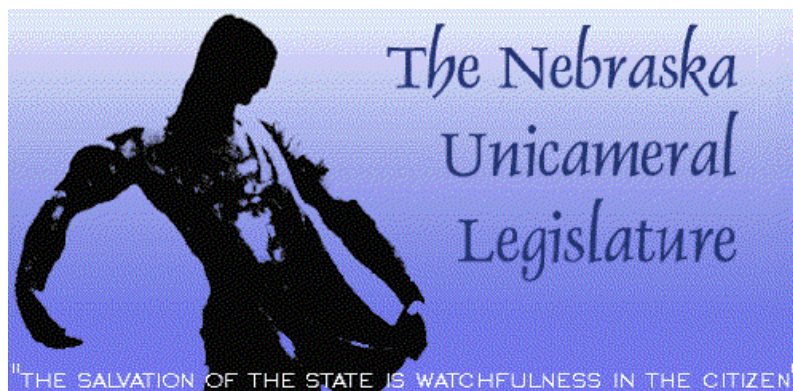


Appropriations Committee Preliminary Report

FY2009-10 / FY2010-11
Biennial Budget



Nebraska Unicameral Legislature
Ninety-Ninth Legislature, First Session
February 2009

Members of the Appropriations Committee

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SUMMARY

This preliminary budget is the first of several stages in the budget process. It provides a starting point for discussion of the various budget actions suggested at this point in time. Subsequent to the hearings, the Appropriations Committee will formulate its' formal recommendation to the Legislature at which time floor debate and amendment will take place, followed by Governor vetoes and legislative overrides if any.

In some years, the Appropriations Committee Preliminary Budget is virtually a finished product with minor alterations and changes prior to submittal to the Legislature as a whole. This year is likely to be much different. There are four key issues yet to be resolved that will significantly alter this preliminary financial status and thus the Appropriations Committee budget recommendation to be submitted in April: This includes (1) revenue forecast revisions, (2) availability and use of federal stimulus monies, (3) status of the defined benefit retirement funds and (4) use of the Cash Reserve Fund monies. All four of these will have a large impact on balancing the FY10 and FY11 biennial budget. However, they could very well have an even bigger impact on the following biennium with the likely one-time nature of the federal stimulus and Cash Reserve Fund monies and smoothing methodology on retirement fund shortfalls.

FINANCIAL STATUS

Using pre-session budget estimates with revised TEEOSA aid and salary and health insurance costs, and including updated deficit figures, the projected financial status would have reflected an ending balance \$377 million below the minimum reserve.

The Appropriations Committee Preliminary Budget reduced that "shortfall" by \$340.8 million to \$36.4 million by cash fund lapses, significant savings in FY08-09 deficits, and lower than projected increases in the budget including TEEOSA school aid and University and State College funding

Although technically the 3% minimum reserve is not achieved under the preliminary budget, the level of variance left was large relative to the significant changes that are likely to occur in the next several months with respect to revenue forecast changes and inclusion of the federal stimulus package.

Committee Actions versus Pre-Session Estimate				
	FY09	FY10	FY11	Total
<u>Revenue Items</u>				
Transfers-in (none in pre-session)	0.0	34.6	33.3	67.9
Transfers-out (not in pre-session)	0.0	(15.6)	(15.8)	(31.3)
Change in minimum reserve	0.0	0.0	1.8	1.8
Subtotal-Revenue	0.0	19.1	19.3	38.4
<u>Appropriation Items *</u>				
Deficits (\$-65.6 vs. +\$5.0)	(70.6)	0.0	0.0	(70.6)
TEEOSA school aid (to 4% growth)	0.0	(39.6)	(112.9)	(152.5)
Homestead Exemption	0.0	(10.0)	(11.1)	(21.1)
Salaries/Health Insurance (mostly higher ed)	0.0	(12.0)	(25.7)	(37.7)
Agency budget reductions	0.0	(9.0)	(11.9)	(20.9)
All Other	0.0	0.0	0.0	0.0
Subtotal-Appropriations	(70.6)	(68.9)	(162.7)	(302.3)
<u>Total Difference</u>	70.6	88.0	182.0	340.8
* Negative amounts indicate lower spending and an improvement to the variance from the minimum reserve.				

While the shortfall for the current biennium declines to \$36 million, the projected status for the following biennium reflects a \$111 million shortfall. This reflects a carryover of the \$36 million shortfall, a \$43 million structural imbalance in FY11-12 and an increase in the minimum reserve with the higher revenue growth per the historical average methodology.

REVENUE GROWTH

Revenue growth is significantly below average. The financial status utilizes the October 2008 forecasts from the Nebraska Economic Forecast Advisory Board (NEFAB) for FY08-09, FY09-10 and FY10-11. Revenue growth implied by these current forecasts is 1.2% in FY08-09, 1.4% in FY09-10 and 3.9% in FY10-11 for a three year average of 2.2%. This is less than half the historical average of 5.4%. Over the past 27 years, there have been only three years where the adjusted revenue growth was below the 1.2% and 1.4% levels.

The Nebraska Economic Forecast Advisory Board (NEFAB) is scheduled to meet February 27, 2009 to review their existing forecasts. Changes in those forecasts could have a significant impact on the projected status as shown in this report.

SPENDING GROWTH

Spending growth in the Committee preliminary budget is significantly lower than prior years, 1.8% in FY09-10 and 2.9% in FY10-11 or an average of 2.4% per year. This is slightly higher than the Governor's recommendation but significantly less than the pre-session estimate which had projected growth of 3.7% in FY09-10 and 5.5% in FY10-11 for an average of 4.6% over the biennium.

Spending growth over the two year period is relatively even between the three major sectors. In the Committee Preliminary budget the two year average spending growth is 2.2% for operations, 1.9% for aid to individuals, and 2.7% for aid to local governments.

	Pre Session Est.		Governor		Committee Preliminary	
	FY09-10	FY10-11	FY09-10	FY10-11	FY09-10	FY10-11
Operations	4.1%	3.7%	1.8%	1.3%	2.3%	2.1%
State Aid to Individuals	-0.6%	3.0%	-0.8%	2.3%	0.0%	3.8%
State Aid to Local Govt	6.6%	9.1%	2.1%	3.1%	2.2%	3.2%
Construction	65.7%	0.0%	82.2%	-2.4%	84.2%	-3.4%
Annual % Change	3.7%	6.9%	1.4%	2.2%	1.8%	2.9%
Two Year Average		4.6%		1.8%		2.4%

GOVERNOR'S RECOMMENDATION

The Governor's proposed budget is lower than the Committee Preliminary budget by \$54.8 million over the biennium. Although a substantial dollar amount, it equates to .75% of the total General Fund budget over the two year period.

While there are many specific differences, about 98% of the total net difference between the Committee Preliminary budget and Governor is in an additional 1% increase in HHS provider rates, lower base cuts in agency budgets, higher increase in funding for the University of Nebraska and State Colleges (1.5% per year versus 1%), higher General Fund amounts for employee salary and health insurance increases (base and fund mix differences), higher child care provider rates (Governor assumed passage of LB319). More detail can be found on page 27.

Major Differences: Committee vs Governor	FY2009-10	FY2010-11	Two Yr Total
HHS provider rate increases (2% increase versus 1%)	7,204,048	17,022,503	24,226,551
Agency base/other reductions	3,052,416	7,155,577	10,207,993
University and State Colleges funding (1.5% increase versus 1%)	2,687,497	5,442,181	8,129,678
Salaries and Health Insurance (higher base and fund mix)	3,065,195	4,456,163	7,521,358
Child Care market rates (Gov included LB319)	1,560,957	1,560,957	3,121,914
All Other	(3,190,052)	4,841,249	1,651,198
Total Difference from Governor	14,380,061	40,478,630	54,858,691

UPCOMING ISSUES

As noted above there are four key issues yet to be resolved that will significantly alter this preliminary financial status and thus the Appropriations Committee budget recommendation to be submitted in April: This includes (1) Forecast Revisions, (2) Availability and use of federal stimulus monies under the American Recovery and Reinvestment Act of 2009 (ARRA), and (3) status of the defined benefit retirement funds and (4) the use of the Cash Reserve Fund monies.

As noted above, the Nebraska Economic Forecast Advisory Board (NEFAB) meets on February 27, 2009 to review their existing forecasts. Based on the latest FY08-09 revenue performance and revised revenue forecasts from both the Dept of Revenue and Legislative Fiscal Office, there is a good chance that the revenue forecasts for the three years could be adjusted downwards. How much is the question. It would not be surprising if the forecasts covering the three years affecting this biennial budget declined a cumulative \$300 million or more. The NEFAB will meet once again in April. At that time any adverse impacts due to ARRA tax provisions can be quantified.

The American Recovery and Reinvestment Act of 2009 (ARRA) is now law and contains the spending and tax provisions of the federal stimulus package. Over the past six weeks, there have been numerous estimates of the President's proposal, House version, Senate version, and conference committee version. Overall amounts and projected state allocations have been changing virtually on a daily basis. Some of the latest numbers indicate that \$1.2 billion of grant funds might be available to Nebraska state and local governments. The key questions now are (1) what are the actual amounts at a detailed level and the timing of the money flows; (2) what is the distribution process, what goes through the state and what goes directly to local governments; (2) what strings might be attached, things such as assurances and maintenance of effort; and (3) what exactly can the funds be used for. These questions must be considered and answered before it can be known how this flow of funds will help the state in the current budget process. Ultimately, the amount of these ARRA funds that can be used to offset state General Fund shortfalls undoubtedly will be substantially less than the total ARRA funds available.

Under current law, the state is responsible for contribution to the defined benefit plans for judges, State Patrol, and K-12 school employees to the extent that employee and employer contributions and investment returns are not adequate. Actuaries provide an assessment each Fall as to the status of the defined benefit plans as of the preceding July 1. The Fall 2008 report showed some negative returns but with the five year smoothing method and amortizing these losses over a 25 year period it was shown that additional contributions for FY2009-10 were relatively small. With the performance of the stock market since July 2008, it's very likely that subsequent reports will reveal higher levels of losses which would require significant increases in state funding in future years. At this time, the state has contracted with actuaries to do a four year estimate to attempt to identify what those future obligations might be. The results of this analysis should be available prior to the committee finalizing their recommendation. In addition to these defined benefit plans, the state also has an obligation to the state and county cash balance plans if investment returns are not adequate.

The use of Cash Reserve Fund monies is the last wild card in the budget balancing equation. It's difficult to say how much of these funds should be used this biennium, or carried forward into the next biennium until taken into context with the other items noted above as well as post hearing adjustments, A bills, and other legislation.

GENERAL FUND FINANCIAL STATUS

Table 1 shown below includes the projected General Fund Financial Status based on the Appropriations Committee Preliminary budget. Furthermore, for planning purposes, an estimated financial status is also constructed for the following biennium allowing the Legislature to see the future implications of budget actions already taken or being considered.

Table 1 – General Fund Financial Status per Committee Preliminary Budget

February 20, 2009	Current Yr		Biennial Budget		Following Biennium	
	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13	
1 BEGINNING BALANCE						
2 Beginning Cash Balance	584,106,356	288,703,787	220,756,320	178,564,008	130,887,588	
3 Cash Reserve transfers-automatic	(116,976,571)	(14,254,000)	0	0	0	
4 Carryover obligations from FY08 (net)	(243,194,320)	0	0	0	0	
5 Allocation for potential deficits	0	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	
6 Unobligated Beginning Balance	223,935,465	269,449,787	215,756,320	173,564,008	125,887,588	
7 REVENUES						
8 Net Receipts (Oct 08 NEFAB + Hist Avg)	3,546,000,000	3,595,000,000	3,712,000,000	4,020,000,000	4,323,000,000	
8A REVISED REVENUE FORECASTS	0	0	0	0	0	
8B FEDERAL STIMULUS - REVENUE IMPACT	0	0	0	0	0	
9 General Fund transfers-out	(120,200,000)	(134,750,000)	(134,950,000)	(127,700,000)	(125,200,000)	
10 General Fund transfers-in	in forecast	34,650,000	33,250,000	0	0	
11 Cash Reserve transfers	54,990,505	0	0	0	0	
12 2009 Cash Reserve transfers	0	0	0	0	0	
13 2009 Revenue Bills	0	0	0	0	0	
14 General Fund Net Revenues	3,480,790,505	3,494,900,000	3,610,300,000	3,892,300,000	4,197,800,000	
15 APPROPRIATIONS						
16 Appropriations Per 2008 Session	3,481,660,742	3,481,660,742	3,481,660,742	3,647,492,312	3,647,492,312	
17 Committee Preliminary - Mainline	0	61,932,725	165,831,570	287,484,108	546,945,720	
18 Committee Preliminary - Deficits	(65,638,559)	0	0	0	0	
19 FEDERAL STIMULUS - SPENDING IMPACT	0	0	0	0	0	
20 DEFINED BENEFIT RETIREMENT PLANS	0	0	0	0	0	
21 2008 Mainline Budget Changes - Post Hearing	0	0	0	0	0	
22 2008 State Claims	0	0	0	0	0	
23 2008 "A" Bills	0	0	0	0	0	
24 General Fund Appropriations	3,416,022,183	3,543,593,467	3,647,492,312	3,934,976,420	4,194,438,032	
25 ENDING BALANCE						
26 Dollar ending balance (Financial Status as shown)	288,703,787	220,756,320	178,564,008	130,887,588	129,249,556	
27 Dollar ending balance (at Minimum Reserve)	209,577,132	--	214,941,256	--	240,834,874	
28 Excess (shortfall) from Minimum Reserve	79,126,655	--	(36,377,248)	--	(111,585,318)	
29 Biennial Reserve (%)	4.2%		2.5%		1.6%	
General Fund Appropriations						
30 Annual % Change - Appropriations (w/o deficits)	5.3%	1.8%	2.9%	7.9%	6.6%	
31 Two Year Average	4.6%	--	2.4%	--	7.2%	
General Fund Revenues						
32 Est. Revenue Growth (rate/base adjusted)	1.2%	1.4%	3.9%	7.4%	7.4%	
33 Two Year Average	4.2%	--	2.6%	--	7.4%	
33 Five Year Average	6.7%	--	3.9%	--	4.2%	
34 Structural Revenues vs Approp.	9,777,817	(83,343,467)	(70,442,312)	(42,676,420)	3,361,968	

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.

