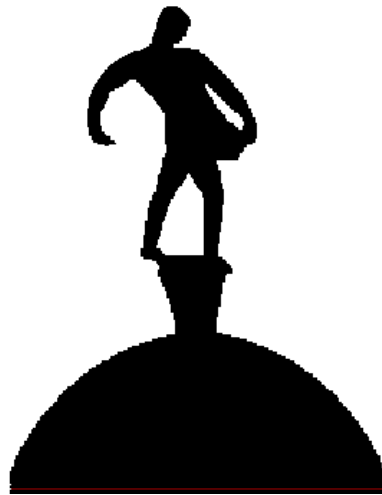


Appropriations Committee Preliminary Report

FY23-24 / FY24-25
Biennial Budget



Nebraska Unicameral Legislature
One Hundred Eighth Legislature, First Session
February 2023

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.

GENERAL FUND FINANCIAL STATUS

At Sine Die 2022, the projected financial status for the FY24/25 biennium was \$112.3 million BELOW the minimum reserve. At that point, FY24/25 were the “out years” in the five year financial status, and there was no projection for FY26/27 biennium.

The financial status improved significantly in November 2022 when the TRR Committee met. The variance from the minimum reserve went from a negative \$112.3 million to a surplus of \$1.92 billion due to revenue forecasts. At the October 28, 2022 meeting, the NEFAB increased their forecasts for FY2022-23 by \$620.6 million. The amount is estimated to be transferred to the Cash Reserve Fund. The NEFAB also set the forecast for the first time for FY2023-24 and FY2024-25. The forecasts exceeded the LFO preliminary estimates by \$809.5 million FY2023-24 and \$1.059 billion in FY2024-25 for a two year total of \$1.868 billion. The revised revenue estimates and revised appropriations estimates based on agency requests brought the surplus to \$1.92 billion.

The Appropriations Committee Preliminary budget set forth here shows a balanced budget with a surplus of \$464 million for the FY24/25 biennium.

ALLOCATION FOR POST HEARING ADJUSTMENTS

The Appropriations Committee, as shown on the General Fund financial status in arriving at the \$465.0 million surplus in the FY24/25 biennium, has included an allocation of “pending mainline item” (shown in line 21a of the status) and “pending General Fund transfers” (shown in line 12a of the status). These allocations are included in the General Fund financial status by the Committee in its preliminary budget to account for additional budget priorities, Governor’s initiatives, and legislation in the Appropriations Committee. This allows for the Committee to receive comments and input on these significant items during the agency and bill hearing process before making final recommendation on these major funding areas. A similar allocation is made on the Cash Reserve Fund cash flow (see page 4) of \$703,350,000 for “pending transfers” from the Cash Reserve Fund.

GENERAL FUND REVENUES

The FY21-22 actual receipts were \$624.0 million above the February 2022 forecasts of the Nebraska Economic Forecast Advisory Board (NEFAB). Rate and base adjusted revenue growth was 18.7% compared to the February forecasted 10.7%. The FY22-23 forecast was certified in July and, other than adjustments for legislation enacted in the 2022 session, remained unchanged because the NEFAB was not scheduled to meet until October 2022.

At the October 28, 2022 meeting, the NEFAB increased their forecasts for FY22-23 by \$620.6 million. The NEFAB also set the forecast for the first time for FY23-24 and FY24-25. The forecasts exceeded the LFO preliminary estimates by \$809.5 million FY23-24 and \$1.059 billion in FY24-25 for a two year total of \$1.868 billion. These forecasts yield a projected adjusted revenue growth of 2.5% in FY23-24 and 3.3% in FY24-25, an average growth of 2.9%. While this two year growth is below the historical average, the FY22-23 growth of 5.1% brings the three year average growth to 3.6%.

Following the extraordinary revenue growth of the past two years and the subsequent impact on the historical average growth rates used in the historical average methodology for calculating the “out year” revenue estimates, LFO has utilized the average of the LFO and NDR forecast estimates for FY26 and FY27 to project the revenue in those years for this

biennium. Additional detail regarding the rationale regarding this change in methodology can be found in the General Fund Revenue section of this report.

LFO Prelim estimates for FY25-26 and FY26-27 are the average of all forecasts (LFO IHS, LFO Moody's, NDR IHS, and NDR Moody's). Rate and base adjusted growth in FY25-26 is 3.6% and in FY26-27 is 4.5% for a two year average of 4.1%. Five year average growth for the status period is 3.8%.

The Forecast Board will meet on Friday February 24, 2023 and again in late April 2023 to review the current forecasts. Changes to these forecasts will result in changes to the projected financial status as noted in this report. FY22-23 year to date revenues (through January) are \$54 million below the October 2022 forecast level. However, how the last three month revenue performance translates into the final months and into the next two fiscal years is unknown.

GENERAL FUND SPENDING GROWTH

Budget growth in the Committee preliminary budget is 4.9% in FY24 and 0.5% in FY25 for a two year average of 2.7%. This is higher than the Governor's recommendation of 1.3%, but currently includes the "pending mainline item" of \$170.7 million in FY23 and \$194.8 million in FY25.

Budget growth is lower than the pre-session estimate, which was 4.5% in FY24 and 1.6% in FY25, for a two year average of 3.1%. Much of the decline is due to a reduction in TEEOSA state aid under current law and an increase in the Federal Medical Assistance Percentage (FMAP), which results in General Fund savings.

COMPARISON TO GOVERNOR'S RECOMMENDATION

Over the two-year biennial budget, there is a \$246.5 million difference between the variance from the minimum reserve under the Committee preliminary budget at \$465.0 million above the minimum reserve and the Governor at \$218.4 million above the minimum reserve.

The Committee Preliminary budget is above the Governor's recommendation mostly due to the inclusion of revenue reduction legislation included in the Governor's recommendation that is contained in bills being considered by the Legislature. This legislation, listed on the last page of this report as included in the Governor's Executive Budget, is being considered in multiple committees of the Legislature, and therefore not shown in the General Fund financial status at this point in the session. The fiscal impact of this legislation in the Governor's Executive Budget financial status is \$124.5 million in FY24 and \$332.5 million in FY25.

CASH RESERVE FUND

The Cash Reserve Fund (CRF) unobligated balance is projected at \$1.60 billion based on current forecasts, actions taken in prior legislative sessions, and the Appropriations Committee Preliminary Budget, including an allocation for "pending transfers." This is a \$357 million increase over the \$1.245 billion projected balance at the end of the 2022 legislative session but lower than the \$2.31 billion level per the November 2022 Tax Rate Review Committee report.

This increase is attributed to an estimated \$620.6 million transfer based on the October 2022 forecast. The Committee Preliminary budget then utilizes \$540,000 in FY23 and \$2.215 billion in FY24. The Committee also allocates \$703.35 million in "pending transfers" for additional transfers in FY24.

The Governor utilized a total of \$540,000 in FY23 and \$689,285,000 million from the CRF in FY24. This includes \$574.5 million to the Perkins County Canal Project Fund, \$95.85 million to the Nebraska Capital Construction Fund (NCCF) for the remainder of the funding for a prison facility (remaining amounts were transferred in previous session), \$11.32 million to the Health and Human Services Cash Fund, \$3 million to the State Colleges Insurance Risk Loss Trust, \$1.4 million to the State Building Revolving Fund, \$1.1 million to the Accounting Division Revolving Fund, \$1.115 million to the Public Safety Fund. The recommendation also includes a \$2 million transfer to the CRF from the Governor's Emergency Fund. The transfer in FY23 is to the NCCF for construction projects for Nebraska Education Telecommunications Commission.

PROJECTED 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

	Current Year FY2022-23	Upcoming Biennium FY2023-24 FY2024-25		Est for Following Biennium FY2025-26 FY2026-27	
1 BEGINNING BALANCE					
2 Beginning Cash Balance	2,494,107,852	1,274,448,401	312,028,802	802,697,938	1,253,978,319
3 Cash Reserve transfers-automatic	(1,287,998,995)	(620,625,000)	0	0	0
4 Carryover obligations from FY21	(550,340,572)	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	655,768,285	648,823,401	307,028,802	797,697,938	1,248,978,319
7 REVENUES & TRANSFERS					
8 Net Receipts (LFO methodology)	6,445,000,000	6,475,000,000	6,555,000,000	6,699,627,000	6,891,471,000
9 General Fund transfers-out (current law)	(517,853,459)	(337,010,000)	(332,010,000)	(322,010,000)	(322,010,000)
10 General Fund transfers-in (current law) in forecast		0	0	0	0
11 Cash Reserve transfers (current law)	(50,000,000)	0	0	0	0
12 2023 General Fund transfers-out	(100,000,000)	(136,273,825)	(111,958,800)	(85,000,000)	(85,000,000)
12a Pending General Fund transfers (LB 814)	0	(1,000,000,000)	(250,000,000)	(250,000,000)	(250,000,000)
13 2023 General Fund transfers-in	0	39,295,957	39,295,957	0	0
14 2023 Revenue Bills	0	0	0	0	0
15 General Fund Net Revenues	5,777,146,541	5,041,012,132	5,900,327,157	6,042,617,000	6,234,461,000
16 APPROPRIATIONS					
17 Expenditures / Appropriations (2022 Session)	5,125,672,253	5,125,672,253	5,125,672,253	5,125,672,253	5,125,672,253
20 2023 Committee Preliminary	31,878,189	81,456,016	84,229,845	84,229,845	84,229,845
21 Projected budget increase, following biennium	0	0	0	181,678,599	383,735,447
21a Pending Mainline Items (LB 814)	0	170,678,462	194,755,923	194,755,923	194,755,923
22 2023 State Claims	915,983	0	0	0	0
23 2023 "A" Bills	0	0	0	0	0
24 General Fund Appropriations	5,158,466,425	5,377,806,731	5,404,658,021	5,586,336,620	5,788,393,468
25 ENDING BALANCE					
26 \$ Ending balance (per Financial Status)	1,274,448,401	312,028,802	802,697,938	1,253,978,319	1,695,045,850
27 \$ Ending balance (at Min. Reserve 3.0%)			337,723,185		380,964,348
28 Excess (shortfall) from Minimum Reserve			464,974,753		1,314,081,503
29 Biennial Reserve (%)			7.4%		14.9%
General Fund Appropriations					
30 Annual % Change - Appropriations (w/o deficits)	6.4%	4.9%	0.5%	3.4%	3.6%
31 Two Year Average	3.5%	--	2.7%	--	3.5%
32 Est. Revenue Growth (rate/base adjusted)	5.1%	2.5%	3.3%	3.6%	4.6%
33 Two Year Average	11.9%	--	2.9%	--	4.1%
34 Five Year Average	10.2%	--	8.6%	--	3.8%
35 Unadjusted % change over prior year	1.5%	0.5%	1.2%	2.2%	2.9%
36 On-Going Revenues vs Appropriations	701,474,289	(336,984,668)	494,785,288	455,396,532	445,183,684

CASH RESERVE FUND

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 (CRF). These would take place in July of the fiscal year following completion of that year.

The provisions of LB1107 created a new calculation for purposes of automatic transfers to the CRF through FY22-23. Previously, the amount above certified would all go to the CRF. However, under the provisions of LB1107, the amount transferred to the CRF is the amount above the certified forecast less any amount net receipts exceed 103.5% of the previous year's net receipts. Under LB 1107, this amount that net receipts exceed 103.5% of the previous year's net receipts was added to the calculation of the income tax credit for property taxes paid to schools. As a result, in FY21-22, the CRF transfer based on actual FY20-21 receipts was \$198.7 million, or the \$285.4 million above certified revenues less the \$86.7 million increase in the credit.

The Legislature amended the calculation of the LB 1107 income tax credit to a fixed amount in LB 873 in 2022, but did not amend the provision relating to the transfer to the Cash Reserve Fund. As a result, the amount net receipts exceed 103.5% of the previous year's net receipts, rather than increasing the amount of the income tax credit for property taxes paid to schools is retained in the General Fund. In FY22-23, the CRF transfer based on actual FY21-22 receipts was \$1.287 billion, or the \$1.469 billion above certified revenues less the \$181 million retained in the General Fund.

The **Appropriations Committee Preliminary Budget** utilizes \$540,000 in FY23 and \$2.215 million in FY24 of Cash Reserve Fund monies, including a \$1.1 million transfer to the Accounting Division Revolving Fund and a \$1.115 million transfer to the Public Safety Fund. However, the last line on the Cash Reserve Cash Flow (Table 2) is called "Pending Transfers" to account for pending budget items and bills under consideration by the Appropriations Committee that utilize the Cash Reserve Fund. Historical balances and the ending balance as a percentage of General Fund revenue are shown in Table 3.

