

State of Nebraska

FY2007-08 and FY2008-09 Biennial Budget



**As Revised During the
2008 Legislative Session**

May 2008

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Financial Status

The Legislature completed the 2008 Legislative Session with a balanced budget for the current biennium (FY08 and FY09) although the projected ending balance is just \$17,296 above the required 3% minimum reserve. In addition the Cash Reserve Fund is balance is projected at \$474 million at the end of this biennium and \$485 million at the end of the following biennium. Revenue growth for the two year period is projected to average 3.9% (adjusted for rate and base changes) almost 1.5% below the historical average of 5.4%. Spending growth averages 4.6% for the biennium which is also below the historical average.

Since the end of the last session, the financial status has been a continuing ebb and flow of positives and negatives including (1) higher revenue forecasts in October which were subsequently reduced in February, (2) non-TEEOSA midbiennium budget adjustments totaling \$15.6 million over the two year period of which \$20 million is a one-time cost to replace the University and State College student information system, (3) \$20 million cash fund lapses to finance the aforementioned information system, and (4) a large increase in TEEOSA school aid under the prior statutes (\$53 million since Sine Die 2007) offset by \$61 million of savings through a major overhaul of the TEEOSA school aid formula

While the current FY08/FY09 biennial budget would appear to end in a balanced budget condition, the prospects for the following biennium are not as positive. The ending balance is projected to be \$262 million below the minimum 3% reserve. At the end of the current biennium (FY08-09) a \$90 million structural imbalance is created with a 5.3% spending growth and 3.7% revenue growth. This structural imbalance remains in the following biennium even with a 6.2% average revenue growth using the historical average methodology. In the absence of specific changes, budget growth returns to a higher level, 7.1% average, driven by double-digit growth in TEEOSA school aid. This projected shortfall could grow to over \$400 million if one utilizes revenue forecasts other than that generated by the historical average methodology. Preliminary estimates using alternate methods yield lower revenue estimates, anywhere from \$106 to \$221 million lower over the two year period.

The one bright spot going into the following biennium is the \$474 million Cash Reserve Fund balance that is projected to be carried forward from the current biennium into the next.

A key to the financial status for the following biennium is the October 2008 meeting of the Nebraska Economic Forecast Advisory Board (NEFAB) when the initial NEFAB forecasts for FY09-10 and FY10-11 are made.

2008 Session Budget Actions

Budget actions taken during the 2008 legislative session could best be described as moderate. Overall the level of revenue and spending changes virtually offset each other.

Budget adjustments increase General Fund appropriations by a total of \$15.6 million over the two year period, only .2% of the biennial budget. Most of the FY2007-08 deficits can be attributed to two items; \$20 million for replacement of the University of Nebraska and State Colleges student information systems, offset by a \$7 million reduction in Homestead Exemption due to overfunding of actual claims.

2008 Budget Actions	FY2007-08	FY2008-09	Two Yr Total
<u>Changes in Spending</u>			
Mainline Budget Adjustments	15,149,664	62,970,098	78,119,762
"A" Bills	(600,000)	(61,934,776)	(62,534,776)
Total Spending Change	14,549,664	1,035,322	15,584,986
<u>Changes in Revenues</u>			
Revenue Bills	(37,500)	(2,253,600)	(2,291,100)
General Fund transfers-in	(30,000)	20,000,000	19,970,000
Total Revenue Changes	(67,500)	17,746,400	17,678,900

The net increase in FY2008-09 appropriations amounts to only \$1,035,322. Most of this occurs in five areas: Mainline budget increases in employee health insurance costs (\$2,657,567), additional rate increases for developmental disability (\$3,000,000) and behavioral health providers (\$2,607,320), and increased TEEOSA aid to schools under the previous law (\$52,895,393). The increased TEEOSA aid was subsequently reduced by formula changes enacted in LB988 (\$-62,131,289) and shown under "A" bills. Budget changes under existing law are shown as mainline budget adjustments and budget changes applicable to statute changes are shown as "A" bills.

Revenue legislation enacted during the 2008 session was also very moderate. The largest item is \$20 million of General Fund transfers-in (cash fund lapses). These lapsed amounts from the Securities Act Cash Fund (\$8 million) and from the Tobacco Products Administration Cash fund (\$12 million) were amounts vetoed last session but then re-enacted this session to finance the replacement of the higher education student information systems. The two most significant revenue bills enacted have a combined \$7 million annual revenue loss when fully implemented, however this impact does not occur until the following biennium due to the operative dates of the bills. The combined two year impact this biennium is less than \$1 million.

Cash Reserve Fund

The Legislature retained a substantial balance in the Cash Reserve Fund and did not utilize any of the retained funds for the purpose of significant spending expansions or tax cuts. A net total of \$21 million of CRF monies were utilized over the next five years. This includes \$5 million for relocation of the State Fair, \$15 million to match federal funds for roads projects, and \$1 million for the Cultural Trust Endowment Fund. Nine million was used in FY07-08 to cover payments for water rights holders however this is assumed to be repaid in FY2010-11.

The Cash Reserve Fund unobligated balance is projected at \$474 million at the end of this biennium, and \$485 million at the end of the following biennium (with payback of several cash flow borrowings). This \$485 million level is actually \$44 million higher than projected last session when incorporating the "above certified" transfers for FY06-07 actual receipts (\$47.3 million) and projected for FY07-08 (\$17.8 million) less \$21 million of net additional transfers enacted in the 2008 Session.

The very modest use of Cash Reserve Fund monies this session allows for the substantial balance to be carried forward into the next session. While the \$485 million projected balance

for the following biennium appears very high, this amount can disappear very quickly in light of the \$262 million projected "shortfall" under existing revenue estimates plus the potential for even lower revenue estimates when the first official forecasts are made next October.

TEEOSA School Aid

The TEEOSA school aid formula was a major issue during the 2008 session. Revised estimates for FY08-09 added \$53 million to the estimate that was included at Sine Die 2007. This increase took TEEOSA school aid from \$847.3 million (10.2% increase) to \$900.9 million (17.2%). These amounts reflect the total TEEOSA aid amount of which approximately \$15 million is financed with allocated insurance premium tax funds and the rest with General Funds. There also were significant increases in projected aid in the following biennium due to significantly below average growth in property valuations (projected at 3% per year) coupled with somewhat above average spending growth (projected at 5.7%). At the point of the original FY09 aid certification, the three year average growth in TEEOSA was 13.1%

With TEEOSA aid at the certified level, the General Fund financial status was \$58 million below the minimum reserve for the current biennium and a projected \$378 million shortfall in the following biennium. It was becoming apparent that the budget could not be balanced either this biennium or the following biennium with state spending growth averaging 7% driven by the 13.1% average growth in TEEOSA. Another consideration was that if the overall level of TEEOSA aid had to be reduced, it made more sense to do it immediately with a recertification of FY08-09 aid reflecting a 9.2% increase with the changes, rather than fund a 17.2% increase this year and then an 8.2% cut if the changes were implemented next year.

LB988 provided for a major overhaul of the TEEOSA school aid formula. Overall the provisions of LB988 lowered projected TEEOSA aid by \$61.9 million in FY08-09, \$44.5 million in FY09-10 and \$40.2 million in FY10-11. The net change compared to the original Sine Die 2007 number is a \$9 million reduction. Even with this scaling back of TEEOSA funds, the growth in TEEOSA aid is projected to average 11.7% over the three year period.

***GENERAL FUND
FINANCIAL STATUS***

General Fund Financial Status

	Actual	Biennial Budget		Following Biennium	
	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11
1 BEGINNING BALANCE					
2 Beginning Cash Balance	565,963,976	591,204,274	247,177,085	209,345,592	80,382,224
3 Cash Reserve transfers-automatic	(259,929,524)	(191,436,773)	(17,776,500)	0	0
4 Carryover obligations from FY07	0	(171,012,056)	0	0	0
5 2008 Lapse excess FY07 unexpended funds	0	262,000	0	0	0
6 Allocation for potential deficits	0	0	(5,000,000)	(5,000,000)	(5,000,000)
7 Unobligated Beginning Balance	306,034,452	229,017,445	224,400,585	204,345,592	75,382,224
8 REVENUES					
9 Net Receipts (Feb 08 NEFAB + Hist Avg)	3,403,644,627	3,407,000,000	3,514,000,000	3,754,000,000	4,014,000,000
10 General Fund transfers-out	(9,140,000)	(128,700,000)	(120,200,000)	(120,200,000)	(120,200,000)
11 General Fund transfers-in	in receipts	in forecst	in forecast	0	0
12 Cash Reserve transfers	15,674,107	60,177,767	54,990,505	0	0
13 2008 General Fund transfers-out	0	(30,000)	0	(2,000,000)	(2,000,000)
14 2008 General Fund transfers-in	0	0	20,000,000	0	0
15 2008 Cash Reserve transfers	0	0	0	0	0
16 2008 Revenue Bills	0	(37,500)	(2,253,600)	(8,697,600)	(11,257,200)
17 General Fund Net Revenues	3,410,178,734	3,338,410,267	3,466,536,905	3,623,102,400	3,880,542,800
18 APPROPRIATIONS					
19 Appropriations Per 2007 Session	3,125,008,912	3,305,700,963	3,480,556,576	3,480,556,576	3,480,556,576
20 Mainline budget adjustments (following biennium)	0	0	0	189,861,730	384,953,150
21 2008 Mainline Budget Changes - Preliminary	0	674,734	58,863,890	122,117,174	158,793,569
22 2008 Mainline Budget Changes - Post Hearing	0	14,100,000	3,006,208	(3,107,439)	9,211,429
23 2008 State Claims	0	404,930	0	0	0
24 2008 Floor Actions	0	(30,000)	1,100,000	500,000	500,000
25 2008 Vetoes	0	0	0	0	0
26 2008 Overrides	0	0	0	0	0
27 2008 "A" Bills	0	(600,000)	(61,934,776)	(42,862,273)	(41,044,339)
28 General Fund Appropriations	3,125,008,912	3,320,250,627	3,481,591,898	3,747,065,768	3,992,970,385
29 ENDING BALANCE					
30 Dollar ending balance (Financial Status as shown)	591,204,274	247,177,085	209,345,592	80,382,224	(37,045,360)
31 Dollar ending balance (at Minimum Reserve)			-- 209,328,296	--	224,650,217
32 Excess (shortfall) from Minimum Reserve			17,296	--	(261,695,578)
33 Biennial Reserve (%)			3.0%		-0.5%
34 Annual % Change - Appropriations	7.0%	3.9%	5.3%	7.6%	6.6%
35 Two Year Average	7.4%	--	4.6%	--	7.1%
General Fund Revenues					
36 Est. Revenue Growth (rate/base adjusted)	7.4%	4.2%	3.7%	5.5%	6.8%
37 Two Year Average	8.7%	--	3.9%	--	6.2%
37 Five Year Average	6.6%	--	6.6%	--	5.2%
38 <u>Structural Revenues vs Approp.</u>	269,495,715	(42,018,127)	(90,045,498)	(123,963,368)	(112,427,585)

CASH RESERVE FUND	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11
Projected Ending Balance-Cash Reserve Fund	516,087,791	533,096,797	474,042,792	469,042,792	485,042,792

Chronology of the General Fund Financial Status

Over the past 12 months, the General Fund Financial Status for the current biennium (FY08/FY09) and following biennium (FY10/FY11) has been a roller coaster of revised revenue forecast and revised TEEOSA state aid estimates. For the current biennium, the variance from the minimum reserve started at \$.3 million, grew to \$52 million with higher October revenue forecasts, declined to \$4 million with revised TEEOSA aid estimates, declined to a *negative* \$68 million lower February revenue forecasts, and then finishes at Sine Die exactly at the minimum reserve mostly due to revisions to the TEEOSA formula and subsequent lower amounts.

The overall financial picture did improve somewhat in that while the General Fund financial status actually returned to its original state, the Cash Reserve Fund unobligated balance increased from \$436 million to \$485 million.

Sine Die - 2007 Session

At the end of the 2007 Session, the projected financial status yielded an unobligated ending balance for the FY08/FY09 Biennium that was only \$0.3 million above the minimum 3% reserve. The projected variance from the minimum reserve for the following biennium, FY09/FY10 biennium was projected at a negative \$25.1 million. The Cash Reserve Fund unobligated balance was projected at \$436 million.

2007 Interim

During the 2007 interim, the financial status improved significantly, at least for the current biennium where the variance from the minimum reserve improved from \$.1 million to \$52.1 million. In addition to this improvement in the General Fund financial status, the Cash Reserve Fund unobligated balance increased from \$436 million to \$401 million. This improvement was the result of significant increases in revenue forecasts.

In July 2007, actual receipts for FY2006-07 were \$47.3 million above the forecast used at Sine Die of the 2007 Session which was the April 2007 forecast of the Nebraska Economic Forecast Advisory Board (NEFAB). Adjusted revenue growth for FY06-07 based on actual receipts is 7.4% compared to the 5.7% growth calculated per the April forecast. As these additional revenues were above the "certified forecast", they were transferred to the Cash Reserve Fund.

In October 2007, the FY07-08 and FY08-09 forecasts were revised by the Nebraska Economic Forecast Advisory Board (NEFAB). At that meeting, revenue forecasts were increased by a total of \$117.3 million; \$68.8 million in FY07-08 and \$48.5 million in FY08-09. As the FY07-08 revenue forecast was certified in July, the \$68.8 million increase in the FY08 forecast would be transferred to the Cash Reserve Fund under current law. The \$48.5 million increase in the forecast for FY08-09 would be retained in the General Fund.

Further, the unobligated beginning balance for the biennium increased by \$18.8 million with the final certification of FY07 reappropriations and encumbrances. At the July 2007 TRR meeting a \$10 million figure was used as an estimate of lapsed General Fund appropriations. The actual figure was \$28.8 million or approximately .5% of the two year FY06/FY07 biennial appropriation.

These higher revenue numbers were partially offset by updated TEEOSA school aid estimates. Statute requires the Dept of Education with the assistance of the property tax administrator, Legislative Fiscal Analyst, and DAS-Budget Division to make and estimate of the funding needs for TEEOSA for the next year. At a joint meeting at the end of October, the estimates for FY2008-09 were increased by \$13.8 million mostly attributed to adding a 1% enrollment increase as part of the cost growth factor.

Although not required by statute, at that same meeting estimates for the two "out years" were considered and increased substantially compared to the prior estimates used for planning purposes; +52.6 million in FY10 and +101.9 million in FY11. Roughly half of the increase is attributed to higher projected school spending growth (5.7% average vs 4.9%) and half attributed to lower projected property valuation growth (3% average vs 5%).

With respect to the financial status in the following biennium, this significant increase in the TEEOSA estimate more than offset the higher revenue forecasts from October resulting in a \$99.7 million shortfall relative to the minimum reserve.

2008 Session

During the 2008 Session, there were three major things that affected the financial status.

TEEOSA School Aid, Second Revised Estimate The TEEOSA school aid numbers were updated again based on actual data that became available in December. This increased the TEEOSA funding requirements by an additional \$39.2 million in FY08-09 (a total revision of \$53.1 million when coupled with the October revision) and \$51 million in both FY09-10 and FY10-11. These higher TEEOSA numbers, along with a relatively small level of other budget adjustments still resulted in a a balanced budget scenario for the current biennium although shortfall estimates for the following biennium grew to a \$287 million level.

February 2008 Revenue Forecast Revisions The NEFAB met again in February 2008 and in this case, revised the forecasts downward by \$51 million in FY07-08 and \$75 million in FY08-09. Because the FY08 forecast was still above the certified forecast, the lower FY08 estimate simply resulted in a lower amount to be transferred to the Cash Reserve Fund and did not affect the General Fund financial status. The \$75 million reduction in FY08-09 did affect the General Fund and resulted in a financial status \$68 million below the minimum reserve.

TEEOSA School Aid, Revised Formula (LB988) With the decline in revenue forecasts, balancing the current biennium virtually required a reduced level of TEEOSA aid. LB988 made multiple changes in the TEEOSA school aid formula including some adjustments which reduced the overall amount. The Appropriations Committee proposed incorporating some of the changes into another bill (LB249) to accompany their overall budget recommendation. These changes resulted in savings of about \$62 million per year. This proposal however was

disallowed by the Speaker as part of the budget package. Subsequently, the TEEOSA aid savings were enacted through LB988 although at a lower level in the following biennium.

Table 1 Chronology of the General Fund Financial Status

	Current Biennium			Following Biennium		
	FY 2007-08	FY 2008-09	2 Yr Total	FY 2009-10	FY 2010-11	4 Yr Total
Sine Die 2007 Session			0.3			(25.1)
Plus: Lower carryover obligations from FY05-06	0.0	0.0	0.2	0.0	0.0	0.2
Plus: FY07 Actual vs Est General Fund Net Receipts	0.0	0.0	47.3	0.0	0.0	47.3
Less: FY07 Actual vs Est CRF transfers-automatic	(47.3)	0.0	(47.3)	0.0	0.0	(47.3)
Plus: FY07 Actual vs Est Accounting adjustment	0.0	0.0	(4.7)	0.0	0.0	(4.7)
Plus: Assumed lapse, FY07 unexpended	0.0	0.0	10.0	0.0	0.0	10.0
Less: Change in Minimum Reserve	0.0	(5.7)	(5.7)	0.0	5.5	(0.2)
July 2007 Tax Rate Review Committee			0.1			(19.8)
Plus: Revenue Forecasts (revised Oct 2007)	68.8	48.5	117.3	23.4	0.0	140.7
Less: CRF Transfer revised FY08 above certified	0.0	(68.8)	(68.8)	0.0	0.0	(68.8)
Plus: Adjust lapse to achieve actual reapprop/encumb	18.8	0.0	18.8	0.0	0.0	18.8
Less: Revised TEEOSA aid est (Oct 2007 Joint Meeting)	0.0	(13.8)	(13.8)	(52.6)	(101.9)	(168.4)
Less: Change in Minimum Reserve	0.0	(1.4)	(1.4)	0.0	(0.8)	(2.2)
November 2007 Tax Rate Review Committee			52.1			(99.7)
Less: Revised TEEOSA aid estimates (December)	0.0	(39.2)	(39.2)	(51.5)	(51.0)	(141.8)
Less: Non TEEOSA Deficits vs Pre Session allocation	4.3	(5.8)	(1.5)	(18.0)	(5.8)	(25.3)
Less: Allocation for Post Hearing Adjustments	0.0	(7.0)	(7.0)	(7.0)	(7.0)	(21.0)
Less: State Claims	(0.1)	0.0	(0.1)	0.0	0.0	(0.1)
Plus: Change in Minimum Reserve	0.0	0.0	0.0	0.0	1.3	1.3
Committee Preliminary Budget			4.4			(286.6)
Less: Revenue Forecasts (revised Feb 2008)	(51.0)	(75.0)	(126.0)	(38.0)	0.0	(164.0)
Plus: CRF Transfer revised FY08 forecast above certified	0.0	51.0	51.0	0.0	0.0	51.0
Plus: Change in Minimum Reserve	0.0	2.2	2.2	0.0	1.2	3.4
With Revised Forecasts			(68.4)			(396.2)
Less: Post Hearing adjustments net of \$7M allocation	(14.1)	4.0	(10.1)	10.1	(2.2)	(2.2)
Plus: Cash fund lapses	0.0	20.6	20.6	0.0	0.0	20.6
Plus: TEEOSA changes (LB249)	0.0	62.1	62.1	63.9	65.8	191.8
Plus: Change in Minimum Reserve	0.0	(0.6)	0.0	0.0	(1.6)	(1.8)
Committee Budget (March 12, 2008)			3.6			(188.1)
Less: Exclude LB249 from budget package (Speaker)	0.0	(62.1)	(62.1)	(63.9)	(65.8)	(191.8)
Less: Floor amendments-deficits/claims	(0.3)	0.0	(0.3)	0.0	0.0	(0.3)
Less: Floor amendments-appropriations/transfers	0.0	(1.1)	(1.1)	(0.5)	(0.5)	(2.1)
Plus: Mainline vetoes-appropriation	0.0	0.0	0.0	0.0	0.0	0.0
Less: Mainline veto overrides	0.0	0.0	0.0	0.0	0.0	0.0
Less: Revenue bills enacted	(0.0)	(2.3)	(2.3)	(10.7)	(13.3)	(26.2)
Less: A Bills enacted	0.9	61.9	62.8	42.9	41.0	146.7
Plus: Change in Minimum Reserve	0.0	(0.6)	(0.6)	0.0	0.7	0.1
Sine Die 2007 Session (April 17, 2008)			(0.0)			(261.7)

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 is projected at \$474 million at the end of this biennium. This is \$44 million higher than projected at Sine Die 2007 incorporating the "above certified" transfers for FY06-07 actual receipts (\$47.3 million) and projected for FY07-08 (\$17.8 million) less \$21 million of additional net transfers enacted in the 2008 Session. The current projected status of the Cash Reserve Fund is shown below.

Table 2 Cash Reserve Fund

	Actual FY2006-07	Estimated FY2007-08	Estimated FY2008-09	Estimated FY2009-10	Estimated FY2010-11
Beginning Balance	273,616,790	516,087,791	533,096,797	474,042,792	469,042,792
Excess of certified forecasts (line 3 in Status)	259,929,524	191,436,773	17,776,500	0	0
To/from Gen Fund, pre 2007 Session law	(15,674,107)	(60,177,767)	(54,990,505)	0	0
To NCCF Eastern Nebr Vets Home	(1,784,416)	0	0	0	0
To NCCF, Non-long term construction projects	0	(75,000,000)	(9,590,000)	0	0
To NCCF, Assurity Life acquisition	0	(12,000,000)	0	0	0
To Job Training Cash Fund	0	(5,000,000)	(5,000,000)	0	0
To Microenterprise Development Program	0	(1,000,000)	(1,000,000)	0	0
To Building Entrepreneurial Communities Act	0	(250,000)	(250,000)	0	0
To/From state employee health insurance fund	0	(12,000,000)	0	0	12,000,000
LB 1094 Water Contingency Cash Fund	0	(9,000,000)	0	0	9,000,000
LB 1116 State Fair relocation	0	0	(5,000,000)	0	0
LB 1165 Cultural Endowment fund	0	0	(1,000,000)	0	0
LB 846 Transfer to Roads Operations Cash Fund	0	0	0	(5,000,000)	(5,000,000)
Ending Balance	516,087,791	533,096,797	474,042,792	469,042,792	485,042,792

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. FY06-07 revenues exceeded the certified forecast by \$191.4 million and were transferred to the CRF in July 2007 which falls in FY07-08). At the present time, the certified forecast for FY07-08 is \$3,389,186,000 is \$17.8 million above the current NEFAB forecast plus 2008 legislation. This "above certified" amount is projected to be transferred to the CRF in July 2008.

Transfers To/From General Fund - Prior 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 to/from the General Fund	FY2006-07	FY2007-08	FY2008-09
To GF, offset retirement shortfall (LB427-2005)	(15,674,107)	(17,931,030)	(4,990,505)
From GF, repay Vets Home borrowing (LB798-2003)	0	7,753,263	0
To GF, (LB 1131-2006)	0	(50,000,000)	(50,000,000)
Net Transfers to/From General Fund	(15,674,107)	(60,177,767)	(54,990,505)

In the 2003 Session (LB 798) a total of \$5,727,707 was transferred to the Nebraska Capital Construction Fund (NCCF) at the discretion of the Budget Administrator to finance the replacement of the Fitzgerald Veterans Home in Omaha. Estimated cash flow of these transfers was \$755,807 FY03-04, \$758,180 FY04-05, \$2,429,304 FY05-06, and \$1,784,416 FY06-07. In 2005 an additional \$2,025,556 transfer was made to supplement the original transfer providing for a total of \$7,753,263. These amounts are to be reimbursed from the General Fund to the Cash Reserve Fund in FY07-08.

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

In the 2006 Session, LB1131 included a \$100 million transfer from the Cash Reserve Fund to the General Fund consisting of a \$50 million transfer in both FY2007-08 and FY2008-09. This provided additional revenue support for various spending and tax cut proposals enacted in the 2006 Session.

Transfers To/From Other Funds - Prior Law

In the 2007 session, the Legislature utilized \$109 million (net) of Cash Reserve Funds which were transferred to other funds. The transfers include: (1) \$75,000,000 in FY08 and \$9,590,000 in FY09 to the Nebraska Capital Construction Fund (NCCF) to pay for capital construction projects that will be completed within the four year financial status and would otherwise have been General Funds; (2) \$12 million to the NCCF for acquisition of the Assurity Life property in the Capitol Environs, (3) \$10 million to the job training cash fund. \$5 million in both FY07-08 and FY08-09; (4) \$2 million to the Microenterprise Development Cash Fund, \$1 million both FY07-08 and FY08-09; (5) \$1 million to the Building Entrepreneurial Communities Cash Fund, \$500,000 both FY07-08 and FY08-09; and (6) \$12 million to state health insurance funds to provide cash flow until a structural balance between premiums collected and claims paid is achieved. This \$12 million would be repaid to the Cash Reserve Fund by the end of FY10-11. This transfer was originally assumed in FY06-07 however no transfer had occurred by June 30, 2007 and the assumed transfer was shifted to FY07-08.

2008 Session Transfers

The Legislature retained a substantial balance in the Cash Reserve Fund and did not utilize any of the retained funds for the purpose of significant spending expansions or tax cuts. A net total of \$21 million of CRF monies were utilized as follows:

LB 1094 transferred \$9 million 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. This situation was caused by a lawsuit by landowners in the Republican River basin challenging the property tax assessment to make these payments. Surface water irrigators who gave up irrigation water in the 2007 crop year were not paid in December, 2007 as promised. Because the bill requires repayment by the NRD receiving said funds either through use of existing law or such other means as provided by the Legislature once the litigation is resolved, there is no net cost to the Cash Reserve Fund.

LB 1116 transfers \$5 million to the newly created Nebraska State Fair Relocation Cash Fund to assist the State Fair Board in their relocation to Grand Island.

LB 846 included a total of \$15 million of transfers to the Roads Operations Cash Fund to provide the state match for federal funding made available to the state through congressional earmarks. The transfers would take place in three \$5 million installments in FY08-09, FY09-10, and FY10-11. The \$15 million of transferred funding will provide the state match for \$60 million of federal funds based on a 20/80 matching ratio.

