
| Water Sustainability Fund-(one-time portion) | 10,000,000 | |
| Game & Parks Improvement and Maintenance Fund | 15,000,000 | |
| Job Training Cash Fund | 10,000,000 | |
| <i>Subtotal: Transfer to General Fund</i> | <u>50,443,022</u> | <u>50,500,000</u> |
| DAS-State Capitol HVAC system replacement | 11,701,900 | |
| DAS-State Capitol courtyard fountains | 2,500,000 | |
| <i>Subtotal: Transfer to NCCF</i> | <u>14,201,900</u> | <u>14,500,000</u> |
| Total Transfers from the Cash Reserve Fund | 64,644,922 | 65,000,000 |

Excess of Certified Forecasts

Shown on line 3 of the Financial Status, revenues in excess of "certified" forecasts are required by statute to be transferred from the General Fund to the Cash Reserve Fund. These would take place in July of the fiscal year following completion of that year. The \$104,789,781 transfer in FY13 reflects the amount the FY2011-12 actual receipts were above certified. The \$285,292,610 million in FY2013-14 reflects the amount that the FY2012-13 exceeded the July certified level of which it is estimated that \$125 million of non-recurring tax on capital gains was collected during final payments in the spring of 2013.

The \$82,313,000 million in FY2014-15 reflects the amount that the current revenue forecast (\$4,103,000,000) exceeds the July certified level (\$4,020,687,000). The certified forecast is the estimate at Sine Die 2013 when the FY2013-14 budget was enacted. Note that these amounts are included in the \$697 million estimated unobligated fund balance but are not yet "cash in the bank".

Transfers-To & From General Fund – Current Law

Unlike the automatic transfers that occur after the close of the fiscal year and are statutorily required, other transfers can take place as specifically enacted by the Legislature. Transfers in FY2012-13 under existing law include LB 379-2011 (\$68,000,000) and LB131-2012 (\$10,000,000) to assist in balancing the budgets in those respective sessions. In the 2013 session, a \$53 million transfer from the General Fund to the Cash Reserve Fund was enacted in LB199. This transfer was the amount of the increased April 2013 revenue forecasts for FY13-14 and FY14-15 and was proposed by the Appropriations Committee after the Forecast Board meeting.

| <u>Transfers to/from the General Fund</u> | <u>FY2012-13</u> | <u>FY2013-14</u> |
|---|------------------|------------------|
| To General Fund, LB 379-2011 | (68,000,000) | 0 |
| To General Fund, LB131-2012 | (10,000,000) | 0 |
| From General Fund, LB199-2013 | 0 | 53,000,000 |
| Net Transfers to/From General Fund | (78,000,000) | 53,000,000 |

Transfers To & From Other Funds – Current Law

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

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

In the 2012 session there were two transfers made to other funds. The first is a \$1 million transfer to the Affordable Housing Trust Fund which followed from notice of an amount to be

credited from the National Mortgage Settlement. The second is an \$80 million transfer to the Nebraska Capital Construction Fund (NCCF) for five different capital construction projects: State Colleges - Chadron Armstrong Gym (\$6,700,000), State Colleges - Peru Oak Bowl improvements (\$7,500,000), University of Nebraska - UNK Allied Health (\$15,000,000). University of Nebraska - UNMC Cancer Research tower (\$50,000,000) and DAS-Centennial Mall project (\$800,000).

In the 2013 session, \$43 million was transferred from the Cash Reserve Fund to the Nebraska Capital Construction Fund in FY13-14 for construction of a new Central Nebraska Veterans Home to replace the existing facilities.

Table 2 Cash Reserve Fund – Historical Balances

| Fiscal Yr | Beginning Balance | Direct Deposit and Interest | Automatic Transfers | Legislative Transfers | Cash Flow | Ending Balance | Balance as % of revenues |
|---------------|-------------------|-----------------------------|---------------------|-----------------------|--------------|----------------|--------------------------|
| FY1983-84 | 0 | 37,046,760 | na | 0 | 0 | 37,046,760 | 4.7% |
| FY1984-85 | 37,046,760 | (1,472,551) | na | 0 | 0 | 35,574,209 | 4.5% |
| FY1985-86 | 35,574,209 | 227,855 | na | (13,500,000) | 0 | 22,302,064 | 2.7% |
| FY1986-87 | 22,302,064 | 1,428,021 | na | 0 | 0 | 23,730,085 | 2.7% |
| FY1987-88 | 23,730,085 | 1,654,844 | na | (7,700,000) | 0 | 17,684,929 | 1.7% |
| FY1988-89 | 17,684,929 | 139,000 | na | 32,600,000 | 0 | 50,423,929 | 4.4% |
| FY1989-90 | 50,423,929 | 113,114 | na | (10,500,000) | 0 | 40,037,043 | 3.5% |
| FY1990-91 | 40,037,043 | 0 | na | (8,100,000) | 0 | 31,937,043 | 2.3% |
| FY1991-92 | 31,937,043 | 0 | na | (5,000,000) | 0 | 26,937,043 | 1.8% |
| FY1992-93 | 26,937,043 | 0 | na | (9,500,000) | 0 | 17,437,043 | 1.1% |
| FY1993-94 | 17,437,043 | 0 | 3,063,462 | 7,250,000 | 0 | 27,750,505 | 1.7% |
| FY1994-95 | 27,750,505 | 0 | (8,518,701) | 1,250,000 | 0 | 20,481,804 | 1.2% |
| FY1995-96 | 20,481,804 | 0 | (20,481,804) | 18,189,565 | 0 | 18,189,565 | 1.0% |
| FY1996-97 | 18,189,565 | 0 | 19,740,786 | 3,032,333 | 0 | 40,962,684 | 2.0% |
| FY1997-98 | 40,962,684 | 0 | 91,621,018 | 0 | 0 | 132,583,702 | 6.3% |
| FY1998-99 | 132,583,702 | 0 | 111,616,422 | (98,500,000) | 0 | 145,700,124 | 6.9% |
| FY1999-00 | 145,700,124 | 0 | 20,959,305 | (24,500,000) | 0 | 142,159,429 | 5.9% |
| FY2000-01 | 142,159,429 | 0 | 77,576,670 | (49,500,000) | 0 | 170,236,099 | 6.9% |
| FY2001-02 | 170,236,099 | 0 | 0 | (60,170,000) | 0 | 110,066,099 | 4.7% |
| FY2002-03 | 110,066,099 | 66,476,446 | 0 | (87,400,000) | (30,000,000) | 59,142,545 | 2.4% |
| FY2003-04 | 59,142,545 | 59,463,461 | 0 | (61,577,669) | 30,000,000 | 87,028,337 | 3.2% |
| FY2004-05 | 87,028,337 | 8,170,556 | 108,727,007 | (26,758,180) | 0 | 177,167,720 | 5.8% |
| FY2005-06 | 177,167,720 | 0 | 261,715,297 | (165,266,227) | 0 | 273,616,790 | 8.2% |
| FY2006-07 | 273,616,790 | 0 | 259,929,524 | (17,458,523) | 0 | 516,087,791 | 15.1% |
| FY2007-08 | 516,087,791 | 0 | 191,436,773 | (161,978,767) | 0 | 545,545,797 | 15.6% |
| FY2008-09 | 545,545,797 | 0 | 116,976,571 | (84,330,505) | 0 | 578,191,863 | 17.2% |
| FY2009-10 | 578,191,863 | 0 | 0 | (110,990,237) | 0 | 467,201,626 | 14.6% |
| FY2010-11 | 467,201,626 | 0 | 0 | (154,000,000) | 0 | 313,201,626 | 8.9% |
| FY2011-12 | 313,201,626 | 8,422,528 | 145,155,092 | (33,439,198) | (4,461,676) | 428,878,372 | 11.6% |
| FY2012-13 | 428,878,372 | 0 | 104,789,781 | (154,008,428) | 4,461,676 | 384,121,401 | 9.5% |
| FY2013-14 est | 384,121,401 | 0 | 285,292,610 | 9,984,541 | 0 | 679,398,552 | 16.6% |
| FY2014-15 est | 679,398,552 | 0 | 82,313,000 | (65,000,000) | 0 | 696,711,552 | 16.4% |
| FY2015-16 est | 696,711,552 | 0 | 0 | 0 | 0 | 696,711,552 | 15.8% |
| FY2016-17 est | 696,711,552 | 0 | 0 | 0 | 0 | 696,711,552 | 15.1% |

General Fund Revenues

Revenue Forecasts

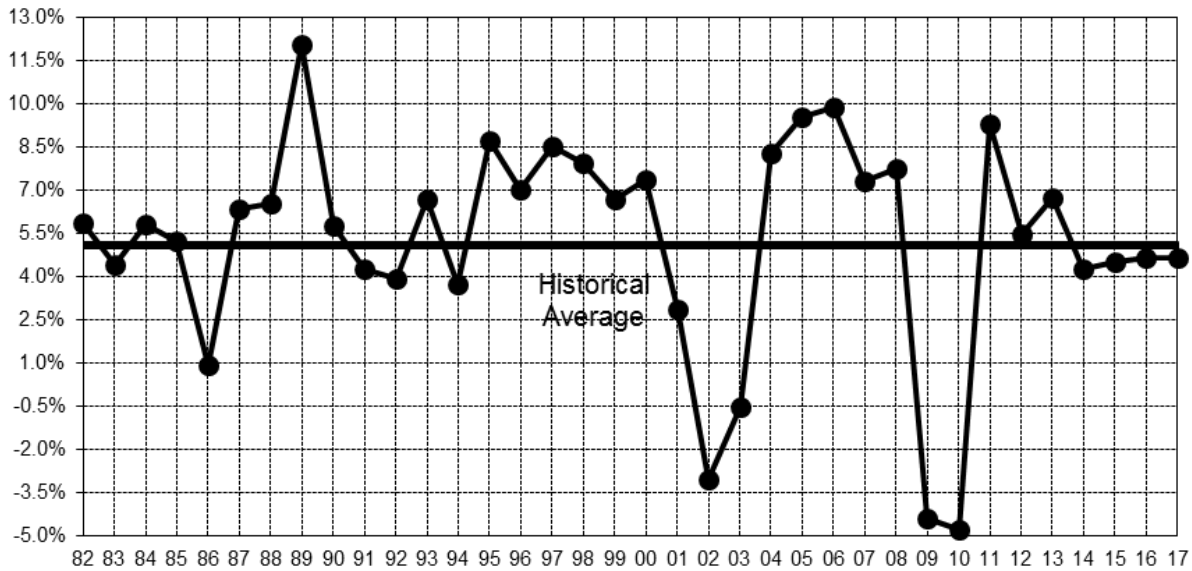
Revenue estimates for FY2013-14 and FY2014-15 are the February 2014 forecasts from the Nebraska Economic Forecast Advisory Board (NEFAB). These forecasts yield a projected adjusted revenue growth of 4.3% in FY13-14 and 4.5% in FY14-15, an average growth of 4.4%. While this two year growth is below the 5% historical average, the average growth for the prior three years (FY11, FY12 and FY13) was 7.2%. The projected numbers for FY2013-14 and FY2014-15 also reflect initial implementation of LB84 (2011) which diverts the equivalent of ¼% sales tax to highway funding (approximately \$70 million per year). This did not impact the calculated revenue growth in the “out years” as the growth calculations are all rate and base adjusted.

The NEFAB does not make official forecasts for the following biennium or what’s commonly referred to as the “out years”. Although different methodologies could be utilized, the revenue estimates used for the following biennium (FY15-16 and FY16-17) in the current financial status are prepared by the Legislative Fiscal Office (LFO) using the “capped” historical average methodology. This “smoothing” technique derives a revenue growth for the “out years” by calculating the level of revenues that would yield a five year average growth (FY12 to FY17) roughly equal to the historical average from FY81 to FY13 (5.1%). Inherent in this methodology is the concept that within any five-year period, below average revenue growth in some years will be offset by above average growth in others and is visually seen in the line graph of historical adjusted revenue growth. Under this method, revenue growth for the two years would average 4.6%.

Table 3 - General Fund Revenue Forecasts

| <i>Revenue Estimates Used in Financial Status</i> | Actual FY2012-13 | NEFAB FY2013-14 | NEFAB FY2014-15 | LFO Prelim FY2015-16 | LFO Prelim FY2016-17 |
|---|---------------------|--------------------|--------------------|-------------------------|-------------------------|
| Actual/Forecast | | | | | |
| Sales and Use Tax | 1,474,942,641 | 1,510,000,000 | 1,560,000,000 | 1,607,000,000 | 1,692,000,000 |
| Individual Income Tax | 2,101,912,041 | 2,115,000,000 | 2,216,000,000 | 2,343,000,000 | 2,476,000,000 |
| Corporate Income Tax | 275,562,990 | 265,000,000 | 263,000,000 | 278,000,000 | 296,000,000 |
| Miscellaneous receipts | 199,940,938 | 213,000,000 | 199,000,000 | 176,000,000 | 164,000,000 |
| Total Gen Fund Revenues | 4,052,358,610 | 4,103,000,000 | 4,238,000,000 | 4,404,000,000 | 4,628,000,000 |
| Adjusted Growth | | | | | |
| Total Gen Fund Revenues | 6.7% | 4.3% | 4.5% | 4.6% | 4.6% |
| Five Yr Average | -- | -- | -- | -- | 5.1% |

General Fund Revenue Growth
(Adjusted for Tax Rate and Base Changes)



Other “Out Year” Forecasts

As noted above, other alternative methods are available for purposes of deriving revenue estimates for the following biennium. In addition to the historical average methodology used in the financial status, both the Nebraska Department of Revenue (NDR) and Legislative Fiscal Office (LFO) have calculated revenue estimates for these two “out years” using the same models and input from Global Insight and Moody’s, the national forecasting services used as input into the tax forecast models.

While these forecasts work well for the 1 to 3 year forecasts, when extended further they have a tendency to flatten out and follow the 3 year trend into the 4th and 5th year. In other words, they have difficulty picking up changes in the trend. The historical average methodology, the method used since 1991 and used in the current financial status, utilizes a “smoothing” technique which derives a revenue growth for the “out years” by calculating the level of revenues that would yield a five year average growth (FY09 to FY13) roughly equal to the historical average from FY81 to FY11 (currently 5.0%).

As shown in Table 5, the preliminary estimates for the two “out years” arrived at using the historical average concept (as used in the Financial Status), are very similar to the Global Insight model averages although there is significant difference between the NDR and LFO Global Insight generated estimates. Forecasts using Moody’s are significantly higher in both cases compared to the historical average method or Global Insight. Except for the LFO Global Insight number, the historical average methodology is now on the relatively low side of the forecast range.

Table 4 - Comparison of "Out Year" Forecasts

| Based on Feb 2014 Revenue Forecasts | Current Status | Average Global Insight | Average All Forecasts | High Est NDR-Moodys | Low Est LFO Global |
|--|----------------|------------------------|-----------------------|---------------------|--------------------|
| <u>Dollar Forecast (thousands)</u> | | | | | |
| FY2015-16 Prelim | 4,404,000 | 4,406,230 | 4,461,410 | 4,582,893 | 4,317,584 |
| FY2016-17 Prelim | 4,628,000 | 4,650,373 | 4,720,622 | 4,883,359 | 4,523,095 |
| <u>Calculated Growth (adjusted)</u> | | | | | |
| FY2015-16 Prelim | 4.6% | 4.7% | 5.9% | 8.4% | 2.8% |
| FY2016-17 Prelim | 4.6% | 5.0% | 5.3% | 6.0% | 4.3% |
| Two Year Avg (Prelim) | 4.6% | 4.9% | 5.6% | 7.2% | 3.6% |
| Five Year Avg | 5.0% | 5.0% | 5.3% | 6.0% | 4.5% |
| <u>\$ Difference from Status</u> | | | | | |
| FY2015-16 | 0 | 2,230 | 57,410 | 178,893 | (86,416) |
| FY2016-17 | 0 | 22,373 | 92,622 | 255,359 | (104,905) |
| Cumulative Total | 0 | 24,603 | 150,032 | 434,252 | (191,321) |

General Fund Transfers-Out

General Fund Transfers-Out accounts for funds that are transferred from the General Fund to another fund within the state treasury. These items have the same effect as an appropriation but are not expended from the General Fund as such and therefore are shown under the revenue category as transfers-out from the General Fund and subsequently expended from the receiving fund.

Table 5 General Fund Transfers-Out

| Excludes CRF Transfers | Actual | Current Biennial Budget | | Following Biennium | |
|---|----------------------|-------------------------|----------------------|----------------------|----------------------|
| | FY2012-13 | FY2013-14 | FY2014-15 | FY2015-16 | FY2016-17 |
| Property Tax Credit Fund | (110,000,000) | (113,000,000) | (113,000,000) | (113,000,000) | (113,000,000) |
| Water Resources Cash Fund | (4,700,000) | (3,300,000) | (3,300,000) | (3,300,000) | (3,300,000) |
| Cultural Preservation Endowment Fund | 0 | (1,000,000) | (500,000) | (750,000) | (750,000) |
| Nebraska Capital Construction Fund | 0 | (4,000,000) | 0 | 0 | 0 |
| <i>General Fund Transfers-Out (current law)</i> | <i>(114,700,000)</i> | <i>(121,300,000)</i> | <i>(116,800,000)</i> | <i>(117,050,000)</i> | <i>(117,050,000)</i> |
| Property Tax Credit Fund | 0 | 0 | 25,000,000 | 25,000,000 | 25,000,000 |
| Water Sustainability Fund | 0 | 0 | 21,000,000 | 11,000,000 | 11,000,000 |
| Game & Parks Improvt and Maintenance. | 0 | 0 | 15,000,000 | 0 | 0 |
| Job Training Cash Fund | 0 | 0 | 10,000,000 | 0 | 0 |
| <i>General Fund Transfers-Out -2014 Session</i> | <i>(0)</i> | <i>0</i> | <i>(71,000,000)</i> | <i>(36,000,000)</i> | <i>(36,000,000)</i> |
| <i>General Fund Transfers-Out</i> | <i>(114,700,000)</i> | <i>(121,300,000)</i> | <i>(187,800,000)</i> | <i>(153,050,000)</i> | <i>(153,050,000)</i> |

The committee proposal includes a total of \$71 million transfers to four different funds. A description of the transfers and cash fund appropriations for these items can be found in the

section on other fund sources. Property Tax Credit Fund (page 31), Water Sustainability Fund (page 33), Game & Parks Improvement and Maintenance Fund (page 33), and Job Training Fund (page 33).

General Fund Transfers-In

Cash funds are funds which contain earmarked revenue sources and monies in those funds can only be used for the purposes authorized by statute. In many instances (since the 2009 special session) an authorized use of monies in a cash fund is transfers to the General Fund at the discretion of the Legislature. For accounting purposes, these are shown as “Transfers in” and are included as revenues. The transfers shown below were enacted in the 2013 legislative session and are already incorporated into the “Net Receipts” figures of the NEFAB forecasts.

The Appropriations Committee proposed budget adjustments include one additional transfer. The Governor had recommended the transfer of \$6,800,000 from the Medicaid False Claims Cash Fund to the State General Fund in July 2014 (FY 2014-15). The current balance in the fund is \$11.6 million. The Committee concurred with this recommendation.