Table 2 - Cash Reserve Fund Cash Flow

	Estimated FY2008-09	Estimated FY2009-10	Estimated FY2010-11	Estimated FY2009-10	Estimated FY2010-11
Beginning Balance	545,545,797	566,191,863	574,445,863	589,996,863	584,996,863
Excess of certified forecasts (line 3 in Status)	116,976,571	14,254,000	0	0	0
To/from Gen Fund per current law	(54,990,505)	0	0	0	0
To Nebr Capital Construction Fund (NCCF)	(9,590,000)	0	0	0	0
To Job Training Cash Fund	(5,000,000)	0	0	0	0
To Microenterprise Development Program	(1,000,000)	0	0	0	0
To Building Entrepreneurial Communities Act	(250,000)	0	0	0	0
To/From state employee health insurance funds	(12,000,000)	0	12,000,000	0	0
To Water Contingency Cash Fund	0	0	8,551,000	0	0
To State Fair relocation	(5,000,000)	0	0	0	0
To Cultural Endowment fund	(1,000,000)	0	0	0	0
To Roads Operations Cash Fund	0	(5,000,000)	(5,000,000)	(5,000,000)	0
2009 To Governors Emergency Fund	(7,500,000)	0	0	0	0
2009 To Visitors Promotion Fund (Special Olympics)	0	(1,000,000)	0	0	0
Projected Ending Balance	566,191,863	574,445,863	589,996,863	584,996,863	584,996,863

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 take place in July of the fiscal year following completion of that year. Actual receipts for FY07-08 exceeded the certified forecast by \$116.9 million and were transferred to the CRF in July 2008 which falls in FY08-09.

At the present time, the FY2008-09 forecast for FY2008-09, \$3,546,000,000, is \$14.2 million above the "certified forecast" of \$3,531,746,000 which is the NEFAB forecast at 2008 Sine Die plus 2008 legislation that was enacted. This "above certified" \$14.2 million amount is projected to be transferred to the CRF in July 2009.

Transfers To / From General Fund

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

<u>Transfers to/from the General Fund</u>	<u>FY2008-09</u>	<u>FY2009-10</u>	<u>FY2010-11</u>
To GF, offset retirement shortfall (LB427-2005)	(4,990,505)	0	0
To GF, (LB 1131-2006)	(50,000,000)	0	0
Net Transfers to/From General Fund	(54,990,505)	0	0

There are two previously enacted transfers which finish in FY2008-09. 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

In the 2007 session, the Legislature utilized \$109 million (net) of Cash Reserve Funds which were transferred to other funds. The transfers include: \$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; \$12 million to the NCCF for acquisition of the Assurity Life property in the Capitol Environs, \$10 million to the job training cash fund (\$5 million in both FY07-08 and FY08-09); \$2 million to the Microenterprise Development Cash Fund (\$1 million both FY07-08 and FY08-09); \$1 million to the Building Entrepreneurial Communities Cash Fund (\$500,000 both FY07-08 and FY08-09); and \$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 or 2008 so the assumed transfer was shifted to FY08-09.

In the 2008 session, 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: (1) \$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. The bill requires repayment by the NRD receiving said funds once the litigation is resolved; (2) \$5 million to the newly created Nebraska State Fair Relocation Cash Fund to assist the State Fair Board in their relocation to Grand Island; (3) 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; and (4) \$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.

2009 Transfers – Committee Preliminary Budget

The Committee preliminary budget includes two transfers from the Cash Reserve Fund. First is a \$7.5 million transfer to the Governors Emergency Fund in FY08-09. As of December 30, 2008 the Governor's Emergency Program was over obligated \$3,073,596. This transfer would provide enough funds to cover this shortfall and maintain a balance for future emergencies. Second is a \$1,000,000 transfer to the Visitors Promotion Cash Fund in FY2009-10. These monies are to be used assist Lincoln in the promotion and support of hosting of the national Special Olympics in 2010.

At this point in time, the Committee proposal does not include any Cash Reserve Fund transfers to the General Fund.

GENERAL FUND REVENUES

General Fund Revenue Forecasts

Revenue Forecasts - Current Biennium (FY09, FY10 and FY11)

Revenue estimates for FY2008-09, FY2009-10 and FY2010-11 are the October 2008 forecasts from the Nebraska Economic Forecast Advisory Board (NEFAB). Revenue growth implied by the forecasts for the FY10/FY11 biennium average 2.6% (1.4% in FY09-10 and 3.9% in FY10-11). When including the 1.2% growth in FY08-09 forecast, this provides an average growth of 2.2% over the three years that affect the financial status for the upcoming biennium. The 2.2% average growth over the three years is less than half the historical average (5.5%) but follows five consecutive years of above average growth ranging from 7.2% in FY07-08 to 9.9% in FY05-06.

Revenue Forecasts - Following Biennium (FY12 and FY13)

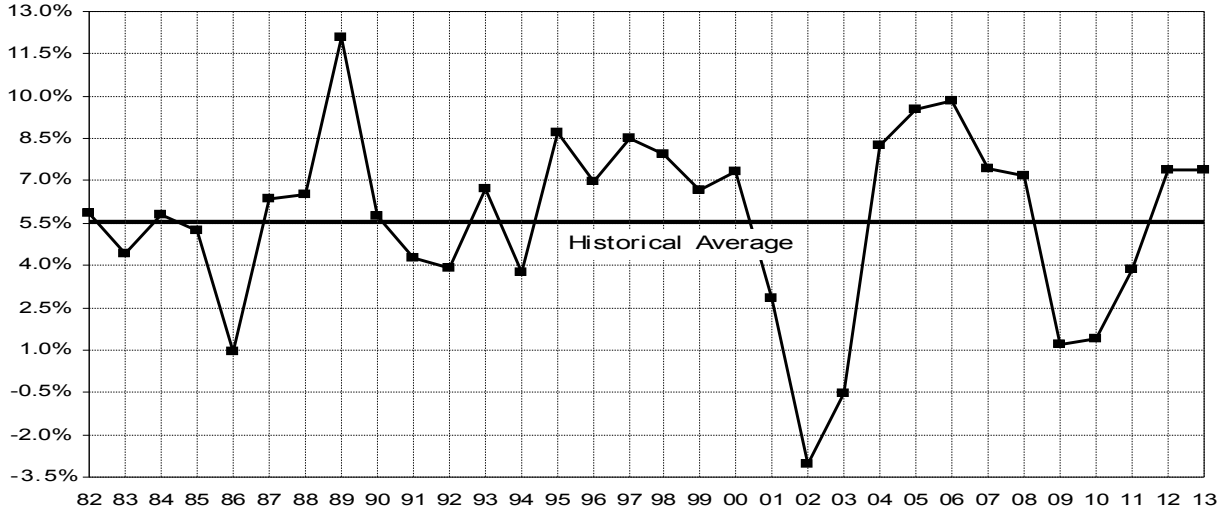
The NEFAB does not make official forecasts for the following biennium or what's commonly referred to as the "out years". Although different methodologies could be utilized, the revenue estimates used for the following biennium (FY11-12 and FY12-13) in the current financial status are derived using a "capped" historical average methodology. This "smoothing" technique derives "out year" revenue estimates by calculating the level of revenues that would yield a five year average growth (FY08 to FY13) roughly equal to the 27 year historical average (5.5%). Inherent in this methodology is the concept that within any five-year period, below average revenue growth in some years will be offset by above average growth in others and is visually seen in the line graph of historical adjusted revenue growth.

The "capped" provision of this methodology means that if the derived growth needed in the out-years to achieve the historical average is above the "above average" years, growth is then capped at the average of the "above average years". Likewise if the historical average method calls for below average growth in the out years, the growth is capped at the average of the "below average years". Over the past 27 years, there were 9 years in which revenue growth was "below average" (2.4% average) and 18 years in which revenue growth was above average (7.4% average).

Table 3 - General Fund Revenue Forecasts

	NEFAB FY2008-09	NEFAB FY2009-10	NEFAB FY2010-11	LFO Prelim FY2011-12	LFO Prelim FY2012-13
Actual/Forecast					
Sales and Use Tax	1,340,000,000	1,350,000,000	1,400,000,000	1,480,000,000	1,564,000,000
Individual Income Tax	1,780,000,000	1,840,000,000	1,895,000,000	2,079,000,000	2,279,000,000
Corporate Income Tax	210,000,000	210,000,000	217,000,000	239,000,000	263,000,000
Miscellaneous receipts	216,000,000	195,000,000	200,000,000	222,000,000	217,000,000
Total General Fund Revenues	3,546,000,000	3,595,000,000	3,712,000,000	4,020,000,000	4,323,000,000
Adjusted Growth					
Sales and Use Tax	0.7%	1.6%	4.1%	5.4%	5.5%
Individual Income Tax	2.8%	1.4%	3.3%	9.0%	9.0%
Corporate Income Tax	-8.6%	-0.1%	3.2%	9.1%	9.1%
Miscellaneous receipts	1.6%	1.6%	9.3%	4.3%	3.4%
Total General Fund Revenues	1.2%	1.4%	3.9%	7.4%	7.4%
Five Yr Average	6.7%	--	3.9%	--	4.2%

General Fund Adjusted Revenue Growth



THE FORECAST BOARD WILL MEET ON FRIDAY FEBRUARY 27, 2009 TO REVIEW THE CURRENT FORECASTS. CHANGES TO THESE FORECASTS WILL RESULT IN CHANGES TO THE PROJECTED FINANCIAL STATUS AS NOTED IN THIS REPORT.

General Fund Transfers-Out

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

Table 4 - General Fund Transfers Out

Excludes CRF Transfers	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13
Ethanol Credits (EPIC Fund)	(2,500,000)	(2,500,000)	(2,500,000)	(2,500,000)	0
Property Tax Credit Fund	(115,000,000)	(112,000,000)	(112,000,000)	(115,000,000)	(115,000,000)
Water Resources Cash Fund	(2,700,000)	(2,700,000)	(2,700,000)	(2,700,000)	(2,700,000)
Cultural Preservation Endowment Fund	CRF	(2,000,000)	(2,000,000)	0	0
Ethanol Credits (EPIC Fund) - Additional Transfers	0	(8,250,000)	(8,250,000)	0	0
Roads Operations Cash Fund (Carrier Enforcement)	0	(7,300,000)	(7,500,000)	(7,500,000)	(7,500,000)
<i>Total-General Fund Transfers-Out</i>	<i>(120,200,000)</i>	<i>(122,200,000)</i>	<i>(122,200,000)</i>	<i>(120,200,000)</i>	<i>(117,700,000)</i>

Ethanol Production Incentive (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 and FY06-07, LB322 (2007) an additional \$15.5 million in FY07-08.

Committee Preliminary Budget Changes: In addition to the \$2.5 million transfers under current law, the Appropriations Committee recommends additional General Fund transfers to the Ethanol Production Incentive Cash Fund (EPIC) as recommended by the Governor. A transfer of \$8,250,000

from the General Fund to the EPIC fund would be carried out in both FY09-10 and FY10-11. The need for the transfers is based upon the projected shortfall in the EPIC fund, as detailed in a December 2008 report filed by the Department of Revenue and the Nebraska Ethanol Board. This report estimates that without additional transfers, the EPIC fund would be insolvent by the end of FY09-10. Because ethanol production credits are given in the form of nonrefundable, transferable motor vehicle fuel tax credit certificates, the EPIC fund is used to reimburse the Highway Trust Fund for lost revenue

Property Tax Credit Cash Fund

Under this program, transfers are made to the Property Tax Credit Cash Fund and based on 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 the original 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.

Committee Preliminary Budget Changes: The Appropriations Committee preliminary budget continues the Property Tax Credit program at the \$115 million level. Because the fund accumulates interest from the time of transfer to the time of payment to the counties, the transfer amount needed to achieve \$115 million available is \$112 million each year.

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 FY08-09 and intent language for \$2,700,000 transfers for FY2009-10 through FY2018-19.

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 provided for an additional \$5 million for the endowment fund through 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.

Roads Operations Cash fund to Finance Carrier Enforcement (New, 2009)

Currently (and in prior years) the Carrier Enforcement Division of the State Patrol is funded by the Department of Roads via a transfer of money from the Roads Operations Cash Fund. The Appropriations Committee's preliminary budget concurs with the Governors recommendation whereby General Funds are transferred to the Roads Operations Cash to offset the transfer to finance the Carrier Enforcement division in effect financing the Carrier Enforcement division with General Funds. By not having to use their own cash fund for this purpose, the Department of Roads will have an additional \$7,300,000 in FY2009-10 and \$7,500,000 in FY2010-11 for highway maintenance and construction.

General Fund Transfers In

Of the large number of cash funds in statute, there are only a few instances where the statute allows monies in a cash fund to be transferred to the General Fund at the discretion of the Legislature. Historically, these transfers are based on estimates of monies in excess of what is needed for the original purpose of the fund, and not shown until enacted by the Legislature.

The Committee preliminary budget follows the Governors recommendation in terms of lapsing cash funds to General Funds for FY2009-10 and FY2010-11 from the Securities Act Cash Fund, Tobacco Products Administration Fund, and Dept of Insurance Cash Fund. In addition to those transfers, the Committee preliminary budget includes transfers from four other cash funds as noted in Table 5

Table 5 General Fund Transfers In

	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13
Securities Act Cash Fund	19,000,000	20,000,000	20,000,000	0	0
Tobacco Products Admin Cash Fund	12,000,000	7,000,000	7,000,000	0	0
Dept of Insurance Cash Fund	3,000,000	6,000,000	6,000,000	0	0
Collection Agency Cash Fund	0	250,000	0	0	0
Charitable Gaming Oper Fund	0	250,000	250,000	0	0
Uniform Commercial Code Cash Fund	0	1,000,000	0	0	0
Resource Recovery Cash Fund	0	150,000	0	0	0
<i>Total General Fund Transfers-In</i>	34,000,000	34,650,000	33,250,000	0	0

GENERAL FUND APPROPRIATIONS

Table 6 shows a summary of the current FY2008-09 General Fund appropriations (excluding deficits) and the Committee Preliminary Recommendation for FY2009-10 and FY2010-11.