LB1165 included a \$1 million transfer to the Cultural Preservation Endowment. This transfer plus intent language for \$2 million transfers from the General Fund in both FY2009-10 and FY2010-11 provided a total of \$5 million additional dollars. (see transfers-out on page 21

Table 3 Cash Reserve Fund - Historical Balances

Fiscal Yr	Beginning Balance	Deposit and Interest	Legislative Transfers	Automatic Transfers	Ending Balance	Balance % of revenues
FY1988-89	17,684,929	139,000	32,600,000	0	50,423,929	4.4%
FY1989-90	50,423,929	113,114	(10,500,000)	0	40,037,043	3.5%
FY1990-91	40,037,043	0	(8,100,000)	0	31,937,043	2.3%
FY1991-92	31,937,043	0	(5,000,000)	0	26,937,043	1.8%
FY1992-93	26,937,043	0	(9,500,000)	0	17,437,043	1.1%
FY1993-94	17,437,043	0	7,250,000	3,063,462	27,750,505	1.7%
FY1994-95	27,750,505	0	1,250,000	(8,518,701)	20,481,804	1.2%
FY1995-96	20,481,804	0	18,189,565	(20,481,804)	18,189,565	1.0%
FY1996-97	18,189,565	0	3,032,333	19,740,786	40,962,684	2.0%
FY1997-98	40,962,684	0	0	91,621,018	132,583,702	6.3%
FY1998-99	132,583,702	0	(98,500,000)	111,616,422	145,700,124	6.9%
FY1999-00	145,700,124	0	(24,500,000)	20,959,305	142,159,429	5.9%
FY2000-01	142,159,429	0	(49,500,000)	77,576,670	170,236,099	6.9%
FY2001-02	170,236,099	0	(60,170,000)	0	110,066,099	4.7%
FY2002-03	110,066,099	66,476,446	(87,400,000)	(30,000,000)	59,142,545	2.4%
FY2003-04	59,142,545	59,463,461	(61,577,669)	30,000,000	87,028,337	3.2%
FY2004-05	87,028,337	8,170,556	(26,758,180)	108,727,007	177,167,720	5.8%
FY2005-06	177,167,720	0	(165,266,227)	261,715,297	273,616,790	8.2%
FY2006-07	273,616,790	0	(17,458,523)	259,929,524	516,087,791	15.1%
FY2007-08 Est	516,087,791	0	(174,427,767)	191,436,773	533,096,797	15.6%
FY2008-09 Est	533,096,797	0	(76,830,505)	17,776,500	474,042,792	13.4%
FY2009-10 Est	474,042,792	0	(5,000,000)	0	469,042,792	12.5%
FY2010-11 Est	469,042,792	0	16,000,000	0	485,042,792	12.1%
FY2011-12 Est	485,042,792	0	(5,000,000)	0	480,042,792	11.3%
FY2012-13 Est	480,042,792	0	0	0	480,042,792	10.7%

* Cash flow

Assumptions - Following Biennium

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

WHILE 2008 ACTIONS ARE SHOWN SEPARATELY ON THE FINANCIAL STATUS ON PAGE 5, THE ON-GOING IMPACT OF 2008 SESSION ACTIONS ARE ALREADY INCORPORATED INTO THE PROJECTED DATA SHOWN IN THIS SECTION.

Revenues

Revenue Forecasts: The NEFAB does not make official forecasts for the following biennium or what's commonly referred to as the "out years", FY09-10 and FY10-11). The revenue estimates used for the following biennium (FY09-10 and FY10-11), are derived using a "capped" historical average methodology. This "smoothing" technique derives a revenue estimate for the "out years" by calculating the level of revenues that would yield a five year average growth FY06 to FY11) roughly equal to the historical average from FY81 to FY07 (5.4%). 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. Under this method, revenue growth for the two out-years would average 6.2%, 5.5% in FY10 and 6.8% in FY11. This above average growth offsets the below average growth reflected in

the NEFAB forecasts for FY07-08 and FY08-09.

Table 4 Comparison of "Out Year" Forecasts

Based on Feb 2008 Revenue Forecasts	Current Status	Average Global Insight	Average All Forecasts	High Est LFO-Fair	Low Est NDR-Global
<u>Dollar Forecast (thousands)</u>					
FY2009-10 Prelim	3,754,000	3,688,504	3,743,329	3,832,738	3,679,751
FY2010-11 Prelim	4,014,000	3,858,209	3,917,887	3,989,150	3,856,325
<u>Calculated Growth (adjusted)</u>					
FY2009-10 Prelim	5.5%	3.8%	5.3%	7.6%	3.6%
FY2010-11 Prelim	6.8%	4.7%	4.7%	4.2%	4.9%
Two Year Average	6.2%	4.3%	5.0%	5.9%	4.2%
Five Year Average	5.2%	4.8%	5.1%	5.4%	4.8%
<u>\$ Difference from Status</u>					
FY2009-10	0	(65,497)	(10,671)	78,738	(74,249)
FY2010-11	0	(155,792)	(96,113)	(24,850)	(157,675)
Cumulative Total	0	(221,288)	(106,784)	53,888	(231,924)

Alternative methods are also 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 Dept 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, the national forecasting service 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 has been used since 1991 and the “smoothing” technique used for the most part relies on the trend changes.

As shown in Table 4, the preliminary estimates for the two “out years” arrived at using the historical average concept (as used in the Financial Status), are significantly higher than the model estimates. Forecasts using Global Insight input are much lower reflecting a continued much lower growth specifically in FY2009-10. The FAIR based forecasts are much higher than the Global Insight forecasts and in fact somewhat higher than the “historical average” based estimates.

General Fund Transfers-Out are instances where funds are transferred from the General Fund to another fund within the state treasury. In terms of the General Fund, these items have the same affect as an appropriation but are not expended as such and thus are shown under the revenue category. A detailed listing of Transfers-Out can be found on page 21. This includes a continuation of the LB367 (2007) property tax credits at the \$115 million level. Although LB367 only specified transfer amounts for FY07-08 and FY08-09, the law stated that “It is the intent of the Legislature to fund the Property Tax Credit Act for tax years after tax year 2008 using available revenue”. Based on this language, and the fact that provisions related to the credits are retained in the statutes after the two years, it was assumed that the intent was to continue the credits beyond tax year 2008 if possible.

Spending

For the “following biennium” (FY09-10 and FY10-11), 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. Table 5 shows the individual items and assumption used in arriving at a projected budget.

AID TO LOCAL GOVERNMENTS

Special Education: Increases for FY09-10 and FY10-11 reflect a 5% per year increase as provided for in current statute (LB1243-2000.)

State Aid to Schools (TEEOSA) The estimates for FY10 and FY11 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. The estimates reflect a growth in school aid of 14.8% in FY10 and 11.5% in FY11 for an average of 13.1% per year. In a “normal” year with spending growth and valuation growth at roughly 5%, the growth in TEEOSA should be in the 5.5% range. In this case the large growth in TEEOSA reflects significantly below average growth in property valuations (projected at 3% per year).coupled with somewhat above average spending growth (projected at 5.7%). The large growth in FY10 and FY11 reflect the significant gap between school spending growth (projected at 5.6% per year) compared to below average property valuation growth (ie.. yield from local effort rate) of 3% per year. Also, phased changes in LB988 lower the “cost savings” in year 2 and 3 of implementation contributing to the higher growth.

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

Aid to Community Colleges A 3% per year annual increase is included for the following biennium budget reflecting increased state aid to support operations budget increases and meet community college area aid eligibility.

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

Table 5 Projected Budget Increases-Following Biennium*

Numbers are annual increases	Factor	Est for Following Biennium	
		FY2009-10	FY2010-11
<u>Aid to Local Govt</u>			
Special Education	5.0%	9,244,692	9,706,927
Aid to K-12 Schools (TEEOSA)	13.1%	122,117,317	108,336,486
Aid to ESU's	2.5%	402,239	412,295
Homestead Exemption	3.0%	2,283,603	2,352,111
Community Colleges	3.0%	2,617,994	2,696,534
<u>Aid to Individuals</u>			
Medicaid	7.3%	44,265,226	45,231,510
Public Assistance	9.0%	21,746,010	23,703,151
Childrens Health Insurance (CHIP)	10.5%	1,257,142	1,351,428
Developmental Disability aid	3.0%	2,044,989	2,106,339
Behavioral Health aid	3.0%	1,471,129	1,897,104
<u>Operations</u>			
Employee Salaries	2.5%	26,323,616	25,054,095
Employee Health Insurance	10.0%	13,297,993	14,627,793
Operations increase	2.0%	5,707,762	5,821,917
Inmate per diem costs	6.0%	2,054,736	2,178,020
Sex offender treatment, Norfolk	calculated	3,630,000	0
Public safety communications system	calculated	1,293,716	0
Student assessment and reporting	Fiscal Note	345,000	470,000
Depreciation surcharge	calculated	0	0
Retirement (defined benefit plans)	Calculated	0	0
All Other	na	(47,795)	(41,093)
<u>Construction</u>			
	reaffirm only	5,412,500	0
Annual \$ Increase		265,473,870	245,904,616
Annual % Increase		7.6%	6.6%
Base Year Appropriation		3,481,591,898	3,481,591,898
Budget Increases (biennial basis)		265,473,870	511,378,486
Projected Budget		3,747,065,768	3,992,970,384

AID TO INDIVIDUALS

Medicaid For the following biennium, a 7.5% per year increase is used. This approximates the average growth over the past 10 years. A slightly smaller growth occurs in FY10-11 with the inclusion of \$2.3 million estimated savings attributed to LB 830 Prescription Drug Cost Savings Act.

Public Assistance A growth rate of 9.0% per year is utilized for the various Public Assistance programs for the following biennium. This approximates the average growth over the past 10 years reflecting the higher growth in child welfare and "fixed" block grant amounts where the General Fund assumes all inflationary costs.

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 growth in General Funds is closer to 10.5% as the General Fund would pick up all increases in this program because the \$5 million allocation from the Health Care Cash Fund is a fixed amount.

Developmental Disability Aid A 3% per year increase is included. Depending on the number of clients transitioning from K-12 programs, this provides the equivalent of 3% per year increase in rates or 2% per year for rate equity and 1% for clients transitioning.

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.

AGENCY OPERATIONS / CAPITAL 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 is the amount funded for FY08 and FY09 non-bargaining employees. Also included is a \$1.9 million increase to annualize the impact of the NAPE salary increase per the special master ruling in 2007.

Employee Health Insurance For planning purposes, a 10% per year increase in health insurance is included for the following biennium. This rate of growth is similar with the increases in the current proposed budget as well as the average growth over the past 5 to 10 years (excluding the extraordinary 45% increase in FY99-00).

Operations Inflation Included in the projected status is an across the board 2% increase in agency non-personnel operating cost including the 24/7 HHS and Corrections facilities and the University and State Colleges.

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

Sex offender treatment, Norfolk LB 1199 (2006) revised a number of statutory sections relating to sex crimes, sex offenders and civil commitment. Two provisions result in substantial costs, lifetime supervision and civil commitment. This includes additional parole staff and operation of a treatment facility in Norfolk. These increased costs were projected to be phased in over a four year period reaching a total of \$14.7 million by FY09-10.

Public safety communications system Full annualized funding for the public safety communications system, started in FY07-08 and FY08-09 is not reached until FY09-10.

Student assessment and reporting LB653 (2007) called for various changes in the system for student assessment. The primary change in the bill was a requirement for a statewide assessment of reading beginning in FY09-10 and a statewide assessment of mathematics beginning in FY10-11. The bill called for additional funds of \$395,000 in FY07-08, \$545,000 in FY08-09, \$890,000 in FY09-10 and \$1,360,000 in FY10-11. These amounts then reflect annual increases of \$345,000 in FY09-10 and another \$470,000 in FY10-11. LB 1157 (2008) further changed the system for student assessment to provide for statewide assessments in reading and mathematics to be administered in seven grades, rather than three, and establishes an additional statewide science assessment to begin in 2011-12 and be given in at least three grades. No additional funding was provided through LB1157 based on the assumed continued phase-in of funding originally planned under LB653 (2007) and a reallocation of funds used for the previous STARS assessment program.

Depreciation Surcharge No additional projects are assumed to be applicable to the 1% depreciation surcharge.

Capital Construction General Fund dollars included in the projected budget for the following biennium for capital construction reflect reaffirmations only based on the FY08/FY09 biennial budget. These are dollar amounts needed to complete funding of previously approved projects.

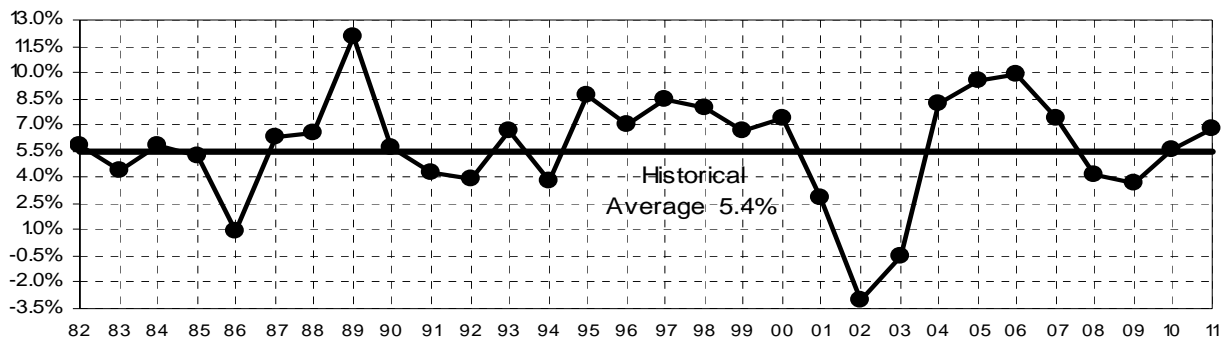
GENERAL FUND REVENUES

General Fund Revenue Forecasts

Table 6 - General Fund Revenue Forecasts

<i>Revenue Estimates Used in Financial Status</i>	Actual FY2006-07	NEFAB FY2007-08	NEFAB FY2008-09	LFO Prelim FY2009-10	LFO Prelim FY2010-11
Actual/Forecast					
Sales and Use Tax	1,303,826,416	1,300,000,000	1,360,000,000	1,422,000,000	1,512,000,000
Individual Income Tax	1,650,895,394	1,665,000,000	1,750,000,000	1,900,000,000	2,025,000,000
Corporate Income Tax	213,027,010	225,000,000	215,000,000	239,000,000	283,000,000
Miscellaneous receipts	240,582,953	217,000,000	189,000,000	193,000,000	194,000,000
Subtotal-Forecast / Actual	3,408,331,773	3,407,000,000	3,514,000,000	3,754,000,000	4,014,000,000
2008 Transfers-In	0	0	20,000,000	0	0
2008 Revenue Bills	0	(37,500)	(2,253,600)	(8,697,600)	(11,257,200)
Total Gen Fund Revenues	3,408,331,773	3,406,962,500	3,511,746,400	3,745,302,400	4,002,742,800
Adjusted Growth					
Total Gen Fund Revenues	7.4%	4.2%	3.7%	5.5%	6.8%
Five Yr Average	--	--	--	--	5.2%

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



Current Biennium (FY2007-08 & FY2008-09)

For the current biennium (FY07-08 and FY08-09) forecasts used in the Financial Status are the February 2008 forecasts from the Nebraska Economic Forecast Advisory Board (NEFAB). When adjusted for rate and base changes, the forecasts reflect a two year average growth of 3.9%; 4.2% growth in FY07-08 and 3.7% in FY08-09. Both years are below the 26 year average of 5.4%.

Following Biennium (FY2009-10 & FY2010-11)

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, in the current financial status the revenue estimates used for the following biennium (FY09-10 and FY10-11), are derived using a "capped" historical average methodology. This "smoothing"

technique derives a revenue estimate for the “out years” by calculating the level of revenues that would yield a five year average growth (FY06 to FY11) roughly equal to the historical average from FY81 to FY07 (5.4%). 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. This is visually seen in the line graph of historical adjusted revenue growth. Under this method, revenue growth for the two out-years would average 6.2%, 5.5% in FY10 and 6.8% in FY11. This above average growth in the two out years offsets the below average growth reflected in the NEFAB forecasts for FY07-08 and FY08-09. Other methods yield lower revenue estimates as described in the description of assumptions used in constructing the estimated financial status in the following biennium.

Chronology of Revenue Forecasts

Table 7 provides a chronology of revenue forecasts for FY2006-07, FY2007-08 and FY2008-09 since the initial NEFAB forecast in October 2004 (FY06-07) and October 2006 (FY07-08 and FY08-09). The table shows the actual forecast and the change from the prior forecast broken down by the cause of the change whether it is bills enacted, federal tax law changes, or revised economic assumptions (“base”).

Table 7 Chronology of Revenue Forecasts

	Sales/Use	Individual	Corporate	Misc	Total Forecast	Change in Forecast			
						Base	Fed Chnge	Bills	Total
FY2006-07									
Board Est-Oct 2004	1,290,000	1,430,000	176,000	175,000	3,071,000				
Board Est-Feb 2005	1,320,000	1,500,000	186,000	175,000	3,181,000	110,000	0	0	110,000
Board Est-April 2005	1,320,000	1,520,000	186,000	175,000	3,201,000	20,000	0	0	20,000
Sine Die-2005 Session	1,299,749	1,515,678	183,591	203,275	3,202,293	0	0	1,293	1,293
Board Est-Oct 2005	1,310,000	1,580,000	200,000	214,000	3,304,000	101,707	0	0	101,707
Board Est-Feb 2006	1,310,000	1,575,000	220,000	220,000	3,325,000	29,421	(8,421)	0	21,000
Sine Die-2006 Session	1,266,446	1,517,377	218,677	214,395	3,216,895	0	0	(108,105)	(108,105)
Board Est-Oct 2006	1,274,000	1,560,000	245,000	237,000	3,316,000	99,105	0	0	99,105
Board Est-Feb 2007	1,272,000	1,615,000	225,000	234,000	3,346,000	30,000	0	0	30,000
Board Est-April 2007	1,284,000	1,625,000	220,000	232,000	3,361,000	15,000	0	0	15,000
Sine Die-2007 Session	1,284,000	1,625,000	220,000	232,000	3,361,000	0	0	0	0
Actual Receipts FY06-07	1,303,826	1,650,895	213,027	240,583	3,408,332	47,332	0	0	47,332
FY2007-08									
Board Est-Oct 2006	1,300,000	1,680,000	235,000	200,000	3,415,000				
Board Est-Feb 2007	1,300,000	1,705,000	235,000	202,000	3,442,000	27,000	0	0	27,000
Board Est-April 2007	1,308,000	1,720,000	240,000	200,000	3,468,000	26,000	0	0	26,000
Sine Die-2007 Session	1,293,053	1,630,350	241,200	224,583	3,389,186	0	0	(78,814)	(78,814)
Board Est-Oct 2007	1,309,000	1,681,000	241,000	227,000	3,458,000	68,814	0	0	68,814
Board Est-Feb 2008	1,300,000	1,665,000	225,000	217,000	3,407,000	(51,000)	0	0	(51,000)
Sine Die-2008 Session	1,300,000	1,665,000	225,000	216,963	3,406,963	0	0	(38)	(38)
FY2008-09									
Board Est-Oct 2006	1,365,000	1,800,000	236,000	185,000	3,586,000				
Board Est-Feb 2007	1,368,000	1,820,000	238,000	186,000	3,612,000	26,000	0	0	26,000
Board Est-April 2007	1,370,000	1,830,000	240,000	186,000	3,626,000	14,000	0	0	14,000
Sine Die-2007 Session	1,349,345	1,755,545	241,900	193,749	3,540,539	0	0	(85,461)	(85,461)
Board Est-Oct 2007	1,380,000	1,770,000	238,000	201,000	3,589,000	48,461	0	0	48,461
Board Est-Feb 2008	1,360,000	1,750,000	215,000	189,000	3,514,000	(75,000)	0	0	(75,000)
Sine Die-2008 Session	1,358,932	1,750,074	214,490	208,250	3,531,746	(0)	0	17,746	17,746

Historical General Fund Revenues

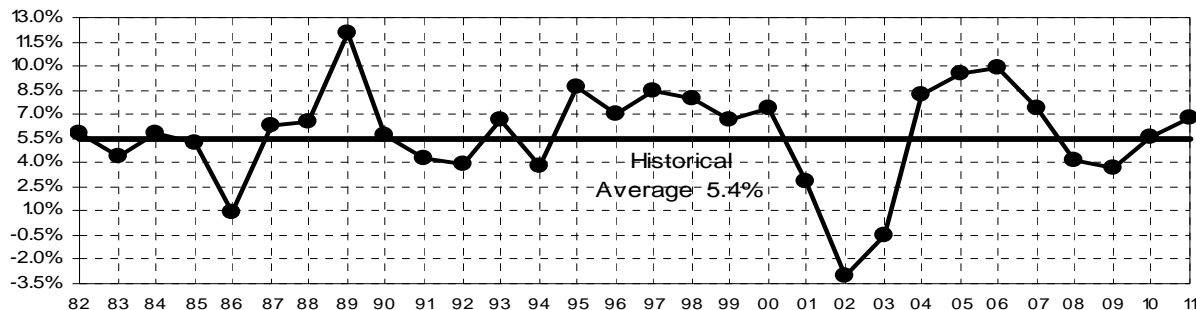
The table below shows the historical General Fund receipts since FY1990-91 and the adjusted revenue growth. For purposes here, revenue growth means the growth in revenues caused by economic activity and inflation as arrived at by adjusting for items such as tax base and rate changes, legislation enacted, and one-time extraordinary items. The objective is to measure underlying patterns of revenue growth ignoring such changes.

The average growth for the past five years of actual receipts (FY2002-03 to FY2005-06) is 6.9% per year, well above the 23-year historical average of 5.4%. This five year period started with the last of the "crisis" years at a -.5% growth and then four straight years of 7% to 10% growth.

Table 8 Actual and Projected General Fund Revenues

Fiscal Year	Sales and Use Tax	Individual Income Tax	Corporate Income Tax	Miscellaneous Taxes and Fees	Total Net Receipts	Adjusted Growth
FY 1990-91	547,372,735	609,430,580	81,947,961	128,325,622	1,367,076,898	4.3%
FY 1991-92	592,441,836	658,634,300	103,617,106	135,716,137	1,490,409,379	3.9%
FY 1992-93	586,355,271	690,350,753	102,754,927	145,200,908	1,524,661,859	6.7%
FY 1993-94	648,846,708	722,360,866	113,142,771	169,401,912	1,653,752,257	3.7%
FY 1994-95	683,852,397	746,717,579	123,923,674	150,995,891	1,705,489,541	8.7%
FY 1995-96	711,008,684	846,550,249	126,801,468	152,380,385	1,836,740,786	7.0%
FY 1996-97	755,907,807	944,117,130	137,337,967	172,241,113	2,009,604,017	8.5%
FY 1997-98	803,805,374	981,643,795	142,150,133	177,852,119	2,105,451,422	8.0%
FY 1998-99	744,650,752	1,078,522,994	135,033,658	165,661,901	2,123,869,305	6.7%
FY 1999-00	900,427,469	1,180,363,301	140,021,942	183,111,959	2,403,924,670	7.4%
FY 2000-01	905,023,176	1,233,363,553	138,040,082	180,435,044	2,456,861,855	2.9%
FY 2001-02	918,889,782	1,159,810,647	107,628,074	179,180,246	2,365,508,749	-3.0%
FY 2002-03	1,028,931,065	1,129,421,651	111,597,405	186,449,714	2,456,399,835	-0.5%
FY 2003-04	1,114,374,321	1,249,890,025	167,429,431	187,033,230	2,718,727,007	8.3%
FY 2004-05	1,231,011,089	1,400,076,680	198,380,442	207,726,086	3,037,194,297	9.5%
FY 2005-06	1,263,678,691	1,545,338,061	262,295,456	280,875,316	3,352,187,524	9.9%
FY 2006-07 *	1,303,826,416	1,650,895,394	213,027,010	240,582,953	3,408,331,773	7.4%
FY 2007-08 Forecast*	1,300,000,000	1,665,000,000	225,000,000	216,962,500	3,406,962,500	4.2%
FY 2008-09 Forecast	1,358,932,000	1,750,074,400	214,490,000	208,250,000	3,531,746,400	3.7%
FY 2009-10 Prelim	1,416,147,400	1,899,888,000	237,267,000	192,000,000	3,745,302,400	5.5%
FY 2010-11 Prelim	1,510,661,000	2,029,457,800	274,424,000	188,200,000	4,002,742,800	6.8%

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



General Fund Transfers-Out

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

The amounts shown reflect the transfers-out as enacted during the 2007 legislative session and a projection into the next biennium based on either statute or intent. This includes transfers enacted prior to the 2008 Session as noted below:

Table 9 General Fund Transfers-Out

	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11
Ethanol Credits (EPIC Fund)	(9,000,000)	(21,000,000)	(2,500,000)	(5,500,000)	(2,500,000)
Trail Development Assistance Fund	(140,000)	0	0	0	0
Property Tax Credit Fund (LB367-2007)	0	(105,000,000)	(115,000,000)	(115,000,000)	(115,000,000)
Water Resources Cash Fund (LB701-2007)	0	(2,700,000)	(2,700,000)	(2,700,000)	(2,700,000)
General Fund Transfers-Out (in Status)	(9,140,000)	(128,700,000)	(120,200,000)	(120,200,000)	(120,200,000)
Agl Products Marketing Info Fund (LB959-2008)	0	(30,000)0	0	0	0
Cultural Endowment (LB 1165-2008)	0	0	CRF	(2,000,000)	(2,000,000)
Total-General Fund Transfers-Out	(9,140,000)	(128,700,000)	(120,200,000)	(120,200,000)	(120,200,000)

Ethanol Production Incentive Cash Fund (EPIC). Transfers to the EPIC fund for ethanol credits included those authorized in LB536 (2001) \$1.5 million per year for FY01-02 through FY07-08, LB90 (2005) an additional \$2.5 million per year from FY05-06 through FY2010-11, LB968 (2006) additional \$5 million in both FY05-06 nd FY06-07, and LB322 (2007) and additional \$15.5 million in FY07-08.

Water Resources Cash Fund These transfers were enacted by LB 701 (2007) for the purpose of (1) aiding compliance efforts regarding the reduction of consumptive uses of water dealing with those natural resources districts which are deemed over or fully appropriated or are bound by an interstate compact or decree; and (2) for a statewide assessment of short- and long-term water management activities and funding needs that are statutorily required. The bill included actual transfers of \$2.7 million in both FY07-08 and FY089 and intent language for \$2,700,000 transfers for FY2009-10 through FY2018-19.

Property Tax Credit Cash Fund Among several other tax changes, LB367 (2007) created the Property Tax Credit Act. Under this act, transfers are made to the Property Tax Credit Cash Fund. From the amount transferred, monies are 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. Although LB367 (Section 4, now Section 77-4212) only specified transfer amounts for tax year 2007 (\$105 million, FY07-08) and 2008 (\$115 million, FY08-09), the statute states that "It is the intent of the Legislature to fund the Property Tax Credit Act for tax years after tax year 2008 using available revenue". Based on this language, and the fact that the provisions related to the credits did not expire after the two years, it was assumed that the intent was

to continue the credits beyond tax year 2008 if possible. Therefore in the absence of any other specific action, the projected financial status assumes that transfers would continue at the \$115 million level for at least the following biennium.