Table 6 General Fund Transfers-In

| | Actual | Current Biennial Budget | | Following Biennium | |
|---|------------|-------------------------|------------|--------------------|-----------|
| | FY2012-13 | FY2013-14 | FY2014-15 | FY2015-16 | FY2016-17 |
| Securities Act Cash Fund | 19,000,000 | 21,000,000 | 21,000,000 | 0 | 0 |
| Tobacco Products Admin Cash Fund | 7,000,000 | 10,000,000 | 10,000,000 | 0 | 0 |
| Dept of Insurance Cash Fund | 6,000,000 | 6,000,000 | 6,000,000 | 0 | 0 |
| Dept of Motor Vehicles Cash Fund | 1,000,000 | 0 | 0 | 0 | 0 |
| Dept of Motor Vehicles Ignition Interlock | 0 | 200,000 | 200,000 | 0 | 0 |
| Mutual Finance Assistance Fund | 300,000 | 0 | 0 | 0 | 0 |
| Local Civic, Cultural, Convention Fund | 75,000 | 0 | 0 | 0 | 0 |
| <i>Transfers-In Already in forecast</i> | 33,375,000 | 37,200,000 | 37,200,000 | 0 | 0 |
| 2014 - Medicaid False Claims Cash Fund | 0 | 0 | 6,800,000 | 0 | 0 |
| <i>Total General Fund Transfers-In</i> | 33,375,000 | 37,200,000 | 44,000,000 | 0 | 0 |

General Fund Appropriations

The financial status shown in this section includes the Appropriations Committee budget recommendations for current year deficits (FY2013-14) and adjustments for FY2014-15, the second year of the biennial budget. A listing of the most significant General Fund adjustments is shown in Table 8. The amount of mid-biennium budget adjustments in the Committee budget is a net \$27,739 increase over the two year period.

| FY2012-13 | Operations | State Aid | Construction | Total |
|--|---------------|---------------|--------------|---------------|
| Total Per 2012 Session | 1,259,610,962 | 2,352,040,560 | 20,772,233 | 3,632,423,755 |
| 2013 Session Deficits | (5,612,847) | (8,310,469) | 0 | (13,923,316) |
| 2013 Session State Claims | 825,270 | 0 | 0 | 825,270 |
| 2013 Session "A" bills | 1,000,000 | 0 | 0 | 1,000,000 |
| Final Appropriation with deficits | 1,255,823,385 | 2,343,730,091 | 20,772,233 | 3,620,325,709 |

| FY2013-14 | Operations | State Aid | Construction | Total |
|---|---------------|---------------|--------------|---------------|
| Total Per 2013 Session | 1,315,231,996 | 2,497,106,887 | 25,830,024 | 3,838,168,907 |
| 2014 Session-Committee Proposed | 4,184,495 | (6,749,578) | 490,000 | (2,075,083) |
| 2014 Session-State Claims | 0 | 0 | 0 | 0 |
| 2014 Session-Floor Actions | 0 | 0 | 0 | 0 |
| 2014 Session-Governor Vetoes | 0 | 0 | 0 | 0 |
| 2014 Session-Veto Overrides | 0 | 0 | 0 | 0 |
| 2014 Session "A" bills | 0 | 0 | 0 | 0 |
| 2014 Session - Deficits | 4,184,495 | (6,749,578) | 490,000 | (2,075,083) |
| Final Appropriation with deficits | 1,319,416,491 | 2,490,357,309 | 26,320,024 | 3,836,093,824 |
| Change over prior year (excluding deficits) | | | | |
| Dollar | 55,621,034 | 145,066,327 | 5,057,791 | 205,745,152 |
| Percent | 4.4% | 6.2% | 24.3% | 5.7% |

| FY2014-15 | Operations | State Aid | Construction | Total |
|---|---------------|---------------|--------------|---------------|
| Total Per 2013 Session | 1,395,116,374 | 2,617,466,291 | 28,310,000 | 4,040,892,665 |
| 2014 Session-Committee Proposed | 12,722,518 | (11,644,140) | 1,024,444 | 2,102,822 |
| 2014 Session-Floor Actions | 0 | 0 | 0 | 0 |
| 2014 Session-Mainline Governor Vetoes | 0 | 0 | 0 | 0 |
| 2014 Session-Mainline Veto Overrides | 0 | 0 | 0 | 0 |
| 2014 Session "A" bills | 0 | 0 | 0 | 0 |
| Post 2014 Session | 0 | 0 | 0 | 0 |
| 2014 Session - Midbiennium Adjustments | 12,722,518 | (11,644,140) | 1,024,444 | 2,102,822 |
| Total Per 2014 Session | 1,407,838,892 | 2,605,822,151 | 29,334,444 | 4,042,995,487 |
| Change over prior year (excluding deficits) | | | | |
| Dollar | 92,606,896 | 108,715,264 | 3,504,420 | 204,826,580 |
| Percent | 7.0% | 4.4% | 13.6% | 5.3% |
| Two Year Avg Growth (excluding deficits) | 5.7% | 5.3% | 18.8% | 5.5% |

Table 7 General Fund Budget Adjustments – 2014 Session

| | Appropriations Committee Proposed | | |
|--|-----------------------------------|--------------|--------------|
| | FY2013-14 | FY2014-15 | Two Yr total |
| SIGNIFICANT INCREASES: | | | |
| 1 DHHS-Lower FFY2015 FMAP | 0 | 16,919,325 | 16,919,325 |
| 2 Nat Resources-One-time funding, Resources Development Fund | 0 | 10,492,793 | 10,492,793 |
| 3 Reallocate ACA contingency - behavioral health aid | 0 | 10,000,000 | 10,000,000 |
| 4 Corrections-Inmate per diem and medical expenses | 3,950,000 | 4,050,000 | 8,000,000 |
| 5 Corrections-Inmate capacity issues | 880,972 | 5,139,157 | 6,020,129 |
| 6 DHHS-Increase funding, waiting list - developmental disability aid | 0 | 5,000,000 | 5,000,000 |
| 7 DHHS-MAGI Eligibility Rules Under ACA (SCHIP) | 1,369,305 | 2,775,125 | 4,144,430 |
| 8 Education-Early Childhood grant program, one-time funds | 0 | 3,510,000 | 3,510,000 |
| 9 DHHS-State Disabled - Medical (net) | 742,200 | 1,598,100 | 2,340,300 |
| 10 DHHS-ACA Section 2101F Population (SCHIP) | 440,134 | 1,665,075 | 2,105,209 |
| 11 DHHS-2% increase in provider rates - developmental disability aid | 0 | 2,595,048 | 2,595,048 |
| 12 University-Pediatric cancer research (LB 764) | 0 | 1,800,000 | 1,800,000 |
| 13 Hist Society-Move from K St facility to Experian Building | 691,686 | 485,086 | 1,176,772 |
| 14 DHHS-Increase funding, community aging services (LB 689) | 0 | 1,000,000 | 1,000,000 |
| 15 DHHS-State Ward Permanency Pilot project (LB 936) | 0 | 528,000 | 528,000 |
| 16 Attorney Gen-Deficit Request-Water Litigation | 400,000 | 0 | 400,000 |
| 17 Education-Nurturing Healthy Behaviors, early childhood (LB 944) | 0 | 400,000 | 400,000 |
| 18 State Auditor-Restore Appropriations | 176,669 | 176,669 | 353,338 |
| 19 Supreme Court-Probation officer reclassification | 0 | 282,683 | 282,683 |
| 20 All -NETC - Radio transmission replacement project | 140,000 | 140,000 | 280,000 |
| 21 DHHS-Increase funding, community health centers (LB 827) | 0 | 250,000 | 250,000 |
| 22 Education-Microsoft IT academy program and certification | 0 | 250,000 | 250,000 |
| 23 Retirement-Defined benefit plan contributions | 0 | 226,671 | 226,671 |
| 24 Coord Comm- Nebr Opportunity Grant financial aid funding | 0 | 200,000 | 200,000 |
| 25 DHHS-Increase funding, EMS training (LB 889) | 0 | 212,000 | 212,000 |
| 26 DHHS-Increase funding, Rural Health Provider Incentive program | 0 | 150,000 | 150,000 |
| 27 Education-Continued funding, E-Scholar data warehouse | 0 | 100,000 | 100,000 |
| 28 DHHS-Lincoln Regional Center Kitchen project (net) | (884,444) | 884,444 | 0 |
| 29 Subtotal-Increases listed | 7,906,522 | 70,830,176 | 78,736,698 |
| SIGNIFICANT REDUCTIONS: | | | |
| 30 TEEOSA state aid, to NDE calculated per current law | 0 | (40,254,527) | (40,254,527) |
| 31 Homestead Exemption | (6,500,000) | (6,000,000) | (12,500,000) |
| 32 Reduce ACA behavioral health contingency | 0 | (10,000,000) | (10,000,000) |
| 33 Medicare Part D clawback reduction | (2,800,000) | (4,800,000) | (7,600,000) |
| 34 Base Adjustments, DHHS programs | (800,000) | (6,922,744) | (7,722,744) |
| 35 DHHS-Reduce Medicaid, shift to community aging services (LB689) | 0 | (1,000,000) | (1,000,000) |
| 27 DHHS-Reallocate funding to EMS training (LB 889) | 0 | (212,000) | (212,000) |
| 23 Subtotal-Reductions listed | (10,100,000) | (69,189,271) | (79,289,271) |
| 24 ALL OTHER (Net) | 118,395 | 461,917 | 580,312 |
| 36 GENERAL FUND NEW APPROPRIATIONS | (2,075,083) | 2,102,822 | 27,739 |

Table 8 Summary of FY2014-15 General Fund Budget

| | w/o Deficits FY2012-13 | FY2013-14 w/o Deficits FY2013-14 | 2012 Session FY2014-15 | FY2014-15 | | Change over Prior Yr | | 2 Yr Avg % Change | % of Total FY14-15 |
|---|---------------------------|--|---------------------------|--------------------------|----------------------------|------------------------------|--------|----------------------|--------------------------|
| | | | | Midbiennium FY2014-15 | With deficits FY2014-15 | FY14-15 (w/o deficits) \$ | % | | |
| <u>Agency Operations</u> | | | | | | | | | |
| University/Colleges | 543,449,583 | 567,109,821 | 589,576,414 | 1,800,000 | 591,376,414 | 24,266,593 | 4.3% | 4.3% | 14.6% |
| Health & Human Services System | 236,425,259 | 233,169,499 | 233,902,402 | (405,463) | 233,496,939 | 327,440 | 0.1% | -0.6% | 5.8% |
| Correctional Services | 156,840,269 | 167,048,868 | 170,854,827 | 9,189,157 | 180,043,984 | 12,995,116 | 7.8% | 7.1% | 4.5% |
| Courts | 84,265,483 | 107,213,686 | 133,832,254 | 290,956 | 134,123,210 | 26,909,524 | 25.1% | 26.2% | 3.3% |
| State Patrol | 54,253,448 | 56,153,379 | 56,576,821 | 0 | 56,576,821 | 423,442 | 0.8% | 2.1% | 1.4% |
| Revenue | 25,642,530 | 25,398,331 | 25,912,626 | 0 | 25,912,626 | 514,295 | 2.0% | 0.5% | 0.6% |
| Retirement Board | 29,991,325 | 24,290,810 | 46,418,580 | 226,671 | 46,645,251 | 22,354,441 | 92.0% | 24.7% | 1.2% |
| Other 39 Agencies | 128,743,065 | 134,847,602 | 138,042,450 | 1,621,197 | 139,663,647 | 4,816,045 | 3.6% | 4.2% | 3.5% |
| Total-GF Operations | 1,259,610,962 | 1,315,231,996 | 1,395,116,374 | 12,722,518 | 1,407,838,892 | 92,606,896 | 7.0% | 5.7% | 34.8% |
| <u>State Aid to Individuals/Others</u> | | | | | | | | | |
| Medicaid | 644,573,194 | 710,247,560 | 773,561,292 | 1,533,418 | 775,094,710 | 64,847,150 | 9.1% | 9.7% | 19.2% |
| Child Welfare Aid | 153,774,584 | 156,756,327 | 138,879,572 | (686,061) | 138,193,511 | (18,562,816) | -11.8% | -5.2% | 3.4% |
| Public Assistance | 108,524,785 | 107,116,945 | 108,181,405 | 1,777,331 | 109,958,736 | 2,841,791 | 2.7% | 0.7% | 2.7% |
| Developmental disabilities aid | 101,878,371 | 109,173,012 | 126,248,291 | 10,791,904 | 137,040,195 | 27,867,183 | 25.5% | 16.0% | 3.4% |
| Behavioral Health aid | 75,133,219 | 70,759,664 | 57,344,214 | 10,000,000 | 67,344,214 | (3,415,450) | -4.8% | -5.3% | 1.7% |
| Childrens Health Insurance (SCHIP) | 13,107,750 | 17,638,937 | 22,425,227 | 5,134,800 | 27,560,027 | 9,921,090 | 56.2% | 45.0% | 0.7% |
| ACA Contingency | 0 | 0 | 10,000,000 | (10,000,000) | 0 | 0 | 100.0% | na | 0.0% |
| Aging Programs | 7,999,438 | 8,229,427 | 8,463,465 | 1,000,000 | 9,463,465 | 1,234,038 | 15.0% | 8.8% | 0.2% |
| Higher Ed Student Aid programs | 6,993,156 | 7,308,156 | 7,353,156 | 200,000 | 7,553,156 | 245,000 | 3.4% | 3.9% | 0.2% |
| Public Health Aid | 4,790,612 | 6,040,612 | 5,890,612 | 297,000 | 6,187,612 | 147,000 | 2.4% | 13.6% | 0.2% |
| Community health centers | 3,758,060 | 4,058,060 | 4,058,060 | 250,000 | 4,308,060 | 250,000 | 6.2% | 7.1% | 0.1% |
| Business Innovation Act | 7,156,396 | 6,760,000 | 6,760,000 | 0 | 6,760,000 | 0 | 0.0% | -2.8% | 0.2% |
| All Other Aid to Individuals/Other | 7,980,123 | 8,803,123 | 8,862,373 | 150,000 | 9,012,373 | 209,250 | 2.4% | 6.3% | 0.2% |
| Total-GF Aid to Individuals/Other | 1,135,669,688 | 1,212,891,823 | 1,278,027,667 | 20,448,392 | 1,298,476,059 | 85,584,236 | 7.1% | 6.9% | 32.1% |
| <u>State Aid to Local Govts</u> | | | | | | | | | |
| State Aid to Schools (TEEOSA) | 836,867,085 | 884,888,317 | 920,786,352 | (40,254,527) | 880,531,825 | (4,356,492) | -0.5% | 2.6% | 21.8% |
| Special Education | 193,893,842 | 203,588,534 | 213,767,961 | 0 | 213,767,961 | 10,179,427 | 5.0% | 5.0% | 5.3% |
| Aid to Community Colleges | 87,870,147 | 91,384,953 | 95,040,351 | 0 | 95,040,351 | 3,655,398 | 4.0% | 4.0% | 2.4% |
| Homestead Exemption | 72,500,000 | 71,600,000 | 74,900,000 | (6,000,000) | 68,900,000 | (2,700,000) | -3.8% | -2.5% | 1.7% |
| Aid to ESU's | 14,051,761 | 14,051,761 | 14,051,761 | 0 | 14,051,761 | 0 | 0.0% | 0.0% | 0.3% |
| Early Childhood programs | 0 | 5,915,962 | 5,915,962 | 3,319,202 | 9,235,164 | 3,319,202 | 56.1% | na | 0.2% |
| Other Aid to Local Govt | 11,188,037 | 12,785,537 | 14,976,237 | 10,842,793 | 25,819,030 | 13,033,493 | 101.9% | 51.9% | 0.6% |
| Total-GF Aid to Local Govt | 1,216,370,872 | 1,284,215,064 | 1,339,438,624 | (32,092,532) | 1,307,346,092 | 23,131,028 | 1.8% | 3.7% | 32.3% |
| <u>Capital Construction</u> | | | | | | | | | |
| | 20,772,233 | 25,830,024 | 28,310,000 | 1,024,444 | 29,334,444 | 3,504,420 | 13.6% | 18.8% | 0.7% |
| <u>Total General Funds</u> | | | | | | | | | |
| | 3,632,423,755 | 3,838,168,907 | 4,040,892,665 | 2,102,822 | 4,042,995,487 | 204,826,580 | 5.3% | 5.5% | 100.0% |

Significant General Fund Items

Probation Officer Reclassification (Supreme Court)

In recent years, the Probation System has moved resources and personnel to concentrate on the supervision of those probationers who are at the highest risk to reoffend which include probationers who are chronic substance abusers, domestic violence and sexual assault perpetrators, serial drunk drivers, mentally ill, or gang members. Currently, the minimum salary of approximately \$34,000 after one year of employment is the same for officers who supervise low-risk probationers and for officers who supervise high-risk probationers. The goal of this issue is to compensate officers who supervise high-risk probationers for the additional skills and abilities needed and consists of increasing the minimum salary to approximately \$41,000. For new officers and existing officers whose current salary is below the minimum, salaries will be increased to the minimum. For existing officers whose salaries are above the minimum, smaller increases will be given to maintain salary equity. This additional funding, \$282,683 General funds, would result in an overall 5% increase for those positions affected. Some officers would receive a larger increase, some a smaller increase.