Table 2 - Cash Reserve Fund Cash Flow

CASH RESERVE FUND	FY2022-23	FY2023-24	FY2024-25	Estimated	Estimated
				FY2025-26	FY2026-27
Beginning Balance	927,522,595	1,687,601,590	1,602,661,590	1,602,661,590	1,552,661,590
Excess of certified forecasts (line 3 in Status)	1,287,998,995	620,625,000	0	0	0
To/from Gen Fund per current law	50,000,000	0	0	0	0
To Nebr Capital Construction Fund (NCCF)	(216,120,000)	0	0	0	0
To University Next project (LB1107-2020)	0	0	0	(50,000,000)	(50,000,000)
To Perkins County Canal Fund	(53,500,000)	0	0	0	0
To Jobs & Econ Develop Initiative (STARWARS)	(80,000,000)	0	0	0	0
To Nebr Rural Projects Act (LB 788-2022)	(50,000,000)	0	0	0	0
To Trail Develop/Improve Fund (LB 813-2022)	(8,300,000)	0	0	0	0
To Rural Workforce Housing fund (LB 1071)	(30,000,000)	0	0	0	0
To Surface Water Irrigation Fund (LB 1074)	(50,000,000)	0	0	0	0
To Intern Nebraska Cash Fund (LB 1167)	(20,000,000)	0	0	0	0
To Site & Building Fund, US Strategic Command fa	(20,000,000)	0	0	0	0
To Military Base Development fund (LB 1233)	(30,000,000)	0	0	0	0
To Middle Income Housing fund (LB 1252)	(20,000,000)	0	0	0	0
To Public Safety Fund	0	(1,115,000)	0	0	0
To Accounting Division Revolving Fund	0	(1,100,000)	0	0	0
Pending Transfers (LB 819)	0	(703,350,000)	0	0	0
Projected Unobligated Ending Balance	1,687,601,590	1,602,661,590	1,602,661,590	1,552,661,590	1,502,661,590

Table 3 Cash Reserve Fund – Historical Balances

	Beginning Balance	Direct Deposit and Interest	Automatic Transfers (1)	Legislative Transfers (2)		Ending Balance	EB as % of revenues
				Gen Fund	Other Funds		
FY1991-92	31,937,043	0	na	(5,000,000)	0	26,937,043	1.8%
FY1992-93	26,937,043	0	na	(9,500,000)	0	17,437,043	1.1%
FY1993-94	17,437,043	0	3,063,462	7,250,000	0	27,750,505	1.7%
FY1994-95	27,750,505	0	(8,518,701)	7,250,000	(6,000,000)	20,481,804	1.2%
FY1995-96	20,481,804	0	(20,481,804)	18,189,565	0	18,189,565	1.0%
FY1996-97	18,189,565	0	19,740,786	3,032,333	0	40,962,684	2.0%
FY1997-98	40,962,684	0	91,621,018	0	0	132,583,702	6.3%
FY1998-99	132,583,702	0	111,616,422	(96,500,000)	(2,000,000)	145,700,124	6.9%
FY1999-00	145,700,124	0	20,959,305	3,500,000	(28,000,000)	142,159,429	5.9%
FY2000-01	142,159,429	0	77,576,670	(24,500,000)	(25,000,000)	170,236,099	6.9%
FY2001-02	170,236,099	0	0	(59,800,000)	(370,000)	110,066,099	4.7%
FY2002-03	110,066,099	66,476,446	0	(87,400,000)	0	59,142,545	2.4%
FY2003-04	59,142,545	59,463,461	0	(61,191,862)	(385,807)	87,028,337	3.2%
FY2004-05	87,028,337	8,170,556	108,727,007	(26,000,000)	(758,180)	177,167,720	5.8%
FY2005-06	177,167,720	0	261,715,297	0	(165,266,227)	273,616,790	8.2%
FY2006-07	273,616,790	0	259,929,524	(15,674,107)	(1,784,416)	516,087,791	15.1%
FY2007-08	516,087,791	0	191,436,773	(60,177,767)	(101,801,000)	545,545,797	15.6%
FY2008-09	545,545,797	0	116,976,571	(54,990,505)	(29,340,000)	578,191,863	17.2%
FY2009-10	578,191,863	0	0	(105,000,000)	(5,990,237)	467,201,626	14.6%
FY2010-11	467,201,626	0	0	(154,000,000)	0	313,201,626	8.9%
FY2011-12	313,201,626	8,422,528	145,155,092	(37,000,000)	3,560,802	428,878,372	11.6%
FY2012-13	428,878,372	0	104,789,781	(78,000,000)	(76,008,427)	384,121,402	9.5%
FY2013-14	384,121,402	0	285,292,610	49,400,000	251,294	719,065,306	17.5%
FY2014-15	719,065,306	0	96,721,232	(67,701,112)	(20,250,000)	727,835,426	16.9%
FY2015-16	727,835,426	0	84,599,532	0	(81,779,850)	730,655,108	17.0%
FY2016-17	730,655,108	0	0	0	(50,000,000)	680,655,108	16.0%
FY2017-18	680,655,108	265,729	0	(225,000,000)	(115,930,772)	339,990,065	7.4%
FY2018-19	339,990,065	0	61,995,773	(48,000,000)	(20,436,714)	333,549,124	6.8%
FY2019-20	333,549,124	0	176,378,178	0	(83,619,600)	426,307,702	8.6%
FY2020-21	426,307,702	0	10,655,528	0	30,000,000	466,963,230	7.8%
FY2021-22	466,963,230	0	535,259,366	50,000,000	(124,700,000)	927,522,596	14.6%
FY2022-23	927,522,596	0	1,287,988,911	50,000,000	(577,920,000)	1,687,591,507	26.2%
FY2023-24 Est	1,687,591,507	0	620,625,000	0	(705,565,000)	1,602,651,507	24.8%
FY2024-25 Est	1,602,651,507	0	0	0	0	1,602,651,507	24.4%
FY2025-26 Est	1,602,651,507	0	0	0	(50,000,000)	1,552,651,507	23.2%
FY2026-27 Est	1,552,651,507	0	0	0	(50,000,000)	1,502,651,507	21.8%

GENERAL FUND REVENUES

General Fund Revenue Forecasts

The FY21-22 actual receipts were \$624.0 million above the February 2022 forecasts of the Nebraska Economic Forecast Advisory Board (NEFAB). Rate and base adjusted revenue growth was 18.7% compared to the February forecasted 10.7%. The FY22-23 forecast was certified in July and, other than adjustments for legislation enacted in the 2022 session, remained unchanged because the NEFAB was not scheduled to meet until October 2022.

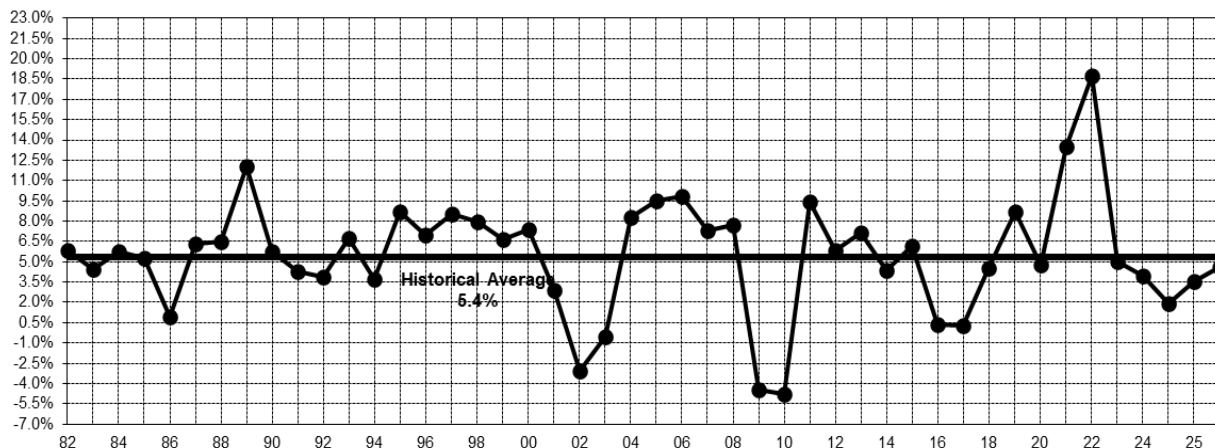
At the October 28, 2022 meeting, the NEFAB increased their forecasts for FY22-23 by \$620.6 million. The NEFAB also set the forecast for the first time for FY23-24 and FY24-25. The forecasts exceeded the LFO preliminary estimates by \$809.5 million FY23-24 and \$1.059 billion in FY24-25 for a two year total of \$1.868 billion. These forecasts yield a projected adjusted revenue growth of 2.5% in FY23-24 and 3.3% in FY24-25, an average growth of 2.9%. While this two year growth is below the historical average, the FY22-23 growth of 5.1% brings the three year average growth to 3.6%.

THE FORECAST BOARD WILL MEET ON FRIDAY FEBRUARY 24, 2023 AND AGAIN IN LATE APRIL 2023 TO REVIEW THE CURRENT FORECASTS. CHANGES TO THESE FORECASTS WILL RESULT IN CHANGES TO THE PROJECTED FINANCIAL STATUS.

Table 4 General Fund Revenue Forecasts and Growth Rates

	NEFAB FY2022-23	NEFAB FY2023-24	NEFAB FY2024-25	LFO Prelim FY2025-26	LFO Prelim FY2026-27
Actual/Forecast					
Sales and Use Tax	2,400,000,000	2,500,000,000	2,600,000,000	2,688,855,000	2,777,473,000
Individual Income Tax	3,200,000,000	3,250,000,000	3,275,000,000	3,356,511,000	3,463,213,000
Corporate Income Tax	575,000,000	475,000,000	450,000,000	427,561,000	432,510,000
Miscellaneous receipts	270,000,000	250,000,000	230,000,000	226,700,000	218,275,000
Total General Fund Revenues	6,445,000,000	6,475,000,000	6,555,000,000	6,699,627,000	6,891,471,000
Adjusted Growth					
Sales and Use Tax	7.5%	3.5%	4.0%	3.3%	3.2%
Individual Income Tax	5.8%	4.3%	3.6%	4.7%	5.5%
Corporate Income Tax	-8.1%	-8.0%	1.6%	2.0%	5.8%
Miscellaneous receipts	17.9%	-1.8%	-4.0%	-7.8%	1.9%
Total General Fund Revenues	5.1%	2.5%	3.3%	3.6%	4.6%
Two Yr Average	11.9%	--	2.9%	--	4.1%
Five Yr Average	10.2%	--	8.6%	--	3.8%

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



Following Biennium (FY25-26 and FY26-27)

The NEFAB does not make official forecasts for the following biennium or what's commonly referred to as the "out years." "Out year" estimates have traditionally been derived by the Legislative Fiscal Office (LFO) 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 (FY23 to FY27) roughly equal to the 40 year historical average (5.4%) less 0.25%, which is the projected impact of indexing the tax brackets as enacted in 2014 (LB987). 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 (Table 5 on page 7). The "capped" provision of this methodology means that the derived growth needed in the out years to achieve the historical average cannot be higher than the "above average" growth years nor lower than the "below average" growth years. Using the methodology has generally allowed for the Legislature to budget to the average over the five year period.

Over the past 41 years, there were 16 years in which revenue growth was "below average" (1.7% average) and 25 years in which revenue growth was above average (8.1% average). Because the revenue growth in the NEFAB forecasts is below average, using this methodology the revenue growth needed to yield a 5.1% five year average is 7.4% in both FY25-26 and FY26-27.

Alternative methods are also available for purposes of deriving revenue estimates for the following biennium. In addition to LFO's historical average methodology, both the Nebraska Dept. of Revenue (NDR) and Legislative Fiscal Office (LFO) have calculated revenue estimates for these two "out years" using the same models and input from IHS Economics (now S&P Global) and Moody's Analytics, the national forecasting services used as input into the tax forecast models.

In prior years, LFO has been reluctant to use "out year" forecast estimates for projecting revenue for the "out years" because there is some tendency of the forecasts to flatten out and follow current trends into those years without picking up changes in the trend line. However, LFO has determined it is prudent to deviate from its historical methodology in projecting revenue for the FY25-26 and FY26-27 biennium for several reasons.

In the past two fiscal years, extraordinary circumstances, including federal stimulus programs, have led to two consecutive record revenue growth years. The five year average for the period FY18-19 to FY22-23 was 10.1%, which is nearly double the historical average. The revenue growth in FY20-21 was 13.5% and FY21-22 was 18.7%, both record highs at the time they were recorded, and so much higher than previous years' growth rates that these two years alone drove up the historical average, in use since 1981, from 4.8% to 5.4%.