Table 7 (page 15) provides a one-page summary of the most significant increases and reductions while Tables 8 and 9 (starting on page 16) contain a listing of proposed appropriations by agency and individual aid programs. A complete listing of individual issues starts on Page 22

Table 6 - Committee Preliminary Budget – General Funds

	w/o Deficits FY2008-09	Preliminary FY2009-10	Preliminary FY2010-11	Change over Prior Yr FY2009-10 (w/o deficits)		Change over Prior Yr FY2010-11 (w/o deficits)		2 Yr Avg Change
				\$	%	\$	%	
AGENCY OPERATIONS								
University/Colleges	537,499,238	545,561,727	553,745,153	8,062,489	1.5%	8,183,426	1.5%	1.5%
Health & Human Services System	224,867,892	231,777,484	237,545,669	6,909,592	3.1%	5,768,185	2.5%	2.8%
Correctional Services	148,460,688	155,617,411	160,535,523	7,156,723	4.8%	4,918,112	3.2%	4.0%
Courts	67,935,364	69,962,616	71,833,112	2,027,252	3.0%	1,870,496	2.7%	2.8%
State Patrol	52,926,634	55,396,251	56,834,888	2,469,617	4.7%	1,438,637	2.6%	3.6%
Revenue	29,646,103	29,535,042	29,646,130	(111,061)	-0.4%	111,088	0.4%	0.0%
Retirement Board	19,468,215	20,370,490	20,370,490	902,275	4.6%	0	0.0%	2.3%
Other 40 Agencies	140,753,844	141,179,020	144,856,107	425,176	0.3%	3,677,087	2.6%	1.4%
Total-GF Operations	1,221,557,978	1,249,400,041	1,275,367,072	27,842,063	2.3%	25,967,031	2.1%	2.2%
STATE AID TO INDIVIDUALS								
Medicaid	590,958,613	584,488,605	609,464,258	(6,470,008)	-1.1%	24,975,653	4.3%	1.6%
Public Assistance	241,622,331	243,672,868	251,833,577	2,050,537	0.8%	8,160,709	3.3%	2.1%
Developmental disabilities	71,166,316	73,571,229	76,182,265	2,404,913	3.4%	2,611,036	3.5%	3.5%
Behavioral Health, community based	69,273,006	74,530,421	76,322,983	5,257,415	7.6%	1,792,562	2.4%	5.0%
Childrens Health Insurance (CHIP)	11,761,892	8,293,330	8,780,113	(3,468,562)	-29.5%	486,783	5.9%	-13.6%
Aging Programs	7,717,193	7,871,537	8,028,568	154,344	2.0%	157,031	2.0%	2.0%
Higher Ed Student Aid programs	6,832,315	6,892,315	6,982,315	60,000	0.9%	90,000	1.3%	1.1%
Public Health Aid	4,124,776	4,207,272	4,291,417	82,496	2.0%	84,145	2.0%	2.0%
Community health centers	3,525,000	3,867,100	4,114,043	342,100	9.7%	246,943	6.4%	8.0%
All Other Aid to Individuals/Other	8,834,190	8,680,250	8,677,301	(153,940)	-1.7%	(2,949)	0.0%	-0.9%
Total-GF Aid to Individuals/Other	1,015,815,632	1,016,074,927	1,054,676,840	259,295	0.0%	38,601,913	3.8%	1.9%
STATE AID TO LOCAL GOVT								
State Aid to Schools (TEEOSA)	823,527,243	858,527,243	888,527,243	35,000,000	4.3%	30,000,000	3.5%	3.9%
Special Education	184,893,842	190,440,657	196,153,877	5,546,815	3.0%	5,713,220	3.0%	3.0%
Aid to Community Colleges	87,266,476	88,575,473	89,904,105	1,308,997	1.5%	1,328,632	1.5%	1.5%
Homestead Exemption	76,120,104	62,250,000	65,000,000	(13,870,104)	-18.2%	2,750,000	4.4%	-7.6%
Aid to ESU's	16,089,570	15,887,570	15,887,570	(202,000)	-1.3%	0	0.0%	-0.6%
Aid to Cities	11,257,193	11,777,193	11,777,193	520,000	4.6%	0	0.0%	2.3%
Aid to Counties	4,965,866	4,965,866	4,965,866	0	0.0%	0	0.0%	0.0%
County jail cost reimbursement	3,910,000	3,910,000	3,910,000	0	0.0%	0	0.0%	0.0%
Early Childhood programs	3,615,426	3,615,426	3,615,426	0	0.0%	0	0.0%	0.0%
Other Aid to Local Govt	24,403,090	22,996,838	23,054,887	(1,406,252)	-5.8%	58,049	0.3%	-2.8%
Total-GF Aid to Local Govt	1,236,048,810	1,262,946,266	1,302,796,167	26,897,456	2.2%	39,849,901	3.2%	2.7%
CAPITAL CONSTRUCTION								
	8,238,322	15,172,233	14,652,233	6,933,911	84.2%	(520,000)	-3.4%	33.4%
TOTAL GENERAL FUNDS								
	3,481,660,742	3,543,593,467	3,647,492,312	61,932,725	1.8%	103,898,845	2.9%	2.4%

These numbers shown in Table 6, 8 and 9 are the net result of almost 325 individual issues which reflect both increases to and reductions from the current year appropriation. A complete listing of individual issues starts on Page 21. The following highlights some major changes in each category.

Agency Operations

General Funds for agency operations show a net \$27.8 million increase (2.3%) in FY09-10 and a \$25.9 million increase (2.1%) in FY10-11. About 71% of the increase in operations in FY09-10 (\$19.7 million) is salary and health insurance increases for state agencies (excluding University and State Colleges). Other major operations items include \$7.5 million for “rightsizing” Beatrice State Developmental Center (BSDC) and the BSDC action plan, \$1.9 million for Correctional Services inmate “per diem” costs, and \$1.3 million for annualizing the costs of the previously approved public safety communications system.

About 34% of the FY09-10 operations net increase is a 1.5% increase for the University and State Colleges. The Governor and Appropriations Committee did not specify funding actions for salary and health insurance increases with any offsetting reductions, but simply applied an overall budget increase; the Governor provided a 1% per year increase while the Appropriations Committee included a 1.5% per year increase. Although showing as an overall increase in funding in terms of dollar amounts and percentage, the increase provided is likely to be insufficient to offset salary and health insurance costs.

The BSDC recommendation includes \$2.5 million of general funds in 2009-10 and 2010-11 in response to the agreement with the Department of Justice to achieve and /or maintain desired outcomes for BSDC residents and ensure they are provided with the protections, supports and services they need. The agreement will be in effect for about four years. The funds will be used for staffing, the expenses of an independent expert and/or any consultants needed for the duration of the agreement. Additional specialized licensed staff will also be hired to provide medical, nursing, neurology, psychology, psychiatry developmental therapy and communication services.

The BSDC recommendation also includes \$17 million of general funds over a three year period to pursue a plan of action to continue federal participation in the operation of BSDC. The funds may be used for purposes as determined by the Department of Health and Human Services which could include, but not be limited to: additional professional and direct care staff at BSDC; staff training and mentoring programs; service coordination; centralization of medical care charts and incident reporting at BSDC; transfers to community-based programs or the Medicaid program for the care of BSDC clients; start-up costs for community-based programs; medically intense community-based placements; hospital placement related expenses; and additional facility reviewers for community-based developmental disability programs. The additional general funds are provided as follows: \$7 million in FY08-09 as a deficit; \$5 million in FY09-10; and, \$5 million in FY10-11. The only activity for which funding is specifically allocated from the \$17 million total is \$205,482 in 2009-10 and \$315,928 in 2010-11 to add facility reviewers for community-based developmental disability programs.

Significant reductions in FY10 operations includes a \$3.5 million shift of regional center “savings” to community based behavioral health aid and \$9 million of agency budget cuts and base reductions. The Governor’s recommendation included a cumulative total of \$31.1 million of state agency budget reductions over the two year period. This included specific items that some agencies identified in their budget request to offset projected salary and health insurance increases. In the absence of items specified by the agency, the Governor applied a “base reduction” to offset the salary and health insurance increase. The Committee preliminary budget includes \$20.9 million of reductions over the two year period (\$9 million in FY10 and \$11.9 million in FY11, offering lesser cuts in selected agencies such as the State Patrol, Legislative Council, and Court System

State Aid to Individuals

This area has very low growth in the budget with a net increase of \$.3 million (0.0%) in FY09-10 and \$38.6 million (3.9%) in FY10-11.

Base reductions in Medicaid (\$19.9 million), Public Assistance (\$8.3 million), and Childrens Health Insurance-SCHIP (\$3.7 million) contribute largely to this very low growth. These base reductions reflect the fact that the FY08-09 appropriation level is significantly higher than what will actually be expended in FY08-09. This reflects lower than projected rate and utilization increases than were anticipated when the prior biennial budget was prepared. For example in Medicaid, drugs were projected to increase 10% per year; the actual increase was 6%. With respect to nursing facilities costs, the aged population was projected to increase by 1.5% each year of the biennium. In fact in FY08, the average monthly number of aged eligibles declined by 2%. Another reason may be due to a conservative estimate of Medicaid reform savings included in the FY09 budget. These same factors that allow this reduction in the base starting point also allow for a lapse of significant unused monies that are shown in the large reduction in the deficit recommendations.

Over the two year period, these base reductions are then offset by modest increases in eligibility and utilization (increases from the lower base level) plus the 2% provider rate increase resulting in a two year average spending growth of 1.6% for Medicaid, 2.1% for Public Assistance. Note that these funding levels were based on the request as submitted in September 2008. With the growing recession, a further review of the modest growth in eligibilities and utilization may be needed.

Behavioral health aid increases by 7.6% in FY09-10 and 2.4% in FY10-11. The higher growth in the first year reflects the reallocation of \$3.5 million of regional center "savings to community based programs per behavioral health reform and a 2% per year provider rate increase.

For developmental disability programs, the committee preliminary budget includes a 3.5% per year increase. This includes additional funding of \$560,000 in FY10 and \$1,280,000 in FY11 for an estimated 220 persons transitioning from high school over the two year, and a 2% provider rate increase.

State Aid to Local Governments

Aid to local governments shows a \$26.9 million increase (2.2%) in FY09-10 and a \$39.8 million increase (3.2%) in FY10-11. This reflects a 4% per year increase in TEEOSA school aid, a 3% per year increase in Special Education reimbursement, a 1.5% increase in community college aid, and a large reduction in Homestead Exemption reimbursement amounts.

Under current law (and based on the Dept of Education's Model A printout) TEEOSA school aid was projected to increase by \$103 million (12.5%) in FY09-10 and an additional \$91.2 million (9.8%) in FY10-11. These large increases, providing a total of \$297 million of additional aid over the biennium, were the result of annualizing LB988 (especially an unanticipated \$40 million increase in the averaging adjustment) and assumed lower property valuation growths in FY11. With these high growth numbers and declining revenue forecasts, both the Governor and Appropriations Committee assumed changes in the TEEOSA formula to reduce the overall growth in TEEOSA aid. The Governors recommendation included a funding level of a \$35 million increase in FY09-10 and an additional \$30 million in FY10-11. This provides cumulative amount of additional funding over the two year period totaling \$100 million. At the preliminary budget stage, the Appropriations Committee concurred. These funding levels approximate the funding levels proposed in LB 545 introduced by Senator Adams.

Special Education reimbursement is funded in the Committee preliminary budget at a 3% per year increase. Although included at this level in the preliminary stage, such increase could be subject to change pending an analysis and evaluation of other funding provided directly to K-12 schools through the federal stimulus package.

Homestead exemption reimbursement shows a significant reduction compared to the FY09 level. *This does not relate to a cutback in the program but a base reduction similar to the situation in HHS aid programs.* State law dictates who is eligible for the homestead exemption and in what amounts. The reimbursement amount simply follows the actual usage as filed by the counties. In this case, the base reduction for FY09-10 and FY10-11 relates to the fact that the FY08-09 actual reimbursement amounts were \$14.9 million below budgeted. This allows for the base reduction and also a reduction of the FY08-09 appropriation in the deficit adjustments. The reasons for the lower than projected usage is still under evaluation. Last session, the FY07-08 amounts were \$7 million below budgeted. While this excess was lapsed as a FY07-08 deficit, the FY08-09 amount was not changed as it was uncertain if this was a trend or a one-time occurrence. The \$14.9 million "excess" in FY08-09 likely reflects and extension of that \$7 million savings plus an additional \$7.9 million savings in the FY09 program.

Aid to community colleges is increased by 1.5% per year, the same as provided the State Colleges and University of Nebraska.

Also with the sunset of MIRF, there is a \$520,000 increase in aid to municipalities as provided for in Section 77-27,137.01 which states that "Beginning with fiscal year 2009-10, the amount of aid to municipalities appropriated shall be increased by five hundred twenty thousand dollars." This issue relates to funding reductions in FY04-05, the mixture of cuts between MIRF and aid to municipalities, and Lincoln's use of MIRF funds.

Capital Construction

The Committee Preliminary budget for capital construction shows a large percentage increase in General Funds in FY09-10, but amounts to a \$6.9 million increase. This mostly relates to a fund shift within reaffirmations from a one-time use of Nebraska Capital Construction (NCCF) funds in FY08-09 to General Funds in FY09-10. Reaffirmations reflect funding needed to complete projects authorized and for which initial funding was provided in prior legislative sessions. The committee preliminary budget includes General Funds for only two new projects; security system upgrades at Dept of Correctional Services facilities (\$1,855,000 FY10, \$1,500,000 FY11 and \$1,500,000 FY12) and \$165,000 in FY10 for an addition to the Wildcat Hills Visitor Center. The committee also included \$803,000 of NCCF funds in FY10-11 with the intent for General Funds in future years to allow for bonds to be issued for constructing a new Education Center at the College of Technical Agriculture at Curtis. This would replace two buildings constructed in 1935. The preliminary budget also authorizes the use of surplus revenue bond funds for the renovation of Men's Hall and Randall Hall at the University of Nebraska Kearney.