TEEOSA School Aid (Education)

The Appropriations Committee proposal adjusts the FY2014-15 budgeted TEEOSA aid amount to the level called for under the existing law. This is \$40.2 million lower than estimated at Sine Die last year and included in the budget enacted at that time. The following table shows the total amounts for TEEOSA aid (under current law), the key data elements important in determining the total, and the dollar and percent changes.

| | Actual FY2012-13 | Actual FY2013-14 | Current Law FY2014-15 | Estimated FY2015-16 | Estimated FY2016-17 |
|---|---------------------|---------------------|--------------------------|------------------------|------------------------|
| <u>Key Assumptions</u> | | | | | |
| School Disbursements | 2.5% | -0.6% | 2.7% | 3.7% | 4.0% |
| Gen Fund Operating Expenditures (GFOE) | 3.3% | 1.6% | 2.6% | 3.7% | 4.0% |
| Property Valuations (assessed) | 4.3% | 5.8% | 8.5% | 8.4% | 4.0% |
| Property Valuations (used in formula) | 2.9% | 2.1% | 2.1% | 5.5% | 4.0% |
| % of Valuation used in formula | 92.1% | 89.5% | 84.3% | 82.0% | 82.0% |
| Cost Growth Factor | 0.50% | 2.00% | 4.00% | 5.00% | 5.00% |
| Local Effort Rate | \$1.0395 | \$1.0300 | \$1.0300 | \$1.0000 | \$1.0000 |
| <u>TEEOSA Total by Fund Source</u> | | | | | |
| General Funds | 836,867,085 | 884,888,317 | 880,531,825 | 971,189,817 | 1,013,407,375 |
| Insurance Premium Tax | 15,000,000 | 21,693,014 | 19,400,000 | 22,385,000 | 24,444,625 |
| Lottery funds, reorg incentives | 212,958 | 0 | 0 | 0 | 0 |
| Total TEEOSA state aid | 852,080,043 | 906,581,331 | 899,931,825 | 993,574,817 | 1,037,852,000 |
| <u>General Funds - Change over Prior Year</u> | | | | | |
| Dollar | 32,177,998 | 48,021,232 | (4,356,492) | 90,657,992 | 42,217,558 |
| Percent | 4.0% | 5.7% | -0.5% | 10.3% | 4.3% |
| Two Yr Avg % Change | 2.5% | | 2.6% | | 7.3% |
| <u>All Funds - Change over Prior Year</u> | | | | | |
| Dollar | 30,026,186 | 54,501,288 | (6,649,507) | 93,642,992 | 44,277,183 |
| Percent | 3.7% | 6.4% | -0.7% | 10.4% | 4.5% |
| Two Yr Avg % Change | -7.4% | | 2.8% | | 7.4% |

The following table shows the chronology of the TEEOSA estimates since Sine Die 2013. The amounts shown are total TEEOSA aid including amounts financed with General Funds and Insurance Premium Tax. Since Sine Die 2013 the estimates for the formula data elements and subsequent aid amount, have now been replaced with actual data that is utilized to certify the FY2014-15 TEEOSA state aid. This includes calculation of formula students, actual Annual Financial Report data which is the basis for calculating NEEDS and other receipts, and property valuations which is the basis for calculating yield from local effort rate. The result is a significant reduction in the amount of aid that is required by the formula under existing law compared to the estimate made last spring. There were two revisions in the TEEOSA number. First revisions were made at the statutory joint meeting where the Department of Education (NDE), the Property Tax Administrator, the Legislative Fiscal Analyst, and the budget division of DAS are to provide an estimate for the upcoming year. The second changes occurred with the development of the NDE calculation of aid under the current law in January 2014.

| | All Funds FY2013-14 | All Funds FY2014-15 | All Funds FY2015-16 | All Funds FY2016-17 |
|---|------------------------|------------------------|------------------------|------------------------|
| Sine Die 2013 | 906,581,331 | 940,186,352 | 1,035,653,344 | 1,080,211,844 |
| Valuation, 2013 from 7.94% to 8.52% actual | 0 | (6,782,784) | (7,054,096) | (7,336,259) |
| Valuation; 2014 (4.0% to 8.5%), 2015 (keep at 4%) | 0 | 0 | (70,221,339) | (73,025,681) |
| Change factor, yield from LER used in formula | 0 | 6,260,710 | 66,886,485 | 69,561,944 |
| Spending growth, SFY14 3.5% to 3.72%, SFY15 stays at 4% | 0 | 0 | 6,745,591 | 7,015,415 |
| Revise system averaging adjustment | 0 | 2,930,944 | 5,759,021 | 5,989,382 |
| Revise formula NEEDS stabilization | 0 | 1,197,189 | (2,455,362) | (2,553,576) |
| Revise student growth adjustment | 0 | (1,893,464) | (1,963,901) | (2,042,457) |
| Revise new school adjustment | 0 | (5,888,735) | (6,107,796) | (6,352,108) |
| Change in NEEDS gained or lost in basic funding calculation | 0 | 2,391,425 | 11,514,835 | 11,975,428 |
| Change in Learning Community, impact of non-equalization | 0 | (117,139) | (2,307) | (602) |
| Remove plug numbers | 0 | (427,663) | 959,861 | 276,394 |
| Voluntary termination in out years | 0 | 0 | (3,018,695) | (3,139,443) |
| Total Change - Oct 2013 Joint Meeting | 0 | (2,329,517) | 1,042,297 | 368,437 |
| Oct 2013 Joint Meeting | 906,581,331 | 937,856,835 | 1,036,695,641 | 1,080,580,281 |
| Actual FY13 AFR, lower disbursement growth | 0 | (9,554,007) | (9,909,417) | (10,305,793) |
| Actual FY13 AFR, lower fed categorical GFOE adjustment | 0 | 19,860,274 | 20,599,076 | 21,423,039 |
| Actual FY13 AFR, higher PL 81-874 impact aid GFOE adjustment | 0 | (10,770,195) | (11,170,847) | (11,617,680) |
| Actual FY13 AFR, higher retirement GFOE adjustment | 0 | (9,810,270) | (10,175,212) | (10,582,220) |
| Actual FY13 AFR, higher voluntary termination GFOE adjust | 0 | (6,460,699) | (6,701,037) | (6,969,079) |
| Actual FY13 AFR, lower redemption of debt principal GFOE adjust | 0 | 3,227,626 | 3,347,693 | 3,481,601 |
| Actual FY13 AFR, Lower other GFOE adjustments | 0 | 5,416,530 | 5,618,025 | 5,842,746 |
| Change in NEEDS gained or lost in basic funding calculation | 0 | (37,714,557) | (42,522,941) | (44,223,859) |
| Revise system averaging adjustment | 0 | 7,378,868 | 7,629,422 | 7,934,599 |
| Higher Student Growth Adjustment | 0 | 2,863,564 | 2,970,088 | 3,088,892 |
| Lower Poverty/LEP/Student Growth Corrections | 0 | 5,705,939 | 5,918,200 | 6,154,928 |
| Higher formula NEEDS stabilization | 0 | 377,519 | (637,889) | (663,405) |
| Lower effective Yield from Local Effort Rate | 0 | 46,727,796 | 43,498,130 | 45,231,719 |
| Higher Minimum Levy Adjustment | 0 | (48,613,421) | (48,613,421) | (48,613,421) |
| Actual FY13 AFR, higher Other Receipts | 0 | (4,941,484) | (1,372,064) | (1,292,738) |
| Higher Non Equalized Levy Aid Adjustment | 0 | (1,513,916) | (1,513,916) | (1,513,916) |
| All Other | 0 | (104,576) | (84,715) | (103,695) |
| Total Change – to NDE Jan 2014 Amount | 0 | (37,925,010) | (43,120,824) | (42,728,282) |
| Jan 2014 NDE Current Law Calculation | 906,581,331 | 899,931,825 | 993,574,817 | 1,037,852,000 |
| Change - Oct 2013 Joint Meeting | 0 | (2,329,517) | 1,042,297 | 368,437 |
| Change - NDE Jan 2014 | 0 | (37,925,010) | (43,120,824) | (42,728,282) |
| Total Change since Sine Die 2013 | 0 | (40,254,527) | (42,078,527) | (42,359,845) |

Nurturing Healthy Behaviors (Education)

The committee includes \$400,000 of general funds in FY2014-15 for the State Department of Education to expand the Nurturing Healthy Behaviors program. Currently, about \$400,000 of federal funds are allocated for three programs in the state which provide early childhood consultation services to children from birth through eight years of age. The funds may be used for mental health screening, assessment, individualized program plans, staff training, curriculum development and program evaluation for children in child care centers, preschool programs and elementary schools. Intent language provides that at least one new program shall be funded in the third Congressional district with a portion of the new general funds provided in FY15. This item was originally included in LB 944.

Early Childhood Grant Program (Education)

The committee proposal includes an additional \$3,415,000 of general funds in FY 2014-15 as aid for the early childhood education grant program. The aid is provided to the State Department of Education on a one-time basis to provide grants for early childhood programs over a three year period, from FY2014-15 through FY2016-17. The recommendation also includes \$95,000 of general funds in each of the three years for an additional position in the department to provide monitoring and technical assistance to newly funded early childhood education programs bringing the three year total to \$3.7 million.

In addition, the recommendation provides a \$ 95,798 reduction of general fund aid for the early childhood grant program and a like increase in operating funds to provide additional technical assistance to grantees in FY2013-14 and FY2014-15.

Microsoft IT Academy Program (Education)

The committee budget includes \$250,000 of general funds in FY2014-15 provided to the State Department of Education for a pilot project for a Microsoft IT Academy. The department is to select school districts to participate in the project and evaluate the results of the project. The project shall be conducted in collaboration with the community colleges and business interests. There is to be statewide representation in the project with at least two rural school districts selected for participation.

Water Litigation Funding (Attorney General)

A total of \$400,000 in General Funds is provided to the Attorney General for FY2013-14 for continuation of water litigation issues. This funding will be used for litigation and arbitration between Nebraska, Kansas, and Colorado over issues arising from the Republican River Compact and Final Settlement Stipulation. This additional amount along with \$350,000 appropriated last session will provide funding for both FY14 and FY15.

Restore Base Funding (State Auditor)

During the 2013 Legislative Session, \$176,669 General Funds was vetoed from the Auditors proposed budget and the amount was not overridden. However, the Legislature subsequently passed LR384 indicating its intent to restore the funding through the deficit process. With the passage of LR384 the Auditor has been operating in good faith that the appropriation would be

restored. The committee proposal includes restoration of these funds. Without this funding, the Auditor's Office would need to reduce staffing by at least 4 positions.

Homestead Exemption (Revenue)

In the 2013 legislative session, funding for homestead exemption reimbursement was estimated at LB 195 appropriated \$71.6 million for FY2013-14 and \$74.9 million for FY2014-15. Actual tax losses certified by the counties for the current fiscal year (FY2013-14) total \$65,087,564. This allows for a \$6.5 million reduction in the amount originally estimated for FY2013-14 and provides for the certified amount plus a small amount for potential revisions since the counties may amend their requests for homestead funding at any time. Because the FY2013-14 amount was lowered, this allows for a lowering of the estimated FY2014-15 amount. It is estimated that the appropriation for FY2014-15 may be reduced from \$74.9 million to \$68.9, a reduction of \$6.0 million.

Note that the level of homestead exemption is statutorily determined. This reduction simply reflects the estimated cost of the existing program relative to the original budget estimates and does not reflect any programmatic changes.

Reduced Medicaid Match Rate (DHHS)

The current biennial budget enacted last session, was based on a federal medical assistance percentage (FMAP) of 55.76% rate for FFY2014 and an estimated FMAP of 54.74% starting October 2014 (FFY2015). It is now known that the FFY2015 FMAP will be 53.27% or 1.47% lower than estimated last session.

The base FMAP is also used in the calculation of the enhanced Children's Health Insurance Program (SCHIP) match rate. The current biennial budget enacted last session, was based on an SCHIP FMAP of 69.03% for FFY2014 and estimated SCHIP FMAP of 68.32% for FFY2015. It is now known that the FFY2015 FMAP will be 53.27% or 1.03% lower than estimated last session.

These lower federal match rates result in a higher state match and additional General Fund appropriations. The FMAP affects multiple program as shown below.

| Program | Type | FY2013-14 | FY2014-15 |
|--|------|-----------|------------|
| 33 Developmental disability service coordination | Oper | 0 | 111,910 |
| 344 Childrens Health Insurance (SCHIP) | Aid | 0 | 694,600 |
| 347 Public Assistance | Aid | 0 | 277,331 |
| 348 Medicaid | Aid | 0 | 13,358,062 |
| 354 Child Welfare | Aid | 0 | 285,939 |
| 365 Mental Health operations | Oper | 0 | 51,494 |
| 421 Beatrice State Develop Center (BSDC) | Oper | 0 | 188,133 |
| 424 Developmental disability aid | Aid | 0 | 1,951,856 |
| Total GF impact of FMAP change | | 0 | 16,921,325 |

Children's Health Insurance (SCHIP) ACA MAGI Eligibility Rules (DHHS)

The SCHIP MAGI Conversion beginning on January 1, 2014, includes a 5% FPL disregard on top of the converted income standard for the CHIP group, thus increasing the number of eligible children qualifying for coverage. This new group resulted from a clarification by CMS of program requirements under the ACA. CMS did not publish or rule on the SCHIP portion of the 5% FPL disregard until 7/15/13. Therefore, the Department did not include any request for these funds in the FY2013-2015 budget submittal. These funds will be needed to cover the additional enrollees as coverage for this group is mandatory. SCHIP would be expanded, affecting approximately 3,500 children at a cost of \$2,484 per child annually.

The 5% disregard is only applied if a child fails income eligibility. For example, if the child's MAGI is 217%, they would be ineligible for CHIP. However, when the 5% MAGI disregard is applied, their MAGI is now 212% ($217\% - 5\% = 212\%$) and they are eligible for CHIP under the 5% MAGI group. Additional costs amount to \$1,369,305 Gen Funds and \$2,977,695 Fed Funds in FY2013-14 and \$2,775,125 Gen Funds and \$5,918,875 Fed Funds in FY2014-15.

Children's Health Insurance (SCHIP) ACA Section 2101F Population (DHHS)

2101F Separate SCHIP is a temporary program created under Section 2101(f) of the Affordable Care Act that will run from January, 2014, through December, 2015, and will impact SFY14-SFY16. This program will cover SCHIP eligibles for one year who no longer qualify for Medicaid and SCHIP due to the conversion to MAGI methodology. This new group resulted from a clarification by CMS of program requirements under the ACA therefore, the Department did not include any request for these funds in the FY2013-2015 budget submittal. These funds will be needed to cover the additional enrollees as coverage for this group is mandatory. CHIP services would be continued for an estimated 3,000 children at a cost of \$2,484 per child annually.

The converted Marginal Adjusted Gross Income (MAGI) income eligibility for this group is 213% for CHIP and 194% for pregnant women. If a child is over this income limit they would not qualify, but this provision provides for an additional year of eligibility. Additional costs amount to \$440,134 Gen Funds and \$957,116 Fed Funds in FY2013-14 and \$1,665,075 Gen Funds and \$3,551,325 Fed Funds in FY2014-15.

State Disabled - Medical (DHHS)

The State Disabled Program (SDP) – Medical provides medical coverage for persons with a disability that is expected to last longer than six months but shorter than twelve months. Historically, a look back to the original date of application allowed the State to retroactively change coding from SDP to Medicaid. Policy review determined this process was not accurate.

Due to HHS no longer retroactively changing expenses from SDP to Medicaid back to the date of application, additional state general funds are needed. The State Disabled Program – Medical has a \$3 million General Fund deficit in both FY14 and FY15. In FY14, Program 347 will be able to assume \$900,000 of the increased cost with savings from Aid to Dependent

Children (\$500,000) and Aged, Blind and Disabled (AABD) Special Rates (\$400,000), and a transfer of \$1,357,800 in formerly used Medicaid General Fund match for this population bringing the remaining deficit in FY14 to \$742,200 GF. In FY15 a transfer of \$1,401,900 in formerly used Medicaid General Fund match for this population will be used to offset the deficit bringing the remaining deficit to \$1,598,100 GF.

| <u>Finance Shortfall</u> | <u>FY2013-14</u> | <u>FY2014-15</u> | <u>2 Yr Total</u> |
|--|--------------------|--------------------|--------------------|
| Reallocate ADC | 500,000 | 0 | 500,000 |
| Reallocate AABD special rates | 400,000 | 0 | 400,000 |
| Reallocate Medicaid GF match | 1,357,800 | 1,598,100 | 2,955,900 |
| Additional Gen Fund Appropriation | 742,200 | 1,598,100 | 2,340,300 |
| Total State Disabled Medical Shortfall | <u>(3,000,000)</u> | <u>(3,000,000)</u> | <u>(6,000,000)</u> |

Revised Program Costs, DHHS Programs (DHHS)

The Governors recommendation included three areas where an evaluation of year to date expenditures or other factors indicate excess appropriations in those programs. Actual year to date expenditure experience relates to the programs under Public Assistance, Medicaid, and administration of the Medicaid RX drug act. The Appropriations Committee proposal also includes these base reductions as shown below.

| <u>Program</u> | <u>FY2013-14</u> | <u>FY2014-15</u> | <u>2 Yr Total</u> |
|--------------------------------------|------------------|--------------------|--------------------|
| Medicaid RX Drug Act Admin (Prog 32) | (800,000) | (800,000) | 1,600,000 |
| Public Assistance (Prog 347) | 0 | (1,500,000) | (1,500,000) |
| Medicaid (Prog 348) | 0 | (4,622,744) | (4,622,744) |
| Base Adjustments, DHHS programs | <u>(800,000)</u> | <u>(6,922,744)</u> | <u>(7,722,744)</u> |

Medicaid Part D Clawback Reduction (DHHS)

Mandatory state payments to the federal government to help finance the Medicaid Part D benefit for individuals eligible for both Medicare and Medicaid, known as dual eligibles has decreased. The payments are commonly called "clawback" payments. The current appropriation for this purpose is reduced by \$2.8 million in FY2013-14 and \$4.8 million in FY2014-15.

Reallocate ACA Contingency to Behavioral Health Aid (DHHS)

In the 2013 legislative session, behavioral health aid was reduced by \$15 million due to potential savings due to provisions of the Affordable Care Act (ACA). At the same time, \$10 million of general fund aid was appropriated to a new budget program as a contingency in the event that the ACA did not result in \$10 million of savings in behavioral health services. Behavioral health providers indicate it is likely that \$10 million of savings will not result from the ACA in FY15. The committee proposes that the \$10 million of general funds be reallocated back to Program 38 to provide aid to behavioral health providers in FY2014-15 and eliminate the contingency Program 46.

Developmental Disability Aid (DHHS)

The committee proposal includes a substantial increase in funding for developmental disability aid. First, the recommendation includes \$2,595,048 general funds and \$2,821,240 federal

Medicaid funds to provide a 2% increase in provider rates for developmental disability providers in FY2014-15. Last session funds were included to implement a new rate methodology but no general provider rate increase.

The committee also includes an additional \$4,745,000 General and \$5,776,064 Federal (Medicaid) as state aid to provide services to persons on the developmental disability waiting list in FY2014-15. Funding is also included to add 9.5 FTE administrative and service coordination staff to assist in the provision of services to individuals taken off of the waiting list (\$255,000 General, \$289,000 Federal).

State Ward Permanency Pilot Project (DHHS)

Funding is provided for the State Ward Permanency Pilot Project. The purpose of the pilot project is to provide developmental disabilities services to state wards in order to provide optimal habilitative supports and promote permanency. The pilot project would serve state wards who are eligible for developmental disabilities services but do not qualify for priority status and state wards who are in need of habilitative supports to achieve permanency. The Project will collect data on the impact of the services, the number of state wards participating who achieve permanency, the stability of the placements for these youth and the impact of the support to families before and after permanency is achieved. The data will be submitted to the Foster Care Review Office for analysis. The Foster Care Review Office will report to the Health and Human Services Committee every six months during the length of the project.

The total amount appropriated for the project is \$3,000,000 with \$972,000 reallocated from Child Welfare Aid; \$528,000 additional General Funds and \$1,500,000 from federal Medicaid matching funds.

Rural Health Incentive Funding (DHHS)

An additional \$150,000 is provided in FY 15 for the Rural Health Incentive Program. There are two different incentive programs, a student loan forgiveness program and a loan repayment program that requires a community match equal to the amount of the state match. Cash funds equal to the amount of the General Fund appropriation is provided to allow the Rural Health Advisory Committee the maximum flexibility in deciding the distribution of the funding.

Federally Qualified Community Health Centers (DHHS)

LB 827 would have provided an additional \$1.5 million in General Funds to the six Federally Qualified Health Centers (FQHC). The committee proposal appropriates an additional \$250,000 from General Funds and \$750,000 from the Health Care Cash Fund in FY 15.