This extraordinary revenue growth occurred not just in Nebraska, but in most other states. It is uncertain as to whether these increases are due solely to economic conditions or to a broadening of the base in some regard. Additionally, it is uncertain whether there is a correction to be anticipated in terms of a negative growth rate for a period of time. In the past, there has normally been a downward trend in revenue growth that corresponds with the upwards trend. The historical average methodology at this point in time does not account for a corresponding downward trend that adequately accounts for the extraordinary revenue growth the state has seen the previous two years, in light of the fact that the highest revenue growth years are not accounted for in the five-year average calculation in the current status, which only includes FY22-23 through FY26-27.

Additionally, in preparing the volatility report, attached to the November 2022 Tax Rate Review Committee Report, it became apparent that the state has followed a rather predictable trend in forecast errors. Since FY1984-85, there has been a regular pattern of actual receipts exceeding the forecast one year prior for a period of four to five years, followed by a period of two to four years of actual receipts coming in lower than the forecast one year prior. These forecast errors on the negative side have corresponded with recessions, and in most instances, budget shortfalls. Following the end of FY21-22, the state has had four consecutive years of actual receipts exceeding the forecast one year prior, and it seems highly unlikely, following the pattern, that this will continue indefinitely.

For these reasons, LFO has determined the best methodology in these circumstances is to use the LFO and NDR forecast estimates for FY26 and FY27 to project the revenue in those years.

LFO Prelim estimates for FY25-26 and FY26-27 are the average of all forecasts (LFO IHS, LFO Moody's, NDR IHS, and NDR Moody's). Rate and base adjusted growth in FY25-26 is 3.6% and in FY26-27 is 4.5% for a two year average of 4.1%. Five year average growth for the status period is 3.8%.

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 effect as an appropriation in that they reduce available funds, but are not expended as such and thus are shown under the revenue category (on the Financial Status, see line 9 for transfers in current law, line 12 for Committee preliminary approved transfers, and line 12a for pending transfers).

Table 5 - General Fund Transfers Out

	Current Yr	Biennial Budget		Following Biennium	
	FY2022-23	FY2023-24	FY2024-25	FY2025-26	FY2026-27
Property Tax Credit Fund	(310,000,000)	(310,000,000)	(310,000,000)	(310,000,000)	(310,000,000)
Water Resources Cash Fund	(3,300,000)	0	0	0	0
Cultural Preservation Endowment Fund (with LB142)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
Water Sustainability Fund	(11,000,000)	(11,000,000)	(11,000,000)	(11,000,000)	(11,000,000)
NCCF- Corrections overcrowding	0	0	0	0	0
Prison Overcrowding Contingency Fund	0	0	0	0	0
Nebraska Revolving Loan Fund (per LB1107-2020)	(5,000,000)	0	0	0	0
Hall of Fame Trust Fund (LB 42-2021)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
Customized Job Training Cash Fund (LB 391-2021)	0	0	0	0	0
Nebraska Film Office Cash Fund (2021)	0	0	0	0	0
Public Advocacy Cash Fund (2021)	(520,000)	0	0	0	0
Municipal gas emergency act (LB131-2021)	0	0	0	0	0
Municipal Inland Port Authority Act (LB156-2021)	(5,000,000)	(5,000,000)	0	0	0
Shovel-Ready Capital Recovery/Invest Act (LB566-2021)	(15,000,000)	0	0	0	0
Water Recreation Enhancement Fund (STARWARS) (LB 1011-2022)	(100,000,000)	0	0	0	0
NCCF - Fund shifts and new projects (LB 1011-2022)	(40,723,459)	0	0	0	0
Jobs & Econ Development Initiative (STARWARS) (LB 1011-2022)	(20,000,000)	0	0	0	0
Governors Emergency Fund (for Peru Levee) (LB 1011-2022)	(5,000,000)	0	0	0	0
Community College State Dependents Fund (LB 1011-2022)	(1,000,000)	0	0	0	0
Economic Recovery Act (LB 1024-2022)	0	(10,000,000)	(10,000,000)	0	0
LB 1102 Nebr Environmental Response Act (LB 1102-2022)	(300,000)	0	0	0	0
General Fund Transfers-Out (Current Law)	(517,853,459)	(337,010,000)	(332,010,000)	(322,010,000)	(322,010,000)
Property Tax Credit Fund (Committee Prelim Add. Amt)	0	(50,000,000)	(85,000,000)	(85,000,000)	(85,000,000)
NCCF - Fund shifts & new projects (Committee Prelim Amt)	0	(85,273,825)	(25,458,800)	0	0
Community College State Dependents Fund (Committee Prelim Amt)	0	(1,000,000)	(1,500,000)	0	0
Roads Operations Cash (Committee Prelim Deficit Transfer)	(100,000,000)	0	0	0	0
Pending Transfers (For Bills and Pending Items)	0	(1,000,000,000)	(250,000,000)	(250,000,000)	(250,000,000)
General Fund Transfers-Out (Committee Prelim)	(100,000,000)	(1,136,273,825)	(361,958,800)	(335,000,000)	(335,000,000)
Total-General Fund Transfers-Out	(617,853,459)	(1,473,283,825)	(693,968,800)	(657,010,000)	(657,010,000)

Property Tax Credit Cash Fund

Under this program transfers are made to the Property Tax Credit Cash Fund at the discretion of the Legislature. Based on the amount of funds available, monies are then allocated to counties by the ratio of the real property valuation in the county to the real property valuation in the state. Counties then allocate funds as credit to each tax payer again based on their proportionate value. Enacted in 2007, the amount available for credits was \$105 million in FY07-08, and \$115 million in FY08-09 through FY13-14. During the 2014 session, the FY14-15 amount was increased to \$140 million. In the 2015 session, the credit was increased by \$64 million increase to a total of \$204 million.

In the 2016 session, LB 958 made several changes dealing with the Property Tax Credit Act. Previously the property tax credit was distributed based on 100% of the taxable value of real property. Under LB 958, the credit is distributed using “credit allocation valuation” which is 120% of agricultural and horticultural land taxable value and 100% for all other real property except agricultural and horticultural land. LB958 provided language that the credit amount should be increased by \$20 million to a total of \$224 million as a hold harmless for residential and commercial & industrial property.

In the 2019 session, the credit amount was increased in the mainline budget bill to \$275 million per year starting in FY19-20. In the 2021 session, the amount was increased to \$300 million for FY21-22 and \$313 million in FY22-23. The Committee preliminary recommendation increases the amount to \$363 million in FY23-24 and \$398 million in FY24-25, a difference of \$50 million in FY23-24 and \$85 million in FY24-25, which is the same increase as proposed in the Governor’s recommendation.

The overall General Fund transfer amounts are \$3 million less than the credit amount. This is because the credit amount is funded through these General Fund transfers plus any interest that will be earned on the fund balance from the time of transfer to the time of reimbursement payments to the counties and credits calculated but unpaid relating to properties receiving homestead exemptions.

Municipal Inland Port Authority Act

This Act was passed by the Legislature by LB 156 (2021) and included intent to transfer \$5 million from the General Fund to the Site and Building Development Fund for FY22-23 and FY23-24 only for the purpose of funding large shovel-ready commercial and industrial sites developed under the act.

Economic Recovery Contingency Fund

The fund was created by LB 1024 (2022) and is administered by the Department of Economic Development. The purpose of the fund is to carry out the Economic Recovery Act, which included intent to transfer \$10 million from the General Fund to this fund for FY23-24 and FY24-25.

Hall of Fame Trust Fund

The fund was created in 1972 for use by the Nebraska Hall of Fame Commission. Prior to 2021, money in the fund consisted of donations to the fund. LB 384 (2021) included intent language to transfer \$10,000 per year from the General Fund to the Hall of Fame Trust Fund beginning in FY21-22. The fund is used for creation, design, size, configuration, and placement of busts or other appropriate objects in the State Capitol or other location as approved by the commission.

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. LB 1165 (2008) provided for an additional \$5 million for the endowment fund through a \$1 million transfer from the Cash Reserve Fund and another \$4 million from the General Fund provided over a series of years. After multiple alterations of the fiscal year transfers, the final transfers, which averaged \$500,000 were scheduled to expire at the end of FY16-17. LB 384 (2021) stated beginning, in 2020, an amount not to exceed \$1 million shall be transferred annually.

Water Sustainability Fund

This fund was created through LB906 passed in the 2014 session. Monies for the fund came from General Fund transfers; \$21,000,000 in FY2014-15. Of this transfer, \$10,000,000 is considered one-time as it was financed by a like transfer from the Cash Reserve Fund to the General Fund. Intent language states that \$11,000,000 General Funds be transferred to the Water Sustainability Fund in each fiscal year beginning in FY2015-16.

Community College State Dependents Fund

This fund was created by LB 1012 (2022) for the purpose of reimbursing tuition expenses of dependents of Nebraska state employees enrolled in the state’s community colleges. The fund is administered by the Department of Administrative Services. In FY21-22, \$500,000 was transferred to the fund, and an additional \$1 million was transferred in FY22-23.

Roads Operation Cash Fund

The transfer of \$100 million from the General Fund is authorized as state matching funds for the Nebraska Department of Transportation for federal funds received by the state of Nebraska pursuant to the federal Infrastructure Investment and Jobs Act.

Pending Transfers

The Appropriations Committee has also included an allocation for pending items for inclusion in the Committee’s budget recommendation, and the amount of potential General Fund transfers out are shown on line 12a of the financial status. This allocation is included due to the large number of pending agency items and legislation in the Appropriations Committee.

General Fund Transfers In

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

Historically there have been transfers from three main sources; Securities Act Cash Fund, Tobacco Products Admin Cash Fund, and the Dept. of Insurance Cash Fund. In the 2017 and 2018 session’s transfers from these traditional sources have amounted to higher amounts than reflected in Committee’s preliminary budget. Because of the significant budget shortfall, cash funds from non-traditional sources were also transferred to the General Fund. In FY18-19 the non-traditional transfers from 47 different funds amounted to \$44.8 million. In the 2019 session, enacted transfers returned to more normal levels and mostly from the traditional three main sources. Total transfers amounted to \$48.8 million in FY19-20 and \$50.8 million in FY20-21.

Due to the drawdown on cash fund balances during the budget shortfall, transfers in from these three sources were reduced in FY21-22 to \$33.3 million. The FY21-22 amounts are included in the actual receipts and the FY22-23 amounts are already incorporated into the “Net Receipts” figures of the NEFAB forecast.

The Appropriations Committee Preliminary Budget includes transfers-in of \$39.3 million in transfers in each fiscal year. This is the same amount as in current law for FY22-23 and the same amount as included for each fiscal year in the Governor’s recommendation for the biennial budget.

Table 6 General Fund Transfers In

	Current Yr	Biennial Budget		Following Biennium	
	FY2022-23	FY2023-24	FY2024-25	FY2025-26	FY2026-27
Securities Act Cash Fund	24,000,000	24,000,000	24,000,000	0	0
Dept of Insurance Cash Fund	8,000,000	8,000,000	8,000,000	0	0
Tobacco Products Admin Cash Fund	7,000,000	7,000,000	7,000,000	0	0
State Settlement Cash Fund	295,957	295,957	295,957	0	0
<i>Total General Fund Transfers-In</i>	39,295,957	39,295,957	39,295,957	0	0

GENERAL FUND APPROPRIATIONS

Table 7 shows a summary of the current FY23 General Fund appropriations (excluding deficits) and the Committee Preliminary Budget proposal for FY24 and FY25. In addition to the amounts listed below as included in the preliminary budget, the General Fund financial status also includes, in line 21a, an allocation for pending agency items and bills in the Appropriations Committee. This allocation is \$170.7 million in FY23-24 and \$194.8 million in FY24-25.