Table 7 Significant Increases and Reductions
(numbers are \$ changes compared to the FY09 Base)

Amounts shown are \$ change from FY09 base year	Committee Preliminary Budget		
	FY2009-10	FY2010-11	Two Yr total
1 <u>SIGNIFICANT INCREASES:</u>			
2 TEEOSA Aid to Schools	35,000,000	65,000,000	100,000,000
3 Salaries (Agencies)	12,406,324	22,699,247	35,105,571
4 University & State Colleges (1.5% per yr increase)	8,062,489	16,245,915	24,308,404
5 Health Insurance (Agencies)	7,260,385	15,015,400	22,275,785
6 Special Education	5,546,815	11,260,035	16,806,850
7 BSDC, action plan & "rightsizing" (HHS)	7,500,000	7,500,000	15,000,000
8 Capital Construction	6,933,911	6,413,911	13,347,822
9 Public Assistance	2,050,537	10,211,246	12,261,783
10 Medicaid	(6,470,008)	18,505,645	12,035,637
11 Developmental Disability-rate equity+transition	2,404,913	5,015,949	7,420,862
12 Behavioral health aid - reallocate regional center savings	3,500,000	3,500,000	7,000,000
13 Behavioral health aid (exclude reg cntr shifts)	1,757,415	3,549,977	5,307,392
14 Inmate per diem costs (Corrections)	1,925,000	2,520,000	4,445,000
15 Operating costs, other adds, fund shifts (HHS facilities)	2,001,623	2,360,154	4,361,777
16 Community Colleges	1,308,997	2,637,629	3,946,626
17 Public safety communications system (operations)	1,292,861	1,331,944	2,624,805
18 Utilities and equipment (Corrections)	983,520	1,218,388	2,201,908
19 Retirement, K-12 School/Judges/Patrol	902,275	902,275	1,804,550
20 Fuel and other operating costs (Patrol)	693,800	693,800	1,387,600
21 Substance abuse treatment (Corrections)	586,830	615,363	1,202,193
22 Public Health Aid	424,596	755,684	1,180,280
23 Student assessment/testing (Education)	345,000	815,000	1,160,000
24 Aid to Cities	520,000	520,000	1,040,000
25 Aging programs	154,344	311,375	465,719
26 Subtotal-Increases Listed	97,091,627	199,598,937	296,690,564
27 <u>SIGNIFICANT REDUCTIONS:</u>			
28 Homestead Exemption (net)	(13,870,104)	(11,120,104)	(24,990,208)
29 Agency / base reductions	(8,991,743)	(11,937,791)	(20,929,534)
30 Transfer Prog 39 funds to Prog 347 (HHS) oper/aid shift	(1,889,556)	(1,889,556)	(3,779,112)
31 Regional Center savings to behavioral health aid (HHS)	(3,500,000)	(3,500,000)	(7,000,000)
32 Childrens Health Insurance (SCHIP)	(3,468,562)	(2,981,779)	(6,450,341)
33 Riparian Vegetation grants (sunset June 09)	(2,000,000)	(2,000,000)	(4,000,000)
34 Subtotal-Reductions Listed	(33,719,965)	(33,429,230)	(67,149,195)
35 <u>OTHER NOT LISTED (NET)</u>	(1,438,937)	(338,137)	(1,777,074)
36 <u>TOTAL GENERAL FUND CHANGE (Mainline)</u>	61,932,725	165,831,570	227,764,295

**Table 8 General Fund Appropriations by Agency
Appropriations Committee Preliminary Budget**

Agency	Type	w/o deficits FY2008-09	Committee Preliminary Budget		Change over Prior Year			
			Preliminary FY2009-10	Preliminary FY2010-11	FY2009-10		FY2010-11	
					\$	%	\$	%
#03 Legislative Council	Oper	17,680,147	17,877,154	18,758,084	197,007	1.1%	880,930	4.9%
#03 Legislative Council	Total	17,680,147	17,877,154	18,758,084	197,007	1.1%	880,930	4.9%
#05 Supreme Court	Oper	67,935,364	69,962,616	71,833,112	2,027,252	3.0%	1,870,496	2.7%
#05 Supreme Court	Total	67,935,364	69,962,616	71,833,112	2,027,252	3.0%	1,870,496	2.7%
#07 Governor	Oper	1,742,569	1,664,669	1,706,805	(77,900)	-4.5%	42,136	2.5%
#07 Governor	Total	1,742,569	1,664,669	1,706,805	(77,900)	-4.5%	42,136	2.5%
#08 Lt. Governor	Oper	143,839	143,805	145,847	(34)	0.0%	2,042	1.4%
#08 Lt. Governor	Total	143,839	143,805	145,847	(34)	0.0%	2,042	1.4%
#09 Secretary of State	Oper	734,475	467,491	473,277	(266,984)	-36.4%	5,786	1.2%
#09 Secretary of State	Total	734,475	467,491	473,277	(266,984)	-36.4%	5,786	1.2%
#10 State Auditor	Oper	2,557,746	2,326,238	2,328,031	(231,508)	-9.1%	1,793	0.1%
#10 State Auditor	Total	2,557,746	2,326,238	2,328,031	(231,508)	-9.1%	1,793	0.1%
#11 Attorney General	Oper	6,154,481	6,292,887	6,373,906	138,406	2.2%	81,019	1.3%
#11 Attorney General	Total	6,154,481	6,292,887	6,373,906	138,406	2.2%	81,019	1.3%
#12 State Treasurer	Aid	17,768,561	18,288,561	18,288,561	520,000	2.9%	0	0.0%
#12 State Treasurer	Oper	1,646,026	1,591,056	1,620,525	(54,970)	-3.3%	29,469	1.9%
#12 State Treasurer	Total	19,414,587	19,879,617	19,909,086	465,030	2.4%	29,469	0.1%
#13 Education	Aid	1,034,925,763	1,075,822,289	1,111,574,958	40,896,526	4.0%	35,752,669	3.3%
#13 Education	Oper	16,513,039	17,057,051	18,057,565	544,012	3.3%	1,000,514	5.9%
#13 Education	Total	1,051,438,802	1,092,879,340	1,129,632,523	41,440,538	3.9%	36,753,183	3.4%
#14 Public Service Comm	Oper	2,659,081	2,540,830	2,617,060	(118,251)	-4.4%	76,230	3.0%
#14 Public Service Comm	Total	2,659,081	2,540,830	2,617,060	(118,251)	-4.4%	76,230	3.0%
#15 Parole Board	Oper	800,540	809,458	821,516	8,918	1.1%	12,058	1.5%
#15 Parole Board	Total	800,540	809,458	821,516	8,918	1.1%	12,058	1.5%
#16 Revenue	Aid	77,620,104	63,750,000	66,500,000	(13,870,104)	-17.9%	2,750,000	4.3%
#16 Revenue	Oper	29,646,103	29,535,042	29,646,130	(111,061)	-0.4%	111,088	0.4%
#16 Revenue	Total	107,266,207	93,285,042	96,146,130	(13,981,165)	-13.0%	2,861,088	3.1%
#18 Agriculture	Aid	2,000,000	60,000	60,000	(1,940,000)	na	0	0.0%
#18 Agriculture	Oper	6,506,350	6,382,179	6,462,627	(124,171)	-1.9%	80,448	1.3%
#18 Agriculture	Total	8,506,350	6,442,179	6,522,627	(2,064,171)	-24.3%	80,448	1.2%
#21 Fire Marshal	Oper	4,334,612	4,471,830	4,584,655	137,218	3.2%	112,825	2.5%
#21 Fire Marshal	Total	4,334,612	4,471,830	4,584,655	137,218	3.2%	112,825	2.5%
#23 Labor	Oper	636,831	569,268	584,471	(67,563)	-10.6%	15,203	2.7%
#23 Labor	Total	636,831	569,268	584,471	(67,563)	-10.6%	15,203	2.7%
#25 HHS System	Aid	1,000,667,731	1,000,864,430	1,039,379,292	196,699	0.0%	38,514,862	3.8%
#25 HHS System	Oper	224,867,892	231,777,484	237,545,669	6,909,592	3.1%	5,768,185	2.5%
#25 HHS System	Total	1,225,535,623	1,232,641,914	1,276,924,961	7,106,291	0.6%	44,283,047	3.6%
#27 Roads	Oper	18,184	2,610	2,610	(15,574)	-85.6%	0	0.0%
#27 Roads	Total	18,184	2,610	2,610	(15,574)	-85.6%	0	0.0%
#28 Veterans Affairs	Oper	1,032,894	1,080,421	1,151,066	47,527	4.6%	70,645	6.5%
#28 Veterans Affairs	Total	1,032,894	1,080,421	1,151,066	47,527	4.6%	70,645	6.5%
#29 Natural Resources	Aid	8,474,374	8,175,755	8,175,755	(298,619)	-3.5%	0	0.0%
#29 Natural Resources	Oper	9,417,678	9,716,126	9,994,000	298,448	3.2%	277,874	2.9%
#29 Natural Resources	Total	17,892,052	17,891,881	18,169,755	(171)	0.0%	277,874	1.6%

Agency	Type	Committee Preliminary Budget			Change over Prior Year			
		w/o deficits	Preliminary	Preliminary	FY2009-10		FY2010-11	
		FY2008-09	FY2009-10	FY2010-11	\$	%	\$	%
#31 Military Dept	Aid	1,024,166	1,525,000	1,525,000	500,834	48.9%	0	0.0%
#31 Military Dept	Oper	3,748,283	3,861,304	3,890,621	113,021	3.0%	29,317	0.8%
#31 Military Dept	Total	4,772,449	5,386,304	5,415,621	613,855	12.9%	29,317	0.5%
#32 Ed Lands & Funds	Oper	414,455	348,468	360,161	(65,987)	-15.9%	11,693	3.4%
#32 Ed Lands & Funds	Total	414,455	348,468	360,161	(65,987)	-15.9%	11,693	3.4%
#33 Game & Parks	Aid	50,000	47,500	47,500	(2,500)	-5.0%	0	0.0%
#33 Game & Parks	Oper	11,288,991	11,688,903	12,066,066	399,912	3.5%	377,163	3.2%
#33 Game & Parks	Total	11,338,991	11,736,403	12,113,566	397,412	3.5%	377,163	3.2%
#34 Library Commission	Aid	1,220,998	1,218,177	1,215,228	(2,821)	-0.2%	(2,949)	-0.2%
#34 Library Commission	Oper	2,667,938	2,670,759	2,673,708	2,821	0.1%	2,949	0.1%
#34 Library Commission	Total	3,888,936	3,888,936	3,888,936	0	0.0%	0	0.0%
#35 Liquor Control	Oper	982,122	998,654	1,028,754	16,532	1.7%	30,100	3.0%
#35 Liquor Control	Total	982,122	998,654	1,028,754	16,532	1.7%	30,100	3.0%
#46 Correctional Services	Aid	3,910,000	3,910,000	3,910,000	0	0.0%	0	0.0%
#46 Correctional Services	Oper	148,460,688	155,617,411	160,535,523	7,156,723	4.8%	4,918,112	3.2%
#46 Correctional Services	Total	152,370,688	159,527,411	164,445,523	7,156,723	4.7%	4,918,112	3.1%
#47 NETC	Oper	10,136,091	10,010,024	10,244,739	(126,067)	-1.2%	234,715	2.3%
#47 NETC	Total	10,136,091	10,010,024	10,244,739	(126,067)	-1.2%	234,715	2.3%
#48 Coordinating Comm	Aid	6,832,315	6,892,315	6,982,315	60,000	0.9%	90,000	1.3%
#48 Coordinating Comm	Oper	1,303,819	1,303,819	1,303,819	0	0.0%	0	0.0%
#48 Coordinating Comm	Total	8,136,134	8,196,134	8,286,134	60,000	0.7%	90,000	1.1%
#50 State Colleges	Oper	45,393,201	46,074,099	46,765,210	680,898	1.5%	691,111	1.5%
#50 State Colleges	Total	45,393,201	46,074,099	46,765,210	680,898	1.5%	691,111	1.5%
#51 University of Nebraska	Oper	492,106,037	499,487,628	506,979,943	7,381,591	1.5%	7,492,315	1.5%
#51 University of Nebraska	Total	492,106,037	499,487,628	506,979,943	7,381,591	1.5%	7,492,315	1.5%
#52 State Fair Board	Oper	0	0	0	0	na	0	na
#52 State Fair Board	Total	0	0	0	0	na	0	na
#54 Historical Society	Oper	4,514,311	4,499,813	4,499,813	(14,498)	-0.3%	0	0.0%
#54 Historical Society	Total	4,514,311	4,499,813	4,499,813	(14,498)	-0.3%	0	0.0%
#64 State Patrol	Oper	52,926,634	55,396,251	56,834,888	2,469,617	4.7%	1,438,637	2.6%
#64 State Patrol	Total	52,926,634	55,396,251	56,834,888	2,469,617	4.7%	1,438,637	2.6%
#65 Admin Services (DAS)	Oper	9,128,050	8,609,312	8,581,401	(518,738)	-5.7%	(27,911)	-0.3%
#65 Admin Services (DAS)	Total	9,128,050	8,609,312	8,581,401	(518,738)	-5.7%	(27,911)	-0.3%
#67 Equal Opportunity	Oper	1,373,311	1,326,333	1,370,691	(46,978)	-3.4%	44,358	3.3%
#67 Equal Opportunity	Total	1,373,311	1,326,333	1,370,691	(46,978)	-3.4%	44,358	3.3%
#68 Mexican-American	Oper	215,312	200,461	210,352	(14,851)	-6.9%	9,891	4.9%
#68 Mexican-American	Total	215,312	200,461	210,352	(14,851)	-6.9%	9,891	4.9%
#69 Arts Council	Aid	861,654	851,654	851,654	(10,000)	-1.2%	0	0.0%
#69 Arts Council	Oper	618,060	626,894	645,650	8,834	1.4%	18,756	3.0%
#69 Arts Council	Total	1,479,714	1,478,548	1,497,304	(1,166)	-0.1%	18,756	1.3%
#70 Foster Care Review	Oper	1,336,371	1,421,906	1,458,318	85,535	6.4%	36,412	2.6%
#70 Foster Care Review	Total	1,336,371	1,421,906	1,458,318	85,535	6.4%	36,412	2.6%
#72 Economic Development	Aid	2,225,000	2,225,000	2,225,000	0	0.0%	0	0.0%
#72 Economic Development	Oper	4,441,717	4,448,518	4,441,860	6,801	0.2%	(6,658)	-0.1%
#72 Economic Development	Total	6,666,717	6,673,518	6,666,860	6,801	0.1%	(6,658)	-0.1%
#76 Indian Commission	Oper	198,763	188,842	194,858	(9,921)	-5.0%	6,016	3.2%
#76 Indian Commission	Total	198,763	188,842	194,858	(9,921)	-5.0%	6,016	3.2%