LB1165 Transfer to the Nebraska Cultural Preservation Endowment Fund The Cultural Preservation Endowment Fund was originally created in 1998 with a transfer of \$5 million from the General Fund. Investment income on the fund is transferred to the Nebraska Arts and Humanities Cash Fund and expended as state aid, matched dollar-for-dollar by non-state sources and used to stabilize funding for arts and humanities organizations in the state. LB 1165 provides for an additional \$5 million for the endowment fund. This includes a \$1 million transfer from the Cash Reserve Fund contingent on a dollar-for-dollar match of new money from qualified endowments (see Section 82-332), and intent language that \$2 million shall be transferred from the General Fund to the Nebraska Cultural Preservation Endowment Fund in both FY2009-10 and FY2010-11.

General Fund Transfers-In

There are only a few instances in statute where monies in a cash fund can be transferred to the General Fund at the discretion of the Legislature. For accounting purposes, these are shown as "Transfers in" and are included as revenues.

Table 10 General Fund Transfers-In

	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11
Securities Act Cash Fund	16,000,000	11,000,000	11,000,000	0	0
Tobacco Products Admin Cash Fund	6,000,000	0	0	0	0
Dept of Insurance Cash Fund	3,000,000	3,000,000	3,000,000	0	0
Collection Agency Cash Fund	0	350,000	0	0	0
Dept of Motor Vehicles Cash Fund	1,500,000	0	0	0	0
Charitable Gaming Oper Fund	250,000	0	0	0	0
Transfers in Revenue Forecast (2007 Session)	26,750,000	14,350,000	14,000,000	0	0
Securities Act Cash Fund	0	0	8,000,000	0	0
Tobacco Products Admin Cash Fund	0	0	12,000,000	0	0
2008 Session Transfers	0	0	20,000,000	0	0
Total-General Fund Transfers-Out	26,750,000	14,350,000	34,000,000	0	0

In the **2007 Session**, transfers from cash funds to the General Fund total \$14.3 million in FY07-08 and \$14.0 million in FY08-09. The largest portion of these transfers was \$11 million each year from the Securities Act Cash Fund. These transfers have already been incorporated into the General Fund "Net Receipts" figures as part of the NEFAB revenue forecasts.

In the **2008 Session**, an additional \$20.0 million is lapsed in FY08-09 as noted in the following table. Last session the Governor vetoed cash fund lapses amounting to \$20 million; \$8 million from the Securities Act Cash Fund (\$4 million in both FY08 and FY09) and \$12 million from the Tobacco Products Administration Cash fund (\$6 million in both FY08 and

FY09). When the vetoes were not overridden, these monies were then simply retained in the respective cash funds. The Governor's 2008 recommendation called for lapsing half of this amount, \$10 million, to finance a \$10 million recommendation for replacement of the University and State Colleges student information systems. Under the Governors recommendation another \$12 million funding for the systems replacement is required in the following biennium. As enacted, the full \$20 million is lapsed and the \$20 million for the system replacement is provided "up front" in this biennium. This front loads the cost of the system replacement and negates the subsequent funding requirement in the following biennium.

Revenue Bills - 2008 Session

A very modest level of revenue bills were enacted in the 2008 Session. The following table lists the bills enacted followed by a narrative description of the major bills in numerical order.

Table 11 Revenue Bills - 2008 Session

	FY2007-08	FY2008-09	FY2009-10	FY2010-11
LB 575 Assisted-living facilities, sales/use tax exemption	0	(350,000)	(480,000)	(495,000)
LB 846 Change motor fuel taxes, (CRF transfer, interest loss) *	0	0	(250,000)	(500,000)
LB 888 Change corporate income tax brackets	0	(510,000)	(1,756,000)	(2,646,000)
LB 895 Nebraska Advantage Act changes	0	0	23,000	(930,000)
LB 912 Convention Center Facility Financing changes	0	0	0	0
LB 916 Clarify sales tax provisions, provide exemptions	0	(718,000)	(1,099,000)	(1,192,000)
LB 1001 Low-Income Home Energy Conservation Act	0	176,000	(4,023,100)	(4,480,000)
LB 1027 Changes, Beginning Farmer Tax Credit Act	0	(101,600)	(362,500)	(714,200)
LB 1094 Water rights holders (CRF transfer, interest loss) *	(37,500)	(450,000)	(450,000)	0
LB 1116 State Fair relocation, (CRF transfer, interest loss) *	0	(250,000)	(250,000)	(250,000)
LB 1165 Cultural Endowment (CRF transfer, interest loss) *	0	(50,000)	(50,000)	(50,000)
<i>2008 Revenue Bills</i>	<i>(37,500)</i>	<i>(2,253,600)</i>	<i>(8,697,600)</i>	<i>(11,257,200)</i>

* These bills include a Cash Reserve Fund (CRF) transfer. The revenue loss shown is lost General Fund interest income. Under current law, all interest from the CRF goes to the General Fund.

LB 575 Assisted-living facilities, sales/use tax exemption This bills amends the sales tax exemption for charitable, religious or educational institutions by expanding the exemption for not-for-profit health care institutions to include assisted living facilities.

LB846 Change motor fuel taxes The only General Fund impact of this bill is the lost interest income attributed to the Cash Reserve Fund transfers described later. However, although motor fuels taxes are **not** credited to the General Fund, significant changes warrant mention here. LB846 establishes a 5% sales tax on motor fuel at the wholesale level based off of the average wholesale price of gasoline. Revenue generated from this new tax would be distributed 66% to the Department of Roads (Highway Cash Fund) and 34% to cities and counties (Highway Allocation Fund). The tax increase or decrease caused by the change in the wholesale price from one six month period to the next would be limited to 1¢ per gallon. The new operative date is July 1, 2009. The current fixed cent per gallon tax rates and their

distribution to the Department of Roads and cities and counties are also changed. The following table illustrates the changes proposed in the bill as amended:

Previous Law - Est revenue and tax rates

<u>Tax Rate</u>	<u>(¢)</u>	<u>Dept of Roads</u>	<u>City/County</u>	<u>Grand Total</u>
Fixed tax	2.0	0	24,436,000	24,436,000
Fixed tax	10.5	68,378,000	59,911,000	128,289,000
Variable tax	14.0	171,052,000	0	171,052,000
Total tax	26.5	239,430,000	84,347,000	323,777,000

Per LB846 - Est revenue and tax rates (see assumptions):

<u>Tax Rate</u>	<u>(¢)</u>	<u>Dept of Roads</u>	<u>City/County</u>	<u>Grand Total</u>
Fixed tax	2.8	0	34,210,000	34,210,000
Fixed tax	7.5	91,635,000	0	91,635,000
Variable tax	4.0	48,872,000	0	48,872,000
Sales tax	12.2	98,379,000	50,680,000	149,059,000
Total tax	26.5	238,886,000	84,891,000	323,777,000

Assumptions are that the wholesale price of fuel will be \$2.44 for FY09-10; that 1¢ of the fuel tax generates \$12,218,000; and that the revenue generated from fuel taxes for FY08-09 and FY09-10 are constant.

The bill also provides for three \$5 million transfers from the Cash Reserve Fund (CRF) to the Roads Operations Cash Fund on July 7, 2009; July 7, 2010 and July 7, 2011. The use of this transferred money is restricted to providing the state match for federal funding made available to the state through congressional earmarks. The \$15 million of transferred funding will provide the state match for \$60 million of federal funds based on a 20/80 matching ratio.

LB 888 Change corporate income tax brackets LB888 changes the corporate income brackets beginning on or after January 1, 2008. Under prior law, the first \$50,000 of corporate income is taxed at a rate of 158.8% of the primary individual tax rate (for a tax rate of 5.58%). Income in excess of \$50,000 is taxed at 211% of the primary rate (7.81 percent tax rate). LB 888 extends the first bracket from \$50,000 to \$100,000.

LB 895 Nebraska Advantage Act changes This bill adds a new tier of qualification to the Nebraska Advantage Act. The new tier is for projects that pay at least 150% of the state average weekly wage or 200% of the county average, whichever is larger. Any business, except retail sales of tangible personal property, qualifies for tier 6, a broader pool of qualifiers than the current program. Qualifications would be \$10 million investment and 75

Net Fiscal Impact - LB 895	
FY08-2009	0
FY09-2010	23,000
FY10-2011	(930,000)
FY11-2012	(887,000)
FY12-2013	(906,000)
FY13-2014	(1,587,000)
FY14-2015	(3,680,000)
FY15-2016	(4,432,000)
FY16-2017	(4,518,000)
FY17-2018	(4,596,000)
FY18-2019	(6,225,000)
FY19-2020	(6,346,000)

new jobs or \$100 million investment and 50 new jobs. These thresholds are higher than most tiers, but lower than the tier 4 qualifications. Tier 6 qualifiers would receive higher benefits, a 10% jobs credit and a 15% investment credit, compared to a maximum 6% jobs credit and 10% investment credit. Qualifiers could also receive an exemption for all personal property at the project compared to the current, rather limited exemption for some personal property for tier 4 projects. LB 895 also makes changes to the Nebraska Advantage Rural levels. The lowest level can be requested for an activity in a village or small city regardless of the county. In addition, the limit on applications under this level is increased from \$3 million to \$4 million beginning in fiscal year 2009-10. The net fiscal impact by year is shown below

LB 912 Convention Center Facility Financing changes Under this bill the definition of “associated hotel” for purposes of the Convention Center Facility Financing Assistance Act. Under the bill’s provisions, the associated hotel can be privately owned and must be located within four hundred fifty yards of an eligible facility. Current statute requires the hotel to be publicly owned and within two hundred yards of an eligible facility. The bill restricts applications received on or after February 1, 2008 by excluding any publicly or privately owned sports arena with a seating capacity greater than 16,000 seats. Although not specified, the bill primarily relates to a proposed facility in Lincoln.

Depending on the location of a new convention center facility in Lincoln, one or two existing hotels would be “captured” within the bill’s 450 yard provision. If two existing hotels are captured, it is estimated that up to \$840,000 per year of applicable sales and use tax revenue will be returned to local political subdivisions. Under current law, of the \$840,000 estimated “throwback” sales tax, 70% (\$588,000) would be remitted to the applicant (in this case Lincoln) while the other 30% (\$232,000) goes to the Local Civic, Cultural, and Convention Center Financing Fund under the Dept of Economic Development. It is further assumed that a new convention center facility will not be constructed until fiscal year 2012-13

LB 916 Clarify sales tax provisions / exemptions LB916 makes several statutory changes regarding sales taxes. LB 916 as amended imposes sales tax on items delivered in an electronic form if such item would be taxable if delivered in a tangible form but limits the taxation of digital goods to audio, audiovisual, books and codes and does not include magazines, journals or still pictures. As amended, LB 916 incorporates provisions included originally in LB 1137 providing definitions of undefined terms for the Community Based Energy Development (C-BED) project exemption, LB 1126 exemption for documents prepared and sold by court reporters and medical records to patients, and LB1134 exemption of game birds regulated by Game and Parks.

	FY2007-08	FY2008-09	FY2009-10	FY2010-11
C-BED provisions	(\$52,000)	(\$73,000)	(\$102,000)	(\$112,000)
Game Bird provisions	(287,000)	(394,000)	(300,000)	(307,000)
Medical Records provisions	(379,000)	(632,000)	(790,000)	(870,000)
Total General Fund Revenue Impact	(718,000)	(999,000)	(1,192,000)	(1,289,000)

LB 1001 Low-Income Home Energy Conservation Act Under the bill, electric utilities could opt into a program for providing grants for low income Nebraska residents to make energy-saving improvements to their homes. Low income is defined as less than 150% of the federal poverty level. Participating electric utilities can earmark up to 5% of its remitted sales tax receipts for the grants to be matched equally by the utility with it’s own funds.

Also, an amendment to the bill amends income tax withholding statutes by adding a new withholding requirement for any contractor making payments of more than \$600 for construction services to a contractor or a person that is not an employee. The withholding would be 5%.

	FY2007-08	FY2008-09	FY2009-10	FY2010-11
Contractor withholding provisions	\$0	\$176,000	\$251,000	\$172,000
Energy Conservation Fund provisions	0	0	(4,273,600)	(\$4,652,000)
Total General Fund Revenue Impact	0	176,000	(4,023,100)	(4,480,000)

***GENERAL FUND
APPROPRIATIONS***

Overview of the FY08 & FY09 General Fund Biennial Budget

This section of the report provides a summary of current General Fund appropriations which reflect the cumulative impact of (1) the original budget as enacted in the 2007 Session and (2) changes made during the 2008 Session. A more detailed breakdown of operations and state aid is contained in Table 14 while Table 13 provides a summary listing of the FY08 and FY09 significant increases and reductions which account for about 97% of the total increase in General Fund appropriations over the two year period.

While this report provides a narrative description of the major changes enacted during the 2008 Session, the reader should refer to the 2007 Biennial Budget Report for a more detailed description of the budget actions taken in that session for the initial enactment of the FY08 / FY09 biennial budget.

Table 12 General Fund Appropriations FY2007-08 and FY2008-09

FY2006-07	Operations	State Aid	Construction	Total
Total Per 2006 Session (excludes deficits)	1,151,463,639	1,997,508,157	31,878,981	3,180,850,777
FY2007-08	Operations	State Aid	Construction	Total
Total Per 2007 Session (excludes deficits)	1,172,764,317	2,124,785,824	8,150,822	3,305,700,963
2008 Session-Legislature	(7,124,451)	1,899,185	20,000,000	14,774,734
2008 Session-State Claims	404,930	0	0	404,930
2008 Session-Floor Actions	(30,000)	0	0	(30,000)
2008 Session-Governor Vetoes	0	0	0	0
2008 Session-Veto Overrides	0	0	0	0
2008 Session "A" bills	(600,000)	0	0	(600,000)
2008 Session - Deficits	(7,349,521)	1,899,185	20,000,000	14,549,664
Final Appropriation with deficits	1,165,414,796	2,126,685,009	28,150,822	3,320,250,627
Change over prior year (excluding deficits)				
Dollar	21,300,678	127,277,667	(23,728,159)	124,850,186
Percent	1.8%	6.4%	-74.4%	3.9%
FY2008-09	Operations	State Aid	Construction	Total
Total Per 2007 Session	1,223,747,872	2,248,657,882	8,150,822	3,480,556,576
2008 Session-Committee Proposed	(2,934,781)	2,586,090	87,500	(261,191)
2008 Session-Floor Actions	600,000	62,631,289	0	63,231,289
2008 Session-Mainline Governor Vetoes	0	0	0	0
2008 Session-Mainline Veto Overrides	0	0	0	0
2008 Session "A" bills	76,043	(62,010,819)	0	(61,934,776)
2008 Session - Midbiennium Adjustments	(2,258,738)	3,206,560	87,500	1,035,322
Total Per 2008 Session	1,221,489,134	2,251,864,442	8,238,322	3,481,591,898
Change over prior year (excluding deficits)				
Dollar	48,724,817	127,078,618	87,500	175,890,935
Percent	4.2%	6.0%	1.1%	5.3%
Two Year Avg Growth (excluding deficits)	3.0%	6.2%	-49.2%	4.6%

Excluding deficits, FY07-08 reflects a \$124.8 million (3.9%) increase over FY06-07, while FY08-09 includes an additional \$175.9 million (5.3%) above FY07-08 or \$300.7 million increase compared to the FY06-07 base year appropriation. Cumulatively, a total of \$425.6 million is appropriated over the two year period compared to the FY06-07 level. This 4.6% average growth is significantly lower than the prior biennium (average growth of 7.4%), and the average General Fund spending growth over the past 20 years (6.8%)

The growth in funds for the state's use (ie... agency operations, construction, and aid to individuals) was well below normal with an average growth of only 3.0% per year. The growth in monies sent for use by local governments continued to increase at a significantly high level (8.0% average growth) almost three times the growth rate for the state's use portion of the General Fund budget. This high growth occurred even with the school aid adjustments in LB988.

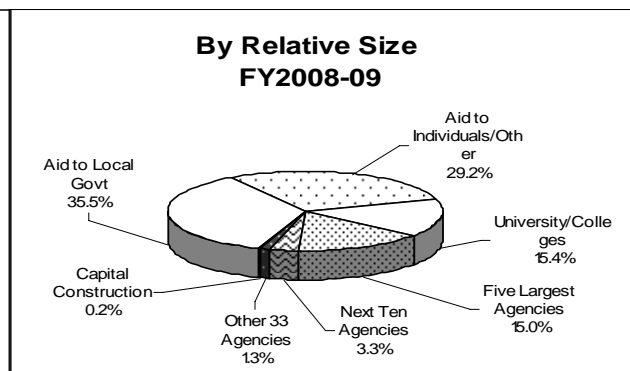
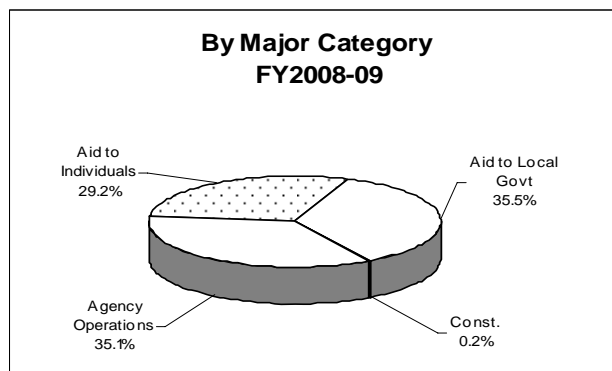
The following table highlights the major changes in the FY07-08 and FY08-09 General Fund budget as compared to the FY06-07 base year appropriation. The items listed account for about 97% of the total change in appropriations over the two year period while the top four alone account for 89% of the total increase. All items shown reflect the cumulative impact of actions taken in the 2007 Session and subsequently modified in the 2008 Session.

Table 13 Major Changes, FY08 & FY09 General Fund Budget (as revised)

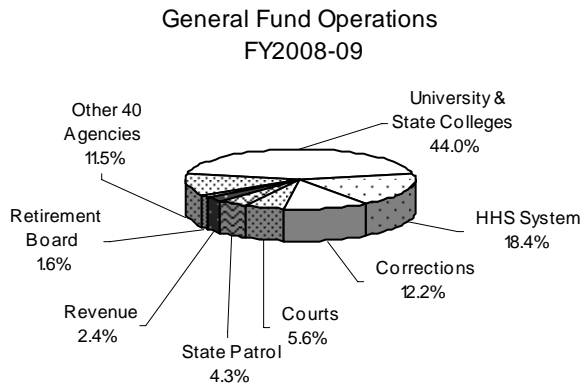
Excludes FY08 deficits	<u>\$ Change over FY07 Base Year</u>		Sum Total for the Biennium
	FY2007-08	FY2008-09	
TEEOSA Aid to Schools	52,209,320	122,181,015	174,390,335
Salaries & Health Insurance (net)	38,601,952	82,987,063	121,589,015
Medicaid	17,826,976	32,070,108	49,897,084
Community Colleges	15,500,000	18,700,000	34,200,000
Homestead Exemption	13,583,960	19,647,104	33,231,064
Special Education	5,228,405	10,613,663	15,842,068
Public Assistance	2,164,070	9,733,714	11,897,784
Norfolk Sex offender unit, continued phase-in (net)	1,906,771	7,921,510	9,828,281
Developmental Disability-rate equity+transition	2,218,676	6,750,498	8,969,174
Operating costs, other adds, fund shifts (HHS facilities)	2,264,484	3,322,554	5,587,038
Behavioral health aid (exclude reg cntr shifts)	1,658,348	4,802,573	6,460,921
Aid to ESU's	(183,850)	4,543,082	4,359,232
Riparian Vegetation grants	2,000,000	2,000,000	4,000,000
Operation cost increases (Agencies+Colleges+NU)	1,452,442	2,147,562	3,600,004
Superfund cleanup	1,755,000	1,773,000	3,528,000
Salary enhancements, Court/Probation/Judges	1,366,396	1,953,472	3,319,868
County Property Tax Relief	1,500,000	1,500,000	3,000,000
Retirement, K-12 School/Judges/Patrol	(13,068,885)	(12,735,358)	(25,804,243)
Vacancy savings, modifications & misc reductions (HHS)	(4,480,418)	(4,479,418)	(8,959,836)
Capital Construction	(23,728,159)	(23,640,659)	(47,368,818)
All Other	5,074,698	8,949,638	14,024,336
Total (combined 2007 and 2008 Session actions)	124,850,186	300,741,121	425,591,307
<u>By Session:</u>			
2007 Session	124,850,186	299,705,799	424,555,985
2008 Session	deficits	1,035,322	1,035,322
Total	124,850,186	300,741,121	425,591,307

Table 14 Summary of FY2008-09 General Fund Budget by Major Area

	w/o deficits FY2007-08	2008 Session FY2008-09	Change over Prior Yr		Change over Prior Yr		2 Yr Avg Change	5 Yr Avg Change	% of Total FY08-09
			FY2007-08 w/o deficits \$	%	FY2008-09 \$	%			
<u>AGENCY OPERATIONS</u>									
University/Colleges	515,872,239	537,499,238	20,518,267	4.1%	21,626,999	4.2%	4.2%	4.7%	15.4%
Health & Human Services System	212,029,026	224,867,892	(6,207,440)	-2.8%	12,838,866	6.1%	1.5%	2.9%	6.5%
Correctional Services	142,067,755	148,460,688	5,271,642	3.9%	6,392,933	4.5%	4.2%	2.5%	4.3%
Courts	65,212,791	67,800,587	2,987,389	4.8%	2,587,796	4.0%	4.4%	4.3%	1.9%
State Patrol	49,848,038	52,926,634	1,837,475	3.8%	3,078,596	6.2%	5.0%	5.9%	1.5%
Revenue	28,300,210	29,646,103	1,011,465	3.7%	1,345,893	4.8%	4.2%	3.9%	0.9%
Retirement Board	19,140,688	19,468,215	(13,062,885)	-40.6%	327,527	1.7%	-22.2%	4.1%	0.6%
Other 40 Agencies	140,293,570	140,819,777	8,944,765	6.8%	526,207	0.4%	3.5%	4.9%	4.0%
Total-GF Operations	1,172,764,317	1,221,489,134	21,300,678	1.8%	48,724,817	4.2%	3.0%	4.1%	35.1%
<u>STATE AID TO INDIVIDUALS</u>									
Medicaid	576,715,481	590,958,613	17,826,976	3.2%	14,243,132	2.5%	2.8%	7.2%	17.0%
Public Assistance	234,052,687	241,622,331	2,164,070	0.9%	7,569,644	3.2%	2.1%	6.3%	6.9%
Developmental disabilities	66,634,494	71,166,316	2,218,676	3.4%	4,531,822	6.8%	5.1%	4.8%	2.0%
Behavioral Health, community based	60,328,781	69,273,006	15,750,866	35.3%	8,944,225	14.8%	24.7%	17.1%	2.0%
Childrens Health Insurance (CHIP)	10,826,659	11,761,892	(16,278)	-0.2%	935,233	8.6%	4.2%	na	0.3%
Aging Programs	6,497,868	7,717,193	455,655	7.5%	1,219,325	18.8%	13.0%	6.3%	0.2%
Higher Ed Student Aid programs	6,766,815	6,832,315	1,000,000	17.3%	65,500	1.0%	8.8%	3.3%	0.2%
Public Health Aid	3,944,700	4,124,776	(19,466)	-0.5%	180,076	4.6%	2.0%	7.2%	0.1%
Community health centers	3,525,000	3,525,000	850,000	31.8%	0	0.0%	14.8%	na	0.1%
All Other Aid to Individuals/Other	8,734,190	8,834,190	(728,418)	-7.7%	100,000	1.1%	-3.4%	0.8%	0.3%
Total-GF Aid to Individuals/Other	978,026,675	1,015,815,632	39,502,081	4.2%	37,788,957	3.9%	4.0%	7.6%	29.2%
<u>STATE AID TO LOCAL GOVT</u>									
State Aid to Schools (TEEOSA)	753,555,548	823,527,243	52,209,320	7.4%	69,971,695	9.3%	8.4%	5.6%	23.7%
Special Education	179,508,584	184,893,842	5,228,405	3.0%	5,385,258	3.0%	3.0%	3.8%	5.3%
Aid to Community Colleges	84,066,476	87,266,476	15,500,000	22.6%	3,200,000	3.8%	12.8%	6.9%	2.5%
Homestead Exemption	70,056,960	76,120,104	13,583,960	24.1%	6,063,144	8.7%	16.1%	12.1%	2.2%
Aid to ESUs	11,362,638	16,089,570	(183,850)	-1.6%	4,726,932	41.6%	18.0%	8.7%	0.5%
Aid to Cities	11,257,193	11,257,193	0	0.0%	0	0.0%	0.0%	-0.1%	0.3%
Aid to Counties	4,965,866	4,965,866	0	0.0%	0	0.0%	0.0%	-0.1%	0.1%
County jail cost reimbursement	3,910,000	3,910,000	0	0.0%	0	0.0%	0.0%	2.1%	0.1%
Early Childhood programs	3,626,267	3,615,426	(54,204)	-1.5%	(10,841)	-0.3%	-0.9%	11.5%	0.1%
Other Aid to Local Govt	24,449,617	24,403,090	1,491,955	6.5%	(46,527)	-0.2%	3.1%	14.9%	0.7%
Total-GF Aid to Local Govt	1,146,759,149	1,236,048,810	87,775,586	8.3%	89,289,661	7.8%	8.0%	5.9%	35.5%
<u>CAPITAL CONSTRUCTION</u>									
	8,150,822	8,238,322	(23,728,159)	-74.4%	87,500	1.1%	-49.2%	-16.7%	0.2%
<u>TOTAL GENERAL FUNDS</u>									
	3,305,700,963	3,481,591,898	124,850,186	3.9%	175,890,935	5.3%	4.6%	5.6%	100.0%



Agency Operations accounts for the costs of actually operating state agencies including costs such as employee salaries and benefits, data processing, utilities, vehicle and equipment purchases, fuel and oil, etc... In the FY08-09, 35.1% of all General Fund appropriations are for agency operations. Although there are 49 state agencies that receive General Fund appropriations, higher education (University of Nebraska and State Colleges) and the five largest agencies (Health and Human Services System, Corrections, Courts, State Patrol, and Revenue) account for 87% of state operations.



General Funds for agency operations shows a net \$21.3 million increase (1.8%) in FY07-08 and an additional \$48.7 million increase (4.2%) in FY08-09.