Table 7 - Committee Preliminary Budget – General Funds

	W/o deficits FY2022-23	Committee Preliminary		Change vs Prior Year FY23-24		Change vs Prior Year FY24-25	
		FY2023-24	FY2024-25	\$ Change	% Change	\$ Change	% Change
Agency Operations							
University & State /Colleges	704,132,488	715,128,560	723,696,786	10,996,072	1.56%	19,564,298	1.20%
Health & Human Services	291,885,024	327,447,037	334,116,470	35,562,013	12.18%	42,231,446	2.04%
Correctional Services	289,961,758	316,329,587	327,978,970	26,367,829	9.09%	38,017,212	3.68%
Courts	204,357,073	211,480,832	220,568,521	7,123,759	3.49%	16,211,448	4.30%
State Patrol	70,282,670	76,946,722	80,850,085	6,664,052	9.48%	10,567,415	5.07%
Retirement Board	57,826,161	60,972,169	63,139,000	3,146,008	5.44%	5,312,839	3.55%
Revenue	30,222,159	31,555,250	32,830,012	1,333,091	4.41%	2,607,853	4.04%
Other 39 Agencies	224,524,827	235,731,368	244,451,807	11,206,541	4.99%	19,926,980	3.70%
Total-GF Operations	1,873,192,160	1,975,591,525	2,027,631,651	102,399,365	5.47%	154,439,491	2.63%
State Aid to Individuals/Others							
Medicaid	991,653,018	979,313,101	983,586,207	(12,339,917)	-1.24%	(8,066,811)	0.44%
Child Welfare Aid	179,719,304	182,692,600	188,611,996	2,958,186	1.65%	8,877,582	3.24%
Developmental disabilities aid	174,638,509	175,955,731	197,567,183	1,317,222	0.75%	22,928,674	12.28%
Public Assistance	89,156,005	86,018,454	86,018,454	(3,137,551)	-3.52%	(3,137,551)	0.00%
Behavioral Health aid	74,311,162	84,505,211	85,382,211	10,194,049	13.72%	11,071,049	1.04%
Childrens Health Insurance (SCHIP)	26,433,262	25,707,245	25,568,396	(726,017)	-2.75%	(864,866)	-0.54%
Business Innovation Act	19,251,162	19,234,402	19,234,402	(16,760)	-0.09%	(16,760)	0.00%
Nebraska Career Scholarships	14,050,000	17,107,500	17,140,000	3,057,500	21.76%	3,090,000	0.19%
RHOP and PHEAST Scholarships	0	300,000	600,000	300,000	N/A	600,000	100.00%
Aid to the Arts	7,500,000	0	0	(7,500,000)	-100.00%	(7,500,000)	N/A
LIHEAP	100,000	0	0	(100,000)	-100.00%	(100,000)	N/A
All Other Aid to Individuals/Other	100,037,334	100,039,834	100,039,834	0	0.00%	0	0.00%
Total-GF Aid to Individuals/Other	1,676,849,756	1,670,874,078	1,703,748,683	(6,190,788)	-0.36%	26,383,817	1.97%
State Aid to Local Govts							
State Aid to Schools (TEEOSA)	1,038,686,234	1,013,646,392	923,627,751	(25,039,842)	-2.41%	(115,058,483)	-8.88%
Property Tax Credit	Transfer	Transfer	Transfer	Transfer	N/A	Transfer	N/A
Special Education	235,724,474	235,724,474	235,724,474	0	0.00%	0	0.00%
Aid to Community Colleges	109,804,330	111,939,172	114,116,711	2,134,842	1.94%	4,312,381	1.95%
Homestead Exemption	121,300,000	128,000,000	133,600,000	6,700,000	5.52%	12,300,000	4.38%
Aid to Counties programs	2,000,000	0	0	(2,000,000)	-100.00%	(2,000,000)	N/A
All Other Aid to Local Gov't	44,193,689	44,193,689	44,193,689	0	0.00%	0	0.00%
Total-GF Aid to Local Govt	1,551,708,727	1,533,503,727	1,451,262,625	(18,205,000)	-1.17%	(100,446,102)	-5.36%

The numbers in the Committee Preliminary Budget are the net result of about hundreds of individual issues which reflect both increases to and reductions from the current year appropriation.

Significant changes, both increases and decreases, in state aid programs and agency operations are listed in Table 8.

Table 8 Significant Increases and Reductions

<i>Amounts shown are \$ change from FY23</i>	Biennial Budget - 2023 Session		
	<u>Change over Prior Year Biennial Basis</u>		Two Year Total
	FY23-24	FY24-25	
TEEOSA Aid to Schools	(25,039,842)	(115,058,483)	(140,098,325)
Homestead Exemption	6,700,000	12,300,000	19,000,000
Community Colleges	2,134,842	4,312,381	6,447,223
Aid to Counties, certain federal judgments	(2,000,000)	(2,000,000)	(4,000,000)
AID TO LOCAL GOVERNMENTS	(18,205,000)	(100,446,102)	(118,651,102)
Medicaid (with expansion)	(12,339,917)	(8,066,811)	(20,406,728)
Public Assistance	(3,137,551)	(3,137,551)	(6,275,102)
Child Welfare aid	2,958,186	8,877,582	11,835,768
Developmental Disability aid	1,317,222	22,928,674	24,245,896
Behavioral health aid	10,194,049	11,071,049	21,265,098
Childrens Health Insurance (SCHIP)	(726,017)	(864,866)	(1,590,883)
Nebraska Career Scholarships	3,057,500	3,190,000	6,247,500
RHOP/PHEAST Scholarships	300,000	600,000	900,000
Aid to the Arts (Museum)	(7,500,000)	(7,500,000)	(15,000,000)
AID TO INDIVIDUALS / OTHER	(5,876,528)	27,098,077	21,221,549
Salaries (Agencies, inc. State Colleges)	45,855,693	75,420,713	121,276,406
Health Insurance (Agencies, inc. State Colleges)	4,452,962	9,070,445	13,523,407
DAS related rates (State Agencies)	14,660,937	17,479,936	32,140,873
Juvenile court jurisdiction (Courts)	0	3,590,367	3,590,367
Interstate Water Litigation (Attorney General)	500,000	500,000	1,000,000
Inmate per diem costs (Corrections)	12,608,671	13,253,352	25,862,023
University faculty/programs/A bills/Workforce	8,500,000	14,500,000	23,000,000
Retirement, K-12 School / Judges / Patrol	3,146,008	5,312,839	8,458,847
AGENCY OPERATIONS	89,724,271	139,127,652	228,851,923

Agency Operations

This area accounts for the costs of actually operating state agencies including costs such as employee salaries and benefits, data processing, utilities, vehicle and equipment purchases, fuel and oil, etc... Although there are 47 state agencies that receive General Fund appropriations, higher education (University of Nebraska and State Colleges) and the six largest agencies (Health and Human Services, Corrections, Courts, State Patrol, Revenue, and Retirement Board) account for about 89% of state operations. Note that all of the General Funds for the Retirement Board are actually state contributions for the K-12 School employee retirement plan. They are not shown under aid to local governments as the monies are placed directly into the retirement fund and are not actually paid to a school district.

General Funds for agency operations shows a net \$102.4 million increase (5.5%) in FY23-24 and a \$154.4 million increase (2.6%) in FY24-25. The most significant increases in operations are salary and health insurance increases for state employees. Salary increases for state employees account for \$45.9 million in FY23-24 and \$75.4 million in FY24-25, while health insurance cost increases is estimated at 4% per year amounts to \$4.5 million in FY 23-24 and \$9.0 million in FY24-25. Significant increases are seen in Health and Human Services (DHHS), Correctional Services (DCS), and the State Patrol, all of which had increases in FY23-24 of more than 9%. This can be attributed to higher negotiated salaries for certain classifications of employees in those agencies and additional budget items, including inmate per diem costs in DCS, technology costs in DHHS, and others. A full listing of approved items is included later in this report.

State Aid to Local Governments

Aid to Local Governments accounts for aid payments to local governments that have the authority to levy a property tax such as cities, counties, K-12 schools, community colleges, natural resource districts (NRD's), and educational services units (ESU's).

Aid to local governments declined by \$18.2 million (-1.2%) in FY23-24 and \$100.4 million in FY24-25 (-5.4%). The primary reason for the reduction in aid is a reduction in TEEOSA aid as calculated under existing law due to lower spending and higher valuations.

Homestead Exemption reimbursement increases by 5.5% in FY23-24 and 4.4% in FY24-25. The preliminary recommendation includes a 2% increase per year in aid to community colleges, and a base reduction in aid to counties of \$2 million, as the program was intended to conclude in FY22-23.

The Committee recommendation does not include any changes in other aid to local government programs.

State Aid to Individuals / Others

Aid to Individuals/Other includes programs such as Medicaid, public assistance programs, child welfare services and student scholarships where state funds are provided for the direct benefit of an individual. This area also includes aid to quasi-government units, which are those local agencies that do not have the authority to levy property taxes. This would include entities such as area agencies on aging, mental health regions, and developmental disability regions.

This area has a -0.4% reduction in FY23-24 (\$6.2 million) and a 2.0% increase (\$26.4 million) in FY24-25. Increases in aid programs are largely offset by an increase in the Federal Medical Assistance Percentage (FMAP), which results in General Fund savings.

Funding is higher in FY24-25 due to the inclusion of an adjustment to the base in behavioral health aid and developmental disability aid for provider rates authorized in 2022, which were funded with carryover funds for FY22-23, and an increase of \$6.0 million in FY24-25 in child welfare for continuation of provider rates that are funded with ARPA funds in FY22-23 and FY23-24. Additionally, there is an increase of \$3.2 million per year for additional provider rates for child welfare providers that were not included in the 2022 rate increases.

Aid to Local Governments

State Aid to Schools (TEEOSA)

The following table reflects the estimate for TEEOSA state aid under the current law. Following that is a transition from current law, which then equals the Committee Preliminary Budget. The Committee preliminary budget includes a reduction in in TEEOSA aid in FY23-24 of \$25,039,842 from the FY22-23 base appropriation. The General Fund amount required for TEEOSA for the certified FY22-23 aid amount is \$4,139,147 lower due to increased insurance premium tax, and this reduction in General Funds is listed as a deficit issue later in this report. The Committee recommendation includes an additional reduction of \$90,018,641 in FY24-25.

Aid Yr FY24 & FY25 Estimate	2022-23	2023-24	2024-25	2025-26	2026-27
Local Effort Rate	1	1	1	1	1
Allowable Growth Rate: Year of Aid	\$0.0250	\$0.0250	\$0.0250	\$0.0250	\$0.0250
Allowable Growth Rate: Prior Year	2.50%	2.500%	2.500%	2.500%	2.500%
Cost Growth Factor	105.00%	105.00%	105.00%	105.00%	105.00%
Flat Percent Add to achieve cost growth factor	0.0000	0.0000	0.0000	0.0000	0.0000
Spending Growth (GFOE)	4.31%	3.90%	3.50%	3.50%	3.50%
Valuation Growth	3.87%	5.58%	9.13%	3.18%	3.23%
Formula Students	310,961	313,964	317,197	317,197	317,197
Gen Fund Operating Expenditures	3,746,755,529	3,892,859,961	4,029,199,141	4,170,352,505	4,316,491,523
Total Formula Need	3,966,000,902	4,095,844,930	4,242,264,072	4,399,304,770	4,565,641,019
Effective Yield from Local Effort Rate	2,352,337,882	2,487,563,069	2,708,235,035	2,813,966,785	2,924,797,031
Other Actual Receipts	542,276,787	557,135,470	572,401,289	588,085,398	604,199,260
Net Option Funding	125,344,322	128,555,379	132,058,723	135,644,804	139,301,987
Allocated Income Tax	52,618,894	54,197,461	55,823,385	57,498,086	59,223,029
Community Achievement Plan Aid	7,011,951	7,031,035	7,277,228	7,532,088	7,795,923
Total Formula Resources	3,079,589,836	3,234,482,414	3,475,795,659	3,602,727,162	3,735,317,230
Calculated Equalization Aid	886,411,066	861,362,516	766,468,413	796,577,608	830,323,789
Net Option Funding	125,344,322	128,555,379	132,058,723	135,644,804	139,301,987
Allocated Income Tax	52,618,894	54,197,461	55,823,385	57,498,086	59,223,029
Community Achievement Plan Aid	7,011,951	7,031,035	7,277,228	7,532,088	7,795,923
TEEOSA State Aid	1,071,386,233	1,051,146,390	961,627,749	997,252,587	1,036,644,727
State General Funds	1,034,547,085	1,013,646,390	923,627,749	959,252,587	998,644,727
Insurance Premium Tax (w/o deficit)	36,839,148	37,500,000	38,000,000	38,000,000	38,000,000
Total TEEOSA Aid	1,071,386,233	1,051,146,390	961,627,749	997,252,587	1,036,644,727
Total TEEOSA Aid	1,071,386,233	0	0	0	0

The decline in TEEOSA state aid in FY23-24 and in FY24-25 can be attributed to the growth in valuation being higher than the growth in school disbursements. In this case growth in valuation means not the overall growth in assessed valuation

but the growth in valuation used in the formula ie.. equalized districts. This main driver of the large increase in valuation in FY24-25 is in residential property.

Homestead Exemption

The Committee proposed budget includes the requested increase for the homestead exemption. The appropriation for Homestead is \$121.3 million for FY23. The forecast for FY24 and FY25 projects \$6.7 million and \$12.3 million needed, respectively. This projected increase in the cost of the program is due to the projected increase in residential property valuation.

Aid to Community Colleges

A 2.0% per year annual increase is included in the Committee Preliminary Budget reflecting increased state aid to support operations budget increases.