Emergency Management Services Aid (DHHS)

The committee proposal includes \$212,000 General Funds for aid to emergency management services (EMS) for training. Prior appropriations equal to this amount were never fully expended on EMS training. The full appropriation amount is transferred from Program 033 Administration to the Program 514 Health Aid.

Community Aging Services Aid (DHHS)

General Fund aid community-based aging services is increased by \$1 million starting in FY14-15 financed by a reduction in Medicaid General Fund appropriations of a like amount.

Resources Development Fund (Natural Resources)

A total of \$492,793 General Funds appropriated to the Department of Natural Resources for the Water Funding Task Force in FY2013-14 will be lapsed back to the General Fund. This funding represents the unused portion of the \$1,000,000 General Fund appropriation approved under LB 517A of 2013. This lapsed amount plus an additional \$10 million provides a total of \$10,492,793 General Funds which is recommended to be appropriated to the Resources Development Fund in the Department of Natural Resources in FY2014-15. The additional funding is intended to expedite the cash flow of approved projects in conjunction with the ongoing \$3,140,325 General Fund appropriation. It is anticipated that the program will not require additional funding after the FY15-17 biennium.

Inmate Per Diem and Medical Costs (Correctional Services)

The committee proposal includes additional funds for the Department of Correctional Services (DCS) related to increased inmate population and medical costs.

| Item | FY2013-14 | FY2014-15 | 2 Yr Total |
|--------------------------|-----------|-----------|------------|
| Inmate medical expenses | 3,000,000 | 3,000,000 | 6,000,000 |
| Inmate per diem expenses | 950,000 | 1,050,000 | 2,000,000 |
| Issue Total | 3,950,000 | 4,050,000 | 8,000,000 |

Increased population and increasing costs for food, clothing, and other inmate-related institutional items directly impacts the expenses of the Department of Correctional Services (DCS). DCS will use additional funding for per diem expenses to provide food, clothing, and other basic needs to the inmate population

The Department of Correctional Services (DCS) continues to experience a significant increase in medical expenses. DCS estimates FY2014 medical costs of \$23.5 million. Actual medical operating expenses for FY2010 were \$15.5 million and for FY2013 they had increased to \$19.9 million. The annual average cost per inmate for medical services has continued to increase: in FY2010 it was \$3,412 and by FY2013 it was \$4,123. It is estimated to be \$4,892 in FY2014. Medical services that are not available in secure facilities and must be provided in the community account for almost all of the estimated increase. These are services such as surgery, specialty visits (cardiac, respiratory, digestive, endocrine and metabolic disease), and emergency services (including physician emergency services after hours). DCS provides only primary care in the secure facilities. DCS notes that as the inmate population ages, the need for these services is expected to rise. DCS has 847 inmates age 50 and older, an increase from 671 (or 26.2%) approximately one year ago. Older inmates generally require more care than an individual in the same age group who has not been in prison. DCS is required to provide inmates with the community standard of medical care.

Inmate Capacity Issues (Correctional Services)

Despite a significant increase in the number of parolees in the past two years, the Nebraska Department of Correctional Services (DCS) has experienced a marked increase in the overall inmate population at the various correctional facilities in the state which is creating capacity issues. As of January 31, 2014, the inmate population was 154.90% of design capacity. Last session funding was provided in FY2013-14 and FY2014-15 for DCS to prepare a program statement providing for a comprehensive and updated long-range capital construction master plan for all state correctional facilities. This study will be completed in the fall of 2014.

The Appropriations Committee, following the proposals of the Governor, funded the following items that are intended to address the immediate short-term capacity needs: The committee also included intent language that DCS investigate the feasibility of leasing the former Lancaster County jail facility located in Air Park, and whether leasing this facility could be part of the long-term plan for addressing the overcrowding of current Department facilities

| Item | FY2013-14 | FY2014-15 | 2 Yr Total |
|---------------------------------|-----------|-----------|------------|
| Maximize existing bed space | 127,020 | 762,122 | 889,142 |
| McCook Work Ethic camp beds | 30,348 | 150,410 | 180,758 |
| Temporary housing, county jails | 723,604 | 4,226,625 | 4,950,229 |
| Issue Total | 880,972 | 5,139,157 | 6,020,129 |

1. Maximize Existing Facility Bed Space – DCS currently contracts with the U.S. Marshal Service to house federal inmates in Nebraska prison facilities. Nebraska houses approximately 20 such inmates and the cost for these inmates is covered with federal funds. Returning these inmates to federal custody to reclaim these beds requires an increase in the General Fund appropriation of \$127,020 in FY14 (two months), and \$762,122 in FY15 (full year).

2. Increase Available McCook Work Ethic Camp (WEC) Beds – This item will increase WEC beds to 200. This increase in capacity would be allocated as follows: 40 beds for additional inmates and 12 reserved for probationers. Increasing WEC capacity and inmate count require three additional staff, at a cost of \$30,348 General Funds in FY14 (two months) and \$150,410 General Funds in FY15 (full year).

3. Manage Facility Capacity Issues – A number of county jail facilities in the state have available empty beds. In order to temporarily ease current DCS capacity issues, this item provides funding for DCS to contract with willing counties to house up to 150 Nebraska inmates in county jails. The net cost to DCS to house 150 inmates at the county level is estimated to require additional General Fund appropriations of \$723,604 in FY2013-14 (two months) and \$4,226,625 in FY2014-15 (full year). At this time, this is a one-time item.

For the long-term, there is prison reform legislation in the Judiciary Committee. What this legislation will ultimately address is not known at this time, but it is expected to address both the front-end (probation/community corrections options) and the back-end (more options for parolees). Additionally, the Council of State Governments plans to examine Nebraska's prison system over the next year or so. Finally, as previously noted, DCS is updating its long-range capital construction master plan regarding inmate projections and capacity needs and facility options.

Pediatric Cancer Research (University of Nebraska)

The Appropriations Committee's proposal includes \$1.8 million for pediatric cancer research at the University of Nebraska Medical Center (UNMC). Currently, Nebraska ranks third in the nation per population in the number of cases of childhood cancer. Funding would allow UNMC to hire two new researchers to develop new therapies and treatments. State funding will allow UNMC to leverage additional federal and private funding.

Relocation of Leased Space (Historical Society)

The committee proposal includes \$691,686 in FY2013-14 and \$485,086 in FY2014-15 for Nebraska State Historical Society to acquire new leased space. The funding will allow NSHS to consolidate three locations (archeology lab, the archeology collection, and the historic records currently stored at the K St. facility) into a single space. The Experian building has become available as new leased space at a rate of \$10/sf for 20,000 sf. This will be a long-term lease (10+ years). Funds provided would be used for lease payment, purchase space saving storage shelving, and moving costs. The funding provides a long-term solution that will address space needs for years to come. Current space is inadequate to house historical artifacts, papers, and collections.

Total Appropriations – All Funds

Table 9 shows the total appropriation from all fund sources as enacted in the 2013 legislative session with the Appropriations Committee proposal for budget adjustments in the 2014 session.

Table 9 Total Appropriations - All Funds

| FY2012-13 | General | Cash | Federal | Rev/Other | Total |
|---|----------------------|----------------------|----------------------|--------------------|----------------------|
| Adjusted Per 2012 Session | 3,632,423,755 | 1,854,087,842 | 2,676,111,718 | 843,560,595 | 9,006,183,910 |
| 2013 Session Deficits | (13,923,316) | (2,079,313) | (3,796,263) | (708,621) | (20,507,513) |
| 2013 Session State Claims | 825,270 | 1,200,000 | 0 | 150,000 | 2,175,270 |
| 2013 Session "A" bills | 1,000,000 | 0 | 0 | 0 | 1,000,000 |
| Final Appropriation per 2013 Session | 3,620,325,709 | 1,853,208,529 | 2,672,315,455 | 843,001,974 | 8,988,851,667 |
| FY2013-14 | General | Cash | Federal | Rev/Other | Total |
| Total Per 2013 Session | 3,838,168,907 | 2,054,629,664 | 2,875,826,694 | 816,730,442 | 9,585,355,707 |
| 2014 Session-Committee Proposed | (2,075,083) | 11,298,815 | 20,682,149 | 6,350,000 | 36,255,881 |
| 2014 Session State Claims | 0 | 0 | 0 | 0 | 0 |
| 2014 Session Floor Actions | 0 | 0 | 0 | 0 | 0 |
| 2014 Session Vetoes | 0 | 0 | 0 | 0 | 0 |
| 2014 Session Overrides | 0 | 0 | 0 | 0 | 0 |
| 2014 Session "A" bills | 0 | 0 | 0 | 0 | 0 |
| <i>2014 Deficits</i> | <i>(2,075,083)</i> | <i>11,298,815</i> | <i>20,682,149</i> | <i>6,350,000</i> | <i>36,255,881</i> |
| Final Total - 2014 Session | 3,836,093,824 | 2,065,928,479 | 2,896,508,843 | 823,080,442 | 9,621,611,588 |
| Change over prior year (without deficits) | | | | | |
| Dollar | 205,745,152 | 200,541,822 | 199,714,976 | (26,830,153) | 579,171,797 |
| Percent | 5.7% | 10.8% | 7.5% | -3.2% | 6.4% |
| FY2014-15 | General | Cash | Federal | Rev/Other | Total |
| Total Per 2013 Session | 4,040,892,665 | 2,044,309,317 | 2,892,865,676 | 764,788,062 | 9,742,855,720 |
| 2014 Session-Committee Proposed | 2,067,486 | 57,257,520 | (5,904,544) | 22,351,900 | 75,772,362 |
| 2014 Session Floor Actions | 0 | 0 | 0 | 0 | 0 |
| 2014 Session Vetoes | 0 | 0 | 0 | 0 | 0 |
| 2014 Session Overrides | 0 | 0 | 0 | 0 | 0 |
| 2014 Session "A" bills | 0 | 0 | 0 | 0 | 0 |
| Post 2014 Session | 0 | 0 | 0 | 0 | 0 |
| <i>2014 Session Midbiennium Actions</i> | <i>2,067,486</i> | <i>57,257,520</i> | <i>(5,904,544)</i> | <i>22,351,900</i> | <i>75,772,362</i> |
| Total Per 2014 Session | 4,042,960,151 | 2,101,566,837 | 2,886,961,132 | 787,139,962 | 9,818,628,082 |
| Change over prior year (without deficits) | | | | | |
| Dollar | 204,791,244 | 46,937,173 | 11,134,438 | (29,590,480) | 233,272,375 |
| Percent | 5.3% | 2.3% | 0.4% | -3.6% | 2.4% |

While a complete listing of all items is contained in Appendix A, the major cash and federal items are shown in Table 10 below. For the largest cash fund item and the NCCF items a narrative description follows Table 10

WITH RESPECT TO CASH AND FEDERAL FUNDS, MOST OF THE ITEMS LISTED ARE RELATED TO A GENERAL FUND ISSUE DESCRIBED IN THE GENERAL FUND SECTION.

Table 10 Significant Non-General Fund Budget Adjustments – 2014 Session

| Major Items - Cash Funds | FY2013-14 | FY2014-15 | 2 Yr Total |
|---|-------------------|-------------------|-------------------|
| Revenue-Property Tax Credit Cash Fund | 0 | 25,000,000 | 25,000,000 |
| Game & Parks - Improvement and Maintenance Fund (LB 873, 874, 1033) | 0 | 17,500,000 | 17,500,000 |
| DED-Job Training Cash Fund (LB 1091) | 0 | 10,000,000 | 10,000,000 |
| DHHS-Upper Payment limit. DHHS and UNMC | 0 | 7,700,000 | 7,700,000 |
| Game & Parks-Environmental Trust Grant Funding Increase | 4,250,000 | 2,000,000 | 6,250,000 |
| Treasurer-Convention Center/Sports Arena Support Fund | 2,820,180 | 0 | 2,820,180 |
| Labor-Dept. of Labor Retirement Plan Settlement | 2,773,000 | 0 | 2,773,000 |
| Tourism Commission-Increased cash fund expenditure authority | 350,000 | 750,000 | 1,100,000 |
| Education-Additional Authority for Excellence in Teaching | 400,000 | 400,000 | 800,000 |
| DHHS-Increase funding, community health centers (LB 827) | 0 | 750,000 | 750,000 |
| DHHS-Nebr Health Information Initiative, additional one-time funds | 0 | 500,000 | 500,000 |
| Banking-Indemnification Claims litigation expense assessment | 200,000 | 0 | 200,000 |
| DMV-Replace the Vehicle, Title, Registration System (LB 738) | 0 | 271,128 | 271,128 |
| State Patrol-Medical cost payment, Regional West Medical Center | 203,889 | 0 | 203,889 |
| Revenue-Gamblers Assistance (several items) | 110,198 | 10,428 | 120,626 |
| All Other | 191,548 | 75,964 | 267,512 |
| TOTAL CASH FUNDS | 11,298,815 | 64,957,520 | 76,256,335 |

| Major Items - Federal Funds | FY2013-14 | FY2014-15 | 2 Yr Total |
|--|-------------------|------------------|-------------------|
| Labor-Dept. of Labor Retirement Plan Settlement | 19,189,538 | 0 | 19,189,538 |
| DHHS-Upper Payment limit. DHHS and UNMC | 0 | 9,200,000 | 9,200,000 |
| DHHS-MAGI Eligibility Rules Under ACA (SCHIP) | 2,977,695 | 5,918,875 | 8,896,570 |
| DHHS-Increase funding, waiting list - developmental disability aid | 0 | 5,776,064 | 5,776,064 |
| DHHS-ACA Section 2101F Population (SCHIP) | 957,116 | 3,551,325 | 4,508,441 |
| DHHS-2% increase in provider rates - developmental disability aid | 0 | 2,821,240 | 2,821,240 |
| DHHS-State Ward Permanency Pilot project (LB 936) | 0 | 1,500,000 | 1,500,000 |
| DHHS-Lower 2013 FMAP | 0 | (16,919,325) | (16,919,325) |
| DHHS-Base Adjustment, Medicaid | 0 | (5,269,710) | (5,269,710) |
| DHHS-State Disabled - Medical | (1,642,200) | (1,598,100) | (3,240,300) |
| DHHS-Reduce Medicaid, shift to community aging services (LB689) | 0 | (1,173,913) | (1,173,913) |
| DHHS-Base Adjustment, Medicaid RX Drug Act Admin. | (800,000) | (800,000) | (1,600,000) |
| All Other | 0 | 289,000 | 289,000 |
| TOTAL FEDERAL FUNDS | 20,682,149 | 3,295,456 | 23,977,605 |

| Major Items – NCCF / Revolving | FY2013-14 | FY2014-15 | 2 Yr Total |
|---|------------------|-------------------|-------------------|
| DAS-IMS Increased Spending Authority | 6,000,000 | 6,500,000 | 12,500,000 |
| DAS-State Capitol HVAC system replacement (NCCF) | 0 | 11,701,900 | 11,701,900 |
| DAS-State Capitol courtyard fountains (LB 797) (NCCF) | 0 | 2,500,000 | 2,500,000 |
| DCS-Infrastructure and maintenance (NCCF) | 0 | 1,500,000 | 1,500,000 |
| All Other (Revolving) | 350,000 | 150,000 | 500,000 |
| TOTAL NCCF / REVOLVING FUNDS | 6,350,000 | 22,351,900 | 28,701,900 |

Convention Center Support Fund (Treasurer)

The Convention Center Facility Financing Assistance Act (as amended by LB551-2007) provides that sales tax revenue collected by retailers and operators doing business at an approved convention and meeting center facility, sports arena facility, or associated hotel be allocated to the Convention Center Support Fund. Of this amount, 70% goes back to the relevant political subdivision and 30% goes to the Local Civic, Cultural, and Convention Center Financing Fund. A total of \$4,028,827 was certified to be credited to the Convention Center Support Fund of which \$2,580,939 is remitted back to Omaha, \$239,241 is remitted back to Ralston, and \$1,208,649 transferred to the Local Civic, Cultural, and Convention Center Financing Fund.

Property Tax Credit Cash Fund (Revenue)

Enacted in 2007, under this program transfers are made to the Property Tax Credit Cash Fund at the discretion of the Legislature. Based on the amount of funds available, monies are then allocated to counties by the ratio of the real property valuation in the county to the real property valuation in the state. Counties then allocate funds as credit to each tax payer again based on their proportionate value. The FY14/FY15 enacted budget provides for \$115 million of credits each year financed by a combination of General Fund transfers (\$110 million in FY2012-13 and \$113 million in FY2013-14 and FY2014-15) and interest that will be earned on the fund balance from the time of transfer to the time of reimbursement payments to the counties, and credits calculated but unpaid relating to properties receiving homestead exemptions.

The committee proposes to increase the credit from \$115 million to \$140 million, a \$25 million increase. This would be financed with a transfer from the General Fund to the Property Tax Credit Cash Fund with an accompanying cash fund appropriation. The \$25 million increase would equate to a 3.3% annual increase applied to the first full year in 2008. While this percent increase is under the 5.9% average growth in valuation, it exceeds the 2.5% average growth in the General fund budget since 2008.

The following table shows the amount of credit by tax year with the 2014 amount estimated at both the \$115 million level and \$140 million level. In both cases, 2014 valuation is estimated at a 8.4% increase which is the estimate used for calculation of TEEOSA aid for FY2015-16.

| <u>Tax Year</u> | <u>State Total Credit</u> | <u>Valuations (Real Only)</u> | <u>Credit Per \$100,000 Value</u> |
|-----------------------|-------------------------------|-----------------------------------|---------------------------------------|
| 2007 | \$105,000,000 | 126,173,249,573 | \$83.22 |
| 2008 | \$115,000,000 | 133,526,060,086 | \$86.13 |
| 2009 | \$115,000,000 | 139,872,647,990 | \$82.22 |
| 2010 | \$115,000,000 | 145,728,785,008 | \$78.91 |
| 2011 | \$115,000,000 | 152,707,187,248 | \$75.31 |
| 2012 | \$115,000,000 | 160,846,501,888 | \$71.50 |
| 2013 | \$115,000,000 | 174,325,264,970 | \$65.97 |
| <u>2014 Projected</u> | | | |
| No increase | \$115,000,000 | 188,898,857,121 | \$60.88 |
| With \$25 M | \$140,000,000 | 188,898,857,121 | \$74.11 |

Retirement Plan Settlement (Labor)

The Department of Labor requested an increase in Reed Act appropriations to fund the proposed settlement agreement related to the class action lawsuits brought in 2010 by employees and retirees who are members of the Department of Labor Retirement Plan. This plan was established in 1961 and closed to new members in 1984 in response to federal regulatory changes. The U.S. Dept. of Labor agreed to subsidize the plan through a supplemental appropriation process until such time as the retirement plan was fully-funded. The USDOL considered continued employee contributions to be a condition of its agreement to subsidize the unfunded retirement plan liability. In 1994, the then Commissioner of Labor agreed to an employee committee's recommendation to cease all employee and employer contributions to the retirement plan because the plan was believed then to be fully-funded. This triggered the end of federal subsidization of the retirement plan and set the stage for the retirement plan's future funding problems and the resultant lawsuits.