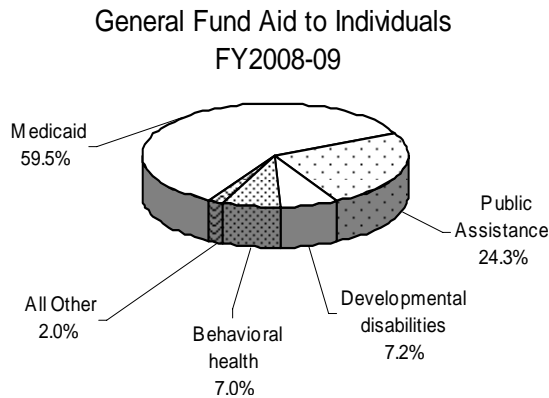
The largest increases are salary and health insurance costs, \$38.6 million in FY07-08 and an additional \$44.4 million in FY08-09. Other increases include \$7.9 million for continued phase-in operation of the sex offender treatment unit at

Norfolk and \$1.4 million for salary enhancements for Court and Probation employees and Judges. These additions are actually understated as the enacted budget only funds the equivalent of a 3.85% per year salary increase versus the 4.4% negotiated salary/benefit contracts for the University and State Colleges.

These increases are offset by several large reductions, mostly in FY07-08 and extending into FY08-09. This includes a \$13.1 million reduction in contribution to defined benefit retirement plans, a \$14.1 million reduction in Regional Center funding which was then reallocated to behavioral health aid as continuation of the behavioral health reform (\$19.9 million in FY08-09), \$4.4 million reduction for Health and Human Services System operations including vacancy savings, and one-time \$6 million of Health Care Cash Funds to help offset the first year cost of the continued phase-in operation of the Norfolk sex offender unit.

Agency Operations (change over FY07 base year)	FY2007-08	FY2008-09	Two Yr Total
Salaries & Health Insurance	38,601,952	82,987,063	121,589,015
Norfolk Sex offender unit, continued phase-in	7,906,771	7,921,510	15,828,281
Operating costs, other adds, fund shifts (HHS facilities)	2,264,484	3,322,554	5,587,038
Utilities and operating costs	1,452,442	2,147,562	3,600,004
Salary enhancements, Court/Probation/Judges	1,366,396	1,953,472	3,319,868
Litigation costs, Attorney General	2,500,000	0	2,500,000
Inmate per diem costs (Corrections)	1,050,000	1,050,000	2,100,000
State Employee retirement (LB 366-2006)	1,253,080	1,253,221	2,506,301
Substance abuse treatment (Corrections)	200,000	1,511,516	1,711,516
Regional Center savings to behavioral health aid (HHS)	(14,092,518)	(19,892,518)	(33,985,036)
Defined benefit retirement plans, School/Judges/Patrol	(13,068,885)	(12,735,358)	(25,804,243)
Vacancy savings, modifications & misc reductions (HHS)	(4,480,418)	(4,479,418)	(8,959,836)
Sex offender unit, Norfolk (one-time use Health Care Cash)	(6,000,000)	0	(6,000,000)
All Other	2,347,374	4,985,891	7,333,265
Total Increase - Agency Operations	21,300,678	70,025,495	91,326,173

Aid to Individuals utilizes about 29.2% of all General Fund appropriations. Aid to individuals includes programs such as Medicaid, Aid to Families with Dependent Children (ADC) (aka TANF Temporary Assistance to Needy Families), student scholarships, etc.. This area also includes aid to quasi-government units that are local entities that do not have the authority to levy property taxes such as area agencies on aging, mental health regions and developmental disability regions.



Spending growth in this area is very low level relative to recent trends, \$39.5 million (4.2%) in FY07-08 and \$37.8 (3.9%) in FY08-09.

The FY07-08 growth is higher due to a \$15.8 million (35%) increase in behavioral health aid, largely due to the reallocation of \$14 million from the state regional center budgets as a continuation of the behavioral health reform. This reallocation grows to \$19.9 million in FY08-09.

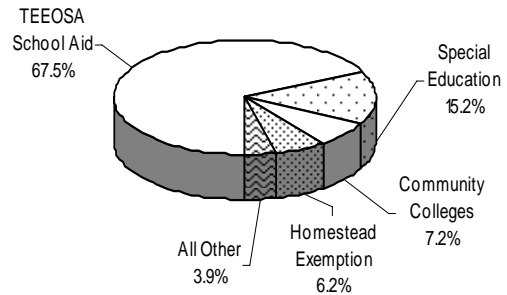
Medicaid reflects a 2.8% per year average growth. This includes a 1.4% to 2.5% increase in provider rates, (including a 2% increase in nursing facility provider rates after a Governor veto) and 10% per year increase in drug and pharmacy costs. Overall eligibility and utilization is projected to increase at 1.83% per year ranging from 0% for adults, 1.5% for aged, and 3.5% for disabled. These increases are partially offset by projected Medicaid "reform" savings of \$7.6 million in FY08 and \$19.9 million in FY09. In the 2008 session, funding was included to provide and an additional 1.5% increase for behavioral health provider rates. This provides for FY08-09 rate increases ranging from 2.9% for non-hospital-based behavioral health services and 3.5% for hospital-based behavioral health services.

Public Assistance increases at 0.9% in FY08 and 3.2% in FY09. These low growth rates reflect a \$7.7 million reduction in the FY07 base year reflecting current year spending trends, a basic 2% increase in provider rates after vetoes (compared to the 1% requested and funded in the Governors original 2007 budget), and a \$5 million use of TANF rainy day funds to offset General Funds.

<u>Aid to Individuals (change over FY07 base year)</u>	<u>FY2007-08</u>	<u>FY2008-09</u>	<u>Two Yr Total</u>
Medicaid	17,826,976	32,070,108	49,897,084
Behavioral health (reallocate from reg centers)	14,092,518	19,892,518	33,985,036
Public Assistance	2,164,070	9,733,714	11,897,784
Developmental Disability-rate equity+transition	2,973,288	4,767,268	8,969,174
Behavioral health (rates and programs)	1,658,348	4,802,573	6,460,921
Aging programs	455,655	1,674,980	2,130,635
Higher Ed Student aid programs	1,000,000	1,065,500	2,065,500
Community Health Centers	850,000	850,000	1,700,000
All Other	(1,518,774)	2,434,377	(313,015)
Total Increase - Aid to Individuals	39,502,081	77,291,038	116,793,119

Aid to Local Governments accounts for aid payments to local governments and utilizes about 35.5% of all General Fund appropriations. This category includes those local entities that have the authority to levy a property tax such as cities, counties, and schools and includes programs such as state aid to schools (TEEOSA), special education, community colleges, and homestead exemption reimbursements. State payments for teacher retirement are not included under this category as those amounts are credited directly to the teacher retirement fund and are not checks written to school districts nor do those amounts show up as a school revenue or subsequent expenditure.

General Fund Aid to Local Govt
FY2008-09



Aid to local governments shows a \$87.8 million increase (8.3%) in FY07-08 and an additional \$89.3 million increase (7.8%) in FY08-09. The two year average growth of 8.0% is well over twice the average growth of any other category. The relatively large growth is attributed to TEEOSA school aid, Homestead Exemption reimbursement, and aid to Educational Service Units (ESU's) and Community Colleges..

<u>Aid to Local Governments</u> (change over FY07 base year)	FY2007-08	FY2008-09	Two Yr Total
TEEOSA Aid to Schools	52,209,320	122,181,015	174,390,335
Community Colleges	15,500,000	18,700,000	34,200,000
Homestead Exemption	13,583,960	19,647,104	33,231,064
Special Education	5,228,405	10,613,663	15,842,068
Aid to ESU's	(183,850)	4,543,082	4,359,232
Riparian Vegetation grants	2,000,000	2,000,000	4,000,000
Superfund cleanup	1,755,000	1,773,000	3,528,000
County Property Tax Relief	1,500,000	1,500,000	3,000,000
Water policy, compact compliance (shift to cash)	(2,700,000)	(2,700,000)	(5,400,000)
All Other	(1,117,249)	(1,192,617)	(2,309,866)
Total - Aid to Local Govt	87,775,586	177,065,247	264,840,833

Homestead Exemption reimbursements increase by 24% in FY07-08 and 8.7% in FY08-09. About half of the first year increase is attributed to LB968 enacted in 2006 while the remainder of the increase is projected increases in tax levies, valuations, and eligible recipients.

Double digit increases were included for Aid to Community Colleges (12.8% two year average) and ESU's (18% two year average). These large increases in funding accompanied significant statutory changes in each aid formula as enacted during the 2007 Session.

TEEOSA school aid increases by \$52.2 million (7.4%) in FY07-08 and \$69.9 million (9.3%) in FY08-09. This reflects the combination of (a) significant increases enacted in the 2007 Session and (b) 2008 Session adjustments for FY2008-09 amounts which included significantly higher amounts per the original FY09 certification offset by formula changes enacted as part of LB988. A more complete chronology and explanation of the major increases can be found on page 37.

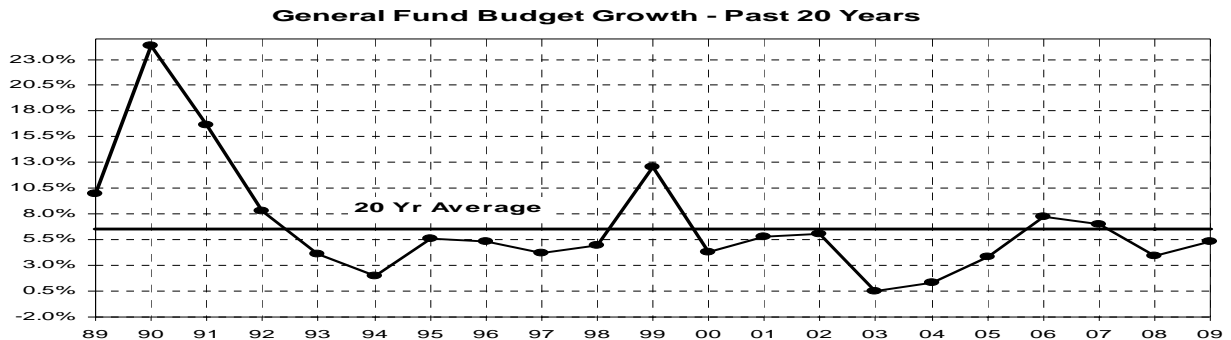
Capital Construction includes costs for new construction and major repairs and renovation of state-owned facilities. The term "major" is used with respect to repair and renovations as relatively small or on-going projects are routinely done within agencies operating budgets.

Road construction and maintenance is **not** included in this category. This is included under cash fund agency operations. Capital construction accounts for only .2% of General Fund appropriations.

Under the enacted budget, what would have been General funded construction is mostly financed with a \$96.7 million transfer from the Cash Reserve Fund to the Nebraska Capital Construction Fund (NCCF). This funds one-time construction projects that will be completed over the next 2-3 years with a one-time revenue source. Commitments that will extend beyond the four-year financial status continue to be funded with General Funds.

Historical General Fund Appropriations

<i>Excludes Deficits</i>	Agency Operations	Aid to Ind/Other	Aid to Local Govt	Construction	Total	% Change
FY1988-89 Approp	480,627,905	191,593,375	295,016,924	8,225,128	975,463,332	10.0%
FY1989-90 Approp	544,560,284	221,182,663	422,495,453	25,001,066	1,213,239,466	24.4%
FY1990-91 Approp	628,674,380	240,400,698	520,530,440	25,493,478	1,415,098,996	16.6%
FY1991-92 Approp	636,491,819	250,284,030	628,828,141	17,318,861	1,532,922,851	8.3%
FY1992-93 Approp	662,252,737	320,457,672	608,472,921	4,976,777	1,596,160,107	4.1%
FY1993-94 Approp	676,413,141	346,829,183	597,466,962	7,264,678	1,627,973,964	2.0%
FY1994-95 Approp	695,515,177	384,690,537	632,796,916	5,954,449	1,718,957,079	5.6%
FY1995-96 Approp	725,857,466	410,620,962	652,868,725	20,831,107	1,810,178,260	5.3%
FY1996-97 Approp	750,780,005	440,564,731	674,622,322	19,843,088	1,885,810,146	4.2%
FY1997-98 Approp	781,597,662	461,238,934	695,680,295	41,250,742	1,979,767,633	5.0%
FY1998-99 Approp	818,104,542	489,445,789	860,034,724	60,994,066	2,228,579,121	12.6%
FY1999-00 Approp	877,214,679	523,395,392	868,657,713	54,676,163	2,323,943,947	4.3%
FY2000-01 Approp	928,262,744	598,336,773	885,742,858	46,446,858	2,458,789,233	5.8%
FY2001-02 Approp	989,205,923	646,333,088	944,027,473	27,384,852	2,606,951,336	6.0%
FY2002-03 Approp	1,003,728,744	647,793,727	951,729,511	18,044,257	2,621,296,239	0.6%
FY2003-04 Approp	999,655,261	705,616,238	929,503,078	20,515,031	2,655,289,608	1.3%
FY2004-05 Approp	1,018,017,210	785,572,536	935,446,662	19,046,316	2,758,082,724	3.9%
FY2005-06 Approp	1,079,894,592	850,904,771	1,018,289,225	23,350,481	2,972,439,069	7.8%
FY2006-07 Approp	1,151,463,639	938,524,594	1,058,983,563	31,878,981	3,180,850,777	7.0%
FY2007-08 Approp	1,172,764,317	978,026,675	1,146,759,149	8,150,822	3,305,700,963	3.9%
FY2008-09 Approp	1,221,489,134	1,015,815,632	1,236,048,810	8,238,322	3,481,591,898	5.3%
Average Annual Growth						
FY90 / FY91 Biennium	14.4%	12.0%	32.8%	76.1%	20.4%	
FY92 / FY93 Biennium	2.6%	15.5%	8.1%	-55.8%	6.2%	
FY94 / FY95 Biennium	2.5%	9.6%	2.0%	9.4%	3.8%	
FY96 / FY97 Biennium	3.9%	7.0%	3.3%	82.6%	4.7%	
FY98 / FY98 Biennium	4.4%	5.4%	12.9%	75.3%	8.7%	
FY00 / FY01 Biennium	6.5%	10.6%	1.5%	-12.7%	5.0%	
FY02 / FY03 Biennium	4.0%	4.1%	3.7%	-37.7%	3.3%	
FY04 / FY05 Biennium	0.7%	10.1%	-0.9%	2.7%	2.6%	
FY06 / FY07 Biennium	6.4%	9.3%	6.4%	29.4%	7.4%	
FY08 / FY09 Biennium	3.0%	4.0%	8.0%	-49.2%	4.6%	
Avg FY89 to FY99 (10 yr)	5.5%	9.8%	11.3%	22.2%	8.6%	
Avg FY99 to FY09 (10 yr)	4.1%	7.6%	3.7%	-18.1%	4.6%	
Avg FY89 to FY09 (20 yr)	4.8%	8.7%	7.4%	0.0%	6.6%	



2008 Session Budget Actions

A summary listing of 2008 General Fund budget adjustments is contained in Table 15. These mid-biennium budget adjustments increase FY07-08 and FY08-09 General Fund new appropriations by a net total of \$15.3 million over the two year period. This equals .2% of the original two-year appropriation.

Mainline budget adjustment related to "current law", "A" bills finance new legislation or changes in law enacted during the 2008 Session.

<u>General Fund Adjustments-2008 Session</u>	<u>FY2007-08</u>	<u>FY2008-09</u>	<u>Two Yr Total</u>
Mainline Adjustments	15,149,664	62,970,098	78,119,762
A Bills	(862,000)	(61,934,776)	(62,796,776)
Change in General Fund New Appropriations	14,287,664	1,035,322	15,322,986

Most of the FY2007-08 deficits can be attributed to two items; \$20 million for replacement of the University of Nebraska and State Colleges student information systems, offset by a \$7 million reduction in Homestead Exemption due to overfunding of actual claims.

The net increase in FY2008-09 appropriations amounts to only \$1,035,322. Virtually all of this change occurs in five areas: Mainline budget increases in employee health insurance costs (\$2,657,567), additional rate increases for developmental disability (\$3,000,000) and behavioral health providers (\$2,607,320), and increased TEEOSA aid to schools under the previous formula (\$52,895,393). The increased TEEOSA aid was subsequently offset by formula changes enacted in LB988 (\$-62,131,289).

<u>Major General Fund Items</u>	<u>FY2007-08</u>	<u>FY2008-09</u>	<u>Two Yr Total</u>
TEEOSA Aid to Schools, certified level under prior law	0	52,895,393	52,895,393
Student Information System (University+Colleges)	20,000,000	0	20,000,000
State Employee health insurance (all agencies)	1,265,498	2,657,567	3,923,065
"Rate Equity" increase, developmental disability providers	0	3,000,000	3,000,000
Behavioral health provider rates (regions+Medicaid)	0	2,607,320	2,607,320
TEEOSA Aid to Schools, LB988 changes	0	(61,866,417)	(61,866,417)
Homestead exemption	(7,000,000)	0	(7,000,000)
All Other	284,166	1,741,459	2,025,625
Change in General Fund New Appropriations	14,549,664	1,035,322	15,584,986

Table 15 General Fund Budget Adjustments - 2008 Session

	Enacted During the 2008 Session		
	FY2007-08	FY2008-09	Two Yr total
<u>SIGNIFICANT INCREASES:</u>			
TEEOSA Aid to Schools, to certified aid level under existing law	0	52,895,393	52,895,393
Student Information System (University+Colleges)	20,000,000	0	20,000,000
Behavioral health aid - reallocate regional center savings (HHS)	8,900,000	5,800,000	14,700,000
State Employee health insurance (all agencies)	1,265,498	2,657,567	3,923,065
"Rate Equity" increase, developmental disability providers	0	3,000,000	3,000,000
Behavioral health aid - rate increase	0	1,707,320	1,707,320
Behavioral health provider rate increase, Medicaid	0	900,000	900,000
Community Aging Services funding	0	750,000	750,000
K-12 School employee retirement plan (Retirement)	0	781,666	781,666
Enhanced enforcement technical resources (Revenue)	500,000	0	500,000
State Claims (LB 1019)	404,930	0	404,930
Interpreter expenses (Courts)	126,862	126,862	253,724
Additional inmate medical costs (Corrections)	250,000	0	250,000
LB 1001 Low-Income Home Energy Conservation Act	0	201,800	201,800
LB 467 Ombudsman authority, county jails, institutions	0	186,738	186,738
Reproductive Health Program aid	0	100,000	100,000
Mainstreet Program, reallocate from Bilding Entrep. Comm. (DED)	0	100,000	100,000
Planning funds, UNL College of Nursing facility (University)	0	87,500	87,500
Contract mediation, support staff for appeals (TERC)	0	73,025	73,025
Additional funding, Access College Early Program (Coord Comm)	0	65,500	65,500
Fully fund PRO director's salary vs Energy Office split (Governor)	0	50,911	50,911
Subtotal-Increases	31,447,290	69,484,282	100,931,572
<u>SIGNIFICANT REDUCTIONS:</u>			
TEEOSA Aid to Schools, LB988 changes	0	(61,866,417)	(61,866,417)
Regional Center reductions, reallocate to behavioral health regions	(8,900,000)	(5,800,000)	(14,700,000)
Homestead exemption	(7,000,000)	0	(7,000,000)
Salary Adjustments, NAPE/CIR and Personnel rules (net)	(600,788)	(110,853)	(711,641)
Excess appropriation, State Patrol Plan (Retirement)	0	(448,139)	(448,139)
Fed grant supplant state funds, Nebraska Transcript Project	(128,070)	(121,930)	(250,000)
Utilize one-time SCAAP funds (Corrections)	(215,000)	0	(215,000)
Building Entrepreneurial Communities, reallocate to Mainstreet (DED)	0	(100,000)	(100,000)
Savings from organizational changes (Hist Society)	(15,770)	(15,770)	(31,540)
Reallocate funds, Livestock Market News (University)	(30,000)	0	(30,000)
Subtotal-Reductions	(16,889,628)	(68,463,109)	(85,352,737)
<u>OTHER NOT LISTED (NET)</u>			
	(7,998)	14,149	6,151
<u>GENERAL FUND NEW APPROPRIATIONS</u>			
	14,549,664	1,035,322	15,584,986

Summary of Major General Fund Items

TEEOSA School Aid

The enacted budget changes include both a large increase and subsequent reduction to arrive at a number not dramatically different than the Sine Die 2007 estimate. The net impact of these two adjustments leaves FY2008-09 TEEOSA aid (General Funds) at \$823.5 million, a 9.3% increase over the prior year.

Revised Estimates, October and December 2007 In October 2007 state law requires the Nebraska Dept of Education (NDE), with assistance from the Property Tax Administrator, the Legislative Fiscal Analyst, and the budget division of DAS to provide an annual estimate by November 15th of the necessary funding level for TEEOSA in the next school year. The General Fund estimate increased by \$13.8 million in FY08-09 mostly due to incorporating an enrollment growth increase into the cost growth factor. Estimated amounts for the following biennium, FY10 and FY11, increased significantly more attributed to higher projected spending growth (about .8% per year average) and a lower growth projection for property valuations, 3% rather than 5% largely attributed to flat residential valuations.

Spending and revenue data reported on the school districts Annual Financial Reports (AFR) is a key data element in calculation of the certified TEEOSA aid. In December, preliminary information from the FY06-07 AFR was available. A review of this data caused another substantial increase in the TEEOSA aid estimate as shown below. The change in the estimate was caused by eight different factors ranging from \$1.9 million to \$9.6 million. Historically, there are always changes in the aid estimated with the availability of new AFR data, some resulting in increased aid, others reducing the amount of aid. Sometimes all items tend to reduce the amount of aid, in this case almost all of the areas resulted in an increase in aid.

LB 988 TEEOSA Formula Changes With TEEOSA aid at the certified level, the General Fund financial status was \$58 million below the minimum reserve for the current biennium and a projected \$378 million shortfall in the following biennium. It was becoming apparent that the budget could not be balanced either this biennium or the following biennium with state spending growth averaging 7% driven by TEEOSA aid averaging a 13.3% growth. Also, if the overall level of TEEOSA aid had to be reduced, it made more sense to do it now with a recertification of FY08-09 aid reflecting a 9.3% increase with the changes, rather than fund a 17.5% increase this year and then an 8.2% cut if the changes were implemented next year.

LB988 provided for a major overhaul of the TEEOSA school aid formula. Overall the provisions of LB988 reduced projected TEEOSA aid by \$61.9 million in FY08-09, \$44.5 million in FY09-10 and \$40.2 million in FY10-11. The net change compared to the original Sine Die 2007 number is a \$9 million reduction. Even with this scaling back of TEEOSA funds, the growth in TEEOSA aid is projected to average 11.3% over the three year period.

As noted above, LB988 changed virtually all aspects of the TEEOSA formula. There were almost 20 individual components that were identified as causing a change in calculated aid amounts.

- General Fund Operating Expenditures (GFOE), the starting point for calculating NEEDS, is redefined and lowered by subtracting out an additional ten items from the Annual Financial Report (AFR) include Medicaid Administrative Activities (MAAPS) and Public Law 81-874 Title 8 (Impact Aid);
- The cost growth factor which is used to inflate the two year old actual AFR data, was reduced to 6% by lowering the amount applicable to the board vote and eliminating enrollment growth;
- The concept of a schools NEEDS based on adjusted weighted formula students times a cost grouping cost is replaced with a basic funding concept where a schools NEEDS are based on the average spending of the ten schools closest in enrollment size;
- Basic funding is then subject to revision with six different "adjustments"; system averaging, teacher education, local choice, student growth, new school, and new learning community transportation;
- The yield from local effort rate which is subtracted from NEEDS to arrive at aid amounts, is changed from ten cents less than the statutory maximum to five cents (\$.95 to \$1.00) multiplied by property valuations which are adjusted to 96% of actual value rather than previous 100%.
- The bill also rewrites the budget limitation provisions. It eliminates exclusions to the budget lid for interlocal agreements, voluntary termination agreements and lease purchase agreements entered into before July 1, 1998. The bill implements a new method to compute budget lids beginning in 2008-09 . The bill limits general fund budgets, excluding special education and special grant funds, to the greater of: the prior year's general fund budget of expenditures times one plus the local district's allowable growth rate, or, 120% of the formula needs (less the prior year's special education budget times one plus the basic allowable growth rate). The ability of a school board to vote to exceed the allowable growth rate is repealed.