Aid to Individuals/Other

Medicaid

For the upcoming biennium, the projected General Fund budget is based on the agency request Part D Clawback premium increase, FMAP change, medical assistance mobile crisis intervention, and personal assistance rates rebase. At the present time, the proposed budget does not include any increase in provider rates which were not included in the agency request or Governor's recommendation. This will be considered after the hearings along with other major issues.

The Committee preliminary recommendation includes funding the Part D Clawback premium increase of \$3.1 million in FY24 and \$3.3 million in FY25 and includes the reduction due to the increased FMAP of \$15.9 million in FY24 and \$19.0 million in FY25.

Each year the Federal Medical Assistance Percentage (FMAP) rate changes based on a federal formula based on state personal income and per capita data. The result of these changes are adjustments to the federal government's share of coverage for Medicaid expenses, which in turn impacts the GF for payment of Medicaid services. The actual FFY2022 FMAP was 57.80%, FFY2023 FMAP will be 57.85%, and FFY2024 FMAP will be 58.42%. The significant General Fund savings due to the higher FMAP have been incorporated into the Committee's recommendation.

Children's Health Insurance (SCHIP)

For the upcoming biennium, the projected budget includes no increase in eligibility and utilization (based on the agency request) and a reduction due to an increase in the basic federal match rate (FMAP).

Public Assistance

For the upcoming biennium, a reduction of \$3.1 million in funding each year to this program was requested to fund technology needs in Program 33 (Administration) within DHHS. The Committee included these reductions in the preliminary recommendation.

Child Welfare

For the upcoming biennium, the projected budget includes no increase in eligibility and utilization (based on the agency request) and a reduction due to an increase in the basic federal match rate (FMAP). The Committee includes a provider rate increase pursuant to the agency request of \$3.2 million per year. This increase expands the provider rates that were included in the LB 1011 (2022) to independent living, guardianship, and adoption placements and is equivalent to 7.5%. The increase is intended to help cover increased cost and also to positively impact permanency rates for guardianship and adoption. The Committee also included a \$6 million General Fund appropriation in FY25 to continue provider rates at FY24 levels. For FY23 and FY24, \$6 million of ARPA State Coronavirus Fiscal Recovery Funds are allocated to the Child Welfare Program for provider rates, which DHHS is utilizing in filling gaps in provider rates authorized by the Legislature in 2022 and to incentivize IV-E Foster Care certification.

Developmental Disability Aid

The agency request includes several items for additional funding including funding for new graduates transitioning (\$1.1 million FY24, \$2.2 million FY25), reduce the waiting list (\$6.9 million FY24, \$13.8 million FY25) and priority one offered cases (\$2.1 million in FY 24 and \$4.3 in FY 25). The Committee Preliminary Budget includes the funding for new graduates and the priority one offered cases. The Committee also includes a base adjustment in FY25 only of \$19.5 million to account for the use of carryover funds for the provider rate increases authorized by LB 1011 (2022).

The request and projected budget also include a reduction in General Funds due to the higher FMAP amounting to \$2.8 million in FY24 and \$3.4 million in FY24.

Behavioral Health Aid

This area includes substance abuse and mental health aid. Similar to Public Assistance and Child Welfare, the agency request includes no increase for eligibility or utilization. The agency did request \$4.0 million in FY24 and \$4.9 million in FY25 for the Behavioral Health 988 Call Center and funding to increase the base to account for use of carryover funding for provider rates authorized by the Legislature in LB 1011 (2022): a \$10.3 million base adjustment for use of carry over funds; and a \$6.2 million base correction related to the anticipated costs of such provider rates. The preliminary budget includes funding for the 988 Call Center and \$6.2 million per year in funding relative to the previously authorized provider rates. However, the \$10.3 million base adjustment is not included.

Nebraska Career Scholarships (University, State Colleges, DED)

In the 2020 session, the Governor’s budget recommendation included funding and distribution language for the Nebraska Career Scholarship Program through the University of Nebraska, State Colleges, and Community Colleges (through Dept. of Economic Development). The enacted budget included this proposal with funding provided for the current biennium at \$4 million with intent language that the program would increase to \$16 million in the fourth year. Additionally, in 2022, the Legislature passed LB 902, which codified the Career Scholarship Program and added cooperative programs with Wayne State College to the State Colleges program and a \$50,000 appropriation.

The Governor included the FY24 and FY25 levels as proposed. In addition, the Governors recommendation adds \$1 million in FY24 and \$2 million in FY25 under DED to provide Nebraska Career Scholarship funds for students attending a private, not for profit university or college in the state.

<u>Nebraska Career Scholarships</u>	<u>FY19-20</u>	<u>FY20-21</u>	<u>FY21-22</u>	<u>FY22-23</u>	<u>FY23-24</u>	<u>FY24-25</u>
University of Nebraska	0	2,000,000	4,000,000	6,000,000	8,000,000	8,000,000
State Colleges	0	1,000,000	2,000,000	3,050,000	4,107,500	4,240,000
DED (Community Colleges)	0	1,000,000	2,000,000	3,000,000	4,000,000	4,000,000
Original proposal	0	4,000,000	8,000,000	12,000,000	16,107,500	16,240,000
DED (private nonprofit)	0	0	1,000,000	2,000,000	4,000,000	5,000,000
Total GF impact	0	4,000,000	9,000,000	14,050,000	20,107,500	21,240,000

The Committee recommendation includes the amounts for the State Colleges and the University of Nebraska, but does not include the amounts to DED at this point.

State Agency Operations

Employee Salary Increases (State Agencies)

The budget instructions had state agencies include a 5% per year increase as a “placeholder.” Details of bargaining agreements with the collective bargaining agreements are below. Overall General Fund costs for the FY24 and FY25 salary increases amount to \$45.8 million in FY23-24 and \$75.4 million in FY24-25. The Committee preliminary budget includes full funding of performance based increases in FY24 and funding for 90% of such increases in FY25.

Salary and Health Insurance Committee Preliminary			
DETAILS OF BARGAINING AGREEMENTS			
NAPE: 5% + 2% Performance in FY24, 2% + 3% Performance in FY25.	FOP: 3% + 2% Performance (both years)		
FY24 Hwy Maintenance & Construction: 15% + 2% Performance			
FY24 Mechanics: 15% + 2% Performance	SCATA: 4% each year		
FY24 Trades & Facility Maintenance: 10% + 2% Performance			
FY24 Accountants: 20% + 2% Performance	SLEBC: 5% each year		
FY24 Engineers: 15% + 2% Performance	22% for State Patrol in FY24.		
FY24 Social Service Workers: 15% + 2% Performance			
FY24 Child & Family Services: 10% + 2% Performance	Health Insurance: 4% per year		
FY24 Motor Vehicle Examiners: 10% + 2% Performance			
FY24 Unemployment Insurance: 15% + 2% Performance			
Rules: 4% + 3% Performance in FY24, 2% + 3% Performance in FY25			
Same FY24 increase for job codes corresponding to NAPE special wage increases.			

Nebraska Association of Public Employees (NAPE-AFSCME) Collective bargaining agreements have been reached with NAPE-AFSCME on a labor contract for the upcoming biennium. The agreement calls a 5% cost of living raise in FY24 plus 2% performance raise and a 2% cost of living raise in FY25 plus a 3% performance raise. Additionally, certain job codes within the NAPE bargaining unit will receive a higher raise in FY24 than the cost of living raise, as detailed in Table 7.

State Law Enforcement Bargaining Council (SLEBEC) also reached agreement where the pay increase is the equivalent of 5.0% in FY24 and 5.0% in FY25. However, State Patrol employees within the SLEBEC bargaining unit will receive a 22% raise in FY24 only and then a 5% raise in FY25.

Protective Service Workers (Fraternal Order of Police FOP) This unit basically bargains for correctional services workers. The bargaining agreement calls for a 3% cost of living raise and a 2% performance raise each year.

Non-Bargaining Employees This category covers employees who are not eligible for bargaining. This includes certain supervisory and management positions, and employees under constitutional agencies such as the Legislative Council, Governor, Secretary of State, Attorney General, etc. For budgeting purposes, the Committee preliminary budget (and Governor) included funding at 7% in FY24 and 5% in FY25 with the additional increases for certain jobs codes as negotiated under the NAPE bargaining agreement.

Employee Health Insurance (State Agencies)

The Governors recommendation included a 4% per year increase, and this was also included in the Committee Preliminary budget. General fund costs amount to \$4.5 million in FY23-24 and \$9.0 million in FY24-25.

Court System

The Governor’s recommendation increases the General Fund appropriation in the Juvenile Justice program by \$3.6 million in FY25 only. This is a base adjustment to account for use of carryover funds in 2022 for provider rate increases. The Committee also includes the same amount in FY25 only.

Dept. of Correctional Services

The Dept. of Correctional Services included a variety of items included in their request, the largest items being increased salary expenses due to the negotiated salary increases for employees in 24/7 facilities that were authorized in FY21-22, a base adjustment increase due to lack of vacancy savings, which were used to fund part of the increases in previous fiscal years, inmate per diem costs, and additional funds for salary increases. The following table shows the requested items and those included in the projected budget.

Description	Agency Request		Committee Preliminary	
	FY23-24	FY24-25	FY23-24	FY24-25
Inmate Per Diem Costs	12,608,671	13,253,352	12,608,671	13,253,352
Rate Changes and Master Lease	2,770,575	3,173,842	2,770,575	3,173,842
Base Appropriation Increase	3,305,372	3,305,372	0	0
One-Time Cash Fund Appropriation Incr	(750,000)	0	(750,000)	0
Salary Adjustments - Central Warehouse	226,150	226,150	0	0
Salary Increases - 24/7 Raises	6,588,625	6,588,625	0	0
Electronic Health Records	750,000	750,000	0	0
Radio System Upgrade	3,324,469	2,576,523	0	0
Total - Issues	28,823,862	29,873,864	14,629,246	16,427,194

University of Nebraska

In the past several biennium, a general overall budget increase has been provided to the University of Nebraska. The Governor included a 2% increase in his recommendation, which is \$12.9 million in FY24 and \$26 million in FY25. In the preliminary budget, a general increase is not included.

The Committee preliminary budget includes \$8.5 million in FY 24 and \$14.5 million in FY25 for the Rural Health Education program in Kearney and the next phase in of the Nebraska Career Scholarships initiated in the 2020 session.

State Colleges

In the preliminary budget, general increases for operating costs are not included. The State Colleges requested funds for general operating expenses, insurance costs, building openings, and utilities. The State Colleges also requested funds for Risk Loss Trust. None of these were included in the preliminary recommendation.

For salary, a 3.0% per year increase was included a cost of \$2.0 million in FY24 and \$4.1 million in FY25. For health insurance, a 4% increase was included with costs of \$460,205 in FY24 and \$938,818 in FY25. The Governor included a salary increase of \$2.0 million in FY24 and \$4.2 million in FY 25, and a health insurance increase of \$385,328 in FY24 and \$797,629 in FY25 in his recommendation.

The Committee also included funding for RHOP and PHEAST scholarship programs, totaling \$300,000 in FY24 and \$600,000 in FY25. Like the University, the Committee Preliminary Budget also includes the next phase in of the Nebraska Career Scholarships initiated in the 2020 session.

Defined Benefit Retirement Plans

Funding for the defined benefit retirement plans for schools, judges, and the State Patrol are based on the actuary report from Cavanaugh Macdonald Consultants. Overall, the increase amounts to \$3.1 million in FY24 and \$5.3 million in FY25. The amounts funded are from the November 2022 actuarial experience study and valuations.

Revised Request	Base Year	Biennial Budget		Increase - Biennial Basis	
	FY22-23	FY23-24	FY24-25	FY23-24	FY24-25
Omaha Service Annuity	1,603,111	1,964,600	2,000,000	361,489	396,889
2% - State Schools	44,704,077	45,821,148	47,000,000	1,117,071	2,295,923
2% - Omaha Schools	7,534,456	7,798,499	8,100,000	264,043	565,544
Subtotal Schools	53,841,644	55,584,247	57,100,000	1,742,603	3,258,356
State Patrol - Additional Contribution	3,752,980	4,092,005	4,700,000	339,025	947,020
Subtotal Patrol	3,752,980	4,092,005	4,700,000	339,025	947,020
Judges - Additional Contribution	231,537	1,295,917	1,339,000	1,064,380	1,107,463
Subtotal Judges	231,537	1,295,917	1,339,000	1,064,380	1,107,463
Total Retirement Plans	57,826,161	60,972,169	63,139,000	3,146,008	5,312,839

Capital Construction

Of the General Funds appropriation amounts included in the Committee preliminary budget for capital construction, 100% is to cover the dollar amounts needed to complete funding of projects approved in previous sessions, commonly referred to as reaffirmations.