Agency	Type	w/o deficits FY2008-09	Committee Preliminary Budget		Change over Prior Year				
			Preliminary FY2009-10	Preliminary FY2010-11	FY2009-10		FY2010-11		
					\$	%	\$	%	
#77	Industrial Relations	Oper	335,155	339,562	347,945	4,407	1.3%	8,383	2.5%
#77	Industrial Relations	Total	335,155	339,562	347,945	4,407	1.3%	8,383	2.5%
#78	Crime Commission	Aid	2,166,328	2,166,328	2,166,328	0	0.0%	0	0.0%
#78	Crime Commission	Oper	8,980,494	9,110,557	9,236,393	130,063	1.4%	125,836	1.4%
#78	Crime Commission	Total	11,146,822	11,276,885	11,402,721	130,063	1.2%	125,836	1.1%
#81	Blind & Visually Impaired	Aid	190,000	190,000	190,000	0	0.0%	0	0.0%
#81	Blind & Visually Impaired	Oper	779,684	864,557	897,202	84,873	10.9%	32,645	3.8%
#81	Blind & Visually Impaired	Total	969,684	1,054,557	1,087,202	84,873	8.8%	32,645	3.1%
#82	Deaf & Hard of Hearing	Oper	874,210	875,312	898,083	1,102	0.1%	22,771	2.6%
#82	Deaf & Hard of Hearing	Total	874,210	875,312	898,083	1,102	0.1%	22,771	2.6%
#83	Community Colleges	Aid	87,266,476	88,575,473	89,904,105	1,308,997	1.5%	1,328,632	1.5%
#83	Community Colleges	Total	87,266,476	88,575,473	89,904,105	1,308,997	1.5%	1,328,632	1.5%
#84	Environmental Quality	Aid	4,660,972	4,458,711	4,477,311	(202,261)	-4.3%	18,600	0.4%
#84	Environmental Quality	Oper	3,532,038	3,490,063	3,506,790	(41,975)	-1.2%	16,727	0.5%
#84	Environmental Quality	Total	8,193,010	7,948,774	7,984,101	(244,236)	-3.0%	35,327	0.4%
#85	Retirement Board	Oper	19,468,215	20,370,490	20,370,490	902,275	4.6%	0	0.0%
#85	Retirement Board	Total	19,468,215	20,370,490	20,370,490	902,275	4.6%	0	0.0%
#87	Account/Disclosure	Oper	430,726	426,435	441,387	(4,291)	-1.0%	14,952	3.5%
#87	Account/Disclosure	Total	430,726	426,435	441,387	(4,291)	-1.0%	14,952	3.5%
#93	Tax Equal/Review	Oper	875,451	875,451	875,451	0	0.0%	0	0.0%
#93	Tax Equal/Review	Total	875,451	875,451	875,451	0	0.0%	0	0.0%
Construction-Total		Total	8,238,322	15,172,233	14,652,233	6,933,911	84.2%	(520,000)	-3.4%
OPERATIONS			1,221,557,978	1,249,400,041	1,275,367,072	27,842,063	2.3%	25,967,031	2.1%
STATE AID			2,251,864,442	2,279,021,193	2,357,473,007	27,156,751	1.2%	78,451,814	3.4%
CONSTRUCTION			8,238,322	15,172,233	14,652,233	6,933,911	84.2%	(520,000)	-3.4%
TOTAL GENERAL FUNDS			3,481,660,742	3,543,593,467	3,647,492,312	61,932,725	1.8%	103,898,845	2.9%

Table 9 General Fund Appropriations by Individual Aid Program
Appropriations Committee Preliminary Budget

Agency	Aid Program	w/o Deficits FY2008-09	Preliminary FY2009-10	Preliminary FY2010-11	Change over Prior Year				
					FY2009-10 \$ Chnge	% Chnge	FY2010-11 \$ Chnge	% Chnge	
#12	Treasurer	Aid to NRD's	1,545,502	1,545,502	1,545,502	0	0.0%	0	0.0%
#12	Treasurer	Aid to Cities	11,257,193	11,777,193	11,777,193	520,000	4.6%	0	0.0%
#12	Treasurer	Aid to Counties	4,965,866	4,965,866	4,965,866	0	0.0%	0	0.0%
#13	Education	State Aid to Education (TEEOSA)	823,527,243	858,527,243	888,527,243	35,000,000	4.3%	30,000,000	3.5%
#13	Education	Special Education	184,893,842	190,440,657	196,153,877	5,546,815	3.0%	5,713,220	3.0%
#13	Education	Aid to ESU's	16,089,570	15,887,570	15,887,570	(202,000)	-1.3%	0	0.0%
#13	Education	High ability learner programs	2,336,921	2,336,921	2,336,921	0	0.0%	0	0.0%
#13	Education	Early Childhood program	3,615,426	3,615,426	3,615,426	0	0.0%	0	0.0%
#13	Education	School Lunch	421,087	421,087	421,087	0	0.0%	0	0.0%
#13	Education	Textbook loan program	450,000	500,000	500,000	50,000	11.1%	0	0.0%
#13	Education	School Breakfast reimbursement	411,100	412,811	427,260	1,711	0.4%	14,449	3.5%
#13	Education	Adult Education	230,574	230,574	230,574	0	0.0%	0	0.0%
#13	Education	Vocational Education	450,000	450,000	450,000	0	0.0%	0	0.0%
#13	Education	Learning Communities Aid	500,000	1,000,000	1,025,000	500,000	na	25,000	na
#13	Education	Vocational Rehabilitation	2,000,000	2,000,000	2,000,000	0	0.0%	0	0.0%
#16	Revenue	County Property Tax Relief	1,500,000	1,500,000	1,500,000	0	na	0	0.0%
#16	Revenue	Homestead Exemption	76,120,104	62,250,000	65,000,000	(13,870,104)	-18.2%	2,750,000	4.4%
#18	Agriculture	Riparian Vegetation grants	2,000,000	0	0	(2,000,000)	na	0	#DIV/0!
#18	Agriculture	Food Supply Animal Vet Incentives	0	60,000	60,000	60,000	na	0	na
#25	HHS System	Behavioral Health Aid	69,273,006	74,530,421	76,322,983	5,257,415	7.6%	1,792,562	2.4%
#25	HHS System	Medical student assistance/RHOP	362,068	362,068	362,068	0	0.0%	0	0.0%
#25	HHS System	Juvenile predisposition detention	156,536	0	0	(156,536)	-100.0%	0	#DIV/0!
#25	HHS System	Childrens Health Insurance	11,761,892	8,293,330	8,780,113	(3,468,562)	-29.5%	486,783	5.9%
#25	HHS System	Public Assistance	241,622,331	243,672,868	251,833,577	2,050,537	0.8%	8,160,709	3.3%
#25	HHS System	Medicaid	590,958,613	584,488,605	609,464,258	(6,470,008)	-1.1%	24,975,653	4.3%
#25	HHS System	Community developmental disabilities	71,166,316	73,571,229	76,182,265	2,404,913	3.4%	2,611,036	3.5%
#25	HHS System	Community health centers	3,525,000	3,867,100	4,114,043	342,100	9.7%	246,943	6.4%
#25	HHS System	Public Health Aid	4,124,776	4,207,272	4,291,417	82,496	2.0%	84,145	2.0%
#25	HHS System	Care Management	1,993,340	2,033,206	2,073,472	39,866	2.0%	40,266	2.0%
#29	Nat Resources	Nebr Water Conservation Fund	2,688,454	2,489,835	2,489,835	(198,619)	-7.4%	0	0.0%
#29	Nat Resources	Resources Development Fund	3,373,066	3,373,066	3,373,066	0	0.0%	0	0.0%
#29	Nat Resources	NRD Water Management grants	2,412,854	2,312,854	2,312,854	(100,000)	-4.1%	0	0.0%
#31	Military Dept	Governors Emergency Fund	499,166	1,000,000	1,000,000	500,834	100.3%	0	0.0%
#31	Military Dept	Guard tuition assistance	525,000	525,000	525,000	0	0.0%	0	0.0%
#33	Game & Parks	Niobrara Council	50,000	47,500	47,500	(2,500)	-5.0%	0	0.0%
#34	Library Comm	Local libraries	1,220,998	1,218,177	1,215,228	(2,821)	-0.2%	(2,949)	-0.2%
#46	Corrections	County jail cost reimbursement	3,910,000	3,910,000	3,910,000	0	0.0%	0	0.0%
#48	Coord. Comm	Nebr Scholarship Program	6,717,065	6,717,065	6,717,065	0	0.0%	0	0.0%
#48	Coord. Comm	Access College Early Scholarship	115,250	175,250	265,250	60,000	52.1%	90,000	51.4%

			Change over Prior Year						
Agency	Aid Program	w/o Deficits FY2008-09	Preliminary FY2009-10	Preliminary FY2010-11	FY2009-10		FY2010-11		
					\$ Chnge	% Chnge	\$ Chnge	% Chnge	
#69	Arts Council	Aid to arts programs	661,654	661,654	661,654	0	0.0%	0	0.0%
#69	Arts Council	Council on Humanities	200,000	190,000	190,000	(10,000)	-5.0%	0	0.0%
#72	Econ Develop	Managing Mainstreet	100,000	100,000	100,000	0	0.0%	0	0.0%
#72	Econ Develop	Microenterprise Development Act	497,500	497,500	497,500	0	0.0%	0	0.0%
#72	Econ Develop	Ag Opportunities/Value-Added grants	850,000	850,000	850,000	0	0.0%	0	0.0%
#72	Econ Develop	Building Entrepreneurial Communities	277,500	277,500	277,500	0	0.0%	0	0.0%
#72	Econ Develop	Tourism matching grant program	500,000	500,000	500,000	0	0.0%	0	0.0%
#78	Crime Comm	Juvenile services grants	587,812	587,812	587,812	0	0.0%	0	0.0%
#78	Crime Comm	County Juvenile Services aid	1,492,500	1,492,500	1,492,500	0	0.0%	0	0.0%
#78	Crime Comm	Crimestoppers program	13,457	13,457	13,457	0	0.0%	0	0.0%
#78	Crime Comm	Victim Witness assistance	52,559	52,559	52,559	0	0.0%	0	0.0%
#78	Crime Comm	Crime Victims reparations	20,000	20,000	20,000	0	0.0%	0	0.0%
#81	Blind & Vis Imp	Blind rehabilitation	190,000	190,000	190,000	0	0.0%	0	0.0%
#83	Comm Colleges	Aid to Community Colleges	87,266,476	88,575,473	89,904,105	1,308,997	1.5%	1,328,632	1.5%
#84	Environ Quality	Superfund cleanup	2,173,000	1,961,400	1,980,000	(211,600)	-9.7%	18,600	0.9%
#84	Environ Quality	Storm Water Management grants	2,487,972	2,497,311	2,497,311	9,339	0.4%	0	0.0%
Total State Aid			2,251,864,442	2,279,021,193	2,357,473,007	27,156,751	1.2%	78,451,814	3.4%

Detailed List – Specific General Fund Adjustments

(Appropriations Committee Preliminary Budget – Amounts are \$ change from FY09 Base)

Agency	Prog	Issue	Type	FY2009-10	FY2010-11	
3	Legislative Council	122	Delete Fall 2008 Special Session costs	Oper	(44,737)	(44,737)
3	Legislative Council	123	Computerize/digitize Journals and Session Laws (Prog 123)	Oper	30,000	30,000
3	Legislative Council	501	Eliminate NCOIL (Insurance Regulators) dues (Prog 501)	Oper	(10,000)	(10,000)
3	Legislative Council	501	Eliminate Committee Counsel travel (No Priority, Prog 501)	Oper	(20,150)	(20,150)
3	Legislative Council	122	Short vs Long Session Costs	Oper	(182,765)	0
3	Legislative Council	123	Delete Fall 2008 Special Session costs	Oper	(19,024)	(19,024)
3	Legislative Council	123	Short vs Long Session Costs	Oper	(155,292)	0
3	Legislative Council	127	Delete Fall 2008 Special Session costs	Oper	(5,000)	(5,000)
5	Supreme Court	5	Increase in Funding for Use of Retired Judges (Prog. 5).	Oper	82,864	85,255
5	Supreme Court	6	OASDI Contribution Base Increase (Prog. 3).	Oper	1,823	3,906
5	Supreme Court	6	OASDI Contribution Base Increase (Prog. 4).	Oper	1,562	3,348
5	Supreme Court	6	OASDI Contribution Base Increase (Prog. 6).	Oper	28,169	47,811
5	Supreme Court	7	OASDI Contribution Base Increase (Prog. 7).	Oper	75,024	92,285
5	Supreme Court	52	Annualize "A" Bills: LB1014 "A"	Oper	(3,000)	(3,000)
5	Supreme Court	52	Personal Vehicle Mileage Rate (Prog. 52, Priority 6 of 19).	Oper	30,000	62,000
5	Supreme Court	52	Interpreter Usage (Prog. 52, Priority 2 of 19).	Oper	105,500	105,500
7	Governor	18	Reappropriation in Lieu of Appropriation (Prog. 018)	Oper	(16,255)	(33,721)
7	Governor	18	Life and Accident Insurance Expense (Prog. 018)	Oper	48	48
7	Governor	21	Operational Reductions (Prog. 021)	Oper	(15,000)	(15,000)
7	Governor	21	Reappropriation in Lieu of Appropriation (Prog. 021)	Oper	(11,000)	(39,000)
7	Governor	21	Life and Accident Insurance Expense (Prog. 021)	Oper	69	69
7	Governor	21	Eliminate Association Dues (Prog. 021, Priority 1 of 1)	Oper	(79,911)	(79,911)
7	Governor	125	Transition Expenses (Prog. 125)	Oper	0	40,000
8	Lt. Governor	124	Reappropriation in Lieu of Appropriation (Prog. 124)	Oper	(240)	(1,020)
8	Lt. Governor	124	Purchasing Assessment (Prog. 124)	Oper	2	2
8	Lt. Governor	124	Operational Cuts (Prog. 124, Priority 1 of 1)	Oper	(1,952)	(1,952)
9	Secof State	22	Reduction to offset portion of SalaryHealth increase (Prog. 022)	Oper	(4,327)	(8,800)
9	Secr of State	45	Fund Shift, Gen to Corp. Cash Fund (Prog. 045)	Oper	(234,954)	(234,954)
9	Secr of State	45	Reduction to offset Salary and Health increase. (Prog. 045)	Oper	(5,665)	(11,557)
9	Secr of State	86	Funding Allocation for Deputy Director (Prog. 086)	Oper	(37,587)	(37,587)
10	Auditor	10	Life Insurance (Prog. 010)	Oper	6	6
10	Auditor	10	Reduce Staffing (Prog. 506, Priority 1 of 1)	Oper	(233,193)	(233,193)
10	Auditor	10	Reduction to achieve Governor's recommended level.	Oper	(71,084)	(143,928)
11	Attorney General	507	Reallocate and retain 1.0 FTE Attorney (Prog. 507)	Oper	122,890	127,060
11	Attorney General	507	Reduce Staffing (Prog. 507, Priority 1 of 1)	Oper	(150,000)	(250,000)
12	Treasurer	24	Base Adjustment	Oper	(54,218)	(54,218)
12	Treasurer	24	Shift Salary Authority Among Programs (Prog 24)	Oper	(23,604)	(24,194)
12	Treasurer	24	Insurance Expense (Prog. 024)	Oper	200	200
12	Treasurer	24	Travel Expenses (Prog. 024)	Oper	600	600
12	Treasurer	24	Repair and Maintenance – Equipment (Prog. 024)	Oper	12,241	13,036
12	Treasurer	24	Reduce IT Spending (Prog. 024, Priority 1 of 1)	Oper	(10,700)	(10,700)
12	Treasurer	120	Aid to Municipalities, replace MIRF per 77-27,137.01 (Prog. 120)	Aid	520,000	520,000
13	Education	25	Annualize LB 653 & LB 1157 - Student Assessment	Oper	345,000	815,000
13	Education	25	Eliminate contract, University evaluation of standards (prog. 25).	Oper	(110,000)	(110,000)
13	Education	25	DAS for purchasing, NIS and accounting (prog. 25).	Oper	(94,065)	(94,065)
13	Education	25	Eliminate the printed version of the State Report Card (prog. 25)	Oper	(52,000)	(52,000)
13	Education	25	Reduce travel by 10% (prog 25)	Oper	(31,543)	(31,543)
13	Education	158	Annualize LB 1208 (2006) - distance ed scheduling system	Aid	(202,000)	(202,000)
13	Education	158	State aid to education (TEEOSA) (prog. 158).	Aid	35,000,000	65,000,000
13	Education	158	School breakfast program (prog. 158).	Aid	1,711	16,160
13	Education	158	Aid for the learning community (priority 8 of 12, prog. 158).	Aid	500,000	525,000
13	Education	158	Special education aid (priority 11 of 12, prog. 158).	Aid	5,546,815	11,260,035
13	Education	158	Textbook Loan (Prog 158)	Aid	50,000	50,000
13	Education	351	Federal fund match , vocational rehabilitation (prog. 351).	Oper	76,464	151,827
13	Education	401	Provider increase, deaf/hard of hearing services (prog. 401).	Oper	39,375	80,327
13	Education	402	Provider increase , visually impaired students (prog. 402).	Oper	34,852	71,970
14	Public Service	14	Decrease Health Insurance per request (Prog. 014)	Oper	(9,728)	(4,456)
14	Public Service	54	Base adjustment, agency request included reduced funding	Oper	(6,815)	(6,815)
14	Public Service	54	Lump Sum Retirement Payout (Prog. 054)	Oper	0	(13,818)
14	Public Service	54	Eliminate Assistant Consumer Advocate (Prog. 054)	Oper	(39,207)	(40,564)
14	Public Service	54	Cost of Living Salary Increase (Prog. 054)	Oper	(35,833)	(35,818)