Chronology of TEEOSA Estimates	Actual FY2007-08	Estimated FY2008-09	Estimated FY2009-10	Estimated FY2010-11
Sine Die 2007 (General Funds Only)	753,555,548	832,498,267	879,970,261	935,036,175
Revised AFR data, reconfigure allowances	0	201,457	(248,325)	(264,037)
Actual 2007 property valuation information	0	(12,853,041)	(13,523,087)	(14,199,241)
Revise factor to adjust for "unused" LER yield	0	8,001,661	11,111,984	11,667,584
Revised spending growth (-.02% FY07, +1.0% FY08, +.6% FY09)	0	(477,952)	23,546,886	40,314,890
Updated state apportionment estimates	0	(36,610)	(5,310,993)	(587,581)
Enrollment growth, cost growth factor (FY09 .8%, FY10+FY11 +.5%)	0	18,850,913	12,455,741	13,153,262
Updated Insurance premium estimates	0	(679,572)	(696,561)	(713,975)
Reorganization incentive payments	0	834,516	0	0
Property valuation growth (3% growth per year rather than 5%)	0	0	25,272,344	52,566,475
Oct 2007 Joint Meeting (General Funds Only)	753,555,548	846,339,639	932,578,249	1,036,973,552
Actual FY07 AFR, higher total disbursement growth (6.0% vs 5.6%)	0	9,610,578	10,160,303	10,729,280
Actual FY07 AFR, lower federal categorical growth (1.1% vs 5.6%)	0	8,758,245	9,259,217	9,777,733
Actual FY07 AFR, lower disbursement items not in GFOE	0	6,720,895	7,105,331	7,503,229
Cost growth factor applied to higher GFOE	0	1,956,998	1,989,364	2,100,768
Actual FY07 AFR, lower "Other Receipts"	0	4,791,304	3,191,317	3,277,134
Lower effective yield from local effort rate	0	4,685,866	4,826,442	4,971,235
Early childhood program allocation	0	(3,000,000)	3,000,000	0
Summer School program allocation (no previous \$ estimate)	0	6,000,000	12,000,000	12,672,000
All other (net)	0	(314,843)	10,738	11,339
December 2007 Revised (General Funds Only)	753,555,548	885,548,683	984,120,960	1,088,016,270

Chronology of TEEOSA Estimates (continued)	Actual FY2007-08	Estimated FY2008-09	Estimated FY2009-10	Estimated FY2010-11
Lower cost growth factor (enrollment growth .5057 vs .80)	0	(7,008,883)	0	
Lower effective yield from local effort rate	0	5,117,460	5,285,293	5,443,852
Lower than projected "lopoff"	0	2,662,655	2,662,655	2,662,655
Higher minimumum levy adjustment	0	(990,804)	(990,804)	(990,804)
All Other (net)	0	64,549	(985,314)	(978,005)
February 1, 2008 (FY09 aid certification)	753,555,548	885,393,659	990,092,790	1,094,153,968
LB 988 - Gen Fund Operating Expenditures (GFOE) changes	0	(36,677,381)	(37,563,612)	(38,512,284)
LB 988 - Change GFOE, exclude Levy Override Receipts	0	na	na	(3,997,092)
LB 988 - Cost growth factor (to 6%) - Board Vote portion	0	(23,473,374)	(23,473,374)	(23,473,374)
LB 988 - Cost growth factor (to 6%) - Enrollment portion	0	(11,891,058)	(11,891,058)	(11,891,058)
LB 988 - Lost to Basic Funding Calculation	0	(13,226,856)	(13,226,856)	(13,226,856)
LB 988 - Delete early childhood, summer school, remoteness "adds"	0	(12,627,410)	(12,627,410)	(12,627,410)
LB 988 - System Averaging Adjustment (new FY08-09)	0	32,410,763	40,666,465	40,666,465
LB 988 - Teacher Education Adjustment (new FY08-09)	0	23,952,888	23,952,888	34,309,462
LB 988 - Local Choice Adjustment (new FY08-09)	0	(10,697,784)	(10,697,784)	(10,697,784)
LB 988 - Student growth adjustment (new FY09-10)	0	0	11,678,562	12,262,490
LB 988 - New school adjustment (new FY09-10)	0	0	2,227,077	3,507,647
LB 988 - New learning community transport adjustment (new FY09-10)	0	na	??	??
LB 988 - Model Formula Need Stabilization	0	333,894	(305,555)	(305,555)
LB 988 - Yield from Local Effort Rate (\$1.00 LER, 96% adjust value, other)	0	(18,993,457)	(19,114,919)	(19,114,919)
LB 988 - Lopoff (deleted)	0	3,029,697	3,029,697	3,029,697
LB 988 - Aid Stabilization (phased out)	0	5,861,533	2,868,543	(31,457)
LB 988 - All Other changes (net)	0	132,128	29,106	(70,894)
LB 988 - Underestimate Teacher Ed Adjustment?	0	na	??	??
LB 988 - Higher spending due to budget authority changes	0	na	na	??
Sine Die 2008 (General Funds Only)	768,613,973	823,527,243	945,644,560	1,053,981,046
Total Change since Sine Die 2007				
October 2007 Joint Meeting	0	13,841,372	52,607,988	101,937,376
December 2007 Update	0	39,209,044	51,542,711	51,042,719
February 2008 certification	0	(155,023)	5,971,830	6,137,698
Subtotal	0	52,895,393	110,122,529	159,117,793
LB 988 TEEOSA aid changes	0	(61,866,417)	(44,448,230)	(40,172,922)
Sine Die 2008	0	(8,971,024)	65,674,300	118,944,871

Components of the Large Aid Growth While the section above describes the changes in the overall estimate of TEEOSA aid they do not necessarily account for why TEEOSA aid is growing at a double digit rate over the next three years. The table below shows the major components contributing to this double digit growth.

In FY2008-09, about \$81 million of the original \$132 million increase in TEEOSA aid is attributed to legislation enacted including expiration of the aid adjustment factor (enacted in 2002 and extended in 2004), LB1024-2006, and LB641-2007. While this legislation had been previously incorporated into the estimates and did not account for much of the change in projected amounts since Sine Die 2007 (except for the summer school provisions of LB641) it still is a significant component of the large FY2008-09 increase. These large increases are then partially offset by the proposed savings.

The large growth in FY10 and FY11 reflect the significant gap between school spending growth (projected at 5.6% per year) compared to below average property valuation growth (ie.. yield from local effort rate) of 3% per year. Also, phased changes in LB988 lower the "cost savings" in year 2 and 3 of implementation contributing to the higher growth.

Components of TEEOSA Growth	Actual FY2007-08	Estimated FY2008-09	Estimated FY2009-10	Estimated FY2010-11
<u>Current TEEOSA Estimate (General Funds Only)</u>				
Dollar Amount (General Funds Only)	753,555,548	823,527,243	945,644,560	1,053,981,046
\$ Change over Prior Year	52,209,320	69,971,695	122,117,317	108,336,486
% Change over Prior Year	7.4%	9.3%	14.8%	11.5%
<u>Components of \$ Change Over Prior Year</u>				
"Normal" program growth (1)	36,860,151	44,563,112	49,743,677	54,168,747
Expiration of aid adjustment factor	0	32,000,000	in base	in base
LB 577 (2005) Early Childhood programs (second year estimate)	2,839,277	1,100,000	in base	in base
LB 968 (2006) Ag Land to 75%	12,509,892	in base	in base	in base
LB 1024 (2006) Inflate SPED+transportation allowances	0	17,200,000	in base	in base
LB 1024 (2006) cost growth factor, board vote	0	23,800,000	in base	in base
LB 1024 (2006) minimum NEEDS	0	875,000	2,425,000	2,100,000
LB 641 (2007) Summer school programs (first yr estimate)	0	6,000,000	6,000,000	in base
LB 988 - (2008) Major overhaul of TEEOSA formula	0	(61,866,417)	17,418,187	4,275,308
Extraordinary state apportionment (temporary school fund)	0	(13,700,000)	3,000,000	3,500,000
Difference in growth - yield from local effort rate vs GFOE (est)	0	10,400,000	43,530,453	44,292,431
Difference in growth - Other local receipts vs GFOE (estimated)	0	9,600,000	0	0
Total \$ Increase	52,209,320	69,971,695	122,117,317	108,336,486
<u>Components of % Change Over Prior Year</u>				
"Normal" program growth (1)	5.3%	5.9%	6.0%	5.7%
Expiration of aid adjustment factor	0.0%	4.2%	na	na
LB 968 (2006) Ag Land to 75%	1.8%	na	na	na
LB 1024 (2006) Components (gross impact)	0.0%	5.6%	na	na
LB 641 (2007) Summer school programs	0.0%	0.8%	0.7%	na
LB 988 (2008) Major overhaul of TEEOSA formula	0.0%	-8.2%	2.1%	0.5%
Extraordinary state apportionment	0.0%	-1.8%	0.4%	na
Valuation growth vs GFOE growth	0.0%	1.4%	5.3%	4.7%
Other Receipts growth vs GFOE growth	0.0%	1.3%	0.0%	0.0%
Total % Increase	7.4%	9.3%	14.8%	11.5%

(1) Based on historical average spending and valuation growth, a "normal" growth in TEEOSA aid would be in the 5.5% range.

TEEOSA Aid Growth in Perspective While FY08-09 reflects a large 9.3% growth in TEEOSA aid, even with the LB988 changes, the average growth over the past 10 years (including FY08-09) is 3.6%. Since FY1991-92, the first full year implementation of LB1059 which created TEEOSA, the average growth in aid has been 5.1%.

A chronology of TEEOSA aid is shown below. Please note that these numbers reflect total TEEOSA certified aid which is funded with state General Funds as described above plus approximately \$15.5 million of Insurance Premium taxes allocated to school aid.

Chronology of TEEOSA Aid		TEEOSA All Funds	\$ Change	% Change
FY1989-90		133,720,830	--	--
FY1990-91	First year of LB1059-TEEOSA, not fully implemented until FY92)	311,462,100	177,741,270	132.9%
FY1991-92	Aid equaled \$133M plus est revenue from tax increase)	357,283,727	45,821,627	14.7%
FY1992-93		370,668,616	13,384,889	3.7%
FY1993-94		383,069,609	12,400,993	3.3%
FY1994-95		400,230,135	17,160,526	4.5%
FY1995-96		414,933,814	14,703,679	3.7%
FY1996-97	First year insurance premium included as part of TEEOSA)	447,243,594	32,309,780	7.8%

TEEOSA

Chronology of TEEOSA Aid (continued)	All Funds	\$ Change	% Change
FY1997-98	465,944,483	18,700,889	4.2%
FY1998-99 Levy limit \$1.10, prior yr avg = \$1.3045, fixed local effort rate)	591,240,235	125,295,752	26.9%
FY1999-00	594,042,250	2,802,015	0.5%
FY2000-01	561,326,416	(32,715,834)	-5.5%
FY2001-02 Levy limit, to \$1.00)	645,080,733	83,754,317	14.9%
FY2002-03 Aid adjustment factor added)	661,928,207	16,847,474	2.6%
FY2003-04 Levy limit, to \$1.05)	640,701,878	(21,226,329)	-3.2%
FY2004-05 Full impact, 0% allowable growth/cost growth factor)	634,317,276	(6,384,602)	-1.0%
FY2005-06 Start restoration of cost growth factor)	700,594,282	66,277,006	10.4%
FY2006-07	718,467,329	17,873,047	2.6%
FY2007-08 Early childhood, ag land to 75%))	768,613,973	50,146,644	7.0%
FY2008-09* (Aid adjust factor expires, cost growth, inflate allowances, summer school)	839,010,243	70,396,270	9.2%
FY2009-10* (Spending growth at 5.7%, valuation growth at 3%)	961,514,635	122,504,392	14.6%
FY2010-11* (Spending growth at 5.6%, valuation growth at 3%)	1,070,247,873	108,733,238	11.3%

Avg Annual % Change:

10 Year: FY98-99 actual to FY08-09 estimate	3.6%
10 Year: FY00-01 actual to FY10-11 estimate	6.7%
Average annual growth since LB1059 fully implemented, through FY08-09	5.1%
Average annual growth since LB1059 fully implemented, through FY10-11 Projected	5.9%

School Litigation Costs (Attorney General)

The original budget as proposed by the Appropriations Committee included a one-time appropriation increase of \$600,000 General Funds for the Attorney General’s School Finance Litigation Program in FY2007-08. However, after enactment of LB988, schools involved in the litigation subsequently dropped their lawsuit, allowing for a removal of the \$600,000 items as well as lapsing unexpended FY07-08 amounts estimated at \$262,000.

Tax Compliance Enhancements (Dept of Revenue)

The Appropriations Committee included a one-time appropriation of \$500,000 General Funds for the Department of Revenue in FY2007-08 to enhance tax compliance technology resources such as acquiring lists, software, programming, and computer equipment. Most of the technology resources currently being utilized are four or more years old.

Homestead Exemption (Dept of Revenue)

The original FY2007-08 budget for homestead exemption reimbursement reflected a \$13.3 million (23.5%) increase. About half of this increase was due to projected eligibility and cost increases and the other half due to the new provisions of LB968 (2006) which increased the maximum values and exemptions. Based on claims filed, the Department of Revenue indicates that the total amount of homestead exemption payments for FY07-08 is about \$63 million or \$7.0 million below the original budget as enacted. Although it’s not yet known the exact reason claims were overestimated, the Department of Revenue indicates they did not see the number of new qualifiers due to LB 968 that they anticipated and it’s likely that this accounts for a substantial portion of the FY07-08 “savings”. The enacted budget reclaims the unused \$7 million in FY07-08, however the FY08-09 appropriation remains unchanged in anticipation that the original projected levels will ultimately be reached.

Behavioral Health Aid (HHS)

Regional Center Base Transfers The Behavioral Health Services Act (LB1083-2004) provides for the transfer of funds from the regional centers to community behavioral health programs when savings are achieved by closing beds at the regional centers. The 2008 budget adjustments transfer \$5.4 million in 2007-08 and \$5.8 million in 2008-09 from the regional centers to the behavioral health aid program. The funds are to be distributed to regional behavioral health providers by May 30, 2008. An additional \$3.5 million is transferred in 2007-08 to be distributed to regional behavioral health providers by the same date for one-time purposes via the allocation formula established by the Division of Behavioral Health Services.

The budget adjustments also provide for the distribution of unexpended reappropriated general funds estimated at \$11.6 million to the regional behavioral health authorities according to the allocation formula by May 30, 2008 for one-time purposes related to the development and provisions of community-based behavioral health services.

Provider Rate Increase An additional \$1,707,320 of general funds is included for FY2008-09 to provide funding for an additional 2% rate increase. This would provide an overall 4% rate increase in FY08-09 when coupled with the 2% increase financed last session.

Medicaid - Behavioral Health Provider Rate Increases (HHS)

The budget adjustments provide funding for an additional 1.5% increase for behavioral health services in FY2008-09. The additional funding is only for behavioral health services. The state share is \$900,000 and the federal share is \$1,350,000 for a total increase of \$2,250,000. Last year, funding was provided for a 2% increase for hospital-based services and 1.4% for all other providers. This additional funding would provide rate increases ranging from 2.9% for non-hospital-based behavioral health services and 3.5% for hospital-based behavioral health services.

Developmental Disability Aid (HHS)

Beginning in 1995-96, intent language in appropriations bills provided for a phased-in rate increase for developmental disability providers. In 2002-03, rates reached 100% of methodology. Rate equity is based upon the salary increase provided to Developmental Disability Technicians at the Beatrice State Developmental Center.

The NAPE/CIR labor settlement resulted in comparability pay increases of 7.5% salary increase for DD Tech positions in FY2007-08 and an additional 5.2% increase in 2008-09 or a two year total of 12.7%. Full funding of rate equity would require an additional \$6.6 million in FY2008-09, a rate increase of 10.7%. The revised budget includes an additional \$3 million for rate equity equal to a 4% rate increase. When coupled with the 2% increase in rate equity for FY2007-08 and FY2008-09 in the originally enacted budget in the 2007 session, this provides rate increases of 2% in FY2007-08 and 6% in FY2008-09 for a two year total of 8%. This level of funding would achieve 95.5% of methodology.

Student Information Systems (University and State Colleges)

In February, 2007, SunGard Higher Education formally announced that, effective December 31, 2011, it will end support for the software system utilized by the Nebraska State College System (NSCS) to support student information and administrative/financial functions since 1987. Effective the same date, Sungard also announced an end to support for student information system software utilized by the UNL, UNO and UNK campuses of the University of Nebraska since 1992. Individual deficit requests were submitted by NSCS and the University of Nebraska to address software system replacement needs. At the request of the Governor, the University and NSCS subsequently formulated a joint funding proposal to pursue a common student information system and migration of NSCS to the administrative and financial software system currently utilized by the University. The joint request amounted to \$22,153,000, of which \$16,000,000 was attributed to the University and \$6,153,000 attributed to NSCS. A timeline approximating 36 months from funding approval to complete implementation of the replacement software systems is proposed in an effort to moderate disruptions to University and NSCS operations. Of the \$22,153,000 requested, the revised budget includes total funding of \$20,000,000 for the current biennium of which \$14,444,000 is appropriated to the University of Nebraska and \$5,556,000 appropriated to the Nebraska State College System. Intent language accompanying the appropriations directs the University of Nebraska and NSCS to adopt common student information systems and effectively directs NSCS to adopt the resource planning system currently used by the University of Nebraska to support administrative/financial functions. The Governor recommended \$10 million in the current biennium with the remaining \$12 million deferred to the next biennium.

This \$20 million is financed by \$20 million of cash fund lapses that had been vetoed last session as described on page 22.

University Bond and Bond Surplus Projects

Pursuant to section 85-1415, R.R.S., Legislative approval is required for projects funded by the sale of bonds through a facility corporation when cash funds, federal indirect cost reimbursement, etc. are used for the repayment of those bonds. In the following projects the University is proposing to pledge its cash funds as security for the bonds and the use of federal indirect cost reimbursement to retire those bonds.

UNL Animal Research Facility Renovation The proposed project will replace the building's mechanical and electrical systems, correct fire and life safety and accessibility deficiencies, and reconfigure space to better meet the present and future needs. The project cost is estimated at \$5,000,000. Total payment over the term of the debt is \$8,563,684.

UNL NanoScience Facility The proposed project consists of research space, laboratory support space and administrative space. The project will complete generic space in the Physical Sciences Building as nanotechnology space and construct a north addition to the Physical Sciences building. The project is estimated at \$13,500,000. Total payment over the term of the debt is \$21,672,893.

UNL Whittier Building Renovation The proposed project will a) renovate the entire building envelope, b) provide a heating, ventilating, and air-conditioning system; new plumbing; and a new electrical system c) renovate about 53,720 gsf of the 130,948 gsf of the main building into office and research space for the Nebraska Center for Energy Sciences Research and the Nebraska Transportation Center, and d) renovate about 13,000 gsf of the north annex for use as a childcare center. The total project cost is \$23,750,000 of which \$14,500,000 will be financed by bonds.

In lieu of the project cited above the University may demolish the Whittier Building and construct a building that would provide 73,000 net square feet of research space and provide 13,000 net square feet for a child development center on the UNL campus. The project cost is estimated at \$36,000,000 of which \$26,750,000 is to be financed from University of Nebraska Facilities Corporation bonds.

UNL Student Housing Wireless Installation Pursuant to section 85-408, R.R.S., Legislative approval is also required for projects funded by revenue bond surplus funds. This proposed project will extend the campus wireless service to residence halls, including student rooms and common areas such as social lounges and study halls on City East campuses the project cost is estimated at \$950,000.

Education Center Building College of Technical Agriculture (NCTA) at Curtis LB959 also contains intent language regarding the Nebraska College of Technical Agriculture (NCTA) at Curtis. The intent language indicates approval of the construction of a \$9.7 million Education Center Building at NCTA to be financed through a University of Nebraska Facilities Corporation bond issue with related bonds to be retired with state funds if the following conditions are met:

1. The Education Center Building project is approved by the Board of Regents;
2. The project is reviewed by the Coordinating Commission for Postsecondary Education;
3. NCTA raises \$1,000,000 in private donations to be used to offset the total project cost;
4. The Education Center Building is financed through a University of Nebraska Facilities Corporation bond issue;
5. The University Cash Fund and all other legally available fund of the Board of Regents are pledged to secure the bonds; and
6. NCTA secures funding for new student housing to include at least 144 beds.

Defined Benefit Retirement Plans (Retirement Board)

Based on actuarial reports, an additional \$644,797 is included in FY2008-09 for K-12 school retirement plan funding. This includes additional funding for the required 7/10's of 1% for the state (\$517,510) and Omaha (\$168,596) plans with a small reduction in the Omaha Service Annuity (\$41,309).

With respect to the State Patrol plan, there is a decrease in funding needed from what was appropriated in LB321 (2007). The State Patrol Plan additional contribution is estimated at \$365,020 rather than the original LB321 appropriation of \$813,159. This is a reduction of \$448,139.

Salary Adjustments (Multiple Agencies)

When the Legislature adjourned in May of 2007, NAPE/AFSCME covered employee pay increases for FY07-08 and FY08-09 were not yet finalized. Using the information available at the time, the Legislature funded in agency appropriations, a 2.5% annual salary increase. In addition, the Legislature also appropriated General funds amounting to \$2.6 million in FY07-08 and \$5.6 million in FY08-09 to a program within the Department of Administrative Services (DAS) to accommodate the eventual resolution of a salary agreement.

2008 Salary Adjustments	FY2007-08	FY2008-09
CIR / NAPE Ruling	1,954,984	3,247,282
Compression/inversion adjustments	0	2,243,587
Subtotal	1,954,984	5,490,869
Less: Original Placeholder allocation	(2,555,772)	(5,601,722)
General Funds (net)	(600,788)	(110,853)
Cash Funds	2,934,657	8,793,855
Federal Funds	897,998	2,359,847
Revolving Funds	(90,786)	58,734
Total	3,141,081	11,101,583

This placeholder appropriation in DAS represented the estimated additional General Fund cost of the Special Master ruling. This ruling was subsequently affirmed by the Commission of Industrial Relations (CIR) on August 14, 2007 and calls for comparability adjustments ranging from 0-15% over the two year biennium. Average wage increases, including a 2.5% COLA, are 5.33% in FY07-08 and 3.68% in FY08-09. Increases vary substantially as the NAPE proposal reflected different pay increases within nine different bargaining units and within those units, pay increases for each employee would vary depending on where each individual was within the pay range.

In terms of General Funds, the 2.5% appropriation increase included in the program appropriations of each agency plus the placeholder appropriation in DAS actually exceeded the calculated cost of the ruling. Cash, Federal, and Revolving fund type requirements for financing these salary increases are all additions as the placeholder did not account for these fund sources. The committee recommendation re-allocates the General Fund placeholder appropriation from DAS to agency program budgets for FY07-08 and FY08-09 and includes the Cash, Federal, and Revolving fund appropriations necessary to finance the implementation of the CIR ruling.

Also, in agencies employing workers represented by NAPE/AFSCME, the implementation of the CIR ruling has created pay compression and pay equity issues typified by an employee making as much or more than the employee's supervisor, or employees in the same job classification having substantially different rates of pay based solely on whether or not the job is covered by the NAPE/AFSCME labor contract. This situation tends to have a detrimental impact on employee recruitment, retention, and workforce morale. The Governor proposal and enacted budget adjustments for FY2008-09 includes financing for agencies covered by the State Classified System Personnel Rules and Regulations to address these pay equity issues. The FY2008-09 pay plan for rules-covered employees would include a pay comparability component designed to treat rules-covered employees in a manner similar to the way affected NAPE/AFSCME employees are treated under the CIR ruling. Recommended pay adjustments for FY2008-09 would include a 2.0% general increase for permanent rules covered employees and a comparability adjustment that varies in amount depending on each eligible employee's job classification. The comparability increase for employees is capped at the maximum pay amount established for each job classification.

The additional appropriations, above the 2.5% each year currently appropriated, necessary to finance the provisions of the CIR ruling and the rules-covered employee increases are shown in the accompanying table. A complete listing of the total salary adjustments by agency is contained in Appendix D.

Health Insurance Rate Increase (Multiple Agencies)

During the 2007 legislative session the Legislature appropriated funds for increased health insurance cost projecting increases of 10% for each calendar year within the FY2007-09 biennium. The Department of

Administrative Services has since finalized the health plans and premiums necessary to finance the program for the 2008 plan year with increases in premiums of 15%. The committee budget includes additional funds to finance the State's portion of the increased health insurance costs for FY2007-08 (six months) and a full year in FY2008-09. At this point there is no change in the original projected 10% increase for calendar year 2009. A complete listing of the total health insurance adjustments by agency is contained in Appendix E

<u>2008 Health Insurance Adjustments</u>	<u>FY2007-08</u>	<u>FY2008-09</u>
General Funds	1,265,498	2,657,567
Cash Funds	707,550	1,485,871
Federal Funds	503,234	1,056,798
Revolving Funds	91,597	192,357
Total	2,567,879	5,392,593

***TOTAL APPROPRIATIONS
ALL FUNDS***

Total Appropriations - All Funds

The total appropriation from all fund sources as enacted in the 2007 legislative session and revised with budget adjustments enacted in the 2008 session are shown in the table below.

Table 16 Total Appropriations - All Funds

FY2006-07	General	Cash	Federal	Rev/Other	Total
Total - 2006 Session (excludes deficits)	3,180,850,777	1,515,042,477	2,293,382,276	600,297,850	7,589,573,380
2007 Session Deficits	(16,211,171)	1,070,328	87,000	0	(15,053,843)
2007 Session State Claims	1,626,732	20,000	0	183,000	1,829,732
2007 Session "A" bills	3,000,000	0	0	0	3,000,000
Final Total - 2007 Session	3,169,266,338	1,516,132,805	2,293,469,276	600,480,850	7,579,349,269
FY2007-08	General	Cash	Federal	Rev/Other	Total
Total - 2007 Session (excludes deficits)	3,305,700,963	1,637,701,761	2,215,900,086	643,850,466	7,803,153,276
2008 Session-Deficits	14,744,734	10,809,966	5,016,271	150,811	30,721,782
2008 Session State Claims	404,930	9,900,000	0	225,000	10,529,930
2008 Session "A" bills	(600,000)	9,000,000	0	0	8,400,000
<i>2008 Deficits</i>	<i>14,549,664</i>	<i>29,709,966</i>	<i>5,016,271</i>	<i>375,811</i>	<i>49,651,712</i>
Final Total - 2008 Session	3,320,250,627	1,667,411,727	2,220,916,357	644,226,277	7,852,804,988
Change over prior year (without deficits)					
Dollar	124,850,186	122,659,284	(77,482,190)	43,552,616	213,579,896
Percent	3.9%	8.1%	-3.4%	7.3%	2.8%
FY2008-09	General	Cash	Federal	Rev/Other	Total
Total Per 2007 Session	3,480,556,576	1,640,486,123	2,265,031,840	645,629,270	8,031,703,809
2008 Session-Legislature	62,970,098	28,959,554	9,106,098	1,463,315	102,499,065
2008 Session Vetoes	0	(14,513,930)	0	0	(14,513,930)
2008 Session Overrides	0	14,513,930	0	0	14,513,930
2008 Session "A" bills	(61,934,776)	8,793,167	493,534	0	(52,648,075)
Post 2008 Session	0	0	0	0	0
<i>2008 Session Midbiennium Actions</i>	<i>1,035,322</i>	<i>37,752,721</i>	<i>9,599,632</i>	<i>1,463,315</i>	<i>49,850,990</i>
Total Per 2008 Session	3,481,591,898	1,678,238,844	2,274,631,472	647,092,585	8,081,554,799
Change over prior year (without deficits)					
Dollar	175,890,935	40,537,083	58,731,386	3,242,119	278,401,523
Percent	5.3%	2.5%	2.7%	0.5%	3.6%

Table 17 contains a list of A bills enacted during the 2008 Session. Appropriations are enacted in two types of bills. Mainline bills relate to appropriations based on existing law. A Bills (the A stands for appropriations) are appropriations bills that accompany a substantive bill and reflects funding changes relating to that legislation.

Table 18 contains a listing of the major cash and federal items followed by a summary of the largest items. In many cases however, the cash and federal amounts are related to a General fund issue described earlier in this report. A complete listing of all FY07-08 deficit and FY08-09 midbiennium adjustments is contained in Appendix A.