With respect to new construction, the Governor included funding for a new multicustody level correctional facility with capacity to house approximately 1,512 inmates. This \$335 million project was proposed to be financed by a \$95.85 million transfer from the Cash Reserve Fund to the Nebraska Capital Construction Fund (NCCF). Remaining funding (approximately \$241 million) for the project has been previously transferred to the NCCF in previous session but not appropriated.

The Appropriations Committee preliminary budget does not include any transfers from the Cash Reserve Fund for construction. The budget does include transfers from the General Fund of \$85,273,825 in FY24 and \$25,458,800 to the NCCF to fund approved projects. These are the same transfer amounts from the General Fund as in the Governor's recommendation.

A listing of reaffirmations and new projects follows.

**Capital Construction
Reaffirmations**

		Governor			Committee		
		FY23-24	FY24-25	Future	FY23-24	FY24-25	Future
50-State Colleges/Board							
[1] Prog. 903 - Sports Facilities Projects	General	0	0	0	0	0	0
	Cash	300,000	300,000	3,000,000	300,000	300,000	3,000,000
	Federal	0	0	0	0	0	0
	Rev/Other	0	0	0	0	0	0
[2] Prog. 919 - State College Facilities Program	General	1,125,000	1,125,000	27,955,000	1,125,000	1,125,000	27,955,000
	Cash	0	0	0	0	0	0
	Federal	0	0	0	0	0	0
	Rev/Other	1,440,000	1,440,000	21,600,000	1,440,000	1,440,000	21,600,000
[3] Prog. 920 - Board Facilities Fee Fund	General	0	0	0	0	0	0
	Cash	0	0	0	0	0	0
	Federal	0	0	0	0	0	0
	Rev/Other	900,000	900,000	9,000,000	900,000	900,000	9,000,000
[4] Prog. 933 - Chadron State College (CSC) Rangeland Center (Math/Science Renovation)	General	2,216,000	2,216,000	22,160,000	2,216,000	2,216,000	22,160,000
	Cash	0	0	0	0	0	0
	Federal	0	0	0	0	0	0
	Rev/Other	0	0	0	0	0	0
[5] Prog. 940 - Peru State College Geothermal Utilities	General	0	0	0	0	0	0
	Cash	2,101,905	2,101,905	0	2,101,905	0	0
	Federal	0	0	0	0	0	0
	Rev/Other	0	0	0	0	0	0
51-University of Nebraska							
[6] Prog. 906 - University of Nebraska Facilities Program	General	3,642,928	3,642,928	111,573,200	3,642,928	3,642,928	111,573,200
	Cash	4,500,000	4,500,000	0	0	0	0
	Federal	0	0	0	0	0	0
	Rev/Other	0	0	0	0	0	0
[7] Prog. 920 - University Facilities Projects	General	13,500,000	13,500,000	498,055,136	13,500,000	13,500,000	498,055,136
	Cash	13,500,000	13,500,000	444,500,000	0	0	0
	Federal	0	0	0	0	0	0
	Rev/Other	0	0	0	0	0	0
[8] Prog. 930 - Nebraska College of Technical Agriculture (NCTA) at Curtis Education Center	General	820,000	820,000	0	820,000	820,000	0
	Cash	0	0	0	0	0	0
	Federal	0	0	0	0	0	0
	Rev/Other	0	0	0	0	0	0
65-Admin Services							
[9] Capitol HVAC	General	0	0	6,110,896	0	0	6,110,896
	Cash	17,463,952	15,407,545	0	17,463,952	15,407,545	0
	Federal	0	0	0	0	0	0
	Rev/Other	0	0	0	0	0	0
[10] Task Force for Building Renewal	General	0	0	0	0	0	0
	Cash	21,273,930	21,273,930	42,547,860	21,273,930	21,273,930	42,547,860
	Federal	0	0	0	0	0	0
	Rev/Other	0	0	0	0	0	0

Subtotal: Reaffirmations	General	21,303,928	21,303,928	665,854,232	21,303,928	21,303,928	665,854,232
	Cash	59,139,787	54,981,475	490,047,860	41,139,787	36,981,475	45,547,860
	Federal	0	0	0	0	0	0
	Rev/Other	2,340,000	2,340,000	30,600,000	2,396,000	2,396,000	30,600,000
	Total	82,783,715	78,625,403	1,186,502,092	64,783,715	60,625,403	742,002,092

New Projects

27-Roads

[1] Dept of Transportation - Roads	General	0	0	0	0	0	0
Division - Facility Improvements	Cash	15,000,000	15,000,000	0	15,000,000	15,000,000	0
	Federal	0	0	0	0	0	0
	Rev/Other	0	0	0	0	0	0

31-Military Dept

[2] 1776 Readiness Center Remodel	General	0	0	0	0	0	0
Division - Facility Improvements	Cash	396,500	0	0	396,500	0	0
	Federal	396,500	0	0	396,500	0	0
	Rev/Other	0	0	0	0	0	0

[3] State/Federal Construction – McCook NGRC Organizational Storage Building Construction	General	0	0	0	0	0	0
	Cash	32,625	409,625	0	32,625	409,625	0
	Federal	97,875	1,228,875	0	97,875	1,228,875	0
	Rev/Other	0	0	0	0	0	0

[4] State/Federal Construction - Omaha Readiness Center HVAC	General	0	0	0	0	0	0
	Cash	1,525,000	0	0	1,525,000	0	0
	Federal	1,525,000	0	0	1,525,000	0	0
	Rev/Other	0	0	0	0	0	0

[5] State/Federal Construction – Penterman Readiness Center Latrine	General	0	0	0	0	0	0
	Cash	1,525,000	0	0	1,525,000	0	0
	Federal	640,500	0	0	640,500	0	0
	Rev/Other	0	0	0	0	0	0

[6] State/Federal Construction - Wahoo Readiness Center Addition	General	0	0	0	0	0	0
	Cash	1,941,630	0	0	1,941,630	0	0
	Federal	1,941,630	0	0	1,941,630	0	0
	Rev/Other	0	0	0	0	0	0

[6] State/Federal Construction - Lincoln Readiness Center Addition	General	0	0	0	0	0	0
	Cash	1,708,000	0	0	1,708,000	0	0
	Federal	1,708,000	0	0	1,708,000	0	0
	Rev/Other	0	0	0	0	0	0

33-Game and Parks

[8] STATE PARK SYSTEM FACILITY IMPROVEMENTS	General	0	0	0	0	0	0
	Cash	925,000	925,000	0	925,000	925,000	0
	Federal	0	0	0	0	0	0
	Rev/Other	0	0	0	0	0	0

[9] STATE PARKS FACILITIES DEFERRED MAINTENANCE	General	0	0	0	0	0	0
	Cash	4,175,000	4,175,000	0	4,175,000	4,175,000	0
	Federal	0	0	0	0	0	0
	Rev/Other	0	0	0	0	0	0

[15] State Recreation Areas	General	0	0	0	0	0	0
	Cash	500,000	500,000	0	0	0	0
	Federal	0	0	0	0	0	0
	Rev/Other	0	0	0	0	0	0
[20] Emergency Repairs - Parks	General	0	0	0	0	0	0
	Cash	750,000	750,000	0	500,000	500,000	0
	Federal	0	0	0	0	0	0
	Rev/Other	0	0	0	0	0	0
[23] Aquatic Habitat Enhancement and Restoration	General	0	0	0	0	0	0
	Cash	3,000,000	3,000,000	0	3,000,000	3,000,000	0
	Federal	0	0	0	0	0	0
	Rev/Other	0	0	0	0	0	0
[24] Outdoor Venture Parks	General	0	0	0	0	0	0
	Cash	0	0	0	5,000,000	0	0
	Federal	0	0	0	0	0	0
	Rev/Other	0	0	0	0	0	0
46-Correctional Services							
[25] NSP Replacement Project	General	0	0	0	0	0	0
	Cash	70,000,000	120,083,000	145,000,000	0	0	0
	Federal	0	0	0	0	0	0
	Rev/Other	0	0	0	0	0	0
[26] Security System	General	0	0	0	0	0	0
	Cash	2,500,000	2,500,000	0	2,500,000	2,500,000	0
	Federal	0	0	0	0	0	0
	Rev/Other	0	0	0	0	0	0
[27] Infrastructure and Maintenance	General	0	0	0	0	0	0
	Cash	4,000,000	4,000,000	0	4,000,000	4,000,000	0
	Federal	0	0	0	0	0	0
	Rev/Other	0	0	0	0	0	0
[28] Agency Wide Fire Alarm System	General	0	0	8,030,000	0	0	8,030,000
	Cash	13,132,343	0	0	13,132,343	0	0
	Federal	0	0	0	0	0	0
	Rev/Other	0	0	0	0	0	0
47-Educational Television							
[29] Tower Lighting Projects - KPNE (N. Platte) & KCNE (Chadron)	General	0	0	0	0	0	0
	Cash	0	280,000	0	0	280,000	0
	Federal	0	0	0	0	0	0
	Rev/Other	0	0	0	0	0	0
[30] Remote Production Truck Trailer Project	General	0	0	0	0	0	0
	Cash	600,000	0	0	600,000	0	0
	Federal	0	0	0	0	0	0
	Rev/Other	0	0	0	0	0	0
[31] Radio Automation & Audio System Project	General	0	0	0	0	0	0
	Cash	0	320,000	0	0	320,000	0
	Federal	0	0	0	0	0	0
	Rev/Other	0	0	0	0	0	0

[32] Facility Routing System Project	General	0	0	0	0	0	0
	Cash	1,400,000	600,000	0	1,400,000	600,000	0
	Federal	0	0	0	0	0	0
	Rev/Other	0	0	0	0	0	0
65-Admin Services							
[36] DAS Building Division - Troop A Headquarters (Prog 921)	General	0	0	0	0	0	0
	Cash	32,200,000	0	0	32,200,000	0	0
	Federal	0	0	0	0	0	0
	Rev/Other	0	0	0	0	0	0
[37] DAS Building Division - Nebraska State Office Building Electrical Upgrades	General	0	0	0	0	0	0
	Cash	8,000,000	0	0	8,000,000	0	0
	Federal	0	0	0	0	0	0
	Rev/Other	0	0	0	0	0	0
78-Crime Commission							
[38] Base Adjustment (ARPA Issue)	General	0	0	0	0	0	0
	Cash	0	0	0	0	0	0
	Federal	0	0	0	(47,500,000)	(47,500,000)	0
	Rev/Other	0	0	0	0	0	0
[39] Reappropriate ARPA funds for Training Center	General	0	0	0	0	0	0
	Cash	0	0	0	0	0	0
	Federal	0	0	0	0	0	0
	Rev/Other	0	0	0	0	0	0
Subtotal: New Projects	General	0	0	8,030,000	0	0	8,030,000
	Cash	160,057,968	154,484,255	145,000,000	94,307,968	33,651,255	0
	Federal	4,367,875	3,170,505	0	(43,132,125)	(44,329,495)	0

FY22-23 Deficit Adjustments

There was a total of \$31.9 million of General Fund appropriations included in the Committee's deficit adjustments.

<u>Agy #</u>	<u>Agency Name</u>	<u>Issue</u>	<u>Type</u>	<u>Governor</u>	<u>Committee Prelim</u>
9	Secretary of State	Elections Personnel	Oper	0	0
10	Auditor	LB 781 Treasurer Training	Oper	0	126,652
13	Education	DAS Purchasing Assessment	Oper	4,309	4,309
13	Education	TEEOSA; revised Insurance Premium tax	Aid	(4,139,147)	(4,139,147)
13	Education	TEEOSA Aid Reduced Appropriation	Aid	(34,446)	(34,446)
13	Education	KRONOS Payroll Increase	Oper	2,515	0
13	Education	School Breakfast	Aid	52,291	52,291
13	Education	Rent Increase	Oper	380,033	380,033
13	Education	Retiree Payout	Oper	0	64,920
13	Education	Center for Blind and Visually Impaired	Oper	166,710	166,710
14	PSC	Shift Grain Funds to Cash	Oper	(49,500)	(49,500)
16	Revenue	Homestead exemption deficit	Aid	(1,800,000)	(1,800,000)
25	DHHS	Hardware Refresh (Prog 33)	Oper	6,287,287	6,287,287
25	DHHS	Hardware Refresh (Prog 347)	Oper	(6,287,287)	(6,287,287)
25	DHHS	Health Information Exchange Cynchealth	Oper	11,021,795	11,021,795
25	DHHS	Technology Costs (Prog 33)	Oper	1,000,000	1,000,000
25	DHHS	Technology Costs (Prog 347)	Oper	(1,000,000)	(1,000,000)
46	Corrections	Inmate Per Diem	Oper	12,837,008	12,837,008
46	Corrections	Salary Increases 24/7 Raises	Oper	12,088,445	12,088,445
50	State Colleges	Adjunct Pay Funding	Oper	254,109	423,515
50	State Colleges	Operating Expense Inflation	Oper	735,604	735,604
50	State Colleges	Insurance	Oper	176,078	0
CHANGE IN FY22-23 NEW APPROPRIATIONS				31,695,804	31,878,189

American Rescue Plan Act

The Appropriations Committee preliminary budget includes reappropriation of all amounts appropriated in the current biennium pursuant to agency budget requests. The budget also includes an increase of \$4 million in FY22-23 to the appropriation to the Military Department for administrative costs for DHHS technology costs. This \$4 million became available because the Department of Agriculture did not request reappropriation of funding for purposes of LB805 (2022) for the upcoming biennium. The initial appropriation pursuant to LB805A of \$2 million is being spent in accordance with the legislation.