Total funding for the settlement amounts to \$2,773,000 cash funds and \$19,189,538 federal funds.

Replace the Vehicle Title Registration System (Motor Vehicles)

The recommendation includes the establishment of a new Vehicle Title Registration System Replacement and Maintenance Cash Fund to be administered by the Department of Motor Vehicles (DMV). LB 906 includes language to create the cash fund and to transfer \$12.5 million from the DMV Cash Fund to the newly created fund. The fund shall be used by the department to pay for costs associated with the acquisition, implementation, maintenance and support, upgrades and replacement of the vehicle titling and registration computer system. An appropriation of \$271,128 of cash funds is made for FY2014-15 in LB 905 to identify a replacement vehicle title registration system, associated costs and financing options. DMV is required to report to the Legislature regarding the use of the funds and progress made in identifying a new system on or before July 31, 2015. This item was originally included in LB 738.

Health Care Cash Fund Transfer (DHHS)

An additional \$1 million per year is transferred into the Health Care Cash Fund beginning in FY 15 to reflect the increase of \$750,000 for the Federally Qualified Health Centers and to conform the transfer amount to the appropriation amount.

Health Information Initiative Electronic Records (DHHS)

In FY 15, one-time funding in the amount of \$500,000 is provide for electronic records initiative from the Medicaid False Claims Act funding has been provided.

Upper Payment Limit. DHHS and UNMC (DHHS)

The Department of Health and Human Services (HHS) and the University of Nebraska Medical Center (UNMC) have designed a process, allowable by the federal Centers for Medicare and Medicaid and similar to others that are in place in Nebraska, that allows certain revenues from UNMC to be transferred to DHHS; the transferred revenues will be used to as a match for

additional Medicaid funds. The cash and federal funds together will then be paid to UNMC. In Program 348 – Medicaid, the cash fund authority is increased by \$7.7 million and the federal fund estimated by \$9.2 million in FY 15 to reflect the additional revenue and expenditures.

Water Sustainability Fund (Natural Resources)

The Appropriations Committee recommendation includes the creation of Water Sustainability Fund in the Department of Natural Resources. The fund would be used in accordance with guidelines to be established in LB 1098 of 2014, and for the administrative costs of the Department of Natural Resources. Fund creation language includes legislative intent that \$21,000,000 General Funds be transferred to the Water Sustainability Fund in FY2014-15 and that \$11,000,000 General Funds be transferred to the Water Sustainability Fund in each fiscal year beginning in FY2015-16.

LB 906 includes a \$21,000,000 transfer from the General Fund to the Water Sustainability Fund. Of this transfer, \$10,000,000 is considered a one-time item and is covered by a like transfer from the Cash Reserve Fund to the General Fund.

Note that the actual appropriation of monies from the Water Sustainability fund is not contained in the committee proposal. While the transferred funds would be held in the Water Sustainability Fund, the actual appropriation that will allow the funds to be expended would be carried out via LB 1098A.

Job Training Funding (Economic Development)

The Appropriations Committee recommendation includes the transfer of \$10,000,000 from the Cash Reserve Fund (through the General Fund) to the Job Training Cash Fund in the Department of Economic Development in FY2014-15. This fund is used to provide employee training assistance to businesses that maintain, expand and diversify the state's economic base and in the process, retain and create quality jobs for Nebraska residents. Because the existing balance of the Job Training Cash Fund is committed to qualified projects, additional funding is required to allow the Department the flexibility to offer job training grants to companies seeking to locate or expand operations in the state. A corresponding \$10,000,000 cash fund appropriation increase in FY2014-15 will allow the Department of Economic Development to expend the additional funds as needed.

Game & Parks Improvement / Maintenance Fund (Construction)

The Appropriation Committee's recommendation for the Game and Parks Commission combines the provisions of LB 873, LB 874 and LB 1033 by providing a \$15 million transfer from the Cash Reserve Fund (through the General Fund) and a \$2.5 million transfer from the State Recreation Road Fund to the Commission for deferred maintenance and improvement projects at state parks. This will accommodate twelve new replacement cabins and a new aquatic feature to replace the pool at Ponca State Park, deferred maintenance and improvements at Arbor Lodge State Historical Park that will facilitate a local partner assuming operation and maintenance responsibility, and making headway on the \$44 million worth of statewide deferred maintenance and ADA needs identified by the Commission.

Correctional Services Infrastructure & Maintenance (Construction)

Over the years, the 309 Task Force has provided the Department of Correctional Services (DCS) with significant funding for deferred repair, ADA, fire/life safety, and energy conservation projects. DCS was notified by the 309 Task Force that their strategy for the remainder of the fiscal year would be to consider only emergency requests for DCS, due to their thin financial resources. The Governor recommended an appropriation from the Nebraska Capital Construction Fund (NCCF) of \$1,500,000 in FY2014-15 to a separate capital construction budget program to provide funding for high priority infrastructure maintenance and repair projects. The committee proposal also includes this funding.

State Capitol Courtyard Fountains (Construction)

The Appropriations Committee recommendation includes \$2,500,000 from the Nebraska Capital Construction Fund for installation of fountains to be located in each of the four Nebraska State Capitol courtyards consistent with the original design of the building. The funding will also accommodate infrastructural improvements to support operation and maintenance of the fountains as well as associated courtyard landscape restoration.

State Capitol HVAC Systems Replacement (Construction)

In response to a directive contained in LB198 [2013], the Office of the Nebraska Capitol Commission updated the Nebraska State Capitol HVAC Master Plan which was originally compiled in 2007. The Master Plan Amendment, dated September 20, 2013, provides an analysis of existing Capitol heating, ventilating, and air conditioning (HVAC) systems, the majority of which date to a 1964 systems renovation. In addition, the Master Plan Amendment recommends a seven-phase, 10-year project to renovate the existing Capitol HVAC systems and complete associated infrastructure, fire protection, life safety and architectural improvements. Consistent with cost and cash flow estimates contained in the Master Plan Amendment, the Appropriations Committee recommendation includes funding provisions to accommodate finalization of engineering and architectural planning and to initiate and complete the project over ten fiscal years beginning in FY2014-15. The committee appropriates \$11,701,900 from the Capital Construction Fund (NCCF) to cover the first three years of the project. The source of the NCCF monies is a transfer from the Cash Reserve Fund.

| <u>Fiscal Yr</u> | <u>Amount</u> |
|------------------|-------------------|
| 2014-15 | 2,306,215 |
| 2015-16 | 2,306,215 |
| 2016-17 | 7,089,470 |
| 2017-18 | 9,529,333 |
| 2018-19 | 8,727,526 |
| 2019-20 | 7,994,885 |
| 2020-21 | 8,755,725 |
| 2021-22 | 11,185,556 |
| 2022-23 | 11,020,750 |
| 2023-24 | 8,851,425 |
| Total | <u>77,767,100</u> |

Appendix A

Detailed Listing of All Budget Adjustments

| | Fund | Current Biennium | | Est for Following Biennium | |
|--|------|------------------|-----------|----------------------------|-----------|
| | | FY2013-14 | FY2014-15 | FY2015-16 | FY2016-17 |
| <u>#03-Legislative Council</u> | | | | | |
| 501 Midwest Interstate Passenger Rail Compact dues (LB 891) | Gen | 45,000 | 15,000 | 15,000 | 15,000 |
| 504 Additional staff, Office of Inspector General-Child Welfare | Gen | 0 | 152,105 | 139,588 | 139,588 |
| <u>#07-Governor</u> | | | | | |
| 21 Convert half-time FTE to full time, beginning January 1, 2014. | Gen | 0 | 17,668 | 35,335 | 35,335 |
| <u>#08-Lt. Governor</u> | | | | | |
| 124 Convert half-time FTE to full time, beginning January 1, 2014. | Gen | 0 | 17,668 | 35,335 | 35,335 |
| <u>#05-Supreme Court</u> | | | | | |
| 52 County Courty employee salaries (Flat amount to 1%) | Gen | 0 | 8,273 | 8,273 | 8,273 |
| 67 Probation officer reclassification | Gen | 0 | 260,156 | 260,156 | 260,156 |
| 420 Probation officer reclassification | Gen | 0 | 19,112 | 19,112 | 19,112 |
| 435 Probation officer reclassification | Gen | 0 | 3,415 | 3,415 | 3,415 |
| 52 Judges' Retirement Contributions - Cash Fund transfers | Gen | 0 | YES | 0 | 0 |
| <u>#10-State Auditor</u> | | | | | |
| 506 Restore Appropriations | Gen | 176,669 | 176,669 | 176,669 | 176,669 |
| <u>#11-Attorney General</u> | | | | | |
| 496 Deficit Request-Water Litigation | Gen | 400,000 | 0 | 0 | 0 |
| <u>#12-State Treasurer</u> | | | | | |
| 665 Convention Center / Sports Arena Support Fund | Cash | 2,820,180 | 0 | 0 | 0 |

| | | Current Biennium | | Est for Following Biennium | | |
|---|---|------------------|-------------|----------------------------|--------------|--------------|
| | Fund | FY2013-14 | FY2014-15 | FY2015-16 | FY2016-17 | |
| <u>#13-Dept of Education</u> | | | | | | |
| 25 | Education Specialist III for LEP/Poverty Plans | Gen | 0 | 93,532 | 93,532 | 93,532 |
| 25 | Early Childhood grant, shift aid to technical assistance | Gen | 95,798 | 95,798 | 95,798 | 95,798 |
| 25 | Early Childhood grant, technical assistance for increased funds | Gen | 0 | 95,000 | 95,000 | 95,000 |
| 25 | Continued funding, E-Scholar data warehouse | Gen | 0 | 100,000 | 100,000 | 100,000 |
| 25 | Microsoft IT academy program and certification | Gen | 0 | 250,000 | 250,000 | 250,000 |
| 158 | School Breakfast Program | Gen | 94,581 | 0 | 0 | 0 |
| 158 | Early Childhood grant, shift aid to technical assistance | Gen | (95,798) | (95,798) | (95,798) | (95,798) |
| 158 | TEEOSA state aid, to NDE calculated per current law | Gen | 0 | (40,254,527) | (42,078,527) | (42,359,845) |
| 158 | Nurturing Healthy Behaviors prog, early childhood (LB 944) | Gen | 0 | 400,000 | 400,000 | 400,000 |
| 158 | Early Childhood grant program, one-time funds | Gen | 0 | 3,415,000 | 0 | 0 |
| 161 | Additional Authority for Excellence in Teaching | Cash | 400,000 | 400,000 | 400,000 | 400,000 |
| 614 | Professional Practices Commission Personal Service | Cash | 1,381 | 0 | 0 | 0 |
| 614 | Professional Practices Comm. Retirement Payout | Cash | 38,000 | 0 | 0 | 0 |
| <u>#14-Public Service Commission</u> | | | | | | |
| 686 | Addition of Administrative Assistant | Cash | 13,605 | 50,964 | 50,964 | 50,964 |
| <u>#16-Dept of Revenue</u> | | | | | | |
| 13 | Leave payout, Tax Commissioner (\$16,500) | PSL | 0 | 0 | 0 | 0 |
| 108 | Homestead Exemption | Gen | (6,500,000) | (6,000,000) | (6,000,000) | (6,000,000) |
| 132 | Property Tax Credit Cash Fund | Cash | 0 | 25,000,000 | 25,000,000 | 25,000,000 |
| 164 | Gamblers Assistance - Data Collection System | Cash | 100,000 | 0 | 0 | 0 |
| 164 | Gamblers Assistance - Admin assistant II reclassification | Cash | 10,198 | 10,428 | 10,428 | 10,428 |
| <u>#17-Dept of Aeronautics</u> | | | | | | |
| 26 | Increase state aid provided to the Civil Air Patrol. (LB666) | Cash | 0 | 15,000 | 15,000 | 15,000 |
| <u>#18-Dept of Agriculture</u> | | | | | | |
| 78 | Eliminate duplicate funding, climate study | Gen | (44,746) | 0 | 0 | 0 |

| | Fund | Current Biennium | | Est for Following Biennium | |
|--|------|------------------|--------------|----------------------------|--------------|
| | | FY2013-14 | FY2014-15 | FY2015-16 | FY2016-17 |
| <u>#19-Dept of Banking</u> | | | | | |
| 66 Indemnification Claims litigation expense assessment | Cash | 200,000 | 0 | 0 | 0 |
| <u>#23-Dept of Labor</u> | | | | | |
| 31 Dept. of Labor Retirement Plan Settlement | Cash | 2,773,000 | 0 | 0 | 0 |
| 31 Dept. of Labor Retirement Plan Settlement | Fed | 19,189,538 | 0 | 0 | 0 |
| <u>#24-Dept of Motor Vehicles</u> | | | | | |
| 70 Replacement of the Vehicle, Title, Registration System (LB 738) | Cash | 0 | 271,128 | 583,775 | 11,645,097 |
| <u>#25-DHHS System</u> | | | | | |
| 32 Base Adjustment, Medicaid RX Drug Act Admin. | Gen | (800,000) | (800,000) | (800,000) | (800,000) |
| 32 Base Adjustment, Medicaid RX Drug Act Admin. | Fed | (800,000) | (800,000) | (800,000) | (800,000) |
| 33 Vital Records | Cash | 0 | YES | 0 | 0 |
| 33 Reallocate funding to EMS training (LB 889) | Gen | 0 | (212,000) | (212,000) | (212,000) |
| 33 Nebr Health Information Initiative, additional one-time funds | Cash | 0 | 500,000 | 0 | 0 |
| 33 Service coordination for Increased waiting list funding | Gen | 0 | 255,000 | 255,000 | 255,000 |
| 33 Service coordination for Increased waiting list funding | Fed | 0 | 289,000 | 289,000 | 289,000 |
| 38 Reallocate ACA contingency - behavioral health aid | Gen | 0 | 10,000,000 | 10,000,000 | 10,000,000 |
| 46 Reduce ACA behavioral health contingency set aside | Gen | 0 | (10,000,000) | (10,000,000) | (10,000,000) |
| 175 Increase funding, Rural Health Provider Incentive program | Gen | 0 | 150,000 | 150,000 | 150,000 |
| 344 ACA Section 2101F Population (SCHIP) | Gen | 440,134 | 1,665,075 | 1,665,075 | 1,665,075 |
| 344 ACA Section 2101F Population (SCHIP) | Fed | 957,116 | 3,551,325 | 3,551,325 | 3,551,325 |
| 344 MAGI Eligibility Rules Under ACA (SCHIP) | Gen | 1,369,305 | 2,775,125 | 2,775,125 | 2,775,125 |
| 344 MAGI Eligibility Rules Under ACA (SCHIP) | Fed | 2,977,695 | 5,918,875 | 5,918,875 | 5,918,875 |
| 347 State Disabled - Medical | Gen | 2,100,000 | 3,000,000 | 3,000,000 | 3,000,000 |
| 347 Base Adjustment, Public Assistance | Gen | 0 | (1,500,000) | (1,500,000) | (1,500,000) |
| 348 State Disabled - Medical | Gen | (1,357,800) | (1,401,900) | (1,401,900) | (1,401,900) |
| 348 State Disabled - Medical | Fed | (1,642,200) | (1,598,100) | (1,598,100) | (1,598,100) |

| | Fund | Current Biennium | | Est for Following Biennium | |
|--|------|------------------|--------------|----------------------------|--------------|
| | | FY2013-14 | FY2014-15 | FY2015-16 | FY2016-17 |
| 348 State Ward Permanency Pilot project (LB 936) | Fed | 0 | 1,500,000 | 1,500,000 | 1,500,000 |
| 354 State Ward Permanency Pilot project (LB 936) | Gen | 0 | (972,000) | (972,000) | (972,000) |
| 424 State Ward Permanency Pilot project (LB 936) | Gen | 0 | 1,500,000 | 1,500,000 | 1,500,000 |
| 348 Base Adjustment, Medicaid | Gen | 0 | (4,622,744) | (4,622,744) | (4,622,744) |
| 348 Base Adjustment, Medicaid | Fed | 0 | (5,269,710) | (5,269,710) | (5,269,710) |
| 348 Medicare Part D clawback reduction | Gen | (2,800,000) | (4,800,000) | (4,800,000) | (4,800,000) |
| 348 Reduce Medicaid, shift to community aging services (LB689) | Gen | 0 | (1,000,000) | (1,000,000) | (1,000,000) |
| 348 Reduce Medicaid, shift to community aging services (LB689) | Fed | 0 | (1,173,913) | (1,173,913) | (1,173,913) |
| 348 Upper Payment limit. DHHS and UNMC | Cash | 0 | 7,700,000 | 7,700,000 | 7,700,000 |
| 348 Upper Payment limit. DHHS and UNMC | Fed | 0 | 9,200,000 | 9,200,000 | 9,200,000 |
| 365 Lincoln Regional Center Kitchen, reallocate operations funds | Gen | (1,234,444) | 0 | 0 | 0 |
| 365 Lincoln Regional Center, PSL Increase (\$408,000 FY14, \$871,600 FY15) | PSL | YES | 0 | 0 | 0 |
| 424 2% increase in provider rates - developmental disability aid | Gen | 0 | 2,595,048 | 2,595,048 | 2,595,048 |
| 348 2% increase in provider rates - developmental disability aid | Fed | 0 | 2,821,240 | 2,821,240 | 2,821,240 |
| 424 Increase funding, waiting list - developmental disability aid | Gen | 0 | 4,745,000 | 4,745,000 | 4,745,000 |
| 348 Increase funding, waiting list - developmental disability aid | Fed | 0 | 5,776,064 | 5,776,064 | 5,776,064 |
| 502 Increase funding, community health centers (LB 827) | Gen | 0 | 250,000 | 250,000 | 250,000 |
| 502 Increase funding, community health centers (LB 827) | Cash | 0 | 750,000 | 750,000 | 750,000 |
| 514 Increase funding, Nebraska Advocacy Services | Gen | 0 | 85,000 | 85,000 | 85,000 |
| 514 Increase funding, EMS training (LB 889) | Gen | 0 | 212,000 | 212,000 | 212,000 |
| 571 Increase funding, community aging services (LB 689) | Gen | 0 | 1,000,000 | 1,000,000 | 1,000,000 |
| 870 Norfolk Sex Offenders, PSL Increase | PSL | 0 | YES | YES | YES |
| 33 Lower FFY2015 FMAP - Develop disability service coordination | Gen | 0 | 111,910 | 149,213 | 149,213 |
| 33 Lower FFY2015 FMAP - Develop disability service coordination | Fed | 0 | (111,910) | (149,213) | (149,213) |
| 344 Lower FFY2015 FMAP - Childrens Health Insurance (SCHIP) | Gen | 0 | 694,600 | 926,133 | 926,133 |
| 344 Lower FFY2015 FMAP - Childrens Health Insurance (SCHIP) | Fed | 0 | (694,600) | (926,133) | (926,133) |
| 347 Lower FFY2015 FMAP - Public Assistance | Gen | 0 | 277,331 | 369,775 | 369,775 |
| 347 Lower FFY2015 FMAP - Public Assistance | Fed | 0 | (277,331) | (369,775) | (369,775) |
| 348 Lower FFY2015 FMAP - Medicaid | Gen | 0 | 13,358,062 | 17,810,749 | 17,810,749 |
| 348 Lower FFY2015 FMAP - Medicaid | Fed | 0 | (13,358,062) | (17,810,749) | (17,810,749) |