Table 17 Listing of 2008 Session A Bills

Description	Fund	FY2007-08	FY2008-09	FY2009-10	FY2010-11
LB 171 Require HHS to apply for food stamp options/waivers	General	0	27,500	0	0
LB 171 Require HHS to apply for food stamp options/waivers	Federal	0	27,500	0	0
LB 179 Require electronic recording of custodial interrogations	General	0	4,200	0	0
LB 204 Extend Contractor Registration Act statewide	Cash	0	175,575	156,883	156,883
LB 245 Changes, fluoridation of drinking water	General	0	55,405	94,686	0
LB 245 Changes, fluoridation of drinking water	Cash	0	10,000	20,000	20,000
LB 395 Extend employment/public place smoking ban statewide	Cash	0	5,000	25,000	25,000
LB 467 Ombudsman authority, county jails, institutions	General	0	186,738	186,738	186,738
LB 606 Stem Cell Research Act	Cash	0	500,000	500,000	500,000
LB 609A Reduce appropriations, school litigation	General	(600,000)	(600,000)	0	0
LB 726 Change eligibility/cap, wastewater treatment assistance	Cash	0	200,000	250,000	250,000
LB 736 Ignition interlock devices, DUI offenses	Cash	0	46,000	?	?
LB 819 First responder workers' comp, employment security changes	General	0	VETO	VETO	VETO
LB 830 Prescription Drug Cost Savings Act	General	0	0	1,254,303	(1,168,385)
LB 830 Prescription Drug Cost Savings Act	Cash	0	682,637	0	0
LB 830 Prescription Drug Cost Savings Act	Federal	0	682,637	1,254,303	(2,155,089)
LB 911 Change driver license process, Real ID compliance	Cash	0	2,016,354	3,067,707	3,067,707
LB 928 Misc changes relating to public health and welfare	General	0	(119,402)	(237,570)	(237,570)
LB 928 Misc changes relating to public health and welfare	Cash	0	66,101	97,949	97,949
LB 928 Misc changes relating to public health and welfare	Federal	0	(216,603)	(306,854)	(306,854)
LB 986 Electronics Recycling Act	Cash	0	0	VETO	VETO
LB 988 TEEOSA school aid and budget limit changes	General	0	(61,866,417)	(44,448,230)	(40,172,922)
LB 1001 Low-Income Home Energy Conservation Act	General	0	201,800	56,900	56,900
LB 1001 Low-Income Home Energy Conservation Act	Cash	0	0	8,547,200	9,304,000
LB 1014 Changes, judicial vacancies and judicial resources	General	0	(14,169)	(17,169)	(17,169)
LB 1014 Changes, judicial vacancies and judicial resources	Cash	0	13,500	1,000	1,000
LB 1027 Changes, Beginning Farmer Tax Credit Act	General	0	52,700	51,200	51,200
LB 1048 Provide for issuance of birth certificates for stillbirths	Cash	0	50,000	7,000	7,000
LB 1094 Water rights holder payments, Cash Reserve Fund transfer	Cash	9,000,000	0	0	0
LB 1116 Nebraska State Fair relocation	Cash	0	5,000,000	0	0
LB 1147 Misc retirement, OPS service annuity changes	General	0	136,869	136,869	136,869
LB 1147 Misc retirement, OPS service annuity changes	Cash	0	28,000	0	0
LB 1154 Changes, learning community, schools, ESU's, job training	General	0	VETO A Bill	0	0
LB 1157 Change statewide system for student assessment/reporting	PSL	0	PSL only	PSL only	PSL only
LB 1172 Food Supply Animal Veterinary Incentive Program Act	General	0	0	60,000	120,000
General		(600,000)	(61,934,776)	(42,862,273)	(41,044,339)
Cash		9,000,000	8,793,167	12,672,739	13,429,539
Federal		0	493,534	947,449	(2,461,943)
Revolving		0	0	0	0
Total		8,400,000	(52,648,075)	(29,242,085)	(30,076,743)

Table 18 Significant Cash and Federal Fund Budget Adjustments - 2008 Session

Major Items - Cash Funds	FY2007-08	FY2008-09	2 Yr Total
Additional funding for roads construction (Roads)	0	14,513,930	14,513,930
Salary adjustments (All agencies)	2,934,657	8,793,855	11,728,512
State Claims - Tort (LB1019)	9,900,000	0	9,900,000
LB 1094 Water rights holder payments, Cash Reserve Fund transfer	9,000,000	0	9,000,000
LB 1116 Nebraska State Fair relocation	0	5,000,000	5,000,000
LB 911 Change driver license process, Real ID compliance	0	2,016,354	2,016,354
Convention Center Support Fund (Treasurer)	2,671,928	0	2,671,928
Health insurance rate increase (All agencies)	707,550	1,485,871	2,193,421
Reallocate lapsed appropriations, complete DTV conversion (NETC)	1,577,500	0	1,577,500
Housing Related Assistance Program, higher revenues	600,000	600,000	1,200,000
LB 830 Prescription Drug Cost Savings Act	0	682,637	682,637
Additional cash funds for tobacco prevention programs (LB966) (HHS)	0	500,000	500,000
Increased funding for Rural Health Incentive Program (HHS)	0	500,000	500,000
LB 606 Stem Cell Research Act	0	500,000	500,000
Additional staffing (Insurance)	0	434,430	434,430
Increase cash funds for the Gamblers Assistance Program (HHS)	200,000	200,000	400,000
Community Corrections Council data projects	383,854	0	383,854
Increased federal inspection requirements (Fire Marshal)	71,774	287,094	358,868
Douglas County conversion to the JUSTICE System (Courts)	249,600	108,108	357,708
Additional staff/consultants (Investment Council)	66,667	265,931	332,598
Appropriations authority, LB554 Parenting Act / mediation aid (Courts)	0	280,000	280,000
Parole Uniform Data Fund project (Corrections)	239,879	0	239,879
Appropriate funds, Olympic Team Trials (DED)	250,000	0	250,000
Community health centers funding (Health Care Cash Fund)	250,000	0	250,000
Smoking cessation, Medicaid eligibility (Health Care Cash Fund)	0	250,000	250,000
Funding for Nebraska Regional Poison Center funding (University)	0	200,000	200,000
All Other	606,557	1,134,511	1,741,068
TOTAL CASH FUNDS	29,709,966	37,752,721	67,462,687
Major Items - Federal Funds	FY2007-08	FY2008-09	2 Yr Total
Rate increase for developmental disability providers.	0	3,691,948	3,691,948
Salary adjustments (All agencies)	897,998	2,359,847	3,257,845
Health insurance rate increase (All agencies)	503,234	1,056,798	1,560,032
Additional federal grants and related PSL for Pallid Sturgeon studies.	1,547,126	0	1,547,126
Additional fed funds for staff retention and recruitment (BSDC)	1,500,000	0	1,500,000
Additional funds, behavioral health provider rates (Medicaid)	0	1,350,000	1,350,000
LB 830 Prescription Drug Cost Savings Act	0	682,637	682,637
Smoking cessation, Medicaid eligibility (Health Care Cash Fund)	0	345,000	345,000
Reallocate lapsed appropriations, complete DTV conversion	288,850	0	288,850
Increased federal inspection requirements (Fire Marshal)	64,063	256,250	320,313
All Other	215,000	(142,848)	72,152
TOTAL FEDERAL FUNDS	5,016,271	9,599,632	14,615,903

Roads Construction, Additional Funding

Since 1989, with one exception, no *additional* state funding has been provided to the Department of Roads to cover the cost of salary and health insurance adjustments. The Department has absorbed these increases by reallocating funds from highway construction. The one exception was the FY97/99 biennium when the Governor recommended and the Legislature approved a fuel tax increase to cover salary increases.

The cost of annualizing current year salary and health insurance increases, plus required salary and health insurance increases scheduled for next fiscal year, total more than \$15 million. Recognizing the negative effect that absorbing salary and health insurance increases has on the construction program, the Legislature approved providing a 3% increase in state funding for FY2008-09 to pay for salary and health insurance increases thus preventing the reallocation of a like amount of money from highway construction to fund these costs. In dollar terms this increase in funding equals \$14,513,930. This additional \$14.5 million appropriation was vetoed by the Governor but subsequently overridden by the Legislature.

This additional appropriation is estimated to cause the fuel tax to increase 1.2¢ based on existing revenue projections. The fuel tax, including the estimated 1.2¢ increase, would then equal 26.5¢ in FY2008-09. In comparison, last session the Legislature passed a budget for FY2008-09 that was at that time estimated to require a fuel tax of 28.9¢. This appropriation was ultimately vetoed by the Governor back to a level that was projected to require a tax of 27.1¢. *With this additional appropriation, the projected tax rate of 26.5¢ is still less than the expected tax rate when the budget was enacted last session and is in fact still lower than the 27.0¢ rate that was in effect as recently as December.*

LB1019 - State Claims

Payment of FY2007-08 state claims contained and extraordinary item, \$9.9 million for a tort claim against the Department of Roads for a traffic accident arising out of a stoplight malfunction in Schuyler.

LB 1094 - Water Contingency Cash Fund

LB1094 transfers \$9 million from the Cash Reserve Fund 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. This situation was caused by a lawsuit by landowners in the Republican River basin challenging the property tax assessment to make these payments. Surface water irrigators who gave up irrigation water in the 2007 crop year were not paid in December, 2007 as promised.

Financial assistance would be provided by the Dept of Natural Resources to natural resources districts (NRDs) that certify the amount of financial assistance necessary to meet their obligations under Section 2-3226.04. NRDs receiving financial assistance would be allowed to use proceeds of the property tax as authorized in Section 2-3225 (1) (d) and the occupation tax as authorized under Section 2-3226.05 to repay the state. Repayments would be deposited in the Water Contingency Cash Fund and transferred to the Cash Reserve Fund at the end of each calendar month.

LB 1116 Nebraska State Fair Relocation

LB 1116 provided for the relocation of the Nebraska State Fair to be located within the City of Grand Island no later than 2010. The current fairground property would be transferred to the University of Nebraska for development of an Innovation Park.

The projected \$42 million relocation cost to rebuild the fair will be shared as follows: \$21.5 million from the University of Nebraska; \$8.5 million from Grand Island; \$5 million from the State of Nebraska (financed through a Cash Reserve Fund transfer); and \$7 million from the Nebraska State Fair Board.

LB 1116 establishes conditions that must be met prior to transfer of the existing Nebraska State Fairgrounds property to the University of Nebraska. The conditions include: (1) By July 1, 2009, no less than \$21,500,000 in cash or legally binding commitments have been donated on behalf of the University of Nebraska for the purpose of relocating the State Fair to Grand Island; (2) By July 1, 2009, no less than \$8,500,000 in cash or legally binding commitments have been donated on behalf of the City of Grand Island for the purpose of relocating the State Fair to Grand Island, and (3) The University of Nebraska would be required to submit a master plan and business plan for the Innovation Campus to the Department of Administrative Services (DAS) and the Clerk of the Legislature on or before December 1, 2009. The University would also be required to provide an annual update of the master plan and business plan to the Clerk of the Legislature by December 1 of each year. Both the University of Nebraska and the City of Grand Island shall provide certification reports to the DAS on October 1, 2008 and February 1, 2009 regarding progress made towards meeting the above monetary commitment goals, and would provide final certification on July 1, 2009.

LB 1116 provides that funds donated on behalf of the University of Nebraska and the City of Grand Island be held and expended as determined by agreement between the Hall County Livestock Improvement Association and the Nebraska State Fair Board. It is anticipated that the above funding will not be processed through the state accounting system, but the existence of the funding would be certified to and verified by DAS.

LB 911 Change driver license process, Real ID compliance

LB 911 requires the Department of Motor Vehicles (DMV) to develop, implement, and maintain processes to issue operator's licenses and state identification cards designed to protect the identity of applicants and holders of such instruments. The processes are also to be designed to reduce identity theft, fraud, forgery and counterfeiting and achieve compliance with the federal Real ID law. The implementation date for such processes is to be on or before April 1, 2009. DMV is authorized to collect a surcharge of up to \$8 to cover the additional compliance costs. Counties are to provide office space for the administration of operator license examinations. DMV staff is to conduct examinations and issue certificates to successful applicants. Certificates are to be presented to a county treasurer within 90 days. The treasurer is to collect the fees and surcharge and issue a receipt which is good for 30 days. DMV then would provide for the central production and issuance of licenses and cards at a secure facility. Licenses and cards are to be mailed to the applicant within 30 days.

DMV estimates the cost of a more secure centrally issued vendor produced license or state identification card will increase from \$4.30 to \$7.17. The estimated annual increase in the

cost of producing licenses and cards is \$1.46 million. There will also be increased postage costs of approximately \$247,000 to mail licenses and cards to applicants. A public information campaign will be undertaken to inform applicants of the changes in procedures for licensure. Seventeen staff will be added to eliminate one-person examining travel teams, facilitate central issuance and increase fraud prevention activities. There will be one-time expenses for central issuance development costs and equipment. Annual on-going expenses will be incurred for training, rent and travel.

The bill allows DMV to collect an identity security surcharge to cover the cost of security and technology practices, not to exceed \$8 per license or state identification card. DMV estimates a \$6 surcharge will be imposed. The cash fund revenue from the surcharge will be approximately \$2,858,000 on an annual basis, assuming the issuance of about 476,300 licenses and cards.

Convention Center Support Fund

Under 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 a 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 the Local Civic, Cultural, and Convention Center Financing Fund. A total of \$3,817,040 was certified to be credited to the Convention Center Support Fund of which \$2,671,928 is remitted back to Omaha and \$1,145,112 transferred to the Local Civic, Cultural, and Convention Center Financing Fund within five days of the act's effective date.

Rural Health Incentive Program Funding

The state recently entered into two settlements with the drug company Merck. The basis of the settlements is violations of price reporting of the drugs Vioxx, Zocor, Mevacor and Pepcid under the Medicaid Rebate Statute. Nebraska's share is approximately \$1 million for the state share of Medicaid payments. The Medicaid False Claims Act requires reimbursements under this act to be deposited into the Health and Human Services Cash Fund.

The revised budget amends the statute to transfer on a one-time basis \$1 million from the Health and Human Services Cash Fund to the Rural Health Professional Incentive Fund. The increased cash will be used to increase the number of loans for students agreeing to practice in a rural shortage area and for loan repayments for practitioners practicing in rural shortage area. The intent is to fund \$250,000 a year for four years from these funds. With the 50% local matching funds, the additional amount available each year is \$500,000.

Health Care Cash Fund - Additional Items

In the enacted budget, the \$55 million of transfers into the Health Care Cash Fund from a combination of funding from the Tobacco Settlement Trust Fund and the Medicaid Intergovernmental Trust Fund is increased by \$250,000 in FY2007-08 and \$700,000 in FY2008-09 for the following:

Community Health Centers: In FY2007-08, an additional \$250,000 is transferred on a one-time basis with the funding appropriated to the Department of Health and Human Services for distribution to the federally qualified health centers for dental services, supplies and/or equipment. Each center will receive \$50,000 in FY2007-08.

Nebraska Regional Poison Control Center: The State Treasurer is directed to transfer \$200,000 annually to the University of Nebraska Medical Center Cash Fund for partial funding for the Nebraska Regional Poison Control Center. The \$200,000 represents the State's share to continue the Poison Control Center in conjunction with federal private and fee income.

Medicaid coverage, smoking cessation: \$500,000 will be used for Medicaid coverage of smoking cessation counseling and pharmaceuticals. In the first year, because of delayed implementation, the amount appropriated for the state share from these funds is \$250,000. Once fully implemented, the cost state share could increase to \$425,000. The transfer amount allows for this anticipated growth.

Tobacco Prevention and Control Funds

Currently, \$2.5 million of tobacco settlement funds is deposited into the Tobacco Prevention and Control Fund annually. The budget adjustments provide for an additional \$500,000 transfer increasing the total transferred amount to \$3 million annually.

Appendix A

Detailed Listing of All 2008 Session Budget Adjustments

		Current Biennium		Est for Following Biennium		
		Fund	FY2007-08	FY2008-09	FY2009-10	FY2010-11
<u>#03-Legislative Council</u>						
504	LB 467 Ombudsman authority, county jails, institutions	Gen	0	186,738	186,738	186,738
<u>#05-Supreme Court</u>						
6	Reallocate judgeships (correct LB377A)	Gen	124,877	129,190	129,190	129,190
7	Reallocate judgeships (correct LB377A)	Gen	(121,275)	(121,275)	(121,275)	(121,275)
52	Interpreter expenses	Gen	126,862	126,862	126,862	126,862
52	Wage increase correction (PSL \$70,167 FY08 and \$76,729 FY09)	Gen	YES	YES	0	0
52	Appropriations authority, LB554 Parenting Act / mediation aid	Cash	0	280,000	280,000	280,000
52	Media enhancements, Capitol Building	Cash	11,322	0	0	0
52	LB 1014 Changes, judicial vacancies and judicial resources	Gen	0	34,724	31,724	31,724
67	LB 736 Ignition interlock devices, DUI offenses	Cash	0	10,000	0	0
435	Increase PSL, specialized drug courts (\$163,710 FY08, \$185,369 FY09)	PSL	YES	YES	0	0
570	Douglas County conversion to the JUSTICE System	Cash	249,600	108,108	108,108	108,108
570	Conversion from Lotus Notes to Microsoft Outlook	Cash	0	43,680	43,680	43,680
570	Upgrades for computer equipment in statewide trial courts	Cash	61,071	122,141	0	0
570	LB 1014 Changes, judicial vacancies and judicial resources	Cash	0	7,500	0	0
<u>#7-Governor</u>						
18	Fully fund PRO director's salary vs Energy Office split	Gen	0	50,911	50,911	50,911
106	Shift Energy Office to it's own agency	---	YES	YES	YES	YES
<u>#9-Secretary of State</u>						
45	Additional funds for federal match, Help America Vote Act (HAVA)	Cash	35,795	0	0	0
<u>#10-State Auditor</u>						
10	Health insurance	Gen	700	1,415	1,415	1,415
506	Health insurance	Gen	(700)	(1,415)	(1,415)	(1,415)

		Current Biennium		Est for Following Biennium		
		Fund	FY2007-08	FY2008-09	FY2009-10	FY2010-11
<u>#11-Attorney General</u>						
507	Tobacco master settlement agreement litigation	Cash	17,500	75,108	75,108	75,108
508	School litigation costs	Gen	600,000	600,000	0	0
508	LB 609A Reduce appropriations, school litigation	Gen	(600,000)	(600,000)	0	0
<u>#12-State Treasurer</u>						
503	Banking software updates	Cash	5,000	0	0	0
503	iTran software development	Cash	10,000	0	0	0
503	New check encoding machine	Cash	14,000	0	0	0
505	Investment Council assessment increase	Cash	57,833	95,102	95,102	95,102
659	Reduction to offset Treasury Management increase	Gen	(10,000)	0	0	0
665	Convention Center Support Fund	Cash	2,671,928	0	0	0
<u>#13-Dept of Education</u>						
25	Fed grant supplant state funds, Nebraska Transcript Project	Gen	(128,070)	(121,930)	(121,930)	(121,930)
158	TEEOSA aid, fund certified level	Gen	0	52,895,393	110,122,530	159,117,793
158	LB 988 TEEOSA school aid and budget limit changes	Gen	0	(61,866,417)	(44,448,230)	(40,172,922)
161	Add earmark language, education innovation fund	--	YES	YES	0	0
352	Increase personal services limit (FY08 \$39,314)	PSL	YES	0	0	0
614	Ethics education for teachers	Cash	30,000	0	0	0
<u>#16-Dept of Revenue</u>						
102	Enhanced enforcement technical resources	Gen	500,000	0	0	0
102	LB 1001 Low-Income Home Energy Conservation Act	Gen	0	201,800	56,900	56,900
108	Homestead exemption	Gen	(7,000,000)	0	0	0
110	LB 1001 Low-Income Home Energy Conservation Act	Cash	0	0	8,547,200	9,304,000
<u>#18-Dept of Agriculture</u>						
27	Cash funds from transfer, Dept of Ag for livestock market news	Cash	0	7,500	7,500	7,500
27	LB 1027 Changes, Beginning Farmer Tax Credit Act	Gen	0	52,700	51,200	51,200
63	LB 1172 Food Supply Animal Veterinary Incentive Program Act	Gen	0	0	60,000	120,000

	Fund	Current Biennium		Est for Following Biennium	
		FY2007-08	FY2008-09	FY2009-10	FY2010-11
<u>#21-Fire Marshal</u>					
193	Cash	21,354	85,417	85,417	85,417
193	Fed	64,063	256,250	256,250	256,250
193	Cash	50,420	201,677	201,677	201,677
193	Gen	(26,670)	0	0	0
340	Gen	26,670	0	0	0
<u>#22-Dept of Insurance</u>					
69	Cash	0	59,550	59,550	59,550
69	Cash	0	119,280	119,280	119,280
69	Cash	0	150,000	150,000	150,000
69	Cash	0	105,600	105,600	105,600
69	PSL	0	YES	0	0
<u>#23-Dept of Labor</u>					
194	Cash	0	175,575	156,883	156,883
<u>#24-Dept of Motor Vehicles</u>					
70	Cash	0	36,000	0	0
70	Cash	0	2,016,354	3,067,707	3,067,707
<u>#25-Health and Human Services System</u>					
30	Cash	0	500,000	500,000	500,000
30	Cash	0	6,000	6,000	6,000
30	Fed	0	9,000	9,000	9,000
32	Gen	0	0	1,254,303	1,185,223
32	Cash	0	682,637	0	0
32	Fed	0	682,637	1,254,303	1,254,303
33	Cash	0	26,000	26,000	26,000
33	Cash	0	5,000	25,000	25,000
33	Gen	0	27,500	0	0
33	Fed	0	27,500	0	0
33	Gen	0	55,405	94,686	0
33	Cash	0	10,000	20,000	0

		Current Biennium		Est for Following Biennium		
		Fund	FY2007-08	FY2008-09	FY2009-10	FY2010-11
33	LB 928 Mixc changes relating to public health and welfare	Gen	0	0	(42,000)	(42,000)
33	LB 928 Mixc changes relating to public health and welfare	Cash	0	66,101	97,949	97,949
33	LB 1014 Changes, judicial vacancies and judicial resources	Gen	0	(48,893)	(48,893)	(48,893)
38	Reallocate regional center "savings" per behavioral health reform.	Gen	8,900,000	5,800,000	5,800,000	5,800,000
38	Housing Related Assistance Program, higher than est. revenues	Cash	600,000	600,000	600,000	600,000
38	Increase cash funds for the Gamblers Assistance Program.	Cash	200,000	200,000	200,000	200,000
38	Rate increase for behavioral health providers.	Gen	0	1,707,320	1,707,320	1,707,320
175	Increased funding, Rural Health Incentive Program	Cash	0	500,000	500,000	500,000
179	LB 1048 Provide for issuance of birth certificates for stillbirths	Cash	0	50,000	7,000	7,000
348	Smoking cessation, Medicaid eligibility (Health Care Cash Fund)	Cash	0	250,000	250,000	250,000
348	Smoking cessation, Medicaid eligibility (Health Care Cash Fund)	Fed	0	345,000	345,000	345,000
348	Additional funds, behavioral health provider rates (Medicaid)	Gen	0	900,000	900,000	900,000
348	Additional funds, behavioral health provider rates (Medicaid)	Fed	0	1,350,000	1,350,000	1,350,000
348	LB 830 Prescription Drug Cost Savings Act	Gen	0	0	0	(2,353,608)
348	LB 830 Prescription Drug Cost Savings Act	Fed	0	0	0	(3,409,392)
348	LB 928 Mixc changes relating to public health and welfare	Gen	0	(144,402)	(204,570)	(204,570)
348	LB 928 Mixc changes relating to public health and welfare	Fed	0	(216,603)	(306,854)	(306,854)
365	Reallocate regional center "savings" per behavioral health reform.	Gen	(8,900,000)	(5,800,000)	(5,800,000)	(5,800,000)
421	Increase the salary limit at BSDC (\$665,000 FY08, \$1,265,000 FY09)	PSL	YES	YES	0	0
421	Additional fed funds for staff retention and recruitment (BSDC)	Fed	1,500,000	0	0	0
424	Rate increase for developmental disability providers.	Gen	0	3,000,000	3,000,000	3,000,000
424	Rate increase for developmental disability providers.	Fed	0	3,691,948	3,691,948	3,691,948
502	Community health centers funding (Health Care Cash Fund)	Cash	250,000	0	0	0
519	Increase federal and patient receipts - Vets Homes	Gen	0	(74,510)	(74,510)	(74,510)
519	Increase federal and patient receipts - Vets Homes	Cash	0	37,255	37,255	37,255
519	Increase federal and patient receipts - Vets Homes	Fed	0	37,255	37,255	37,255
514	Increase funding for the Reproductive Health Program	Gen	0	100,000	100,000	100,000
559	Increase Community Aging Services funding	Gen	0	750,000	750,000	750,000
621	LB 606 Stem Cell Research Act	Cash	0	15,000	15,000	15,000
621	LB 606 Stem Cell Research Act	Cash	0	485,000	485,000	485,000
900	Lapse excess East Nebr Vets Home, reallocate to Alliance Vets Cemetery	NCCF	YES	0	0	0

#27-Dept of Roads

569	Additional funding for roads construction, fuel tax estimated at 26.5 cents	Cash	0	14,513,930	14,513,930	14,513,930
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	Fund	Current Biennium		Est for Following Biennium	
		FY2007-08	FY2008-09	FY2009-10	FY2010-11
<u>#28-Dept of Veterans Affairs</u>					
36 Add Veterans Service Officer - disability determination	Gen	0	74,510	74,510	74,510
900 Additional matching funds, State Veteran Cemetery in Alliance	Cash	150,000	0	0	0
900 Additional matching funds, State Veteran Cemetery in Alliance	NCCF	150,000	0	0	0
<u>#29-Dept of Natural Resources</u>					
334 LB 1094 Water rights holder payments, Cash Reserve Fund transfer	Cash	9,000,000	0	0	0
<u>#31-Military Dept</u>					
900 Additional state funding for the Military Joint Operations Center.	NCCF	0	1,212,224	0	0
<u>#33-Game and Parks Commission</u>					
336 Additional federal grants and related PSL for Pallid Sturgeon studies.	Fed	1,547,126	0	0	0
967 Correct Laws 2007, LB 320 - reappropriation	Cash	YES	0	0	0
968 Correct Laws 2007, LB 320 - reappropriation	Cash	YES	0	0	0
<u>#46-Dept of Correctional Services</u>					
200 Additional inmate medical costs	Gen	250,000	0	0	0
200 Utilize one-time SCAAP funds	Gen	(215,000)	0	0	0
200 Utilize one-time SCAAP funds	Fed	215,000	0	0	0
200 Convert educational services to self operation (PSL \$532,414 and \$1,101,783)	PSL	YES	YES	0	0
200 Parole Uniform Data Fund Project	Cash	239,879	0	0	0
<u>#47-Nebr Educational Telecommunications</u>					
533 Payroll encumbrance shortfall (\$75,000 FY08)	PSL	YES	0	0	0
913 Reallocate unused Carpenter Center renovation funds, Capitol project	NCCF	YES	0	0	0
919 Reduce excess reappropriation (-\$557,000 Cash)	Cash	YES	0	0	0
919 Reduce excess reappropriation (-\$2,073,647 Federal)	Fed	YES	0	0	0
922 Reallocate lapsed appropriations, complete DTV conversion	Cash	1,577,500	0	0	0
922 Reallocate lapsed appropriations, complete DTV conversion	Fed	288,850	0	0	0
<u>#48-Postsecondary Coordinating Commission</u>					
640 Additional cash fund authority, SSI fiscal agent	Cash	15,000	0	0	0
691 Additional funding, Access College Early Program	Gen	0	65,500	65,500	65,500