The Governor's recommendation included an additional appropriation for \$2.4 million to the Department of Natural Resources, which would utilize nearly all of the unappropriated ARPA funds. The Committee's preliminary budget did not include this amount.

**Table 9 General Fund Appropriations by Agency
Appropriations Committee Preliminary Budget**

		Committee Preliminary						
		FY22-23			FY23-24	FY24-25	2 Yr Total	
		w/o Deficits	Prelim	Prelim	%	%	%	
		FY2022-23	FY2023-24	FY2024-25	Change	Change	% Change	
	Type							
#03	Legislative Council	Oper	24,042,798	24,903,721	26,406,013	3.58%	6.03%	4.81%
#03	Legislative Council	Total	24,042,798	24,903,721	26,406,013	3.58%	6.03%	4.81%
#05	Supreme Court	Aid	270,000	270,000	270,000	0.00%	0.00%	0.00%
#05	Supreme Court	Oper	204,357,073	211,480,832	220,568,521	3.49%	4.30%	3.89%
#05	Supreme Court	Total	204,627,073	211,750,832	220,838,521	3.48%	4.29%	3.89%
#07	Governor	Oper	2,310,976	2,351,495	2,458,418	1.75%	4.55%	3.15%
#07	Governor	Total	2,310,976	2,351,495	2,458,418	1.75%	4.55%	3.15%
#08	Lt. Governor	Oper	156,422	158,750	160,870	1.49%	1.34%	1.41%
#08	Lt. Governor	Total	156,422	158,750	160,870	1.49%	1.34%	1.41%
#09	Secretary of State	Oper	2,126,915	2,189,535	2,240,736	2.94%	2.34%	2.64%
#09	Secretary of State	Total	2,126,915	2,189,535	2,240,736	2.94%	2.34%	2.64%
#10	State Auditor	Oper	3,132,140	3,315,099	3,455,002	5.84%	4.22%	5.03%
#10	State Auditor	Total	3,132,140	3,315,099	3,455,002	5.84%	4.22%	5.03%
#11	Attorney General	Oper	7,356,990	8,869,867	9,208,814	20.56%	3.82%	12.19%
#11	Attorney General	Total	7,356,990	8,869,867	9,208,814	20.56%	3.82%	12.19%
#12	State Treasurer	Aid	2,000,000	0	0	-100.00%	0.00%	-50.00%
#12	State Treasurer	Oper	1,226,555	1,280,827	1,321,507	4.42%	3.18%	3.80%
#12	State Treasurer	Total	3,226,555	1,280,827	1,321,507	-60.30%	3.18%	-28.56%
#13	Education	Aid	1,311,105,386	1,286,065,544	1,196,046,903	-1.91%	-7.00%	-4.45%
#13	Education	Oper	30,245,296	31,383,408	31,991,040	3.76%	1.94%	2.85%
#13	Education	Total	1,341,350,682	1,317,448,952	1,228,037,943	-1.78%	-6.79%	-4.28%
#14	Public Service Comm	Aid	19,795,788	19,795,788	19,795,788	0.00%	0.00%	0.00%
#14	Public Service Comm	Oper	2,550,729	2,504,512	2,589,136	-1.81%	3.38%	0.78%
#14	Public Service Comm	Total	22,346,517	22,300,300	22,384,924	-0.21%	0.38%	0.09%
#15	Parole Board	Oper	8,402,902	8,784,574	9,767,232	4.54%	11.19%	7.86%
#15	Parole Board	Total	8,402,902	8,784,574	9,767,232	4.54%	11.19%	7.86%
#16	Revenue	Aid	121,300,000	128,000,000	133,600,000	5.52%	4.38%	4.95%
#16	Revenue	Oper	30,222,159	31,555,250	32,830,012	4.41%	4.04%	4.23%
#16	Revenue	Total	151,522,159	159,555,250	166,430,012	5.30%	4.31%	4.81%
#18	Agriculture	Aid	1,006,000	1,006,000	1,006,000	0.00%	0.00%	0.00%
#18	Agriculture	Oper	7,146,588	6,437,344	6,605,416	-9.92%	2.61%	-3.66%
#18	Agriculture	Total	8,152,588	7,443,344	7,611,416	-8.70%	2.26%	-3.22%
#21	Fire Marshal	Oper	4,557,974	4,795,381	4,972,756	5.21%	3.70%	4.45%
#21	Fire Marshal	Total	4,557,974	4,795,381	4,972,756	5.21%	3.70%	4.45%
#23	Labor	Aid	0	0	0	N/A	N/A	N/A
#23	Labor	Oper	680,670	724,861	758,990	6.49%	4.71%	5.60%
#23	Labor	Total	680,670	724,861	758,990	6.49%	4.71%	5.60%
#25	DHHS	Aid	1,569,287,020	1,570,705,653	1,603,247,958	0.09%	2.07%	1.08%
#25	DHHS	Oper	291,885,024	327,447,037	334,116,470	12.18%	2.04%	7.11%
#25	DHHS	Total	1,861,172,044	1,898,152,690	1,937,364,428	1.99%	2.07%	2.03%

		Committee Preliminary						
		FY22-23						
		w/o Deficits	Prelim	Prelim	FY23-24	FY24-25	2 Yr Total	
					%	%		
Type		FY2022-23	FY2023-24	FY2024-25	Change	Change	% Change	
#28	Veterans Affairs	Oper	39,858,125	42,760,828	44,829,995	7.28%	4.84%	6.06%
#28	Veterans Affairs	Total	39,858,125	42,760,828	44,829,995	7.28%	4.84%	6.06%
#29	Natural Resources	Aid	1,806,112	1,806,112	1,806,112	0.00%	0.00%	0.00%
#29	Natural Resources	Oper	11,311,269	11,954,469	12,241,592	5.69%	2.40%	4.04%
#29	Natural Resources	Total	13,117,381	13,760,581	14,047,704	4.90%	2.09%	3.49%
#31	Military Dept	Aid	5,852,793	5,852,793	5,852,793	0.00%	0.00%	0.00%
#31	Military Dept	Oper	4,650,086	5,110,713	5,206,611	9.91%	1.88%	5.89%
#31	Military Dept	Total	10,502,879	10,963,506	11,059,404	4.39%	0.87%	2.63%
#32	Ed Lands & Funds	Oper	436,967	462,359	481,798	5.81%	4.20%	5.01%
#32	Ed Lands & Funds	Total	436,967	462,359	481,798	5.81%	4.20%	5.01%
#33	Game & Parks	Aid	50,000	52,500	52,500	5.00%	0.00%	2.50%
#33	Game & Parks	Oper	12,289,028	12,911,359	13,283,339	5.06%	2.88%	3.97%
#33	Game & Parks	Total	12,339,028	12,963,859	13,335,839	5.06%	2.87%	3.97%
#34	Library Commission	Aid	1,367,061	1,367,061	1,367,061	0.00%	0.00%	0.00%
#34	Library Commission	Oper	2,906,583	3,078,497	3,201,257	5.91%	3.99%	4.95%
#34	Library Commission	Total	4,273,644	4,445,558	4,568,318	4.02%	2.76%	3.39%
#35	Liquor Control	Oper	1,847,798	1,950,586	1,994,438	5.56%	2.25%	3.91%
#35	Liquor Control	Total	1,847,798	1,950,586	1,994,438	5.56%	2.25%	3.91%
#36	Racing Commission	Oper	177	0	0	-100.00%	N/A	-100.00%
#36	Racing Commission	Total	177	0	0	-100.00%	N/A	-100.00%
#46	Correctional Services	Aid	4,000,000	4,000,000	4,000,000	0.00%	0.00%	0.00%
#46	Correctional Services	Oper	289,961,758	316,329,587	327,978,970	9.09%	3.68%	6.39%
#46	Correctional Services	Total	293,961,758	320,329,587	331,978,970	8.97%	3.64%	6.30%
#47	NETC	Oper	10,775,854	11,175,955	11,428,901	3.71%	2.26%	2.99%
#47	NETC	Total	10,775,854	11,175,955	11,428,901	3.71%	2.26%	2.99%
#48	Coordinating Comm	Aid	9,093,430	9,093,430	9,093,430	0.00%	0.00%	0.00%
#48	Coordinating Comm	Oper	1,423,401	1,517,411	1,574,147	6.60%	3.74%	5.17%
#48	Coordinating Comm	Total	10,516,831	10,610,841	10,667,577	0.89%	0.53%	0.71%
#50	State Colleges	Aid	3,050,000	4,407,500	4,840,000	44.51%	9.81%	27.16%
#50	State Colleges	Oper	60,289,787	62,785,814	65,354,040	4.14%	4.09%	4.12%
#50	State Colleges	Total	63,339,787	67,193,314	70,194,040	6.08%	4.47%	5.27%
#51	Univ. of Nebraska	Aid	6,000,000	8,000,000	8,000,000	33.33%	0.00%	16.67%
#51	Univ. of Nebraska	Oper	643,842,701	652,342,746	658,342,746	1.32%	0.92%	1.12%
#51	Univ. of Nebraska	Total	649,842,701	660,342,746	666,342,746	1.62%	0.91%	1.26%
#54	Historical Society	Oper	5,338,950	5,621,483	5,770,357	5.29%	2.65%	3.97%
#54	Historical Society	Total	5,338,950	5,621,483	5,770,357	5.29%	2.65%	3.97%
#57	Oil & Gas Comm.	Oper	175,000	175,000	175,000	0.00%	0.00%	0.00%
#57	Oil & Gas Comm.	Total	175,000	175,000	175,000	0.00%	0.00%	0.00%
#64	State Patrol	Oper	70,282,670	76,946,722	80,850,085	9.48%	5.07%	7.28%
#64	State Patrol	Total	70,282,670	76,946,722	80,850,085	9.48%	5.07%	7.28%
#65	Admin Services	Oper	9,671,699	9,596,840	9,778,885	-0.77%	1.90%	0.56%
#65	Admin Services	Total	9,671,699	9,596,840	9,778,885	-0.77%	1.90%	0.56%