| | | Current Biennium | | Est for Following Biennium | | |
|---|---|------------------|-----------|----------------------------|-------------|-------------|
| | | Fund | FY2013-14 | FY2014-15 | FY2015-16 | FY2016-17 |
| 354 | Lower FFY2015 FMAP - Child Welfare aid | Gen | 0 | 285,939 | 381,252 | 381,252 |
| 354 | Lower FFY2015 FMAP - Child Welfare aid | Fed | 0 | (285,939) | (381,252) | (381,252) |
| 365 | Lower FFY2015 FMAP - Mental Health operations | Gen | 0 | 51,494 | 68,659 | 68,659 |
| 365 | Lower FFY2015 FMAP - Mental Health operations | Fed | 0 | (51,494) | (68,659) | (68,659) |
| 421 | Lower FFY2015 FMAP - Beatrice State Develop Center (BSDC) | Gen | 0 | 188,133 | 250,844 | 250,844 |
| 421 | Lower FFY2015 FMAP - Beatrice State Develop Center (BSDC) | Fed | 0 | (188,133) | (250,844) | (250,844) |
| 424 | Lower FFY2015 FMAP - Developmental disability aid | Gen | 0 | 1,951,856 | 2,602,475 | 2,602,475 |
| 348 | Lower FFY2015 FMAP - Developmental disability aid | Fed | 0 | (1,951,856) | (2,602,475) | (2,602,475) |
| <u>#29-Dept of Natural Resources</u> | | | | | | |
| 334 | One-time funding, Resources Development Fund | Gen | 0 | 10,492,793 | 0 | 0 |
| 334 | Water Sustainability Fund (LB 1046) | Cash | 0 | 0 | 0 | 0 |
| <u>#33-Game and Parks Commission</u> | | | | | | |
| 162 | Environmental Trust Grant Funding Increase | Cash | 4,250,000 | 2,000,000 | 2,000,000 | 2,000,000 |
| 549 | Game & Parks - Improvement and Maintenance Fund (LB 873) | Cash | 0 | 150,000 | 0 | 0 |
| <u>#41-Real Estate Commission</u> | | | | | | |
| 77 | Educational services expense | Cash | 10,000 | 10,000 | 10,000 | 10,000 |
| 77 | Retirement of Deputy Director for Enforcement | Cash | 28,562 | 0 | 0 | 0 |
| <u>#46-Dept of Correctional Services</u> | | | | | | |
| 200 | Inmate medical expenses | Gen | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 |
| 200 | Inmate per diem expenses | Gen | 950,000 | 1,050,000 | 1,050,000 | 1,050,000 |
| 200 | Inmate capacity issues - maximize existing bed space | Gen | 127,020 | 762,122 | 762,122 | 762,122 |
| 200 | Inmate capacity issues - McCook Work Ethic camp beds | Gen | 30,348 | 150,410 | 150,410 | 150,410 |
| 200 | Inmate capacity issues - temporary housing, county jails | Gen | 723,604 | 4,226,625 | 0 | 0 |
| <u>#48-Postsecondary Coordinating Commission</u> | | | | | | |
| 640 | Executive Director search | Gen | 10,000 | 0 | 0 | 0 |
| 640 | Leave payment upon retirement | Gen | 0 | 11,000 | 0 | 0 |
| 690 | Additional Nebr Opportunity Grant financial aid funding | Gen | 0 | 200,000 | 200,000 | 200,000 |

| | | Current Biennium | | Est for Following Biennium | | |
|--|--|------------------|-----------|----------------------------|-----------|-----------|
| | Fund | FY2013-14 | FY2014-15 | FY2015-16 | FY2016-17 | |
| <u>#51-University of Nebraska</u> | | | | | | |
| 515 | Pediatric cancer research (LB 764) | Gen | 0 | 1,800,000 | 0 | 0 |
| <u>#54-Historical Society</u> | | | | | | |
| 648 | Utilities | Gen | 10,560 | 18,715 | 18,715 | 18,715 |
| 648 | Move from K St facility to Experian Building | Gen | 691,686 | 485,086 | 485,086 | 485,086 |
| <u>#64-State Patrol</u> | | | | | | |
| 100 | Medical cost payment, Regional West Medical Center | Cash | 203,889 | 0 | 0 | 0 |
| <u>#65-Administrative Services</u> | | | | | | |
| 172 | IMS Increased Spending Authority | Rev | 6,000,000 | 6,500,000 | 6,500,000 | 6,500,000 |
| 592 | Agency assessments appropriation authority | Rev | 350,000 | 150,000 | 150,000 | 150,000 |
| <u>#69-Arts Council</u> | | | | | | |
| 326 | Hardware, Software and IT Services | Gen | 0 | 12,210 | 12,210 | 12,210 |
| 326 | Stipend for Review Panelists | Gen | 3,000 | 3,000 | 3,000 | 3,000 |
| 326 | Accumulated leave retirement pay-out. | Gen | 0 | 27,746 | 0 | 0 |
| <u>#72-Dept of Economic Development</u> | | | | | | |
| 603 | Job Training Cash Fund (LB 1091) | Cash | 0 | 10,000,000 | 0 | 0 |
| <u>#78-Crime Commission</u> | | | | | | |
| 198 | Increase PSL, employee retirement payout - Program 198 | PSL | YES | 0 | 0 | 0 |
| 155 | Revise earmark funding for Program 155 | Gen | 0 | 50,000 | 50,000 | 50,000 |
| 155 | Revise earmark funding for Program 155 | Gen | 0 | (50,000) | (50,000) | (50,000) |
| 202 | Crime Victim's Reparations Cash Fund | Cash | 100,000 | 0 | 0 | 0 |

| | Fund | Current Biennium | | Est for Following Biennium | | |
|---|---|------------------|-------------|----------------------------|--------------|--------------|
| | | FY2013-14 | FY2014-15 | FY2015-16 | FY2016-17 | |
| <u>#85-Public Employees Retirement Board</u> | | | | | | |
| 515 | Statutory Contribution - School 2% | Gen | 0 | 448,519 | 448,519 | 448,519 |
| 515 | Statutory Contribution - OPS service annuity | Gen | 0 | (170,042) | (170,042) | (170,042) |
| 515 | Actuarially required contribution - Judges plan | Gen | 0 | 0 | 0 | 0 |
| 515 | Actuarially required contribution - State Patrol plan | Gen | 0 | 52,774 | 52,774 | 52,774 |
| 515 | State Patrol Plan - Eliminate need for LB 137 contribution | Gen | 0 | (104,580) | (104,580) | (104,580) |
| <u>#91-Nebraska Tourism Commission</u> | | | | | | |
| 618 | Additional Staffing | Cash | 0 | 0 | 0 | 0 |
| 618 | Increased cash fund expenditure authority | Cash | 350,000 | 750,000 | 750,000 | 750,000 |
| <u>Capital Construction Projects</u> | | | | | | |
| 900 | DHHS - Lincoln Regional Center Kitchen project | Gen | 350,000 | 884,444 | 0 | 0 |
| 900 | NETC - Radio transmission replacement project | Gen | 140,000 | 140,000 | 0 | 0 |
| 900 | Infrastructure and maintenance (NCCF) | NCCF | 0 | 1,500,000 | 0 | 0 |
| 900 | DAS - State Capitol HVAC system replacement | NCCF | 0 | 11,701,900 | 0 | 0 |
| 900 | DAS - State Capitol courtyard fountains (LB 797) | NCCF | 0 | 2,500,000 | 0 | 0 |
| 900 | Game & Parks - Improvement / Maintenance Fund (LB 873,874,1033) | Cash | 0 | 17,350,000 | 0 | 0 |
| 900 | NETC - remove reapprop, completed projects (\$21,392) | Gen | YES | 0 | 0 | 0 |
| 900 | NETC - remove reapprop, completed projects (\$130,624) | Cash | YES | 0 | 0 | 0 |
| 900 | NETC - remove reapprop, completed projects (\$144,145) | Fed | YES | 0 | 0 | 0 |
| General Funds | | | (2,075,083) | 2,102,822 | (15,056,194) | (15,337,512) |
| Cash Funds | | | 11,298,815 | 64,957,520 | 54,770,167 | 65,831,489 |
| Federal Funds | | | 20,682,149 | 3,295,456 | (2,344,319) | (2,344,319) |
| Nebraska Capital Construction Fund (NCCF) | | | 0 | 15,701,900 | 0 | 0 |
| Revolving Funds | | | 6,350,000 | 6,650,000 | 6,650,000 | 6,650,000 |
| Total | | | 36,255,881 | 92,707,698 | 26,669,654 | 37,449,658 |

Appendix B

General Fund Appropriations by Agency

| | | FY2012-13 | FY2013-14 | | | FY2014-15 | | | Change over Prior Year (excludes deficits) | | | | |
|-----|---------------------|-----------|------------------|------------------|---------------|--------------------------|------------------|--------------|--|-------------|--------|-------------|--------|
| | | | Without deficits | Per 2013 Session | 2014 Deficits | Revised Per 2014 Session | Per 2013 Session | 2014 Changes | Revised Per 2014 Session | FY14 \$ | FY14 % | FY15 \$ | FY15 % |
| #03 | Legislative Council | Oper | 18,070,091 | 18,429,470 | 45,000 | 18,474,470 | 18,853,434 | 167,105 | 19,020,539 | 359,379 | 2.0% | 591,069 | 3.2% |
| #03 | Legislative Council | Total | 18,070,091 | 18,429,470 | 45,000 | 18,474,470 | 18,853,434 | 167,105 | 19,020,539 | 359,379 | 2.0% | 591,069 | 3.2% |
| #05 | Supreme Court | Aid | 0 | 200,000 | 0 | 200,000 | 200,000 | 0 | 200,000 | 200,000 | na | 0 | 0.0% |
| #05 | Supreme Court | Oper | 84,265,483 | 107,213,686 | 0 | 107,213,686 | 133,832,254 | 290,956 | 134,123,210 | 22,948,203 | 27.2% | 26,909,524 | 25.1% |
| #05 | Supreme Court | Total | 84,265,483 | 107,413,686 | 0 | 107,413,686 | 134,032,254 | 290,956 | 134,323,210 | 23,148,203 | 27.5% | 26,909,524 | 25.1% |
| #07 | Governor | Oper | 1,652,727 | 1,649,146 | 0 | 1,649,146 | 1,879,549 | 17,668 | 1,897,217 | (3,581) | -0.2% | 248,071 | 15.0% |
| #07 | Governor | Total | 1,652,727 | 1,649,146 | 0 | 1,649,146 | 1,879,549 | 17,668 | 1,897,217 | (3,581) | -0.2% | 248,071 | 15.0% |
| #08 | Lt. Governor | Oper | 143,610 | 143,828 | 0 | 143,828 | 144,051 | 17,668 | 161,719 | 218 | 0.2% | 17,891 | 12.4% |
| #08 | Lt. Governor | Total | 143,610 | 143,828 | 0 | 143,828 | 144,051 | 17,668 | 161,719 | 218 | 0.2% | 17,891 | 12.4% |
| #09 | Secretary of State | Oper | 444,708 | 841,282 | 0 | 841,282 | 1,446,302 | 0 | 1,446,302 | 396,574 | 89.2% | 605,020 | 71.9% |
| #09 | Secretary of State | Total | 444,708 | 841,282 | 0 | 841,282 | 1,446,302 | 0 | 1,446,302 | 396,574 | 89.2% | 605,020 | 71.9% |
| #10 | State Auditor | Oper | 2,184,391 | 2,095,011 | 176,669 | 2,271,680 | 2,118,948 | 176,669 | 2,295,617 | (89,380) | -4.1% | 200,606 | 9.6% |
| #10 | State Auditor | Total | 2,184,391 | 2,095,011 | 176,669 | 2,271,680 | 2,118,948 | 176,669 | 2,295,617 | (89,380) | -4.1% | 200,606 | 9.6% |
| #11 | Attorney General | Oper | 5,815,369 | 5,884,596 | 400,000 | 6,284,596 | 5,638,473 | 0 | 5,638,473 | 69,227 | 1.2% | (246,123) | -4.2% |
| #11 | Attorney General | Total | 5,815,369 | 5,884,596 | 400,000 | 6,284,596 | 5,638,473 | 0 | 5,638,473 | 69,227 | 1.2% | (246,123) | -4.2% |
| #12 | State Treasurer | Aid | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | na | 0 | na |
| #12 | State Treasurer | Oper | 1,389,129 | 1,297,426 | 0 | 1,297,426 | 1,301,283 | 0 | 1,301,283 | (91,703) | -6.6% | 3,857 | 0.3% |
| #12 | State Treasurer | Total | 1,389,129 | 1,297,426 | 0 | 1,297,426 | 1,301,283 | 0 | 1,301,283 | (91,703) | -6.6% | 3,857 | 0.3% |
| #13 | Education | Aid | 1,049,348,167 | 1,113,624,778 | (1,217) | 1,113,623,561 | 1,159,880,190 | (36,535,325) | 1,123,344,865 | 64,276,611 | 6.1% | 9,720,087 | 0.9% |
| #13 | Education | Oper | 16,184,774 | 17,976,558 | 95,798 | 18,072,356 | 19,083,626 | 634,330 | 19,717,956 | 1,791,784 | 11.1% | 1,741,398 | 9.7% |
| #13 | Education | Total | 1,065,532,941 | 1,131,601,336 | 94,581 | 1,131,695,917 | 1,178,963,816 | (35,900,995) | 1,143,062,821 | 66,068,395 | 6.2% | 11,461,485 | 1.0% |
| #14 | Public Service Comm | Oper | 2,359,563 | 2,422,539 | 0 | 2,422,539 | 2,429,539 | 0 | 2,429,539 | 62,976 | 2.7% | 7,000 | 0.3% |
| #14 | Public Service Comm | Total | 2,359,563 | 2,422,539 | 0 | 2,422,539 | 2,429,539 | 0 | 2,429,539 | 62,976 | 2.7% | 7,000 | 0.3% |
| #15 | Parole Board | Oper | 819,249 | 834,771 | 0 | 834,771 | 850,640 | 0 | 850,640 | 15,522 | 1.9% | 15,869 | 1.9% |
| #15 | Parole Board | Total | 819,249 | 834,771 | 0 | 834,771 | 850,640 | 0 | 850,640 | 15,522 | 1.9% | 15,869 | 1.9% |
| #16 | Revenue | Aid | 72,500,000 | 71,600,000 | (6,500,000) | 65,100,000 | 74,900,000 | (6,000,000) | 68,900,000 | (900,000) | -1.2% | (2,700,000) | -3.8% |
| #16 | Revenue | Oper | 25,642,530 | 25,398,331 | 0 | 25,398,331 | 25,912,626 | 0 | 25,912,626 | (244,199) | -1.0% | 514,295 | 2.0% |
| #16 | Revenue | Total | 98,142,530 | 96,998,331 | (6,500,000) | 90,498,331 | 100,812,626 | (6,000,000) | 94,812,626 | (1,144,199) | -1.2% | (2,185,705) | -2.3% |