	Fund	Current Biennium		Est for Following Biennium		
		FY2007-08	FY2008-09	FY2009-10	FY2010-11	
<u>#50-Nebraska State Colleges</u>						
840	Student Information System and ERP System	Gen	5,556,000	0	0	0
<u>#51-University of Nebraska</u>						
515	Reduce appropriation, transfer funds to Ag for livestock market news	Gen	(30,000)	0	0	0
515	Funding for Nebraska Regional Poison Center (LB 1075) (Health Care Cash Fund)	Cash	0	200,000	200,000	200,000
515	LB 928 Mixc changes relating to public health and welfare	Gen	0	25,000	9,000	9,000
740	Replacement of Student Information System	Gen	14,444,000	0	0	0
900	Planning funds, UNL College of Nursing facility (LB 1060)	Gen	0	87,500	0	0
900	Bond Approval - UNL Student Housing Wireless Installation.	--	YES		0	0
900	Bond Approval - UNL Whittier Building Renovation	--	YES	0	0	0
900	Bond Approval - UNL NanoScience Facility.	--	YES	0	0	0
900	Bond Approval - UNL Animal Research Facility Renovation.	--	YES	0	0	0
900	Intent language, Education Center at Curtis	--	0	YES	0	0
<u>#52-State Fair Board</u>						
694	LB 1116 Nebraska State Fair relocation	Cash	0	5,000,000	0	0
<u>#53-Real Property Appraisers Board</u>						
79	Additional payments for demonstration reports reviews	Cash	75,000	0	0	0
<u>#54-Historical Society</u>						
648	Savings from organizational changes	Gen	(15,770)	(15,770)	(15,770)	(15,770)
<u>#64-State Patrol</u>						
100	LB 179 Require electronic recording of custodial interrogations	Gen	0	4,200	0	0
<u>#65-Dept of Administrative Services</u>						
536	State Claims - Misc (LB1019)	Gen	14,329	0	0	0
591	State Claims - Tort (LB1019)	Gen	390,601	0	0	0
591	State Claims - Tort (LB1019)	Cash	9,900,000	0	0	0
591	State Claims - Tort (LB1019)	Rev	225,000	0	0	0
<u>#71-Nebraska Energy Office</u>						
106	Shift Energy Office to it's own agency	---	YES	YES	YES	YES

		Current Biennium		Est for Following Biennium		
		Fund	FY2007-08	FY2008-09	FY2009-10	FY2010-11
<u>#72-Dept of Economic Development</u>						
600	Reallocate funds, Building Entrepreneurial Communities to Mainstreet Program.	Gen	0	100,000	100,000	100,000
603	Reallocate funds, Building Entrepreneurial Communities to Mainstreet Program.	Gen	0	(100,000)	(100,000)	(100,000)
618	Appropriate funds for Olympic Team Trials (LB 1052)	Cash	250,000	0	0	0
<u>#74-Power Review Board</u>						
72	Director salary increase	Cash	2,052	4,104	4,104	4,104
<u>#75-Investment Council</u>						
610	Additional investment professional position	Cash	0	132,598	132,598	132,598
610	Investment consultant, real estate	Cash	66,667	133,333	200,000	200,000
<u>#76-Nebraska Indian Commission</u>						
584	Use additional cash to offset GF	Gen	(1,600)	0	0	0
584	Additional funding for operations	Cash	1,600	0	0	0
<u>#77-Commission of Industrial Relations</u>						
490	New program for commissioner per diem and expenses	Gen	0	98,047	98,047	98,047
531	New program for commissioner per diem and expenses	Gen	0	(98,047)	(98,047)	(98,047)
<u>#78-Crime Commission</u>						
199	PSL increase for Training Center (\$19,835 FY08)	PSL	YES	0	0	0
220	Community Corrections Council data projects	Cash	383,854	0	0	0
<u>#85-Public Employees Retirement Board</u>						
41	Add Retirement Specialist I	Cash	0	53,445	53,445	53,445
41	Contract accounting services for record keeper audit	Cash	25,000	0	0	0
41	Contract actuarial services for plan valuations and assumptions audit	Cash	48,500	0	0	0
41	Contract legal services and fee payment for IRS plan determination letters	Cash	35,000	0	0	0
41	LB 1147 Misc retirement, OPS service annuity changes	Cash	0	16,800	0	0
41	LB 1147 Misc retirement, OPS service annuity changes	Cash	0	11,200	0	0
515	Excess appropriation for State Patrol Plan contribution	Gen	0	(448,139)	(448,139)	(448,139)
515	K-12 School employee retirement plan funding	Gen	0	644,797	644,797	644,797
515	LB 1147 Misc retirement, OPS service annuity changes	Gen	0	136,869	136,869	136,869

	Fund	Current Biennium		Est for Following Biennium		
		FY2007-08	FY2008-09	FY2009-10	FY2010-11	
<u>#87-Political Accountability and Disclosure</u>						
94	Increase PSL, CIR ruling and reclassification (\$1,500 each year)	PSL	YES	YES	YES	YES
<u>#93-Tax Equalization and Review Commission</u>						
115	New Commissioners - required education, National Judicial College	Cash	10,720	0	0	0
115	Retirement leave payout	Cash	1,164	0	0	0
115	Contract mediation and add 1.0 FTE support staff for appeals	Gen	0	73,025	73,025	73,025
115	Contract mediation and add 1.0 FTE support staff for appeals	Cash	0	70,000	70,000	70,000
<u>#94-Commission on Public Advocacy</u>						
425	LB 1014 Changes, judicial vacancies and judicial resources	Cash	0	6,000	1,000	1,000
<u>All Agencies</u>						
--	Delete "lump sum" allocation for CIR ruling (#65-609)	Gen	(2,555,772)	(5,601,722)	(5,601,722)	(5,601,722)
--	CIR ruling, reallocate salaries (net)	Gen	1,954,984	5,490,869	5,490,869	5,490,869
--	CIR ruling, reallocate salaries (net)	Cash	2,934,657	8,793,855	8,793,855	8,793,855
--	CIR ruling, reallocate salaries (net)	Fed	897,998	2,359,847	2,359,847	2,359,847
--	CIR ruling, reallocate salaries (net)	Rev	(90,786)	58,734	58,734	58,734
	Health insurance rate changes	Gen	1,265,498	2,657,567	2,657,567	2,657,567
--	Health insurance rate changes	Cash	707,550	1,485,871	1,485,871	1,485,871
--	Health insurance rate changes	Fed	503,234	1,056,798	1,056,798	1,056,798
--	Health insurance rate changes	Rev	91,597	192,357	192,357	192,357
General Funds			14,549,664	1,035,322	76,647,462	127,460,659
Cash Funds			29,709,966	37,752,721	41,576,819	42,313,619
Federal Funds			5,016,271	9,599,632	10,053,547	6,644,155
Revolving Funds			375,811	1,463,315	251,091	251,091
Total			49,651,712	49,850,990	128,528,919	176,669,524

Appendix B General Fund Appropriations by Agency

		FY2006-07	FY2007-08			FY2008-09			Change over Prior Year (excludes deficits)			
		w/o deficits	2007 Sess	2008 Deficits	Revised	2007 Sess	2008 Changes	Revised	FY08 vs Prior Yr		FY09 vs Prior Yr	
#03 Legislative Council	Oper	16,386,740	16,697,967	158,947	16,856,914	17,364,832	381,331	17,746,163	311,227	1.9%	1,048,196	6.3%
#03 Legislative Council	Total	16,386,740	16,697,967	158,947	16,856,914	17,364,832	381,331	17,746,163	311,227	1.9%	1,048,196	6.3%
#05 Supreme Court	Oper	62,225,402	65,212,791	145,837	65,358,628	67,459,602	340,985	67,800,587	2,987,389	4.8%	2,587,796	4.0%
#05 Supreme Court	Total	62,225,402	65,212,791	145,837	65,358,628	67,459,602	340,985	67,800,587	2,987,389	4.8%	2,587,796	4.0%
#07 Governor	Oper	1,620,897	1,643,361	2,971	1,646,332	1,685,335	57,151	1,742,486	22,464	1.4%	99,125	6.0%
#07 Governor	Total	1,620,897	1,643,361	2,971	1,646,332	1,685,335	57,151	1,742,486	22,464	1.4%	99,125	6.0%
#08 Lt. Governor	Oper	130,429	140,777	334	141,111	143,137	702	143,839	10,348	7.9%	3,062	2.2%
#08 Lt. Governor	Total	130,429	140,777	334	141,111	143,137	702	143,839	10,348	7.9%	3,062	2.2%
#09 Secretary of State	Oper	769,029	717,369	1,412	718,781	731,511	2,964	734,475	(51,660)	-6.7%	17,106	2.4%
#09 Secretary of State	Total	769,029	717,369	1,412	718,781	731,511	2,964	734,475	(51,660)	-6.7%	17,106	2.4%
#10 State Auditor	Oper	2,399,052	2,480,647	3,989	2,484,636	2,549,369	8,377	2,557,746	81,595	3.4%	77,099	3.1%
#10 State Auditor	Total	2,399,052	2,480,647	3,989	2,484,636	2,549,369	8,377	2,557,746	81,595	3.4%	77,099	3.1%
#11 Attorney General	Oper	6,061,243	8,671,054	8,754	8,679,808	6,136,098	18,383	6,154,481	2,609,811	43.1%	(2,516,573)	-29.0%
#11 Attorney General	Total	6,061,243	8,671,054	8,754	8,679,808	6,136,098	18,383	6,154,481	2,609,811	43.1%	(2,516,573)	-29.0%
#12 State Treasurer	Aid	17,768,561	17,768,561	0	17,768,561	17,768,561	0	17,768,561	0	0.0%	0	0.0%
#12 State Treasurer	Oper	1,744,358	1,634,394	(7,458)	1,626,936	1,640,688	5,338	1,646,026	(109,964)	-6.3%	11,632	0.7%
#12 State Treasurer	Total	19,512,919	19,402,955	(7,458)	19,395,497	19,409,249	5,338	19,414,587	(109,964)	-0.6%	11,632	0.1%
#13 Education	Aid	897,633,326	954,305,690	0	954,305,690	1,043,896,787	(8,971,024)	1,034,925,763	56,672,364	6.3%	80,620,073	8.4%
#13 Education	Oper	15,309,801	16,004,397	(109,625)	15,894,772	16,596,234	(83,195)	16,513,039	694,596	4.5%	508,642	3.2%
#13 Education	Total	912,943,127	970,310,087	(109,625)	970,200,462	1,060,493,021	(9,054,219)	1,051,438,802	57,366,960	6.3%	81,128,715	8.4%
#14 Public Service Comm	Oper	2,475,009	2,607,328	5,305	2,612,633	2,647,939	11,142	2,659,081	132,319	5.3%	51,753	2.0%
#14 Public Service Comm	Total	2,475,009	2,607,328	5,305	2,612,633	2,647,939	11,142	2,659,081	132,319	5.3%	51,753	2.0%
#15 Parole Board	Oper	757,130	760,772	6,974	767,746	784,556	15,984	800,540	3,642	0.5%	39,768	5.2%
#15 Parole Board	Total	757,130	760,772	6,974	767,746	784,556	15,984	800,540	3,642	0.5%	39,768	5.2%
#16 Revenue	Aid	56,473,000	71,556,960	(7,000,000)	64,556,960	77,620,104	0	77,620,104	15,083,960	26.7%	6,063,144	8.5%
#16 Revenue	Oper	27,288,745	28,300,210	654,172	28,954,382	29,034,430	611,673	29,646,103	1,011,465	3.7%	1,345,893	4.8%
#16 Revenue	Total	83,761,745	99,857,170	(6,345,828)	93,511,342	106,654,534	611,673	107,266,207	16,095,425	19.2%	7,409,037	7.4%
#18 Agriculture	Aid	0	2,000,000	0	2,000,000	2,000,000	0	2,000,000	2,000,000	na	0	0.0%
#18 Agriculture	Oper	5,913,998	6,268,192	16,705	6,284,897	6,356,705	149,645	6,506,350	354,194	6.0%	238,158	3.8%
#18 Agriculture	Total	5,913,998	8,268,192	16,705	8,284,897	8,356,705	149,645	8,506,350	2,354,194	39.8%	238,158	2.9%
#21 Fire Marshal	Oper	3,815,673	3,476,810	21,825	3,498,635	4,286,720	47,892	4,334,612	(338,863)	-8.9%	857,802	24.7%
#21 Fire Marshal	Total	3,815,673	3,476,810	21,825	3,498,635	4,286,720	47,892	4,334,612	(338,863)	-8.9%	857,802	24.7%

		FY2006-07	FY2007-08			FY2008-09			Change over Prior Year (excludes deficits)			
		w/o deficits	2007 Sess	2008 Deficits	Revised	2007 Sess	2008 Changes	Revised	FY08 vs Prior Yr		FY09 vs Prior Yr	
#23 Labor	Oper	554,989	572,059	11,803	583,862	586,757	50,074	636,831	17,070	3.1%	64,772	11.3%
#23 Labor	Total	554,989	572,059	11,803	583,862	586,757	50,074	636,831	17,070	3.1%	64,772	11.3%
#25 HHS System	Aid	924,257,639	963,041,146	8,900,000	971,941,146	988,554,813	12,112,918	1,000,667,731	38,783,507	4.2%	37,626,585	3.9%
#25 HHS System	Oper	218,236,466	212,029,026	(7,452,073)	204,576,953	227,433,202	(2,565,310)	224,867,892	(6,207,440)	-2.8%	12,838,866	6.1%
#25 HHS System	Total	1,142,494,105	1,175,070,172	1,447,927	1,176,518,099	1,215,988,015	9,547,608	1,225,535,623	32,576,067	2.9%	50,465,451	4.3%
#27 Roads	Oper	18,184	18,184	0	18,184	18,184	0	18,184	0	0.0%	0	0.0%
#27 Roads	Total	18,184	18,184	0	18,184	18,184	0	18,184	0	0.0%	0	0.0%
#28 Veterans Affairs	Oper	778,850	863,726	3,117	866,843	948,664	84,230	1,032,894	84,876	10.9%	169,168	19.6%
#28 Veterans Affairs	Total	778,850	863,726	3,117	866,843	948,664	84,230	1,032,894	84,876	10.9%	169,168	19.6%
#29 Natural Resources	Aid	11,438,707	8,474,374	0	8,474,374	8,474,374	0	8,474,374	(2,964,333)	-25.9%	0	0.0%
#29 Natural Resources	Oper	8,616,577	8,864,160	116,170	8,980,330	9,054,149	363,529	9,417,678	247,583	2.9%	553,518	6.2%
#29 Natural Resources	Total	20,055,284	17,338,534	116,170	17,454,704	17,528,523	363,529	17,892,052	(2,716,750)	-13.5%	553,518	3.2%
#31 Military Dept	Aid	1,828,000	1,475,000	(815)	1,474,185	1,025,000	(834)	1,024,166	(353,000)	-19.3%	(450,834)	-30.6%
#31 Military Dept	Oper	3,530,123	3,634,211	11,809	3,646,020	3,714,876	33,407	3,748,283	104,088	2.9%	114,072	3.1%
#31 Military Dept	Total	5,358,123	5,109,211	10,994	5,120,205	4,739,876	32,573	4,772,449	(248,912)	-4.6%	(336,762)	-6.6%
#32 Ed Lands & Funds	Oper	426,952	400,532	709	401,241	412,965	1,490	414,455	(26,420)	-6.2%	13,923	3.5%
#32 Ed Lands & Funds	Total	426,952	400,532	709	401,241	412,965	1,490	414,455	(26,420)	-6.2%	13,923	3.5%
#33 Game & Parks	Aid	50,000	50,000	0	50,000	50,000	0	50,000	0	0.0%	0	0.0%
#33 Game & Parks	Oper	9,484,414	10,187,278	142,387	10,329,665	10,594,471	694,520	11,288,991	702,864	7.4%	1,101,713	10.8%
#33 Game & Parks	Total	9,534,414	10,237,278	142,387	10,379,665	10,644,471	694,520	11,338,991	702,864	7.4%	1,101,713	10.8%
#34 Library Commission	Aid	1,229,292	1,220,998	0	1,220,998	1,220,998	0	1,220,998	(8,294)	-0.7%	0	0.0%
#34 Library Commission	Oper	2,440,765	2,521,401	27,473	2,548,874	2,605,441	62,497	2,667,938	80,636	3.3%	146,537	5.8%
#34 Library Commission	Total	3,670,057	3,742,399	27,473	3,769,872	3,826,439	62,497	3,888,936	72,342	2.0%	146,537	3.9%
#35 Liquor Control	Oper	847,718	946,127	11,823	957,950	956,998	25,124	982,122	98,409	11.6%	35,995	3.8%
#35 Liquor Control	Total	847,718	946,127	11,823	957,950	956,998	25,124	982,122	98,409	11.6%	35,995	3.8%
#38 Status of Women	Oper	200,440	0	0	0	0	0	0	(200,440)	-100.0%	0	na
#38 Status of Women	Total	200,440	0	0	0	0	0	0	(200,440)	-100.0%	0	na
#46 Correctional Services	Aid	3,910,000	3,910,000	0	3,910,000	3,910,000	0	3,910,000	0	0.0%	0	0.0%
#46 Correctional Services	Oper	136,796,113	142,067,755	598,715	142,666,470	147,197,860	1,262,828	148,460,688	5,271,642	3.9%	6,392,933	4.5%
#46 Correctional Services	Total	140,706,113	145,977,755	598,715	146,576,470	151,107,860	1,262,828	152,370,688	5,271,642	3.7%	6,392,933	4.4%
#47 NETC	Oper	9,568,882	9,682,282	81,964	9,764,246	9,887,664	248,427	10,136,091	113,400	1.2%	453,809	4.7%
#47 NETC	Total	9,568,882	9,682,282	81,964	9,764,246	9,887,664	248,427	10,136,091	113,400	1.2%	453,809	4.7%
#48 Coordinating Comm	Aid	5,766,815	6,766,815	0	6,766,815	6,766,815	65,500	6,832,315	1,000,000	17.3%	65,500	1.0%
#48 Coordinating Comm	Oper	1,228,154	1,260,506	2,153	1,262,659	1,299,297	4,522	1,303,819	32,352	2.6%	43,313	3.4%
#48 Coordinating Comm	Total	6,994,969	8,027,321	2,153	8,029,474	8,066,112	70,022	8,136,134	1,032,352	14.8%	108,813	1.4%

		FY2006-07	FY2007-08			FY2008-09			Change over Prior Year (excludes deficits)			
		w/o deficits	2007 Sess	2008 Deficits	Revised	2007 Sess	2008 Changes	Revised	FY08 vs Prior Yr		FY09 vs Prior Yr	
#50 State Colleges	Oper	40,867,931	43,109,898	0	43,109,898	45,393,201	0	45,393,201	2,241,967	5.5%	2,283,303	5.3%
#50 State Colleges	Total	40,867,931	43,109,898	0	43,109,898	45,393,201	0	45,393,201	2,241,967	5.5%	2,283,303	5.3%
#51 University of Nebraska	Oper	454,486,041	472,762,341	(30,000)	472,732,341	492,081,037	25,000	492,106,037	18,276,300	4.0%	19,343,696	4.1%
#51 University of Nebraska	Total	454,486,041	472,762,341	(30,000)	472,732,341	492,081,037	25,000	492,106,037	18,276,300	4.0%	19,343,696	4.1%
#52 State Fair Board	Oper	0	0	0	0	0	0	0	0	na	0	na
#52 State Fair Board	Total	0	0	0	0	0	0	0	0	na	0	na
#54 Historical Society	Oper	4,247,921	4,298,929	27,062	4,325,991	4,368,269	146,042	4,514,311	51,008	1.2%	215,382	5.0%
#54 Historical Society	Total	4,247,921	4,298,929	27,062	4,325,991	4,368,269	146,042	4,514,311	51,008	1.2%	215,382	5.0%
#64 State Patrol	Oper	48,010,563	49,848,038	227,005	50,075,043	52,352,142	574,492	52,926,634	1,837,475	3.8%	3,078,596	6.2%
#64 State Patrol	Total	48,010,563	49,848,038	227,005	50,075,043	52,352,142	574,492	52,926,634	1,837,475	3.8%	3,078,596	6.2%
#65 Admin Services (DAS)	Oper	9,868,312	12,794,705	(2,131,406)	10,663,299	14,620,364	(5,492,314)	9,128,050	2,926,393	29.7%	(3,666,655)	-28.7%
#65 Admin Services (DAS)	Total	9,868,312	12,794,705	(2,131,406)	10,663,299	14,620,364	(5,492,314)	9,128,050	2,926,393	29.7%	(3,666,655)	-28.7%
#67 Equal Opportunity	Oper	1,277,312	1,384,587	3,227	1,387,814	1,354,811	18,500	1,373,311	107,275	8.4%	(11,276)	-0.8%
#67 Equal Opportunity	Total	1,277,312	1,384,587	3,227	1,387,814	1,354,811	18,500	1,373,311	107,275	8.4%	(11,276)	-0.8%
#68 Mexican-American	Oper	198,997	204,805	1,955	206,760	210,590	4,722	215,312	5,808	2.9%	10,507	5.1%
#68 Mexican-American	Total	198,997	204,805	1,955	206,760	210,590	4,722	215,312	5,808	2.9%	10,507	5.1%
#69 Arts Council	Aid	769,517	861,654	0	861,654	861,654	0	861,654	92,137	12.0%	0	0.0%
#69 Arts Council	Oper	581,224	606,381	2,369	608,750	614,908	3,152	618,060	25,157	4.3%	11,679	1.9%
#69 Arts Council	Total	1,350,741	1,468,035	2,369	1,470,404	1,476,562	3,152	1,479,714	117,294	8.7%	11,679	0.8%
#70 Foster Care Review	Oper	1,224,583	1,255,759	24,782	1,280,541	1,292,903	43,468	1,336,371	31,176	2.5%	80,612	6.4%
#70 Foster Care Review	Total	1,224,583	1,255,759	24,782	1,280,541	1,292,903	43,468	1,336,371	31,176	2.5%	80,612	6.4%
#72 Economic Development	Aid	2,211,350	2,288,850	0	2,288,850	2,225,000	0	2,225,000	77,500	3.5%	(63,850)	-2.8%
#72 Economic Development	Oper	4,178,598	4,316,118	3,989	4,320,107	4,430,549	11,168	4,441,717	137,520	3.3%	125,599	2.9%
#72 Economic Development	Total	6,389,948	6,604,968	3,989	6,608,957	6,655,549	11,168	6,666,717	215,020	3.4%	61,749	0.9%
#76 Indian Commission	Oper	191,415	191,223	(262)	190,961	196,919	1,844	198,763	(192)	-0.1%	7,540	3.9%
#76 Indian Commission	Total	191,415	191,223	(262)	190,961	196,919	1,844	198,763	(192)	-0.1%	7,540	3.9%
#77 Industrial Relations	Oper	263,513	325,070	580	325,650	333,936	1,219	335,155	61,557	23.4%	10,085	3.1%
#77 Industrial Relations	Total	263,513	325,070	580	325,650	333,936	1,219	335,155	61,557	23.4%	10,085	3.1%
#78 Crime Commission	Aid	2,594,328	2,166,328	0	2,166,328	2,166,328	0	2,166,328	(428,000)	-16.5%	0	0.0%
#78 Crime Commission	Oper	8,207,267	8,762,409	16,282	8,778,691	8,930,072	50,422	8,980,494	555,142	6.8%	218,085	2.5%
#78 Crime Commission	Total	10,801,595	10,928,737	16,282	10,945,019	11,096,400	50,422	11,146,822	127,142	1.2%	218,085	2.0%
#81 Blind & Visually Impaired	Aid	149,261	190,000	0	190,000	190,000	0	190,000	40,739	27.3%	0	0.0%
#81 Blind & Visually Impaired	Oper	616,501	752,334	301	752,635	777,927	1,757	779,684	135,833	22.0%	27,350	3.6%
#81 Blind & Visually Impaired	Total	765,762	942,334	301	942,635	967,927	1,757	969,684	176,572	23.1%	27,350	2.9%

		FY2006-07	FY2007-08			FY2008-09			Change over Prior Year (excludes deficits)			
		w/o deficits	2007 Sess	2008 Deficits	Revised	2007 Sess	2008 Changes	Revised	FY08 vs Prior Yr		FY09 vs Prior Yr	
#82 Deaf & Hard of Hearing	Oper	734,998	837,669	5,001	842,670	860,199	14,011	874,210	102,671	14.0%	36,541	4.4%
#82 Deaf & Hard of Hearing	Total	734,998	837,669	5,001	842,670	860,199	14,011	874,210	102,671	14.0%	36,541	4.4%
#83 Community Colleges	Aid	68,566,476	84,066,476	0	84,066,476	87,266,476	0	87,266,476	15,500,000	22.6%	3,200,000	3.8%
#83 Community Colleges	Total	68,566,476	84,066,476	0	84,066,476	87,266,476	0	87,266,476	15,500,000	22.6%	3,200,000	3.8%
#84 Environmental Quality	Aid	2,861,885	4,642,972	0	4,642,972	4,660,972	0	4,660,972	1,781,087	62.2%	18,000	0.4%
#84 Environmental Quality	Oper	3,531,607	3,403,357	28,581	3,431,938	3,445,140	86,898	3,532,038	(128,250)	-3.6%	128,681	3.8%
#84 Environmental Quality	Total	6,393,492	8,046,329	28,581	8,074,910	8,106,112	86,898	8,193,010	1,652,837	25.9%	146,681	1.8%
#85 Retirement Board	Oper	32,203,573	19,140,688	0	19,140,688	19,134,688	333,527	19,468,215	(13,062,885)	-40.6%	327,527	1.7%
#85 Retirement Board	Total	32,203,573	19,140,688	0	19,140,688	19,134,688	333,527	19,468,215	(13,062,885)	-40.6%	327,527	1.7%
#87 Account/Disclosure	Oper	399,850	335,264	3,618	338,882	422,633	8,093	430,726	(64,586)	-16.2%	95,462	28.5%
#87 Account/Disclosure	Total	399,850	335,264	3,618	338,882	422,633	8,093	430,726	(64,586)	-16.2%	95,462	28.5%
#93 Tax Equal/Review Comm	Oper	747,300	771,426	1,203	772,629	799,900	75,551	875,451	24,126	3.2%	104,025	13.5%
#93 Tax Equal/Review Comm	Total	747,300	771,426	1,203	772,629	799,900	75,551	875,451	24,126	3.2%	104,025	13.5%
Capital Construction	Const	31,878,981	8,150,822	20,000,000	28,150,822	8,150,822	87,500	8,238,322	(23,728,159)	-74.4%	87,500	1.1%
OPERATIONS		1,151,463,639	1,172,764,317	(7,349,521)	1,165,414,796	1,223,747,872	(2,258,738)	1,221,489,134	21,300,678	1.8%	48,724,817	4.2%
STATE AID		1,997,508,157	2,124,785,824	1,899,185	2,126,685,009	2,248,657,882	3,206,560	2,251,864,442	127,277,667	6.4%	127,078,618	6.0%
CONSTRUCTION		31,878,981	8,150,822	20,000,000	28,150,822	8,150,822	87,500	8,238,322	(23,728,159)	-74.4%	87,500	1.1%
TOTAL GENERAL FUNDS		3,180,850,777	3,305,700,963	14,549,664	3,320,250,627	3,480,556,576	1,035,322	3,481,591,898	124,850,186	3.9%	175,890,935	5.3%