Agency	Prog	Issue	Type	FY2009-10	FY2010-11	
14	Public Service	54	Reallocation of Staff (Prog. 054)	Oper	(25,294)	(25,189)
14	Public Service	54	Eliminate Law Clerk (Prog. 054)	Oper	(17,803)	(17,803)
14	Public Service	54	Reduce vehicle purchaes (Prog. 054)	Oper	(17,500)	(18,000)
14	Public Service	54	One-time Lump-Sum Retirement (Prog. 054,)	Oper	(13,808)	0
14	Public Service	54	Reduce contractual services (Prog. 054)	Oper	(10,000)	(10,000)
14	Public Service	54	Reduce software licensing (Prog. 054)	Oper	(8,100)	(8,100)
14	Public Service	54	IT Consulting (Prog. 054)	Oper	(2,632)	(2,632)
15	Parole	358	Internalize expected increases (Prog. 358).	Oper	(14,023)	(25,133)
16	Revenue	102	Annualize LB 1001 Salary - 2008 Home Energy Improvement	Oper	15,600	15,600
16	Revenue	13	Adjustment to salary and PSL (Prog. 13).	Oper	3,000	3,000
16	Revenue	102	Vendor Change for E-Commerce (Prog. 102).	Oper	(150,000)	(150,000)
16	Revenue	102	ASAP Microsoft Office Conversion (Prog. 102)	Oper	(138,888)	(138,888)
16	Revenue	102	Accounting and Auditing Services – MTC (Prog. 102).	Oper	0	(113,940)
16	Revenue	102	Agency Reorganization (Prog. 102).	Oper	(523,966)	(523,966)
16	Revenue	102	Reduce postage, publication, printing and SOS Temp (Prog. 102).	Oper	0	(313,336)
16	Revenue	102	Reduce travel, conference registration, dues (Prog. 102).	Oper	0	(151,919)
16	Revenue	108	Lower Homestead exemption required funding (Prog. 108).	Aid	(13,870,104)	(11,120,104)
16	Revenue	112	Agency reorganization savings (Prog. 112).	Oper	(178,137)	(178,137)
16	Revenue	112	Temporary Services Reduction (Prog. 112).	Oper	0	(127,209)
16	Revenue	112	Eliminate IT Consulting costs (Prog. 112).	Oper	0	(25,000)
18	Agriculture	27	Reduction in Administration program.	Oper	(53,524)	(56,012)
18	Agriculture	57	Eliminate Dairies and Food inspector. (Prog. 057)	Oper	(53,524)	(56,012)
18	Agriculture	63	Annualize LB1172-2008 Veterinary Incentive Act	Aid	60,000	60,000
18	Agriculture	63	Elimination of Bureau of Animal Industries inspector. (Prog. 063)	Oper	(53,524)	(56,012)
18	Agriculture	63	Elimination 1 FTE, Commercial Dog and Cat program.(Prog. 063)	Oper	0	(56,012)
18	Agriculture	333	Sunset, riparian vegetation management program	Aid	(2,000,000)	(2,000,000)
18	Agriculture	333	Sunset, riparian vegetation management program	Oper	(80,832)	(80,832)
18	Agriculture	333	Eliminate noxious weed inspector position. (Prog. 333)	Oper	(53,524)	(56,012)
21	Fire Marshal	193	Efficiency savings (Prog. 193)	Oper	(12,100)	(12,100)
21	Fire Marshal	193	Reduce staffing (Prog. 193, Priority 1 of 3)	Oper	(145,000)	(145,000)
21	Fire Marshal	845	Annualize funding, Public Safety Communications System	Oper	148,432	149,805
23	Labor	194	Agency Staff Reductions (Prog. 194).	Oper	(59,689)	(59,689)
23	Labor	194	Funds switch, Labor Law Specialist (Prog. 194).	Oper	(26,877)	(26,877)
25	HHS System	32	Annualize LB830-2008	Oper	1,254,303	1,254,303
25	HHS System	33	Inflationary increases (Prog. 033)	Oper	80,244	111,752
25	HHS System	33	Capped federal funds (Prog. 033)	Oper	1,143,332	1,143,332
25	HHS System	33	Transfer business unit staff, institutions budgets (Prog. 033)	Oper	(794,401)	(794,401)
25	HHS System	33	Implement AccessNebraska (Prog. 033)	Oper	(712,411)	(1,331,691)
25	HHS System	33	Eliminate 10 FTE, admin program (Prog. 033)	Oper	(350,000)	(350,000)
25	HHS System	33	Reduce costs, Primary Care Case Mngmt contract (Prog. 033)	Oper	(337,963)	(337,963)
25	HHS System	33	Reduced pooled expenditures (Prog. 033)	Oper	(278,749)	(278,749)
25	HHS System	33	Reduce expense, Children & Family Services admin (Prog. 033)	Oper	(234,287)	(234,287)
25	HHS System	33	Transfer funding for the public health veterinarian (Prog. 033)	Oper	(102,785)	(102,785)
25	HHS System	33	Eliminate a health management administrator (Prog. 033)	Oper	(78,065)	(78,065)
25	HHS System	33	Change dental director, dentist to a dental hygienist (Prog. 033)	Oper	(70,909)	(70,909)
25	HHS System	33	Reduce expenses in Behavioral Health administration. (Prog. 033)	Oper	(53,077)	(53,077)
25	HHS System	33	Eliminate the medical director in the Medicaid Program (Prog. 033)	Oper	(45,000)	(45,000)
25	HHS System	33	Eliminate a secretary (Prog. 033)	Oper	(34,266)	(34,266)
25	HHS System	33	Evaluate/eliminate vacant positions (Prog. 033)	Oper	0	(780,827)
25	HHS System	33	Eliminate 2 attorneys (Priority 13 of 19, Prog. 033)	Oper	(139,000)	(139,000)
25	HHS System	33	Reduce expenditures, Environmental Health area (Prog. 033)	Oper	(79,983)	(79,983)
25	HHS System	33	Reduce expenditures, financial services area (Prog. 033)	Oper	(56,000)	(56,000)
25	HHS System	33	Reduce expenditures, Deputy Medical Director's Office (Prog. 033)	Oper	(10,000)	(10,000)
25	HHS System	33	Additional inspectors, community-based DD programs.	Oper	205,482	315,928
25	HHS System	38	Behavioral health aid, regional center savings (prog. 38).	Aid	3,500,000	3,500,000
25	HHS System	38	Rate increase for behavioral health providers (prog. 38).	Aid	1,757,415	3,549,977
25	HHS System	39	Transfer Prog 39 (Childrens Task Force to Prog 347	Oper	(1,889,556)	(1,889,556)
25	HHS System	178	Reduce postage (Prog. 178)	Oper	(3,763)	(3,763)
25	HHS System	179	Reduce operating expenses	Oper	(17,528)	(17,528)
25	HHS System	250	Decrease in depreciation and maintenance per request	Oper	(193,533)	(193,533)
25	HHS System	250	Institutional inflationary increases (Prog. 250)	Oper	69,564	142,222
25	HHS System	250	Annualize deficit , recruitment, retention incentives (Prog. 250).	Oper	73,409	146,818
25	HHS System	250	Transfer in business unit staff (Prog. 250)	Oper	199,209	199,209
25	HHS System	250	One percent provider rate increase (Prog. 250)	Oper	70,782	142,272
25	HHS System	250	Additional 1% for OJS Community-based services	Oper	70,782	143,688
25	HHS System	316	Transfer funding to Program 347 Public Assistance (Prog. 316)	Aid	(156,536)	(156,536)
25	HHS System	344	Base adjustment-SCHIP	Aid	(3,676,218)	(3,676,218)
25	HHS System	344	Two-tiered payment rate for doctor visits in hospitals (Prog. 344)	Aid	0	(62,122)
25	HHS System	344	Lower outpatient reimbursement (Prog. 344)	Aid	0	(56,689)

Agency	Prog	Issue	Type	FY2009-10	FY2010-11
25 HHS System	344	Lower indirect medical education factor (Prog. 344)	Aid	0	(1,219)
25 HHS System	344	Change in the federal match rate (Prog. 348)	Aid	(144,337)	(149,697)
25 HHS System	344	Rates and utilization (Prog. 344)	Aid	240,518	739,188
25 HHS System	344	Additional 1% provider rate for CHIP	Aid	111,475	224,978
25 HHS System	347	Base adjustment- Public Assistance	Aid	(8,288,764)	(8,288,764)
25 HHS System	347	Employment First rate increase and fund shift (Prog. 347)	Aid	(1,787,265)	(1,572,403)
25 HHS System	347	Transfer in predisposition detention from Prog 316 (Prog. 347)	Aid	156,536	156,536
25 HHS System	347	Transfer in child welfare Programs from Prog 039 (Prog. 347)	Aid	1,889,556	1,889,556
25 HHS System	347	Child Care Subsidy increase (Prog. 347)	Aid	5,319,129	7,287,282
25 HHS System	347	AABD Special Rates rate increase (Prog. 347)	Aid	77,205	156,742
25 HHS System	347	Child Welfare utilization and rate increases (Prog. 347)	Aid	770,555	1,537,859
25 HHS System	347	Ed Assistance to State Ward Program increase (Prog. 347)	Aid	171,948	345,615
25 HHS System	347	Emergency Assistance increase (Prog. 347)	Aid	126,590	265,839
25 HHS System	347	IV-E Adoption Assistance increase (Prog. 347)	Aid	661,415	1,584,272
25 HHS System	347	IV-E Foster Care Program decrease (Prog. 347)	Aid	(103,721)	(300,743)
25 HHS System	347	Medically Handicapped Children's Program increase (Prog. 347)	Aid	24,076	48,393
25 HHS System	347	State Disabled -- Maintenance increase (Prog. 347)	Aid	37,902	77,700
25 HHS System	347	State Disabled -- Medical increase (Prog. 347)	Aid	335,434	684,386
25 HHS System	347	State Food Stamp Program utilization increase (Prog. 347)	Aid	16,657	34,147
25 HHS System	347	State Supplement increase (Prog. 347)	Aid	375,965	770,728
25 HHS System	347	Subsidized Adoption increase (Prog. 347)	Aid	1,515,858	3,276,813
25 HHS System	347	Title XX increase (Prog. 347)	Aid	76,506	153,777
25 HHS System	347	Additional 1% for AABD Special Rates	Aid	26,076	53,993
25 HHS System	347	Additional 1% for Child Welfare	Aid	941,152	1,907,042
25 HHS System	347	Additional 1% for IV-E Adoption	Aid	65,106	138,898
25 HHS System	347	Additional 1% for IV-E Foster Care	Aid	38,980	76,626
25 HHS System	347	Additional 1% for Medically Handicapped Children's Program	Aid	24,076	48,875
25 HHS System	347	Additional 1% for State Disabled -- Medical	Aid	85,731	179,255
25 HHS System	347	Additional 1% for Subsidized Adoption	Aid	107,328	233,515
25 HHS System	347	Additional 1% for Title XX	Aid	76,506	155,307
25 HHS System	347	Eliminate funding for adoption incentive Program (Prog. 347)	Aid	(690,000)	(690,000)
25 HHS System	348	Base adjustment-Medicaid	Aid	(19,965,296)	(19,965,296)
25 HHS System	348	Rates and Utilization (Prog. 348)	Aid	15,145,684	35,946,740
25 HHS System	348	Lower outpatient reimbursement (Prog. 348)	Aid	0	(843,137)
25 HHS System	348	Change child care payment for disabled children (Prog. 348)	Aid	0	(725,380)
25 HHS System	348	Payment rate, in-office procedures done in hospital. (Prog. 348)	Aid	0	(637,878)
25 HHS System	348	Premium payments, families at 185% of poverty (Prog. 348)	Aid	0	(426,430)
25 HHS System	348	Lower indirect medical education (IME) factor (Prog. 348)	Aid	0	(49,556)
25 HHS System	348	Adjust the federal "clawback" payment to new estimate	Aid	(172,871)	(182,845)
25 HHS System	348	Change in the federal match rate (Prog. 348)	Aid	(6,016,183)	(6,210,186)
25 HHS System	348	Additional 1% provider rate for Medicaid	Aid	4,538,658	11,599,613
25 HHS System	365	Decrease in maintenance and depreciation expenses	Oper	(1,102,791)	(1,102,791)
25 HHS System	365	Use cash and federal funds to offset general funds per request	Oper	(295,487)	(375,978)
25 HHS System	365	Inflationary increases, regional centers (prog. 365).	Oper	0	81,038
25 HHS System	365	Transfer regional cntr "savings", behavioral health aid (prog. 38).	Oper	(3,500,000)	(3,500,000)
25 HHS System	365	Transfer business facility staff to institutional program (prog. 365).	Oper	211,955	211,955
25 HHS System	421	Decrease in maintenance and depreciation expenses per request	Oper	(402,910)	(402,910)
25 HHS System	421	Contract for pharmacy service at BSDC (prog. 421).	Oper	(1,778,659)	(1,778,659)
25 HHS System	421	Inflationary increases, BSDC (prog. 421).	Oper	156,141	320,680
25 HHS System	421	Department of Justice right-sizing of BSDC (prog. 421).	Oper	2,500,000	2,500,000
25 HHS System	421	Annualize deficit , recruitment, retention incentives (prog. 421).	Oper	241,403	241,403
25 HHS System	421	Governor's Initiative - BSDC Action Plan	Oper	4,794,518	4,684,072
25 HHS System	421	Transfer business facility staff to institutional program (prog. 421).	Oper	205,545	205,545
25 HHS System	424	Develop Disability aid, transitioning from high school (prog. 424).	Aid	560,000	1,280,000
25 HHS System	424	Rate increase for developmental disability providers (prog 424).	Aid	1,844,913	3,735,949
25 HHS System	502	Norfolk community health center funding (Prog. 502)	Aid	100,000	100,000
25 HHS System	502	One percent rate increase, public health aid (Prog. 502)	Aid	121,050	243,311
25 HHS System	502	Additional 1% for Public Health	Aid	121,050	245,732
25 HHS System	514	One percent provider rate increase (Prog. 514)	Aid	41,248	82,908
25 HHS System	514	Additional 1% for Health Aid	Aid	41,248	83,733
25 HHS System	519	Decrease in maintenance and depreciation expenses per request	Oper	(417,441)	(417,441)
25 HHS System	519	Inflationary increases, veterans homes (prog. 519).	Oper	181,741	371,933
25 HHS System	519	Annualize deficit , retention and referral incentives (prog. 519).	Oper	222,204	222,204
25 HHS System	519	Transfer business facility staff to institutional program (prog. 519).	Oper	670,607	670,607
25 HHS System	559	One percent provider rate, care management (Prog. 559)	Aid	19,933	40,066
25 HHS System	559	Additional 1% provider rate for Care Management	Aid	19,933	40,066
25 HHS System	571	One percent provider rate increase, aging services (Prog. 571)	Aid	57,239	115,049
25 HHS System	571	Additional 1% provider rate for aging services	Aid	57,239	116,194
25 HHS System	870	Decrease in maintenance and depreciation expenses per request	Oper	(208,460)	(208,460)
25 HHS System	870	Inflationary increases, Norfolk Center (prog. 870).	Oper	58,434	120,042
25 HHS System	870	27th Payroll, Sex Offender Treatment, Norfolk (prog. 870).	Oper	339,376	0
25 HHS System	870	Annualize deficit, recruitment, retention incentives (prog. 870).	Oper	55,904	55,904
25 HHS System	870	Transfer business facility staff to institutional program (prog. 870).	Oper	40,793	40,793