| | | FY2012-13 | FY2013-14 | | | FY2014-15 | | | Change over Prior Year (excludes deficits) | | | | |
|-----|-----------------------|-----------|------------------|------------------|---------------|--------------------------|------------------|--------------|--|-------------|--------|------------|--------|
| | | | Without deficits | Per 2013 Session | 2014 Deficits | Revised Per 2014 Session | Per 2013 Session | 2014 Changes | Revised Per 2014 Session | FY14 | FY14 | FY15 | FY15 |
| | | | | | | | | | | \$ | % | \$ | % |
| | | | | | | | | | Change | Change | Change | Change | |
| #18 | Agriculture | Oper | 5,618,857 | 5,956,322 | (44,746) | 5,911,576 | 5,922,021 | 0 | 5,922,021 | 337,465 | 6.0% | (34,301) | -0.6% |
| #18 | Agriculture | Total | 5,618,857 | 5,956,322 | (44,746) | 5,911,576 | 5,922,021 | 0 | 5,922,021 | 337,465 | 6.0% | (34,301) | -0.6% |
| #21 | Fire Marshal | Oper | 3,991,920 | 4,086,558 | 0 | 4,086,558 | 4,093,785 | 0 | 4,093,785 | 94,638 | 2.4% | 7,227 | 0.2% |
| #21 | Fire Marshal | Total | 3,991,920 | 4,086,558 | 0 | 4,086,558 | 4,093,785 | 0 | 4,093,785 | 94,638 | 2.4% | 7,227 | 0.2% |
| #23 | Labor | Oper | 497,939 | 503,467 | 0 | 503,467 | 509,118 | 0 | 509,118 | 5,528 | 1.1% | 5,651 | 1.1% |
| #23 | Labor | Total | 497,939 | 503,467 | 0 | 503,467 | 509,118 | 0 | 509,118 | 5,528 | 1.1% | 5,651 | 1.1% |
| #25 | HHS System | Aid | 1,114,177,099 | 1,190,657,630 | (248,361) | 1,190,409,269 | 1,255,689,224 | 20,248,392 | 1,275,937,616 | 76,480,531 | 6.9% | 85,279,986 | 7.2% |
| #25 | HHS System | Oper | 236,425,259 | 233,169,499 | (2,034,444) | 231,135,055 | 233,902,402 | (405,463) | 233,496,939 | (3,255,760) | -1.4% | 327,440 | 0.1% |
| #25 | HHS System | Total | 1,350,602,358 | 1,423,827,129 | (2,282,805) | 1,421,544,324 | 1,489,591,626 | 19,842,929 | 1,509,434,555 | 73,224,771 | 5.4% | 85,607,426 | 6.0% |
| #28 | Veterans Affairs | Oper | 1,127,666 | 1,216,003 | 0 | 1,216,003 | 1,228,082 | 0 | 1,228,082 | 88,337 | 7.8% | 12,079 | 1.0% |
| #28 | Veterans Affairs | Total | 1,127,666 | 1,216,003 | 0 | 1,216,003 | 1,228,082 | 0 | 1,228,082 | 88,337 | 7.8% | 12,079 | 1.0% |
| #29 | Natural Resources | Aid | 5,958,361 | 5,808,361 | 0 | 5,808,361 | 5,808,361 | 10,492,793 | 16,301,154 | (150,000) | -2.5% | 10,492,793 | 180.6% |
| #29 | Natural Resources | Oper | 10,397,171 | 10,676,038 | 0 | 10,676,038 | 10,807,768 | 0 | 10,807,768 | 278,867 | 2.7% | 131,730 | 1.2% |
| #29 | Natural Resources | Total | 16,355,532 | 16,484,399 | 0 | 16,484,399 | 16,616,129 | 10,492,793 | 27,108,922 | 128,867 | 0.8% | 10,624,523 | 64.5% |
| #31 | Military Dept | Aid | 988,775 | 988,775 | 0 | 988,775 | 988,775 | 0 | 988,775 | 0 | 0.0% | 0 | 0.0% |
| #31 | Military Dept | Oper | 3,687,973 | 4,084,520 | 0 | 4,084,520 | 4,276,279 | 0 | 4,276,279 | 396,547 | 10.8% | 191,759 | 4.7% |
| #31 | Military Dept | Total | 4,676,748 | 5,073,295 | 0 | 5,073,295 | 5,265,054 | 0 | 5,265,054 | 396,547 | 8.5% | 191,759 | 3.8% |
| #32 | Ed Lands & Funds | Oper | 310,575 | 315,838 | 0 | 315,838 | 321,217 | 0 | 321,217 | 5,263 | 1.7% | 5,379 | 1.7% |
| #32 | Ed Lands & Funds | Total | 310,575 | 315,838 | 0 | 315,838 | 321,217 | 0 | 321,217 | 5,263 | 1.7% | 5,379 | 1.7% |
| #33 | Game & Parks | Aid | 42,011 | 42,011 | 0 | 42,011 | 42,011 | 0 | 42,011 | 0 | 0.0% | 0 | 0.0% |
| #33 | Game & Parks | Oper | 10,833,605 | 11,034,425 | 0 | 11,034,425 | 11,148,845 | 0 | 11,148,845 | 200,820 | 1.9% | 114,420 | 1.0% |
| #33 | Game & Parks | Total | 10,875,616 | 11,076,436 | 0 | 11,076,436 | 11,190,856 | 0 | 11,190,856 | 200,820 | 1.8% | 114,420 | 1.0% |
| #34 | Library Commission | Aid | 1,043,240 | 1,201,240 | 0 | 1,201,240 | 1,209,240 | 0 | 1,209,240 | 158,000 | 15.1% | 8,000 | 0.7% |
| #34 | Library Commission | Oper | 2,402,760 | 2,484,662 | 0 | 2,484,662 | 2,569,572 | 0 | 2,569,572 | 81,902 | 3.4% | 84,910 | 3.4% |
| #34 | Library Commission | Total | 3,446,000 | 3,685,902 | 0 | 3,685,902 | 3,778,812 | 0 | 3,778,812 | 239,902 | 7.0% | 92,910 | 2.5% |
| #35 | Liquor Control | Oper | 973,825 | 1,033,269 | 0 | 1,033,269 | 1,046,759 | 0 | 1,046,759 | 59,444 | 6.1% | 13,490 | 1.3% |
| #35 | Liquor Control | Total | 973,825 | 1,033,269 | 0 | 1,033,269 | 1,046,759 | 0 | 1,046,759 | 59,444 | 6.1% | 13,490 | 1.3% |
| #36 | Racing Commission | Oper | 0 | 15,000 | 0 | 15,000 | 0 | 0 | 0 | 15,000 | na | (15,000) | -100% |
| #36 | Racing Commission | Total | 0 | 15,000 | 0 | 15,000 | 0 | 0 | 0 | 15,000 | na | (15,000) | -100% |
| #46 | Correctional Services | Aid | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | na | 0 | na |
| #46 | Correctional Services | Oper | 156,840,269 | 167,048,868 | 4,830,972 | 171,879,840 | 170,854,827 | 9,189,157 | 180,043,984 | 10,208,599 | 6.5% | 12,995,116 | 7.8% |
| #46 | Correctional Services | Total | 156,840,269 | 167,048,868 | 4,830,972 | 171,879,840 | 170,854,827 | 9,189,157 | 180,043,984 | 10,208,599 | 6.5% | 12,995,116 | 7.8% |
| #47 | NETC | Oper | 9,558,708 | 9,706,004 | 0 | 9,706,004 | 9,840,715 | 0 | 9,840,715 | 147,296 | 1.5% | 134,711 | 1.4% |
| #47 | NETC | Total | 9,558,708 | 9,706,004 | 0 | 9,706,004 | 9,840,715 | 0 | 9,840,715 | 147,296 | 1.5% | 134,711 | 1.4% |

| | | FY2012-13 | FY2013-14 | | | FY2014-15 | | | Change over Prior Year (excludes deficits) | | | | |
|-----|------------------------|-----------|------------------|------------------|---------------|--------------------------|------------------|--------------|--|------------|--------|------------|-------|
| | | | Without deficits | Per 2013 Session | 2014 Deficits | Revised Per 2014 Session | Per 2013 Session | 2014 Changes | Revised Per 2014 Session | FY14 | FY14 | FY15 | FY15 |
| | | | | | | | | | | \$ | % | \$ | % |
| | | | | | | | | | Change | Change | Change | Change | |
| #48 | Coordinating Comm | Aid | 6,993,156 | 7,308,156 | 0 | 7,308,156 | 7,353,156 | 200,000 | 7,553,156 | 315,000 | 4.5% | 245,000 | 3.4% |
| #48 | Coordinating Comm | Oper | 1,188,481 | 1,300,105 | 10,000 | 1,310,105 | 1,310,637 | 11,000 | 1,321,637 | 111,624 | 9.4% | 21,532 | 1.7% |
| #48 | Coordinating Comm | Total | 8,181,637 | 8,608,261 | 10,000 | 8,618,261 | 8,663,793 | 211,000 | 8,874,793 | 426,624 | 5.2% | 266,532 | 3.1% |
| #50 | State Colleges | Oper | 45,450,893 | 47,496,183 | 0 | 47,496,183 | 49,396,030 | 0 | 49,396,030 | 2,045,290 | 4.5% | 1,899,847 | 4.0% |
| #50 | State Colleges | Total | 45,450,893 | 47,496,183 | 0 | 47,496,183 | 49,396,030 | 0 | 49,396,030 | 2,045,290 | 4.5% | 1,899,847 | 4.0% |
| #51 | University of Nebraska | Oper | 497,998,690 | 519,613,638 | 0 | 519,613,638 | 540,180,384 | 1,800,000 | 541,980,384 | 21,614,948 | 4.3% | 22,366,746 | 4.3% |
| #51 | University of Nebraska | Total | 497,998,690 | 519,613,638 | 0 | 519,613,638 | 540,180,384 | 1,800,000 | 541,980,384 | 21,614,948 | 4.3% | 22,366,746 | 4.3% |
| #54 | Historical Society | Oper | 3,915,325 | 4,120,916 | 702,246 | 4,823,162 | 4,179,737 | 503,801 | 4,683,538 | 205,591 | 5.3% | 562,622 | 13.7% |
| #54 | Historical Society | Total | 3,915,325 | 4,120,916 | 702,246 | 4,823,162 | 4,179,737 | 503,801 | 4,683,538 | 205,591 | 5.3% | 562,622 | 13.7% |
| #64 | State Patrol | Oper | 54,253,448 | 56,153,379 | 0 | 56,153,379 | 56,576,821 | 0 | 56,576,821 | 1,899,931 | 3.5% | 423,442 | 0.8% |
| #64 | State Patrol | Total | 54,253,448 | 56,153,379 | 0 | 56,153,379 | 56,576,821 | 0 | 56,576,821 | 1,899,931 | 3.5% | 423,442 | 0.8% |
| #65 | Admin Services (DAS) | Oper | 7,638,096 | 7,731,281 | 0 | 7,731,281 | 7,821,743 | 0 | 7,821,743 | 93,185 | 1.2% | 90,462 | 1.2% |
| #65 | Admin Services (DAS) | Total | 7,638,096 | 7,731,281 | 0 | 7,731,281 | 7,821,743 | 0 | 7,821,743 | 93,185 | 1.2% | 90,462 | 1.2% |
| #67 | Equal Opportunity | Oper | 1,178,277 | 1,168,106 | 0 | 1,168,106 | 1,186,439 | 0 | 1,186,439 | (10,171) | -0.9% | 18,333 | 1.6% |
| #67 | Equal Opportunity | Total | 1,178,277 | 1,168,106 | 0 | 1,168,106 | 1,186,439 | 0 | 1,186,439 | (10,171) | -0.9% | 18,333 | 1.6% |
| #68 | Latino American Comm. | Oper | 178,681 | 187,679 | 0 | 187,679 | 190,981 | 0 | 190,981 | 8,998 | 5.0% | 3,302 | 1.8% |
| #68 | Latino American Comm. | Total | 178,681 | 187,679 | 0 | 187,679 | 190,981 | 0 | 190,981 | 8,998 | 5.0% | 3,302 | 1.8% |
| #69 | Arts Council | Aid | 838,069 | 903,069 | 0 | 903,069 | 903,069 | 0 | 903,069 | 65,000 | 7.8% | 0 | 0.0% |
| #69 | Arts Council | Oper | 538,267 | 550,931 | 3,000 | 553,931 | 564,132 | 42,956 | 607,088 | 12,664 | 2.4% | 56,157 | 10.2% |
| #69 | Arts Council | Total | 1,376,336 | 1,454,000 | 3,000 | 1,457,000 | 1,467,201 | 42,956 | 1,510,157 | 77,664 | 5.6% | 56,157 | 3.9% |
| #70 | Foster Care Review | Oper | 1,379,348 | 1,652,806 | 0 | 1,652,806 | 1,616,119 | 0 | 1,616,119 | 273,458 | 19.8% | (36,687) | -2.2% |
| #70 | Foster Care Review | Total | 1,379,348 | 1,652,806 | 0 | 1,652,806 | 1,616,119 | 0 | 1,616,119 | 273,458 | 19.8% | (36,687) | -2.2% |
| #72 | Economic Development | Aid | 7,356,396 | 6,860,000 | 0 | 6,860,000 | 6,860,000 | 0 | 6,860,000 | (496,396) | -6.7% | 0 | 0.0% |
| #72 | Economic Development | Oper | 4,101,559 | 4,848,356 | 0 | 4,848,356 | 4,899,875 | 0 | 4,899,875 | 746,797 | 18.2% | 51,519 | 1.1% |
| #72 | Economic Development | Total | 11,457,955 | 11,708,356 | 0 | 11,708,356 | 11,759,875 | 0 | 11,759,875 | 250,401 | 2.2% | 51,519 | 0.4% |
| #76 | Indian Commission | Oper | 167,410 | 205,261 | 0 | 205,261 | 208,175 | 0 | 208,175 | 37,851 | 22.6% | 2,914 | 1.4% |
| #76 | Indian Commission | Total | 167,410 | 205,261 | 0 | 205,261 | 208,175 | 0 | 208,175 | 37,851 | 22.6% | 2,914 | 1.4% |
| #77 | Industrial Relations | Oper | 302,708 | 309,579 | 0 | 309,579 | 313,047 | 0 | 313,047 | 6,871 | 2.3% | 3,468 | 1.1% |
| #77 | Industrial Relations | Total | 302,708 | 309,579 | 0 | 309,579 | 313,047 | 0 | 313,047 | 6,871 | 2.3% | 3,468 | 1.1% |
| #78 | Crime Commission | Aid | 2,301,403 | 4,023,828 | 0 | 4,023,828 | 6,023,828 | (50,000) | 5,973,828 | 1,722,425 | 74.8% | 1,950,000 | 48.5% |
| #78 | Crime Commission | Oper | 3,331,208 | 3,623,960 | 0 | 3,623,960 | 3,656,000 | 50,000 | 3,706,000 | 292,752 | 8.8% | 82,040 | 2.3% |
| #78 | Crime Commission | Total | 5,632,611 | 7,647,788 | 0 | 7,647,788 | 9,679,828 | 0 | 9,679,828 | 2,015,177 | 35.8% | 2,032,040 | 26.6% |

| | | FY2012-13 | FY2013-14 | | | FY2014-15 | | | Change over Prior Year (excludes deficits) | | | | |
|---------------------|---------------------------|-----------|------------------|------------------|---------------|--------------------------|------------------|--------------|--|-------------|--------|-------------|-------|
| | | | Without deficits | Per 2013 Session | 2014 Deficits | Revised Per 2014 Session | Per 2013 Session | 2014 Changes | Revised Per 2014 Session | FY14 | FY14 | FY15 | FY15 |
| | | | | | | | | | | \$ | % | \$ | % |
| | | | | | | | | | Change | Change | Change | Change | |
| #81 | Blind & Visually Impaired | Aid | 176,890 | 176,890 | 0 | 176,890 | 176,890 | 0 | 176,890 | 0 | 0.0% | 0 | 0.0% |
| #81 | Blind & Visually Impaired | Oper | 846,113 | 857,480 | 0 | 857,480 | 869,100 | 0 | 869,100 | 11,367 | 1.3% | 11,620 | 1.4% |
| #81 | Blind & Visually Impaired | Total | 1,023,003 | 1,034,370 | 0 | 1,034,370 | 1,045,990 | 0 | 1,045,990 | 11,367 | 1.1% | 11,620 | 1.1% |
| #82 | Deaf & Hard of Hearing | Oper | 848,782 | 861,653 | 0 | 861,653 | 874,808 | 0 | 874,808 | 12,871 | 1.5% | 13,155 | 1.5% |
| #82 | Deaf & Hard of Hearing | Total | 848,782 | 861,653 | 0 | 861,653 | 874,808 | 0 | 874,808 | 12,871 | 1.5% | 13,155 | 1.5% |
| #83 | Community Colleges | Aid | 87,870,147 | 91,384,953 | 0 | 91,384,953 | 95,040,351 | 0 | 95,040,351 | 3,514,806 | 4.0% | 3,655,398 | 4.0% |
| #83 | Community Colleges | Total | 87,870,147 | 91,384,953 | 0 | 91,384,953 | 95,040,351 | 0 | 95,040,351 | 3,514,806 | 4.0% | 3,655,398 | 4.0% |
| #84 | Environmental Quality | Aid | 2,446,846 | 2,077,196 | 0 | 2,077,196 | 2,141,196 | 0 | 2,141,196 | (369,650) | -15.1% | 64,000 | 3.1% |
| #84 | Environmental Quality | Oper | 3,323,012 | 3,362,055 | 0 | 3,362,055 | 3,393,198 | 0 | 3,393,198 | 39,043 | 1.2% | 31,143 | 0.9% |
| #84 | Environmental Quality | Total | 5,769,858 | 5,439,251 | 0 | 5,439,251 | 5,534,394 | 0 | 5,534,394 | (330,607) | -5.7% | 95,143 | 1.7% |
| #85 | Retirement Board | Oper | 29,991,325 | 24,290,810 | 0 | 24,290,810 | 46,418,580 | 226,671 | 46,645,251 | (5,700,515) | -19.0% | 22,354,441 | 92.0% |
| #85 | Retirement Board | Total | 29,991,325 | 24,290,810 | 0 | 24,290,810 | 46,418,580 | 226,671 | 46,645,251 | (5,700,515) | -19.0% | 22,354,441 | 92.0% |
| #87 | Account/Disclosure | Oper | 407,548 | 414,692 | 0 | 414,692 | 468,402 | 0 | 468,402 | 7,144 | 1.8% | 53,710 | 13.0% |
| #87 | Account/Disclosure | Total | 407,548 | 414,692 | 0 | 414,692 | 468,402 | 0 | 468,402 | 7,144 | 1.8% | 53,710 | 13.0% |
| #91 | Tourism Commission | Aid | 0 | 250,000 | 0 | 250,000 | 250,000 | 0 | 250,000 | 250,000 | na | 0 | 0.0% |
| #91 | Tourism Commission | Oper | 250,000 | 250,000 | 0 | 250,000 | 250,000 | 0 | 250,000 | 0 | 0.0% | 0 | 0.0% |
| #91 | Tourism Commission | Total | 250,000 | 500,000 | 0 | 500,000 | 500,000 | 0 | 500,000 | 250,000 | 100.0% | 0 | 0.0% |
| | Construction Total | Total | 20,772,233 | 25,830,024 | 490,000 | 26,320,024 | 28,310,000 | 1,024,444 | 29,334,444 | 5,057,791 | 24.3% | 3,504,420 | 13.6% |
| OPERATIONS | | | 1,259,610,962 | 1,315,231,996 | 4,184,495 | 1,319,416,491 | 1,395,116,374 | 12,722,518 | 1,407,838,892 | 55,621,034 | 4.4% | 92,606,896 | 7.0% |
| STATE AID | | | 2,352,040,560 | 2,497,106,887 | (6,749,578) | 2,490,357,309 | 2,617,466,291 | (11,644,140) | 2,605,822,151 | 145,066,327 | 6.2% | 108,715,264 | 4.4% |
| CONSTRUCTION | | | 20,772,233 | 25,830,024 | 490,000 | 26,320,024 | 28,310,000 | 1,024,444 | 29,334,444 | 5,057,791 | 24.3% | 3,504,420 | 13.6% |
| TOTAL GENERAL FUNDS | | | 3,632,423,755 | 3,838,168,907 | (2,075,083) | 3,836,093,824 | 4,040,892,665 | 2,102,822 | 4,042,995,487 | 205,745,152 | 5.7% | 204,826,580 | 5.3% |