Appendix C General Fund Appropriations by State Aid Program

		FY2006-07	FY2007-08			FY2008-09			Change over Prior Year (exclude deficits)			
		w/o Deficits	2007 Sess	2008 Deficits	Revised	2007 Sess	2008 Change	Revised	FY08 vs Prior Yr		FY09 vs Prior Yr	
Treasurer	Aid to NRD's	1,545,502	1,545,502	0	1,545,502	1,545,502	0	1,545,502	0	0.0%	0	0.0%
Treasurer	Aid to Cities	11,257,193	11,257,193	0	11,257,193	11,257,193	0	11,257,193	0	0.0%	0	0.0%
Treasurer	Aid to Counties	4,965,866	4,965,866	0	4,965,866	4,965,866	0	4,965,866	0	0.0%	0	0.0%
Education	State Aid to Education (TEEOSA)	701,346,228	753,555,548	0	753,555,548	832,498,267	(8,971,024)	823,527,243	52,209,320	7.4%	69,971,695	9.3%
Education	Special Education	174,280,179	179,508,584	0	179,508,584	184,893,842	0	184,893,842	5,228,405	3.0%	5,385,258	3.0%
Education	Aid to ESU's	11,546,488	11,362,638	0	11,362,638	16,089,570	0	16,089,570	(183,850)	-1.6%	4,726,932	41.6%
Education	High ability learner programs	2,336,921	2,336,921	0	2,336,921	2,336,921	0	2,336,921	0	0.0%	0	0.0%
Education	Early Childhood program	3,680,471	3,626,267	0	3,626,267	3,615,426	0	3,615,426	(54,204)	-1.5%	(10,841)	-0.3%
Education	School Lunch	421,087	421,087	0	421,087	421,087	0	421,087	0	0.0%	0	0.0%
Education	Textbook loan program	420,000	435,000	0	435,000	450,000	0	450,000	15,000	3.6%	15,000	3.4%
Education	School Breakfast reimbursement	271,378	379,071	0	379,071	411,100	0	411,100	107,693	39.7%	32,029	8.4%
Education	Adult Education	230,574	230,574	0	230,574	230,574	0	230,574	0	0.0%	0	0.0%
Education	Rural Education Transition funds	650,000	0	0	0	0	0	0	(650,000)	-100.0%	0	na
Education	Vocational Education	450,000	450,000	0	450,000	450,000	0	450,000	0	0.0%	0	0.0%
Education	Learning Communities Aid	0	0	0	0	500,000	0	500,000	0	na	500,000	na
Education	Vocational Rehabilitation	2,000,000	2,000,000	0	2,000,000	2,000,000	0	2,000,000	0	0.0%	0	0.0%
Revenue	County Property Tax Relief	0	1,500,000	0	1,500,000	1,500,000	0	1,500,000	1,500,000	na	0	0.0%
Revenue	Homestead Exemption	56,473,000	70,056,960	(7,000,000)	63,056,960	76,120,104	0	76,120,104	13,583,960	24.1%	6,063,144	8.7%
Agriculture	Riparian Vegetation grants	0	2,000,000	0	2,000,000	2,000,000	0	2,000,000	2,000,000	na	0	0.0%
HHS System	Behavioral Health Aid	44,577,915	60,328,781	8,900,000	69,228,781	61,765,686	7,507,320	69,273,006	15,750,866	35.3%	8,944,225	14.8%
HHS System	Medical student assistance/RHOP	662,068	362,068	0	362,068	362,068	0	362,068	(300,000)	-45.3%	0	0.0%
HHS System	Nursing student/faculty assistance	150,000	0	0	0	0	0	0	(150,000)	-100.0%	0	na
HHS System	Juvenile predisposition detention	150,400	153,408	0	153,408	156,536	0	156,536	3,008	2.0%	3,128	2.0%
HHS System	Childrens Health Insurance	10,842,937	10,826,659	0	10,826,659	11,761,892	0	11,761,892	(16,278)	-0.2%	935,233	8.6%
HHS System	Public Assistance	231,888,617	234,052,687	0	234,052,687	241,622,331	0	241,622,331	2,164,070	0.9%	7,569,644	3.2%
HHS System	Medicaid	558,888,505	576,715,481	0	576,715,481	590,203,015	755,598	590,958,613	17,826,976	3.2%	14,243,132	2.5%
HHS System	Community developmental disabilities	64,415,818	66,634,494	0	66,634,494	68,166,316	3,000,000	71,166,316	2,218,676	3.4%	4,531,822	6.8%
HHS System	Community health centers	2,675,000	3,525,000	0	3,525,000	3,525,000	0	3,525,000	850,000	31.8%	0	0.0%
HHS System	Public Health Aid	3,964,166	3,944,700	0	3,944,700	4,024,776	100,000	4,124,776	(19,466)	-0.5%	180,076	4.6%
HHS System	Care Management	1,878,915	1,935,282	0	1,935,282	1,993,340	0	1,993,340	56,367	3.0%	58,058	3.0%
HHS System	Area agencies on aging	4,163,298	4,562,586	0	4,562,586	4,973,853	750,000	5,723,853	399,288	9.6%	1,161,267	25.5%
Nat Resources	Nebr Water Conservation Fund	2,688,454	2,688,454	0	2,688,454	2,688,454	0	2,688,454	0	0.0%	0	0.0%
Nat Resources	Resources Development Fund	3,588,368	3,373,066	0	3,373,066	3,373,066	0	3,373,066	(215,302)	-6.0%	0	0.0%
Nat Resources	Water Resource Development	2,700,000	0	0	0	0	0	0	(2,700,000)	-100.0%	0	na
Nat Resources	NRD Water Management grants	2,461,885	2,412,854	0	2,412,854	2,412,854	0	2,412,854	(49,031)	-2.0%	0	0.0%
Military Dept	Governors Emergency Fund	1,000,000	1,000,000	(815)	999,185	500,000	(834)	499,166	0	0.0%	(500,834)	-50.1%

		FY2006-07 w/o Deficits	FY2007-08			FY2008-09			Change over Prior Year (exclude deficits)			
			2007 Sess	2008 Deficits	Revised	2007 Sess	2008 Change	Revised	FY08 vs Prior Yr		FY09 vs Prior Yr	
Military Dept	Guard tuition assistance	828,000	475,000	0	475,000	525,000	0	525,000	(353,000)	-42.6%	50,000	10.5%
Game & Parks	Niobrara Council	50,000	50,000	0	50,000	50,000	0	50,000	0	0.0%	0	0.0%
Library Comm	Local libraries	1,229,292	1,220,998	0	1,220,998	1,220,998	0	1,220,998	(8,294)	-0.7%	0	0.0%
Corrections	County jail cost reimbursement	3,910,000	3,910,000	0	3,910,000	3,910,000	0	3,910,000	0	0.0%	0	0.0%
Coord. Comm	Nebr Scholarship Program	5,717,065	6,717,065	0	6,717,065	6,717,065	0	6,717,065	1,000,000	17.5%	0	0.0%
Coord. Comm	Access College Early Scholarship	49,750	49,750	0	49,750	49,750	65,500	115,250	0	0.0%	65,500	131.7%
Arts Council	Aid to arts programs	586,654	661,654	0	661,654	661,654	0	661,654	75,000	12.8%	0	0.0%
Arts Council	Council on Humanities	182,863	200,000	0	200,000	200,000	0	200,000	17,137	9.4%	0	0.0%
Econ Develop	Managing Mainstreet	113,850	113,850	0	113,850	0	100,000	100,000	0	0.0%	(13,850)	-12.2%
Econ Develop	Microenterprise Development Act	497,500	497,500	0	497,500	497,500	0	497,500	0	0.0%	0	0.0%
Econ Develop	Ag Opportunities/Value-Added grants	850,000	800,000	0	800,000	850,000	0	850,000	(50,000)	-5.9%	50,000	6.3%
Econ Develop	Building Entrepreneurial Communities	250,000	377,500	0	377,500	377,500	(100,000)	277,500	127,500	51.0%	(100,000)	-26.5%
Econ Develop	Job training grants	0	0	0	0	0	0	0	0	na	0	na
Econ Develop	Tourism matching grant program	500,000	500,000	0	500,000	500,000	0	500,000	0	0.0%	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	County Juvenile Services aid	1,492,500	1,492,500	0	1,492,500	1,492,500	0	1,492,500	0	0.0%	0	0.0%
Crime Comm	Byrne Incentive Grant	428,000	0	0	0	0	0	0	(428,000)	-100.0%	0	na
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%
Blind & Vis Imp	Blind rehabilitation	149,261	190,000	0	190,000	190,000	0	190,000	40,739	27.3%	0	0.0%
Comm Colleges	Aid to Community Colleges	68,566,476	84,066,476	0	84,066,476	87,266,476	0	87,266,476	15,500,000	22.6%	3,200,000	3.8%
Environ Cntrl	Superfund cleanup	400,000	2,155,000	0	2,155,000	2,173,000	0	2,173,000	1,755,000	438.8%	18,000	0.8%
Environ Cntrl	Storm Water Management grants	2,461,885	2,487,972	0	2,487,972	2,487,972	0	2,487,972	26,087	1.1%	0	0.0%
	Individuals/Other	938,524,594	978,026,675	8,900,000	986,926,675	1,003,637,214	12,178,418	1,015,815,632	39,502,081	4.2%	37,788,957	3.9%
	Local Government	1,058,983,563	1,146,759,149	(7,000,815)	1,139,758,344	1,245,020,668	(8,971,858)	1,236,048,810	87,775,586	8.3%	89,289,661	7.8%
	Total General Fund State Aid	1,997,508,157	2,124,785,824	1,899,185	2,126,685,009	2,248,657,882	3,206,560	2,251,864,442	127,277,667	6.4%	127,078,618	6.0%

Appendix D

Salary Adjustments - NAPE/CIR and Personnel Rules

	FY07-08	FY07-08	FY07-08	FY07-8	FY0-08	FY08-09	FY08-09	FY08-09	FY08-09	FY08-09
	General	Cash	Federal	Revolving	Total	General	Cash	Federal	Revolving	Total
03 Legislative Council	0	0	0	0	0	0	0	0	0	0
05 Supreme Court	0	0	0	0	0	0	0	0	0	0
07 Governor	0	2,721	7,892	0	10,613	0	8,513	8,763	0	17,276
08 Lt. Governor	0	0	0	0	0	0	0	0	0	0
09 Secretary of State	0	0	0	0	0	0	0	0	0	0
10 Auditor	0	0	0	0	0	0	0	0	0	0
11 Attorney General	0	0	0	0	0	0	0	0	0	0
12 Treasurer	0	0	0	0	0	0	0	0	0	0
13 Education	0	0	0	0	0	0	0	0	0	0
14 Public Service Comm	0	0	0	0	0	0	0	0	0	0
15 Parole	5,706	0	0	0	5,706	13,322	0	0	0	13,322
16 Revenue	97,296	29,051	0	0	126,347	290,434	99,358	0	0	389,792
17 Aeronautics	0	19,059	0	0	19,059	0	101,005	0	0	101,005
18 Agriculture	5,018	8,501	(4,598)	(2,392)	6,529	72,400	25,838	1,220	(3,236)	96,222
19 Banking	0	29,995	0	0	29,995	0	94,407	0	0	94,407
21 Fire Marshal	13,447	2,007	11,263	0	26,717	30,297	3,165	13,346	0	46,808
22 Insurance	0	57,433	(1,109)	0	56,324	0	160,956	2,962	0	163,918
23 Labor	10,907	18,093	242,539	0	271,539	48,192	36,748	475,558	0	560,498
24 Motor Vehicles	0	48,005	7,345	0	55,350	0	165,018	12,381	0	177,399
25 HHS System	997,084	299,014	513,149	0	1,809,247	2,328,412	557,386	1,468,319	0	4,354,117
27 Roads	0	2,050,659	0	0	2,050,659	0	5,671,864	0	0	5,671,864
28 Veterans Affairs	1,414	0	0	0	1,414	6,143	0	0	0	6,143
29 Natural Resources	101,739	0	4,449	0	106,188	333,223	0	7,558	0	340,781
30 Electrical Board	0	36,418	0	0	36,418	0	62,943	0	0	62,943
31 Military Dept	5,419	4,364	6,845	0	16,628	20,867	7,525	27,946	0	56,338
32 Ed Lands & Funds	0	0	0	0	0	0	0	0	0	0
33 Game and Parks	124,619	198,888	49,125	0	372,632	657,207	1,376,474	142,788	0	2,176,469
34 Library Commission	22,448	(1,401)	4,920	0	25,967	51,945	(1,436)	7,602	0	58,111
35 Liquor Control	10,008	0	0	0	10,008	21,313	0	0	0	21,313
36 Racing Commission	0	4,338	0	0	4,338	0	13,208	0	0	13,208
37 Workers Comp	0	0	0	0	0	0	0	0	0	0
38 Status of Women	0	0	0	0	0	0	0	0	0	0
39 Brand Committee	0	0	0	0	0	0	0	0	0	0
40 Motor Vehicle	0	13,986	0	0	13,986	0	24,817	0	0	24,817
41 Real Estate Comm	0	6,455	0	0	6,455	0	10,367	0	0	10,367
45 Barber Examiners	0	1,618	0	0	1,618	0	3,796	0	0	3,796
46 Corrections	250,513	0	1,472	7,852	259,837	605,100	0	4,483	43,779	653,362
47 NETC	68,848	0	0	0	68,848	220,882	0	0	0	220,882
48 Postsecond Coord Comm	0	0	0	0	0	0	0	0	0	0
52 State Fair Board	0	0	0	0	0	0	0	0	0	0

	FY07-08 General	FY07-08 Cash	FY07-08 Federal	FY07-8 Revolving	FY0-08 Total	FY08-09 General	FY08-09 Cash	FY08-09 Federal	FY08-09 Revolving	FY08-09 Total
53 Real Estate Appraisers	0	2,145	0	0	2,145	0	4,778	0	0	4,778
54 Historical Society	33,915	1,948	17,954	0	53,817	143,087	21,598	46,302	0	210,987
56 Wheat Board	0	0	0	0	0	0	(189)	0	0	(189)
57 Oil & Gas Comm	0	1,878	997	0	2,875	0	2,820	5,686	0	8,506
58 Engineers/Architects	0	517	0	0	517	0	5,246	0	0	5,246
59 Geologists Board	0	0	0	0	0	0	0	0	0	0
60 Ethanol Board	0	(439)	0	0	(439)	0	(396)	0	0	(396)
61 Dairy Board	0	0	0	0	0	0	0	0	0	0
62 Land Surveyors	0	0	0	0	0	0	0	0	0	0
63 Public Accountancy	0	(971)	0	0	(971)	0	(994)	0	0	(994)
64 State Patrol	134,596	12,433	6,953	(166)	153,816	376,232	35,593	14,444	(168)	426,101
65 Admin Services	9,283	3,660	0	(96,080)	(83,137)	88,088	27,744	0	18,359	134,191
66 Abstracter's Board	0	0	0	0	0	0	0	0	0	0
67 Equal Opportunity Comm	6	0	0	0	6	11,737	0	0	0	11,737
68 Mexican-American Comm	1,562	0	0	0	1,562	3,897	0	0	0	3,897
69 Arts Council	1,400	0	(697)	0	703	1,117	0	(596)	0	521
70 Foster Care	20,934	0	0	0	20,934	35,387	0	3,073	0	38,460
72 Economic Development	(2,017)	(5,287)	(3,113)	0	(10,417)	(1,444)	23,288	(928)	0	20,916
73 Landscape Architects	0	0	0	0	0	0	0	0	0	0
74 Power Review Brd	0	1,809	0	0	1,809	0	7,553	0	0	7,553
75 Investment Council	0	608	0	0	608	0	16,217	0	0	16,217
76 Indian Commission	899	0	0	0	899	921	0	0	0	921
77 Industrial Relations	0	0	0	0	0	0	0	0	0	0
78 Crime Commission	13,968	(883)	3,904	0	16,989	45,563	(1,610)	8,138	0	52,091
81 Blind & Visually Impaired	(1,044)	(317)	510	0	(851)	(1,068)	3,077	44,570	0	46,579
82 Hearing Impaired	3,931	0	0	0	3,931	11,764	0	0	0	11,764
83 Community Colleges	0	0	0	0	0	0	0	0	0	0
84 Environmental Quality	20,470	72,759	28,198	0	121,427	69,865	161,510	66,232	0	297,607
85 Retirement Board	0	15,593	0	0	15,593	0	42,765	0	0	42,765
86 Dry Bean Board	0	0	0	0	0	0	0	0	0	0
87 Accountability/Disclosure	2,615	0	0	0	2,615	5,986	8,764	0	0	14,750
88 Corn Board	0	0	0	0	0	0	14,139	0	0	14,139
92 Grain Sorghum Brd	0	0	0	0	0	0	0	0	0	0
93 TERC	0	0	0	0	0	0	0	0	0	0
94 Public Advocacy	0	0	0	0	0	0	0	0	0	0
Total (Gross)	1,954,984	2,934,657	897,998	(90,786)	5,696,853	5,490,869	8,793,855	2,359,847	58,734	16,703,305
50 State Colleges	0	0	0	0	0	0	0	0	0	0
51 University of Nebraska	0	0	0	0	0	0	0	0	0	0
Less: 2007 Session Allocation	(2,555,772)	0	0	0	(2,555,772)	(5,601,722)	0	0	0	(5,601,722)
Total (Net)	(600,788)	2,934,657	1,788,104	(90,786)	3,141,081	(110,853)	8,793,855	2,359,847	58,734	11,101,583

Appendix E Health Insurance Rate Increase

		FY07-08	FY07-08	FY07-08	FY07-8	FY0-08	FY08-09	FY08-09	FY08-09	FY08-09	FY08-09
		General	Cash	Federal	Revolving	Total	General	Cash	Federal	Revolving	Total
03	Legislative Council	28,483	0	0	0	28,483	59,816	0	0	0	59,816
05	Supreme Court	145,837	11,275	293	0	157,405	306,261	23,677	615	0	330,553
07	Governor	2,971	769	1,837	0	5,577	6,240	1,614	3,857	0	11,711
08	Lt. Governor	334	0	0	0	334	702	0	0	0	702
09	Secretary of State	1,412	2,858	0	1,460	5,730	2,964	6,003	0	3,066	12,033
10	Auditor	3,989	1,158	0	0	5,147	8,377	2,432	0	0	10,809
11	Attorney General	8,754	615	852	1,669	11,890	18,383	1,291	1,789	3,506	24,969
12	Treasurer	2,542	2,161	3,374	0	8,077	5,338	4,538	7,085	0	16,961
13	Education	18,445	1,482	54,474	1,284	75,685	38,735	3,112	114,398	2,697	158,942
14	Public Service Comm	5,305	3,953	0	0	9,258	11,142	8,303	0	0	19,445
15	Parole	1,268	0	0	0	1,268	2,662	0	0	0	2,662
16	Revenue	56,876	14,556	0	0	71,432	119,439	30,570	0	0	150,009
17	Aeronautics	0	4,150	0	0	4,150	0	8,716	0	0	8,716
18	Agriculture	11,687	9,255	3,487	667	25,096	24,545	19,435	7,323	1,400	52,703
19	Banking	0	9,794	0	0	9,794	0	20,567	0	0	20,567
21	Fire Marshal	8,378	1,780	0	0	10,158	17,595	3,738	0	0	21,333
22	Insurance	0	14,811	372	0	15,183	0	31,102	781	0	31,883
23	Labor	896	1,762	58,009	0	60,667	1,882	3,701	121,819	0	127,402
24	Motor Vehicles	0	26,096	1,010	0	27,106	0	54,801	2,121	0	56,922
25	HHS System	450,843	72,635	333,007	0	856,485	946,776	152,533	699,319	0	1,798,628
27	Roads	0	376,721	0	0	376,721	0	791,121	0	0	791,121
28	Veterans Affairs	1,703	0	0	0	1,703	3,577	0	0	0	3,577
29	Natural Resources	14,431	275	916	0	15,622	30,306	578	1,923	0	32,807
30	Electrical Board	0	3,790	0	0	3,790	0	7,960	0	0	7,960
31	Military Dept	5,575	987	14,473	0	21,035	11,706	2,074	30,393	0	44,173
32	Ed Lands & Funds	709	29	0	0	738	1,490	61	0	0	1,551
33	Game and Parks	17,768	67,878	1,812	0	87,458	37,313	142,545	3,806	0	183,664
34	Library Commission	5,025	82	1,025	0	6,132	10,552	172	2,153	0	12,877
35	Liquor Control	1,815	0	0	0	1,815	3,811	0	0	0	3,811
36	Racing Commission	0	716	0	0	716	0	1,504	0	0	1,504
37	Workers Comp	0	8,104	101	0	8,205	0	17,018	212	0	17,230
38	Status of Women	0	0	0	0	0	0	0	0	0	0
39	Brand Committee	0	11,361	0	0	11,361	0	23,858	0	0	23,858
40	Motor Vehicle	0	1,145	0	0	1,145	0	2,405	0	0	2,405
41	Real Estate Comm	0	1,793	0	0	1,793	0	3,765	0	0	3,765
45	Barber Examiners	0	286	0	0	286	0	601	0	0	601
46	Corrections	313,202	0	1,211	12,032	326,445	657,728	0	2,542	25,267	685,537
47	NETC	13,116	310	0	0	13,426	27,545	651	0	0	28,196
48	Postsecond Coord Comm	2,153	17	377	0	2,547	4,522	37	792	0	5,351
52	State Fair Board	0	0	0	0	0	0	0	0	0	0

	FY07-08	FY07-08	FY07-08	FY07-8	FY0-08	FY08-09	FY08-09	FY08-09	FY08-09	FY08-09
	General	Cash	Federal	Revolving	Total	General	Cash	Federal	Revolving	Total
53 Real Estate Appraisers	0	114	0	0	114	0	240	0	0	240
54 Historical Society	8,917	1,527	1,029	0	11,473	18,725	3,207	2,161	0	24,093
56 Wheat Board	0	245	0	0	245	0	515	0	0	515
57 Oil & Gas Comm	0	1,067	62	0	1,129	0	2,241	130	0	2,371
58 Engineers/Architects	0	565	0	0	565	0	1,187	0	0	1,187
59 Geologists Board	0	0	0	0	0	0	0	0	0	0
60 Ethanol Board	0	576	0	0	576	0	1,210	0	0	1,210
61 Dairy Board	0	0	0	0	0	0	0	0	0	0
62 Land Surveyors	0	0	0	0	0	0	0	0	0	0
63 Public Accountancy	0	876	0	0	876	0	1,841	0	0	1,841
64 State Patrol	92,409	17,641	0	2,202	112,252	194,060	37,046	0	4,624	235,730
65 Admin Services	10,153	2,403	0	72,283	84,839	21,320	5,045	0	151,797	178,162
66 Abstractor's Board	0	0	0	0	0	0	0	0	0	0
67 Equal Opportunity Comm	3,221	0	2,281	0	5,502	6,763	0	4,790	0	11,553
68 Mexican-American Comm	393	0	0	0	393	825	0	0	0	825
69 Arts Council	969	0	214	0	1,183	2,035	0	450	0	2,485
70 Foster Care	3,848	0	135	0	3,983	8,081	0	283	0	8,364
72 Economic Development	6,006	1,984	2,513	0	10,503	12,612	4,166	5,278	0	22,056
73 Landscape Architects	0	0	0	0	0	0	0	0	0	0
74 Power Review Brd	0	614	0	0	614	0	1,289	0	0	1,289
75 Investment Council	0	1,329	0	0	1,329	0	2,791	0	0	2,791
76 Indian Commission	439	0	0	0	439	923	0	0	0	923
77 Industrial Relations	580	0	0	0	580	1,219	0	0	0	1,219
78 Crime Commission	2,314	2,590	1,297	0	6,201	4,859	5,439	2,725	0	13,023
81 Blind & Visually Impaired	1,345	141	5,571	0	7,057	2,825	296	11,699	0	14,820
82 Hearing Impaired	1,070	0	0	0	1,070	2,247	0	0	0	2,247
83 Community Colleges	0	0	0	0	0	0	0	0	0	0
84 Environmental Quality	8,111	13,892	13,502	0	35,505	17,033	29,173	28,354	0	74,560
85 Retirement Board	0	6,415	0	0	6,415	0	13,472	0	0	13,472
86 Dry Bean Board	0	66	0	0	66	0	138	0	0	138
87 Accountability/Disclosure	1,003	188	0	0	1,191	2,107	395	0	0	2,502
88 Corn Board	0	921	0	0	921	0	1,934	0	0	1,934
92 Grain Sorghum Brd	0	215	0	0	215	0	452	0	0	452
93 TERC	1,203	0	0	0	1,203	2,526	0	0	0	2,526
94 Public Advocacy	0	1,577	0	0	1,577	0	3,311	0	0	3,311
Subtotal	1,265,498	707,550	503,234	91,597	2,567,879	2,657,567	1,485,871	1,056,798	192,357	5,392,593
50 State Colleges	0	0	0	0	0	0	0	0	0	0
51 University of Nebraska	0	0	0	0	0	0	0	0	0	0
Total	1,265,498	707,550	503,234	91,597	2,567,879	2,657,567	1,485,871	1,056,798	192,357	5,392,593