Agency	Prog	Issue	Type	FY2009-10	FY2010-11	
27	Roads	305	Eliminate, Midwest Interstate Passenger Rail Compact (Prog305).	Oper	(15,574)	(15,574)
28	Veterans Affairs	36	Eliminate one Secretary, reduce operating/travel (Prog36).	Oper	(29,330)	(60,681)
28	Veterans Affairs	37	Costs, new Veterans Cemetery at Alliance (Program 37).	Oper	40,000	100,000
28	Veterans Affairs	37	Eliminate funds, Veterans Cemetery Advisory Board (Program 37).	Oper	(3,000)	(3,000)
29	Natural Resources	304	Soil & Water Conservation Fund, reduce GF aid (Prog. 304)	Aid	(198,619)	(198,619)
29	Natural Resources	311	Water Management Fund, reduce GF (Prog. 311)	Aid	(100,000)	(100,000)
31	Military Dept	192	Set Gov Emergency Fund at \$1,000,000 each year	Aid	500,834	500,834
31	Military Dept	544	Base reduction, offset other increases (Program 544).	Oper	0	(53,604)
31	Military Dept	544	Matching funds, Air Guard facilities (Program 544).	Oper	70,464	76,565
32	Ed Lands & Funds	529	Eliminate deputy director per request	Oper	(76,098)	(76,098)
32	Ed Lands & Funds	529	One-time capital outlay decrease per request	Oper	(2,200)	0
32	Ed Lands & Funds	529	Decrease operating expenses and travel per request	Oper	(1,673)	(3,470)
32	Ed Lands & Funds	529	Shift .15 FTE Drafter from cash to general funds .	Oper	5,600	5,600
33	Game and Parks	336	Adjust one-time SLEBEC bonus from base.	Oper	(1,478)	(1,478)
33	Game and Parks	338	Reduced GF support , Niobrara Council).	Aid	(2,500)	(2,500)
33	Game and Parks	549	Timber management/fire suppression work.	Oper	18,000	0
33	Game and Parks	549	Inflationary increases for certain expenses.	Oper	116,716	249,586
33	Game and Parks	549	Transfer of positions & expenses from Program 617).	Oper	599,863	599,863
33	Game and Parks	617	Transfer of positions & related expenses to Program 549 & 550.	Oper	(599,863)	(599,863)
34	Library Commission	252	Unspecified Library Commission staff reduction. (Prog 252)	Oper	(102,490)	(195,618)
34	Library Commission	302	State aid program reductions. (Program 302)	Aid	(2,821)	(5,770)
35	Liquor Control	73	Reduce Secretary II position to part-time (Prog.73).	Oper	(15,832)	(15,832)
35	Liquor Control	73	Reduce travel expenses (Prog 73)	Oper	(5,000)	(5,000)
46	Corrections	200	Annualization, expanded substance abuse/mental health program	Oper	586,830	615,363
46	Corrections	200	Telephone Upgrade, Server Changes, and GPS for Vehicles	Oper	60,000	60,000
46	Corrections	200	Maintain electronic monitoring of lifetime sex offenders (Prog. 200).	Oper	80,000	120,000
46	Corrections	200	Increases for Other Inmate Per Diem Costs (Prog. 200).	Oper	100,000	120,000
46	Corrections	200	Inmate Food Cost Increases (Prog. 200).	Oper	325,000	400,000
46	Corrections	200	Increase in Inmate Medical Costs (Prog. 200).	Oper	1,500,000	2,000,000
46	Corrections	200	Vehicle Usage and Repair and Maintenance Increases (Prog. 200).	Oper	150,000	150,000
46	Corrections	200	Partially restore funding for DCS Equipment (Prog. 200).	Oper	200,000	200,000
46	Corrections	200	Utilities Increase (Prog. 200).	Oper	783,520	1,018,388
46	Corrections	725	Suspended LB1100 assessments (Prog 725)	Oper	(938,339)	(938,339)
47	NETC	533	Transmission and Retransmission Study. (prog. 533)	Oper	0	35,000
47	NETC	533	Phone System Maintenance Costs. (Priority 18 of 25, prog. 533)	Oper	10,500	10,500
47	NETC	533	Analog savings (Prog 533)	Oper	(300,000)	(300,000)
47	NETC	533	Assistant Engineering Position. (Priority 11 of 25, prog 533)	Oper	(54,425)	(54,425)
47	NETC	533	PBS dues (Prog 533)	Oper	8,700	8,700
47	NETC	566	Radio Operating Expenses (Priority 10 of 25, prog. 566)	Oper	(13,720)	(13,720)
48	Coord Comm	640	Eliminate Administrative Assistant position. (Program 640)	Oper	(32,613)	(40,578)
48	Coord Comm	640	Reduce funds for contractual services. (Program 640)	Oper	(2,819)	(2,819)
48	Coord Comm	640	Reduce funds, Public Info & Special Projects Coordinator	Oper	0	(27,874)
48	Coord Comm	691	Increase, Access College Early Scholarship	Aid	60,000	150,000
50	State Colleges	48	Increase General Funds 1.5% each year	Oper	680,898	1,372,009
51	University of Nebraska	515	Increase General Funds 1.5% each year	Oper	7,381,591	14,873,906
54	Historical Society	648	Base Reduction for 309 Match	Oper	(25,000)	(25,000)
54	Historical Society	648	Transfer Ford Center Positions to Cash (Prog. 648)	Oper	(78,748)	(81,770)
54	Historical Society	648	Reduce 0.8 FTE in Archeology (Prog. 648)	Oper	(34,914)	(52,014)
54	Historical Society	648	Reduce 1.5 FTE Research and Publications (Prog. 648)	Oper	0	(37,301)
54	Historical Society	648	Historic Preservation Matching Funds (Prog. 648)	Oper	0	(34,361)
54	Historical Society	648	Reduce 0.5 FTE in Museum Exhibits (Prog. 648)	Oper	0	(26,643)
64	State Patrol	100	Annualize LB179A, one-time cost.	Oper	(4,200)	(4,200)
64	State Patrol	100	Vacancy Savings, reduction of staff (Prog. 100).	Oper	(625,646)	(642,649)
64	State Patrol	100	Maintenance Contracts (Prog. 100).	Oper	168,000	168,000
64	State Patrol	100	Gasoline price (Prog. 100).	Oper	275,000	275,000
64	State Patrol	100	Recognize DRDP Savings	Oper	(86,449)	(86,449)
64	State Patrol	850	Annualize funding, Public Safety Communications System	Oper	1,144,429	1,182,139
65	DAS	101	Miscellaneous Adjustments (Prog. 101)	Oper	1,144	(1,346)
65	DAS	245	Shift General Funds to Revolving Funds (Prog. 245)	Oper	(255)	(255)
65	DAS	509	Reduction to achieve Governor's recommended funding level.	Oper	(38,868)	(80,353)
65	DAS	535	DAS Assessment to Divisions (Prog 535)	Oper	2,839	9,511
65	DAS	535	Other Adjustment. (Program 535)	Oper	(3,078)	(11,538)

Agency	Prog	Issue	Type	FY2009-10	FY2010-11
65 DAS	560	Increase in various non-personnel operational costs	Oper	40,657	56,050
65 DAS	560	Convert Building Division architectural/engineering to revolving	Oper	(505,657)	(505,657)
65 DAS	560	Other adjustments. (Program 560)	Oper	(80)	(161)
65 DAS	605	Reduce /Eliminate or Change Expenses (Prog 605)	Oper	(43,478)	(90,262)
65 DAS	605	Change in Building Rental (Prog 605)	Oper	(3,318)	(3,318)
65 DAS	605	Change in Applicant Tracking System (Prog 605)	Oper	(20,000)	(20,000)
65 DAS	605	DAS Assessment to Divisions (Prog 605)	Oper	4,211	5,205
65 DAS	605	Other Adjustment. (Program 605)	Oper	(3,157)	(9,475)
65 DAS	608	DAS Assessment to Divisions (Prog 608)	Oper	490	716
65 DAS	608	Increase in Legal Expenses (Prog 608)	Oper	2,632	0
65 DAS	608	Reduce/Eliminate or Change Expenses (Prog 608)	Oper	(14,029)	(23,157)
65 DAS	608	Other Adjustment. (Program 608)	Oper	(290)	(303)
65 DAS	685	Increase in utilities, selected operating expenses	Oper	56,731	113,773
65 DAS	685	Increase in intra-agency charges	Oper	9,378	9,469
65 DAS	685	Reduction in budgeted non-personnel expenses. (Program 685)	Oper	(148,035)	(285,322)
65 DAS	685	Other adjustments. (Program 685)	Oper	(7,312)	(14,210)
67 Equal Opportunity	59	Eliminate one investigator (Prog 59)	Oper	(50,955)	(51,982)
67 Equal Opportunity	59	Eliminate a staff assistant (Prog 59)	Oper	(43,699)	(43,699)
68 Mexican-American	537	Reduce operating cost (Prog 537)	Oper	(17,283)	(17,283)
68 Mexican-American	537	Increase cash to offset general funds.	Oper	(3,882)	0
69 Arts Council	326	Eliminate temporary clerical services.	Oper	(5,019)	(5,019)
69 Arts Council	326	Reduce travel funding for board members.	Oper	(5,010)	(5,010)
69 Arts Council	328	Reduce funding for Aid to the Humanities Council.	Aid	(10,000)	(10,000)
70 Foster Care	116	Add 5 2/3 review specialists (Prog 116)	Oper	43,896	42,772
72 Economic Develop	134	Miscellaneous operating reductions (Prog 134)	Oper	(5,400)	(5,400)
72 Economic Develop	134	Transfer, BECA & Agricultural Opportunities (Prog 134)	Aid	1,000,000	1,000,000
72 Economic Develop	600	Miscellaneous operating reductions (Prog 600)	Oper	(25,700)	(25,700)
72 Economic Develop	601	Transfer Agricultural Opportunities Program to Prog 134	Aid	(850,000)	(850,000)
72 Economic Develop	601	Miscellaneous operating reductions (Prog 601)	Oper	(9,376)	(9,376)
72 Economic Develop	603	Innovation Zone Commission sunsets on December 31, 2010	Oper	0	(46,129)
72 Economic Develop	603	Transfer Building Entrepreneurial Communities (BECA) to 134.	Aid	(150,000)	(150,000)
72 Economic Develop	603	Reallocate surety bond funding to Far East business development.	Oper	0	0
72 Economic Develop	603	Miscellaneous operating reductions	Oper	(58,477)	(117,940)
76 Indian Commission	584	Reduce printing (Prog. 584)	Oper	(5,000)	(5,000)
76 Indian Commission	584	Reduce board and lodging (Prog 584)	Oper	(2,614)	(2,614)
76 Indian Commission	584	Reduce postage (Prog 584)	Oper	(2,500)	(2,500)
76 Indian Commission	584	Reduce temporary employees (Prog 584)	Oper	(2,000)	(2,000)
76 Indian Commission	584	Reduce communications expenses (Prog 584)	Oper	(1,905)	(1,905)
76 Indian Commission	584	Reduce office supplies (Prog 584)	Oper	(1,000)	(1,000)
76 Indian Commission	584	Reduce mileage (Prog 584)	Oper	(1,000)	(1,000)
77 Industrial Relations	490	Under funding of Prog 490 commissioner's expenses. (Prog 490)	Oper	10,737	10,737
77 Industrial Relations	490	Defer Commissioner Conference Travel. (prog. 490)	Oper	(3,000)	(3,000)
77 Industrial Relations	531	Reduce Office Supplies. (prog. 531)	Oper	(183)	(183)
77 Industrial Relations	531	Under funding of Program 490 commissioners' expenses	Oper	(10,737)	(10,737)
78 Crime Commission	220	Baseline reduction (Prog. 220).	Oper	(40,000)	(80,000)
81 Blind/Visually Imprpd	357	Rent increase for non-state owned buildings (prog. 357).	Oper	1,465	2,194
81 Blind/Visually Imprpd	357	Senior Blind Project (priorities 1 & 2 of 8, prog. 357).	Oper	55,000	60,000
82 Hearing Impaired	578	Eliminate the part-time interpreter program coordinator (Prog 578)	Oper	(22,488)	(23,423)
82 Hearing Impaired	578	Increase cash to offset general funds	Oper	(4,150)	(4,150)
83 Community Colleges	151	Increase General Funds 1.5% each year (Program 151)	Aid	1,308,997	2,637,629
84 Environ Quality	513	Reduction in required funding, Superfund program. (Prog 513)	Aid	(211,600)	(193,000)
84 Environ Quality	513	Reallocation of program costs to Federal Funds. (Prog 513)	Oper	(145,491)	(145,491)
84 Environ Quality	513	Eliminate certain Hazardous Waste program activities(Prog 513)	Oper	0	(85,417)
84 Environ Quality	513	Reallocate General Funds from oper to aid, Stormwater Grants	Aid	9,339	9,339
85 Retirement Board	515	Additional funds, Defined Benefits Retirement Plans	Oper	902,275	902,275
87 Account/Disclosure	94	Shift to Cash Funds (Prog. 094)	Oper	(20,000)	(20,000)
93 TERC	115	Contract Mediation Decrease (Prog. 115).	Oper	(7,201)	(4,306)
93 TERC	115	Data Processing Fee Decrease (Prog. 115).	Oper	(2,475)	(2,475)
93 TERC	115	Reduce Funding for Mediation Contract. Priority 1 of 1 (Prog. 115).	Oper	(15,535)	(42,877)
99 Construction	---	Adjust to Preliminary Recommendation	Const	6,933,911	6,413,911