Appendix C

General Fund Appropriations by State Aid Program

| | | FY2012-13 w/o Deficits | FY2013-14 | | | FY2014-15 | | | Change over Prior Year (exclude deficits) | | | |
|---------------|---|------------------------------|---------------------|------------------|-------------------------|------------------|----------------|-------------------------|---|------------------|-------------------|------------------|
| | | | Per 2013 Session | 2014 Deficits | Revised 2014 Session | Per 2013 Sess | 2014 Change | Revised 2014 Session | FY14 \$ Change | FY14 % Change | FY15 \$ Change | FY15 % Change |
| Courts | Court Appointed Special Advocate | 0 | 200,000 | 0 | 200,000 | 200,000 | 0 | 200,000 | 200,000 | na | 0 | 0.0% |
| Education | TEEOSA State Aid to Education | 836,867,085 | 884,888,317 | 0 | 884,888,317 | 920,786,352 | (40,254,527) | 880,531,825 | 48,021,232 | 5.7% | (4,356,492) | -0.5% |
| Education | Special Education | 193,893,842 | 203,588,534 | 0 | 203,588,534 | 213,767,961 | 0 | 213,767,961 | 9,694,692 | 5.0% | 10,179,427 | 5.0% |
| Education | Aid to ESU's | 14,051,761 | 14,051,761 | 0 | 14,051,761 | 14,051,761 | 0 | 14,051,761 | 0 | 0.0% | 0 | 0.0% |
| Education | Early Childhood grant program | 0 | 1,915,962 | (95,798) | 1,820,164 | 1,915,962 | 3,319,202 | 5,235,164 | 1,820,164 | na | 3,415,000 | 187.6% |
| Education | Early Childhood Endowment | 0 | 4,000,000 | 0 | 4,000,000 | 4,000,000 | 0 | 4,000,000 | 4,000,000 | na | 0 | 0.0% |
| Education | Nutrturing Healthy Behaviors | 0 | 0 | 0 | 0 | 0 | 400,000 | 400,000 | 0 | na | 400,000 | na |
| Education | School Lunch | 392,032 | 392,032 | 0 | 392,032 | 392,032 | 0 | 392,032 | 0 | 0.0% | 0 | 0.0% |
| Education | Textbook loan program | 465,500 | 465,500 | 0 | 465,500 | 465,500 | 0 | 465,500 | 0 | 0.0% | 0 | 0.0% |
| Education | School Breakfast reimbursement | 453,008 | 453,008 | 94,581 | 547,589 | 453,008 | 0 | 453,008 | 94,581 | 20.9% | (94,581) | -17.3% |
| Education | Adult Education | 214,664 | 214,664 | 0 | 214,664 | 214,664 | 0 | 214,664 | 0 | 0.0% | 0 | 0.0% |
| Education | Learning Communities Aid | 882,275 | 725,000 | 0 | 725,000 | 725,000 | 0 | 725,000 | (157,275) | -17.8% | 0 | 0.0% |
| Education | Summer Food Service grants | 128,000 | 130,000 | 0 | 130,000 | 130,000 | 0 | 130,000 | 2,000 | 1.6% | 0 | 0.0% |
| Education | High School Equivalency Assistance | 0 | 750,000 | 0 | 750,000 | 750,000 | 0 | 750,000 | 750,000 | na | 0 | 0.0% |
| Education | Step Up Quality Child Care - Scholarships | 0 | 0 | 0 | 0 | 100,000 | 0 | 100,000 | 0 | na | 100,000 | na |
| Education | Step Up Quality Child Care - Bonuses | 0 | 0 | 0 | 0 | 26,700 | 0 | 26,700 | 0 | na | 26,700 | na |
| Education | Vocational Rehabilitation | 2,000,000 | 2,050,000 | 0 | 2,050,000 | 2,101,250 | 0 | 2,101,250 | 50,000 | 2.5% | 51,250 | 2.5% |
| Revenue | Homestead Exemption | 72,500,000 | 71,600,000 | (6,500,000) | 65,100,000 | 74,900,000 | (6,000,000) | 68,900,000 | (7,400,000) | -10.2% | 3,800,000 | 5.8% |
| DHHS | Behavioral Health Aid | 75,133,219 | 70,759,664 | 0 | 70,759,664 | 57,344,214 | 10,000,000 | 67,344,214 | (4,373,555) | -5.8% | (3,415,450) | -4.8% |
| DHHS | ACA Contingency | 0 | 0 | 0 | 0 | 10,000,000 | (10,000,000) | 0 | 0 | na | 0 | na |
| DHHS | Medical student assistance/RHOP | 637,086 | 637,086 | 0 | 637,086 | 637,086 | 150,000 | 787,086 | 0 | 0.0% | 150,000 | 23.5% |
| DHHS | Childrens Health Insurance | 13,107,750 | 17,638,937 | 1,809,439 | 19,448,376 | 22,425,227 | 5,134,800 | 27,560,027 | 6,340,626 | 48.4% | 8,111,651 | 41.7% |
| DHHS | Public Assistance | 108,524,785 | 107,116,945 | 2,100,000 | 109,216,945 | 108,181,405 | 1,777,331 | 109,958,736 | 692,160 | 0.6% | 741,791 | 0.7% |
| DHHS | Medicaid | 644,573,194 | 710,247,560 | (4,157,800) | 706,089,760 | 773,561,292 | 1,533,418 | 775,094,710 | 61,516,566 | 9.5% | 69,004,950 | 9.8% |
| DHHS | Child Welfare Aid | 153,774,584 | 156,756,327 | 0 | 156,756,327 | 138,879,572 | (686,061) | 138,193,511 | 2,981,743 | 1.9% | (18,562,816) | -11.8% |
| DHHS | Developmental disabilities aid | 101,878,371 | 109,173,012 | 0 | 109,173,012 | 126,248,291 | 10,791,904 | 137,040,195 | 7,294,641 | 7.2% | 27,867,183 | 25.5% |
| DHHS | Community health centers | 3,758,060 | 4,058,060 | 0 | 4,058,060 | 4,058,060 | 250,000 | 4,308,060 | 300,000 | 8.0% | 250,000 | 6.2% |
| DHHS | Health Aid | 4,790,612 | 6,040,612 | 0 | 6,040,612 | 5,890,612 | 297,000 | 6,187,612 | 1,250,000 | 26.1% | 147,000 | 2.4% |
| DHHS | Care Management | 2,033,123 | 2,128,869 | 0 | 2,128,869 | 2,225,644 | 0 | 2,225,644 | 95,746 | 4.7% | 96,775 | 4.5% |
| DHHS | Area agencies on aging | 5,966,315 | 6,100,558 | 0 | 6,100,558 | 6,237,821 | 1,000,000 | 7,237,821 | 134,243 | 2.3% | 1,137,263 | 18.6% |
| Nat Resources | Nebr Water Conservation Fund | 2,318,036 | 2,318,036 | 0 | 2,318,036 | 2,318,036 | 0 | 2,318,036 | 0 | 0.0% | 0 | 0.0% |
| Nat Resources | Resources Development Fund | 3,140,325 | 3,140,325 | 0 | 3,140,325 | 3,140,325 | 10,492,793 | 13,633,118 | 0 | 0.0% | 10,492,793 | 334.1% |
| Nat Resources | NRD Water Management grants | 500,000 | 350,000 | 0 | 350,000 | 350,000 | 0 | 350,000 | (150,000) | -30.0% | 0 | 0.0% |
| Military Dept | Governors Emergency Program | 500,000 | 500,000 | 0 | 500,000 | 500,000 | 0 | 500,000 | 0 | 0.0% | 0 | 0.0% |
| Military Dept | Guard tuition assistance | 488,775 | 488,775 | 0 | 488,775 | 488,775 | 0 | 488,775 | 0 | 0.0% | 0 | 0.0% |

| | | FY2012-13 w/o Deficits | FY2013-14 | | | FY2014-15 | | | Change over Prior Year (exclude deficits) | | | |
|-----------------|---------------------------------------|------------------------------|---------------------|------------------|-------------------------|------------------|----------------|-------------------------|---|------------------|-------------------|------------------|
| | | | Per 2013 Session | 2014 Deficits | Revised 2014 Session | Per 2013 Sess | 2014 Change | Revised 2014 Session | FY14 \$ Change | FY14 % Change | FY15 \$ Change | FY15 % Change |
| Game & Parks | Niobrara Council | 42,011 | 42,011 | 0 | 42,011 | 42,011 | 0 | 42,011 | 0 | 0.0% | 0 | 0.0% |
| Library Comm | Local libraries | 1,043,240 | 1,201,240 | 0 | 1,201,240 | 1,209,240 | 0 | 1,209,240 | 158,000 | 15.1% | 8,000 | 0.7% |
| Coord. Comm | Nebr Opportunity Grant Program | 6,418,156 | 6,668,156 | 0 | 6,668,156 | 6,668,156 | 200,000 | 6,868,156 | 250,000 | 3.9% | 200,000 | 3.0% |
| Coord. Comm | Access College Early Scholarship | 575,000 | 640,000 | 0 | 640,000 | 685,000 | 0 | 685,000 | 65,000 | 11.3% | 45,000 | 7.0% |
| Arts Council | Aid to arts programs | 838,069 | 903,069 | 0 | 903,069 | 903,069 | 0 | 903,069 | 65,000 | 7.8% | 0 | 0.0% |
| Econ Develop | Business Innovation Act | 7,156,396 | 6,760,000 | 0 | 6,760,000 | 6,760,000 | 0 | 6,760,000 | (396,396) | -5.5% | 0 | 0.0% |
| Econ Develop | Small Business Innovation Act | 200,000 | 0 | 0 | 0 | 0 | 0 | 0 | (200,000) | -100.0% | 0 | na |
| Econ Develop | Grow Nebraska | 0 | 100,000 | 0 | 100,000 | 100,000 | 0 | 100,000 | 100,000 | na | 0 | 0.0% |
| Crime Comm | Juvenile services grants | 587,812 | 587,812 | 0 | 587,812 | 587,812 | 0 | 587,812 | 0 | 0.0% | 0 | 0.0% |
| Crime Comm | Community Based Juvenile Services aid | 1,477,575 | 3,000,000 | 0 | 3,000,000 | 5,000,000 | (50,000) | 4,950,000 | 1,522,425 | 103.0% | 1,950,000 | 65.0% |
| Crime Comm | Crimestoppers program | 13,457 | 13,457 | 0 | 13,457 | 13,457 | 0 | 13,457 | 0 | 0.0% | 0 | 0.0% |
| Crime Comm | Victim Witness assistance | 52,559 | 52,559 | 0 | 52,559 | 52,559 | 0 | 52,559 | 0 | 0.0% | 0 | 0.0% |
| Crime Comm | Crime Victims reparations | 20,000 | 20,000 | 0 | 20,000 | 20,000 | 0 | 20,000 | 0 | 0.0% | 0 | 0.0% |
| Crime Comm | Violence Prevention Grants | 150,000 | 350,000 | 0 | 350,000 | 350,000 | 0 | 350,000 | 200,000 | 133.3% | 0 | 0.0% |
| Blind & Vis Imp | Blind rehabilitation | 176,890 | 176,890 | 0 | 176,890 | 176,890 | 0 | 176,890 | 0 | 0.0% | 0 | 0.0% |
| Comm Colleges | Aid to Community Colleges | 87,870,147 | 91,384,953 | 0 | 91,384,953 | 95,040,351 | 0 | 95,040,351 | 3,514,806 | 4.0% | 3,655,398 | 4.0% |
| Environ Qlty | Superfund cleanup | 621,850 | 252,200 | 0 | 252,200 | 316,200 | 0 | 316,200 | (369,650) | -59.4% | 64,000 | 25.4% |
| Environ Qlty | Storm Water Management grants | 1,824,996 | 1,824,996 | 0 | 1,824,996 | 1,824,996 | 0 | 1,824,996 | 0 | 0.0% | 0 | 0.0% |
| Tourism Comm | Tourism grant program | 0 | 250,000 | 0 | 250,000 | 250,000 | 0 | 250,000 | 250,000 | na | 0 | 0.0% |
| | Individuals/Other | 1,135,669,688 | 1,212,891,823 | (248,361) | 1,212,643,462 | 1,278,027,667 | 20,448,392 | 1,298,476,059 | 76,973,774 | 6.8% | 85,832,597 | 7.1% |
| | Local Government | 1,216,370,872 | 1,284,215,064 | (6,501,217) | 1,277,713,847 | 1,339,438,624 | (32,092,532) | 1,307,346,092 | 61,342,975 | 5.0% | 29,632,245 | 2.3% |
| | Total General Fund State Aid | 2,352,040,560 | 2,497,106,887 | (6,749,578) | 2,490,357,309 | 2,617,466,291 | (11,644,140) | 2,605,822,151 | 138,316,749 | 5.9% | 115,464,842 | 4.6% |

Appendix D

General Fund Spending Assumptions-Following Biennium

For the “following biennium” (FY15-16 and FY16-17), the mainline budget numbers reflect the annualized impact of the current budget actions plus an estimate of future year increases in entitlement programs, salary and health insurance increases, and other funding requirements that are normally not optional. While the actual funding needs in these areas will not be known until the biennial budget process starts again next session, some level of funding for these items must be acknowledged and shown as likely funding commitments for planning purposes.

Note that the itemized listing below and subsequent narrative descriptions do not reflect the annualized impacts of 2014 budget actions which are shown separately on the financial status. For example the TEEOSA figures shown below do not reflect the 2014 budget adjustments.

| <i>Dollar Changes from FY15 Base Year</i> | FY16 | FY17 | 2 Yr Avg | FY2014-15 | FY2015-16 | FY2016-17 |
|--|-------------|-----------------------|-------------|----------------------|----------------------|----------------------|
| FY2014-15 Base Appropriation | | | | 4,040,892,665 | 4,040,892,665 | 4,040,892,665 |
| TEEOS School Aid (TEEOSA) | 10.0% | 4.2% | 7.1% | -- | 92,481,992 | 134,980,867 |
| Special Education | 2.5% | 2.5% | 2.5% | -- | 5,344,199 | 10,822,003 |
| Community Colleges | 3.5% | 3.5% | 3.5% | -- | 3,287,488 | 6,690,038 |
| County Juvenile Services aid | 3.0% | 3.0% | 3.0% | -- | 2,000,000 | 2,000,000 |
| Homestead Exemption | 3.0% | 3.0% | 3.0% | -- | 2,247,000 | 4,561,410 |
| Aid to ESU's | 2.5% | 2.5% | 2.5% | -- | 351,294 | 711,370 |
| Medicaid | 8.4% | 7.9% | 8.1% | -- | 64,617,097 | 130,780,476 |
| Public Assistance | 6.0% | 6.0% | 6.0% | -- | 6,490,884 | 13,371,222 |
| Children's Health Insurance (CHIP) | -50.6% | -36.0% | -43.3% | -- | (11,343,108) | (15,336,949) |
| Child Welfare Aid | 6.0% | 6.0% | 6.0% | -- | 4,166,387 | 8,457,766 |
| Developmental Disability aid | 4.0% | 4.0% | 4.0% | -- | 5,049,932 | 10,301,861 |
| Behavioral Health aid | -5.7% | 3.0% | -1.4% | -- | (3,279,674) | (1,657,737) |
| ACA Contingency | -- | -- | -- | -- | 0 | (5,000,000) |
| Employee Salaries | 2.5% | 2.5% | 2.5% | -- | 25,679,265 | 52,000,513 |
| Employee Health Insurance | 10.0% | 10.0% | 10.0% | -- | 15,228,217 | 31,979,256 |
| Operations increases | 2.0% | 2.0% | 2.0% | -- | 5,730,464 | 11,575,538 |
| Inmate per diem costs | 3.0% | 3.0% | 3.0% | -- | 1,367,115 | 1 2,775,244 |
| ACA implementation (operations) | -- | -- | -- | -- | 2,312,500 | 0 |
| Juvenile Services reform (LB561-2013) | 3.0% | 3.0% | 3.0% | -- | 703,176 | 1,427,447 |
| Construction | | to reaffirmation only | | -- | (1,585,000) | (6,571,000) |
| All Other | -- | -- | -- | -- | (207,963) | (207,963) |
| Total General Fund Increases (Biennial Basis, excludes impact of 2014 adjustments) | | | | -- | 220,641,267 | 393,661,361 |
| Projected w/o 2014 Actions | 5.5% | 4.1% | 4.8% | 4,040,892,666 | 4,261,533,932 | 4,434,554,026 |
| Impact of committee proposed adjustments | | | | 2,102,822 | (15,056,194) | (15,337,512) |
| Projected with Committee 2014 Proposal | 5.0% | 4.1% | 4.5% | 4,042,995,666 | 4,246,477,738 | 4,419,216,514 |

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

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

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

Aid to Local Governments

State Aid to Schools (TEEOSA): The estimates for FY16 and FY17 are based on the same methodology utilized for the November 15 estimates required under current law for the proposed biennial budget but with Fiscal Office assumptions and should be considered Fiscal Office estimates. They are based on the statutory changes made in LB407 as enacted in the 2013 session.. The estimates reflect a growth in overall school aid of 10% in FY16 and 4.2% in FY17. In the following biennium, TEEOSA aid increases as parts of LB407 expire. Most significant is the local effort rate (LER) which returns to \$1.00 after two years at \$1.03 and \$1.025.

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

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

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

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

Aid to Individuals

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

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

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

Developmental Disability Aid: A 4% per year increase is included. This provides the equivalent of 2.5% per year for rate equity similar to the employee salary assumption and 1.5% for clients transitioning from K-

12 programs. As this projected budget assumes no expanded programs, nothing is assumed for funding of the waiting list.

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

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

Agency Operations / Construction

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

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

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

Inmate Per Diem Costs: While some costs at the Dept of Correctional Services such as staffing are "fixed" within a range of inmate population, some costs change directly with each inmate. This includes items such as food, clothing, and medical care. A 3% per year increase is included to reflect both inflationary costs and an increase in the number of inmates.

Defined Benefit Retirement Plans: The budget incorporated the changes enacted through LB553 (2013) and assume no change in state funding from the level established in FY14.

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

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

Appendix E

Historical Variance, Projected vs Actual General Fund Receipts

| Millions of \$ | Projected Sine Die | Actual Receipts | \$ Variance | % Variance | |
|----------------|-----------------------|--------------------|----------------|------------|----------|
| | | | | Negative | Positive |
| FY 1986-87 | 878.0 | 886.4 | 8.4 | | 1.0% |
| FY 1987-88 | 924.3 | 1,016.3 | 92.0 | | 10.0% |
| FY 1988-89 | 988.4 | 1,133.5 | 145.1 | | 14.7% |
| FY 1989-90 | 1,110.9 | 1,152.7 | 41.8 | | 3.8% |
| FY 1990-91 | 1,334.6 | 1,367.1 | 32.5 | | 2.4% |
| FY 1991-92 | 1,493.2 | 1,490.4 | (2.8) | -0.2% | |
| FY 1992-93 | 1,537.3 | 1,524.7 | (12.6) | -0.8% | |
| FY 1993-94 | 1,662.5 | 1,653.7 | (8.8) | -0.5% | |
| FY 1994-95 | 1,729.9 | 1,706.0 | (23.9) | -1.4% | |
| FY 1995-96 | 1,834.3 | 1,836.7 | 2.4 | | 0.1% |
| FY 1996-97 | 1,918.0 | 2,009.6 | 91.6 | | 4.8% |
| FY 1997-98 | 1,993.8 | 2,105.4 | 111.6 | | 5.6% |
| FY 1998-99 | 2,102.9 | 2,123.9 | 21.0 | | 1.0% |
| FY 1999-00 | 2,326.3 | 2,403.9 | 77.6 | | 3.3% |
| FY 2000-01 | 2,484.3 | 2,456.8 | (27.5) | -1.1% | |
| FY 2001-02 | 2,646.0 | 2,365.5 | (280.5) | -10.6% | |
| FY 2002-03 | 2,725.7 | 2,456.4 | (269.3) | -9.9% | |
| FY 2003-04 | 2,732.0 | 2,718.7 | (13.3) | -0.5% | |
| FY 2004-05 | 2,775.5 | 3,037.2 | 261.7 | | 9.4% |
| FY 2005-06 | 3,092.3 | 3,352.2 | 259.9 | | 8.4% |
| FY 2006-07 | 3,217.0 | 3,408.3 | 191.4 | | 5.9% |
| FY 2007-08 | 3,389.2 | 3,506.1 | 116.9 | | 3.5% |
| FY2008-09 | 3,531.7 | 3,357.5 | (174.3) | -4.9% | |
| FY2009-10 | 3,446.7 | 3,204.7 | (242.0) | -7.0% | |
| FY2010-11 | 3,422.2 | 3,499.7 | 77.4 | | 2.3% |
| FY2011-12 | 3,591.1 | 3,695.9 | 104.8 | | 2.9% |
| FY2012-13 | 3,767.1 | 4,052.4 | 285.3 | | 7.6% |
| FY2013-14 est | 4,020.7 | 4,067.0 | 46.3 | | 1.2% |
| FY2014-15 est | 4,175.0 | ? | ? | ? | ? |
| FY2015-16 est | 4,367.0 | ? | ? | ? | ? |
| FY2016-17 est | 4,628.0 | ? | ? | ? | ? |
| FY2017-18 est | na | ? | ? | ? | ? |
| Avg Variance | | | | -4.4% | 5.0% |