Agency	Prog	Issue	Type	FY2009-10	FY2010-11
All Agencies	---	Annualize Salaries	Oper	2,354,516	2,354,516
All Agencies	---	DAS Accounting / NIS Charges	Oper	(699,081)	(663,056)
All Agencies	---	DAS Transportation Services Bureau (TSB) Rates	Oper	396,066	684,161
All Agencies	---	DAS Workers Compensation Assessment	Oper	(217,760)	(216,880)
All Agencies	---	DAS Vehicle Liability Assessment	Oper	224,083	224,083
All Agencies	---	DAS Building Rent charges	Oper	(32,666)	(42,749)
All Agencies	---	Other DAS rates	Oper	12,363	12,702
All Agencies	---	FY10 / FY11 Salary Increases	Oper	10,051,808	20,344,731
All Agencies	---	FY10 / FY11 Health Insurance Increases	Oper	7,260,385	15,015,400
Total Adjustments (Operations)			Oper	27,842,063	53,809,094
Total Adjustments (State Aid) Aid				27,156,751	105,608,565
Total Adjustments (Construction)			Const	6,933,911	6,413,911
Total General Fund Budget Adjustments			Total	61,932,725	165,831,570

COMPARISON TO GOVERNORS RECOMMENDATION

February 22, 2009	Committee Preliminary			Governors Recommendation		
	FY2008-09	FY2009-10	FY2010-11	FY2008-09	FY2009-10	FY2010-11
1 BEGINNING BALANCE						
2 Beginning Cash Balance	584,106,356	288,703,787	220,756,320	584,106,356	288,839,623	227,768,225
3 Cash Reserve transfers-automatic	(116,976,571)	(14,254,000)	0	(116,976,571)	(14,254,000)	0
4 Carryover obligations from FY08 (net)	(243,194,320)	0	0	(243,194,320)	0	0
5 Allocation for potential deficits	0	(5,000,000)	(5,000,000)	0	(5,000,000)	(5,000,000)
6 Unobligated Beginning Balance	223,935,465	269,449,787	215,756,320	223,935,465	269,585,623	222,768,225
7 REVENUES						
8 Net Receipts (Oct 08 NEFAB + Hist Avg)	3,546,000,000	3,595,000,000	3,712,000,000	3,546,000,000	3,595,000,000	3,712,000,000
9A Possible Forecast Revisions	0	0	0	0	(49,000,000)	(50,000,000)
9 General Fund transfers-out	(120,200,000)	(122,200,000)	(122,200,000)	(120,200,000)	(122,200,000)	(122,200,000)
10 General Fund transfers-in	in forecast	0	0	in forecast	0	0
11 Cash Reserve transfers	54,990,505	0	0	54,990,505	0	0
12 2009 General Fund transfers-out	0	(12,550,000)	(12,750,000)	0	(10,350,000)	(10,450,000)
13 2009 General Fund transfers-in	0	34,650,000	33,250,000	0	33,250,000	33,250,000
14 2009 Cash Reserve transfers	0	0	0	0	40,000,000	40,000,000
15 2009 Revenue Bills	0	0	0	0	160,680	160,680
16 General Fund Net Revenues	3,480,790,505	3,494,900,000	3,610,300,000	3,480,790,505	3,486,860,680	3,602,760,680
17 APPROPRIATIONS						
18 Appropriations Per 2008 Session	3,481,660,742	3,481,660,742	3,481,660,742	3,481,660,742	3,481,591,981	3,481,591,981
19 Projected Mainline budget adjustments	(65,638,559)	61,932,725	165,831,570	(65,861,782)	47,621,425	125,421,701
20 2008 "A" Bills	0	0	0	0	(535,328)	(536,078)
21 General Fund Appropriations	3,416,022,183	3,543,593,467	3,647,492,312	3,415,886,347	3,528,678,078	3,606,477,604
22 ENDING BALANCE						
23 Dollar ending balance (Financial Status as shown)	288,703,787	220,756,320	178,564,008	288,839,623	227,768,225	219,051,301
24 Dollar ending balance (at Minimum Reserve)	209,577,132	--	214,941,256	209,577,132	--	214,491,466
25 Excess (shortfall) from Minimum Reserve	79,126,655	--	(36,377,248)	79,262,491	--	4,559,835
26 Biennial Reserve (%)	4.2%		2.5%	4.2%		3.1%

Over the two-year biennial budget, there is a \$41 million difference between the variance from the minimum reserve under the Committee preliminary budget (-\$36.4 million) and the Governor (+\$4.6 million).

The committee preliminary budget is relatively equal to the Governors recommendation in terms of deficits, General Fund transfers in and General Fund transfers-out.

The Governor incorporated a \$99 million negative adjustment in anticipation of revised revenue forecasts. This was partially offset by an \$80 million transfer from the Cash Reserve Fund to the General Fund. At this time the Committee made no assumption as to a reduction in revenue forecasts nor any subsequent Cash Reserve Fund transfers. Other than this net \$10 million revenue loss, the remainder of the difference is attributed to appropriations over the two year period.

The committee preliminary General Fund budget is \$54.8 million above the Governor over the two years of the biennium, \$14.4 million in FY09-10 and \$40.4 million in FY09-10. This is roughly .75% of the two year total. As noted earlier in the report, the major differences are in a relatively small number of items.

General Fund Appropriations	Governor FY2009-10	Governor FY2010-11	Preliminary FY2009-10	Preliminary FY2010-11
Agency Operations	1,244,018,025	1,259,914,544	1,249,400,041	1,275,367,072
Aid to Individuals	1,007,786,838	1,030,640,311	1,016,074,927	1,054,676,840
Aid to Local Governments	1,262,401,310	1,301,806,594	1,262,946,266	1,302,796,167
Capital Construction	15,007,233	14,652,233	15,172,233	14,652,233
Total General Funds	3,529,213,406	3,607,013,682	3,543,593,467	3,647,492,312

Differences from Governor (Operations/Aid)	\$ Difference from Governor		
	FY2009-10	FY2010-11	Two Yr Total
Agency Operations	5,382,016	15,452,528	20,834,544
Aid to Individuals	8,288,089	24,036,529	32,324,618
Aid to Local Governments	544,956	989,573	1,534,529
Capital Construction	165,000	0	165,000
Total General Funds	14,380,061	40,478,630	54,858,691

Differences from Governor (Major Items)	\$ Difference from Governor		
	FY2009-10	FY2010-11	Two Yr Total
HHS provider rate increases (2% increase versus 1%)	7,204,048	17,022,503	24,226,551
Agency base/other reductions	3,052,416	7,155,557	10,207,993
University and State Colleges funding (1.5% increase vs 1%)	2,687,497	5,442,181	8,129,678
Salaries and Health Insurance (higher base and fund mix)	3,065,195	4,456,163	7,521,358
Child Care market rates (Gov included LB319)	1,560,957	1,560,957	3,121,914
All Other	(3,190,052)	4,841,249	1,651,198
Total Difference from Governor	14,380,061	40,478,630	54,858,691

Almost half of the total difference is in a 1% per year higher HHS provider rate increase. The Governor recommended a 1% per year increase; the Committee preliminary budget contains a 2% per year increase.

The Governor's recommendation included a cumulative total of \$31.1 million of state agency budget reductions over the two year period. This included specific items that some agencies identified in their budget request to offset projected salary and health insurance increases. In the absence of items specified by the agency, the Governor applied a "base reduction" to offset the salary and health insurance increase. The Committee preliminary budget includes \$20.9 million of reductions over the two year period, offering lesser cuts in selected agencies such as the State Patrol, Legislative Council, and Court System.

For the University and State College the Governor and Appropriations Committee did not specify funding actions for salary and health insurance increases with any offsetting reductions, but simply applied an overall budget increase. The Governor provided a 1% per year increase while the Appropriations Committee included a 1.5% per year increase. Although the Committee number is significantly higher in terms of dollar amounts, in neither case is the increase provided sufficient to offset salary and health insurance costs.

With respect to state agency salary and health insurance increases, both the Governor and Appropriations Committee utilized a 2.5% per year increase in salary increases and 10% per year

increase in health insurance rates. However the dollar amount in the Committee Preliminary budget is higher due to differing bases on which to apply the increases. For salaries, the Governor utilized a base taking a snapshot of staffing on a specific day (Fall 2008) and then using that to create a fiscal year total on which to apply the increase. This method does not take into account positions that were vacant at that single point in time but were subsequently filled. The Committee preliminary number is based on the agencies projected full year FY08-09 budgeted amounts. With health insurance, the Governors base numbers were calculated prior to the availability of information on plan shifts that occurred in the fall open enrollment. With Coventry not being a January 2009 option, those employees who had Coventry coverage mostly shifted to higher cost Blue Cross –Blue Shield options. This caused a significantly higher “base” on which the Committee’s preliminary budget was calculated.

For child care rates, the Governors recommendation was based on the passage of LB319. Under current statute, HHS is required to adjust the child care payment rate for child care every odd-numbered year at a rate not less than the 60th percentile and not to exceed the 75th percentile of the current market rate survey. LB319 replaces the 60th percentile “floor” with 50th percentile in adjusting the child care payment rate. The Governor’s recommendation is based on the 50th percentile allowed under LB319 while the Committee preliminary budget is based on current law.

STATUTORY CHANGES REQUIRED

New Bill Introduction, Rule 5

Rule 5 of the “Rules of the Nebraska Unicameral Legislature,” authorize the Appropriations Committee the opportunity to introduce new bills in conjunction with the issuance of their Preliminary Report. The intent of the rule change is to give the committee the opportunity to review budget requests, develop an initial recommendation and then proceed to hearing on proposed funding levels while other standing committees can hear the new bills that enable the recommendation.

THE SPECIFICS OF THE COMMITTEE PRELIMINARY BUDGET DO NOT REQUIRE INTRODUCTION OF NEW BILLS. HOWEVER, IT IS CLEAR THAT THE AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) WILL BE OF SIGNIFICANT CONSEQUENCE TO POST HEARING DECISIONS AND IT APPEARS LIKELY A SEPARATE BILL WILL BE CONSIDERED FOR INTRODUCTION UNDER THIS RULE TO APPROPRIATE ARRA FUNDS.

Appropriations Committee: Other Bills

The Committee Preliminary budget takes into consideration bills already introduced by individual senators or committees. Funding levels have been adjusted in anticipation of the passage of these bills.

LB 545 (Adams) Change the Tax Equity and Educational Opportunities Support Act

LB 318 (Speaker Flood at the request of the Governor) Change provisions governing depreciation charges for capital improvement projects

Governor Recommendation: Other Bills

In addition to assumed TEEOSA aid changes (LB545 in some form), the Governor assumed passage of several bills to enable the specifics of his recommendation.

LB 91 (Howard) HHS Guardianship subsidy to adoption subsidy

LB 101 (Carlson) Extend the Termination Date on the Farm Mediation Act

LB 115 (Louden) Eliminate the Veterans Cemetery Advisory Board

LB 199 (Stuthman) Child Support Enforcement Program Improvement

LB 318 (Speaker Flood at the request of the Governor) Change provisions governing depreciation charges for capital improvement projects

LB 319 (Speaker Flood at the request of the Governor) Change provisions relating to child care reimbursement

Mainline Appropriations Bills

The following bills are the standard appropriations bills as introduced by the Governor that authorize the bulk of state government expenditures. They are listed here for information only.

LB 311 (Speaker Flood at the request of the Governor) Provide for deficit appropriations and make certain transfers

LB 312 (Speaker Flood at the request of the Governor) Provide appropriations for legislative salaries

LB 313 (Speaker Flood at the request of the Governor) Appropriate funds for salaries of constitutional officers

LB 314 (Speaker Flood at the request of the Governor) Provide appropriations for capital construction

LB 315 (Speaker Flood at the request of the Governor) Appropriate funds for state government expenses

LB 316 (Speaker Flood at the request of the Governor) Create and transfer funds

LB 317 (Speaker Flood at the request of the Governor) Transfer money from the Cash Reserve Fund