		Committee Preliminary						
		FY22-23						
		w/o Deficits	Prelim	Prelim	FY23-24	FY24-25	2 Yr Total	
					%	%		
Type		FY2022-23	FY2023-24	FY2024-25	Change	Change	% Change	
#67	Equal Opportunity	Oper	1,358,170	1,443,415	1,458,367	6.28%	1.04%	3.66%
#67	Equal Opportunity	Total	1,358,170	1,443,415	1,458,367	6.28%	1.04%	3.66%
#68	Latino Amer. Comm.	Oper	273,586	288,554	299,442	5.47%	3.77%	4.62%
#68	Latino Amer. Comm.	Total	273,586	288,554	299,442	5.47%	3.77%	4.62%
#69	Arts Council	Aid	9,405,346	1,905,346	1,905,346	-79.74%	0.00%	-39.87%
#69	Arts Council	Oper	696,706	693,159	722,615	-0.51%	4.25%	1.87%
#69	Arts Council	Total	10,102,052	2,598,505	2,627,961	-74.28%	1.13%	-36.57%
#70	Foster Care Review	Aid	500,000	500,000	500,000	0.00%	0.00%	0.00%
#70	Foster Care Review	Oper	2,266,151	2,393,740	2,492,644	5.63%	4.13%	4.88%
#70	Foster Care Review	Total	2,766,151	2,893,740	2,992,644	4.61%	3.42%	4.02%
#72	DED	Aid	40,147,622	40,130,862	40,130,862	-0.04%	0.00%	-0.02%
#72	DED	Oper	8,304,408	8,787,552	9,144,544	5.82%	4.06%	4.94%
#72	DED	Total	48,452,030	48,918,414	49,275,406	0.96%	0.73%	0.85%
#76	Indian Affairs Comm.	Oper	264,199	280,214	292,665	6.06%	4.44%	5.25%
#76	Indian Affairs Comm.	Total	264,199	280,214	292,665	6.06%	4.44%	5.25%
#77	Industrial Relations	Oper	313,831	325,401	334,304	3.69%	2.74%	3.21%
#77	Industrial Relations	Total	313,831	325,401	334,304	3.69%	2.74%	3.21%
#78	Crime Commission	Aid	12,305,805	12,305,805	12,305,805	0.00%	0.00%	0.00%
#78	Crime Commission	Oper	6,118,421	6,559,868	6,501,152	7.22%	-0.90%	3.16%
#78	Crime Commission	Total	18,424,226	18,865,673	18,806,957	2.40%	-0.31%	1.04%
#81	Blind & Visually Impaired	Aid	311,790	311,790	311,790	0.00%	0.00%	0.00%
#81	Blind & Visually Impaired	Oper	1,761,676	1,996,909	2,149,452	13.35%	7.64%	10.50%
#81	Blind & Visually Impaired	Total	2,073,466	2,308,699	2,461,242	11.34%	6.61%	8.98%
#82	Deaf & Hard of Hearing	Oper	1,100,351	1,164,268	1,213,445	5.81%	4.22%	5.02%
#82	Deaf & Hard of Hearing	Total	1,100,351	1,164,268	1,213,445	5.81%	4.22%	5.02%
#83	Community Colleges	Aid	109,804,330	111,939,172	114,116,711	1.94%	1.95%	1.94%
#83	Community Colleges	Total	109,804,330	111,939,172	114,116,711	1.94%	1.95%	1.94%
#84	Envir. & Energy	Aid	100,000	0	0	-100.00%	N/A	-100.00%
#84	Envir. & Energy	Oper	5,618,429	5,850,926	5,934,264	4.14%	1.42%	2.78%
#84	Envir. & Energy	Total	5,718,429	5,850,926	5,934,264	2.32%	1.42%	1.87%
#85	Retirement Board	Oper	57,826,161	60,972,169	63,139,000	5.44%	3.55%	4.50%
#85	Retirement Board	Total	57,826,161	60,972,169	63,139,000	5.44%	3.55%	4.50%
#87	Account/Disclosure	Oper	618,857	653,612	673,884	5.62%	3.10%	4.36%
#87	Account/Disclosure	Total	618,857	653,612	673,884	5.62%	3.10%	4.36%
#90	African American Affairs	Oper	262,599	277,053	288,164	5.50%	4.01%	4.76%
#90	African American Affairs	Total	262,599	277,053	288,164	5.50%	4.01%	4.76%
#93	TERC	Oper	945,551	1,001,646	1,044,438	5.93%	4.27%	5.10%
#93	TERC	Total	945,551	1,001,646	1,044,438	5.93%	4.27%	5.10%

Detailed List – Specific General Fund Adjustments

(Appropriations Committee Preliminary Budget – Amounts are \$ change from FY23 Base)

#	Agency	Prog	Type	Issue	Year	
					FY24	FY25
3	Legislature	122	Oper	Long/Short Session	(278,001)	0
3	Legislature	122	Oper	General Increase/Decrease	66,400	107,900
3	Legislature	123	Oper	Long/Short Session	(121,412)	5,000
3	Legislature	123	Oper	General Increase/Decrease	245,924	241,644
3	Legislature	126	Oper	General Increase/Decrease	(103,472)	(103,472)
3	Legislature	127	Oper	General Increase/Decrease	5,590	32,090
3	Legislature	129	Oper	General Increase/Decrease	(79,266)	(77,966)
3	Legislature	501	Oper	General Increase/Decrease	31,613	38,219
3	Legislature	504	Oper	General Increase/Decrease	22,670	22,770
3	Legislature	638	Oper	General Increase/Decrease	(277,226)	(277,226)
5	Supreme Court	52	Oper	Annualize Impact of LB 922A	(9,394)	(9,394)
5	Supreme Court	437	Oper	Probation: FY23 Provider Rate Increase	0	3,590,367
7	Governor	125	Oper	Transition Expenses	(99,047)	(99,047)
9	Sec. of State	20	Oper	Appropriations Clean Up	(3,361)	(3,361)
11	Attorney General	496	Oper	Interstate Water Litigation	500,000	500,000
11	Attorney General	507	Oper	Trial Preparation Coordinator	102,917	107,840
11	Attorney General	507	Oper	Three Satellite Prosecutors Throughout Nebraska	377,834	396,056
11	Attorney General	507	Oper	Additional AENR Bureau Attorney	125,944	132,018
12	Treasurer	24	Oper	Building rent expenses	1,109	1,109
12	Treasurer	149	Aid	Remove funding from Program 149 - Aid to Counties	(2,000,000)	(2,000,000)
13	Education	25	Oper	Building Rental Agreement Increase	276,439	271,559
13	Education	158	Aid	TEEOSA Aid	(25,039,842)	(115,058,483)
13	Education	401	Oper	Building Rental Agreement Increase	217	213
13	Education	402	Oper	Building Rental Agreement Increase	217	213
14	PSC	54	Oper	Shift Grain general funds to cash funds	(87,075)	(94,221)
14	PSC	54	Oper	Shift Communications to NUSF	(76,884)	(80,399)
15	Board of Parole	358	Oper	Transitional Living Facility Staffing	0	688,461
16	Revenue	102	Oper	Annualize LB1273 Law Enforcement Tax Credit	(105,660)	(105,660)
16	Revenue	102	Oper	Annualize LB984 Increase Sales Tax Collection Fee	(22,188)	(22,188)
16	Revenue	102	Oper	Annualize LB917 Wages Paid to Convicted Felony	(202,931)	(202,931)
16	Revenue	102	Oper	Annualize LB1150 Nebraska ImagiNE Act	(26,250)	(26,250)
16	Revenue	102	Oper	Annualize LB1218 Teach in Nebraska Today Act	(107,760)	(107,760)
16	Revenue	102	Oper	Annualize LB1261 NE Advantage Rural Dev Act	(217,596)	(212,596)
16	Revenue	102	Oper	Replace Purchased PCs with Leased PCs	36,444	72,889
16	Revenue	108	Aid	Additional Forecasted Homestead Appropriation	6,700,000	12,300,000
16	Revenue	112	Oper	Replace Purchased PCs with Leased PCs	2,573	5,145
18	Agriculture	78	Oper	Decrease Base Appropriation for LB848A	(1,000,000)	(1,000,000)
18	Agriculture	78	Oper	PSL Decrease	(51,818)	(51,818)
18	Agriculture	78	Oper	Fallbrook Move Rent Increase	53,503	56,286
21	Fire Marshal	193	Oper	TSB Mileage Rate Increase	17,021	17,021

#	Agency	Prog	Type	Issue	Year	
					FY24	FY25
21	Fire Marshal	340	Oper	TSB Mileage Rate Increase	6,202	6,202
25	DHHS	33	Oper	Annualization of LB376 - DD Waiver	510,131	510,131
25	DHHS	33	Oper	Annualization of LB1173	(28,546)	(264,358)
25	DHHS	33	Oper	Annualization of LB752 -Staff for Advisory Council	19,774	19,774
25	DHHS	33	Oper	Annualization of LB741 Child/Maternal Death Review	0	130,000
25	DHHS	33	Oper	IT Hardware Refresh	3,137,551	3,137,551
25	DHHS	33	Oper	Agency Service Area Renovation	431,210	431,210
25	DHHS	33	Oper	Economic Assistance Call Center	3,000,000	3,000,000
25	DHHS	33	Oper	DD Case Management Contract	11,402	45,608
25	DHHS	33	Oper	DD Services Coordination	538,545	1,103,965
25	DHHS	33	Oper	Developmental Disabilities Liberty Contract	1,169,514	1,169,514
25	DHHS	33	Oper	MLTC Contracted Services Appropriation Alignment	2,324,690	2,371,183
25	DHHS	33	Oper	Federal Medical Assistance Percent (FMAP) Increase	(155,859)	(185,744)
25	DHHS	33	Oper	CFSS New Worker and In-Service Training	1,330,000	1,330,000
25	DHHS	33	Oper	Protection and Safety Workforce	705,562	740,840
25	DHHS	33	Oper	Public Health Lab Equipment	445,000	0
25	DHHS	33	Oper	Office Consolidation	(279,017)	(279,017)
25	DHHS	38	Aid	BH Base Correction for Provider Rates	6,194,049	6,194,049
25	DHHS	38	Aid	Behavioral Health 988 Call Center	4,000,000	4,877,000
25	DHHS	344	Aid	Federal Medical Assistance Percent (FMAP) Increase	(726,017)	(864,666)
25	DHHS	347	Aid	IT Hardware Refresh	(3,137,551)	(3,137,551)
25	DHHS	348	Aid	Annualization of LB698 - Cont. Glucose Monitoring	329,662	329,662
25	DHHS	348	Aid	Part D Clawback Premium Increase	3,143,162	3,300,320
25	DHHS	348	Aid	Federal Medical Assistance Percent (FMAP) Increase	(15,921,062)	(18,973,887)
25	DHHS	348	Aid	DD Case Management Contract	108,321	433,285
25	DHHS	348	Aid	Aduhelm Mandated Coverage (Alzheimer's drug)	0	6,843,809
25	DHHS	354	Aid	Annualization of LB1173	15,110	15,110
25	DHHS	354	Aid	Child Welfare Base Adj. for FY23 Provider Rate Inc	3,200,000	3,200,000
25	DHHS	354	Aid	Federal Medical Assistance Percent (FMAP) Increase	(241,814)	(322,418)
25	DHHS	354	Aid	Fund ongoing Child Welfare Rate Increase following ARPA lapse	0	6,000,000
25	DHHS	365	Oper	Annualization LB921 Reimburse for LRC Admissions	(217,630)	(214,797)
25	DHHS	421	Oper	DD Services Coordination	(295,502)	(605,778)
25	DHHS	421	Oper	Federal Medical Assistance Percent (FMAP) Increase	(24,482)	(29,177)
25	DHHS	424	Aid	Annualization of LB376 - DD Waiver	1,508,507	1,508,507
25	DHHS	424	Aid	DD New Graduates	1,088,958	2,177,916
25	DHHS	424	Aid	DD Priority One Offers	1,568,789	3,137,578
25	DHHS	424	Aid	Federal Medical Assistance Percent (FMAP) Increase	(2,849,032)	(3,395,327)
25	DHHS	424	Aid	DD Base Adjustment for FY23 Provider Rate Increase	0	19,500,000
31	Military	544	Oper	ARNG-FP (1) FTE Maintenance Specialist I	13,203	13,773
31	Military	544	Oper	State Tuition Assistance Program Database	80,000	0
31	Military	545	Oper	Transfer of DAS - COOP position to NEMA	42,343	42,343
33	Game & Parks	336	Oper	Increases to key expenditure areas	1,767	1,767
33	Game & Parks	338	Aid	Adjustments to Distribution of Aid needs	2,500	2,500
34	Library Comm	252	Oper	Accounting Assessment	1,923	1,923
34	Library Comm	252	Oper	Office Space Lease	5,048	12,337

#	Agency	Prog	Type	Issue	Year	
					FY24	FY25
36	Racing & Gaming	81	Oper	Adjust General Fund Appropriation in Program 081	(177)	(177)
46	Corrections	200	Oper	Rate Changes & Master Lease	2,770,575	3,173,842
46	Corrections	200	Oper	Inmate Per Diem Costs	12,608,671	13,253,352
46	Corrections	200	Oper	One-Time Cash Fund Appropriation Increase	(750,000)	0
46	Corrections	200	Oper	Annualize LB 896A Funding	(14,300)	(14,300)
47	NET	533	Oper	DAS Assessments and Fees	30,067	30,067
48	Coordinating Comm.	640	Oper	Administrative Inflationary Increases	8,691	10,011
48	Coordinating Comm.	640	Oper	Increase in Travel Funds	8,600	8,600
50	State Colleges	48	Aid	Career Scholarship	1,057,500	1,190,000
50	State Colleges	48	Aid	RHOP and PHEAST Scholarships	300,000	600,000
51	University	515	Oper	Rural Health Education	8,500,000	14,500,000
51	University	515	Aid	Nebraska Career Scholarships	2,000,000	2,000,000
64	State Patrol	100	Oper	Increased Wages for Officer Candidates	22,933	22,933
64	State Patrol	100	Oper	Changes in Facility Rental Costs	79,186	81,749
64	State Patrol	100	Oper	Crime Laboratory Expansion	68,022	885,393
64	State Patrol	100	Oper	Increased Cost of Crime Laboratory Supplies	260,331	260,331
64	State Patrol	100	Oper	Aviation Insurance	24,449	24,449
64	State Patrol	100	Oper	Vehicle Purchases	1,560,000	1,560,000
64	State Patrol	100	Oper	Increased Gasoline Prices	687,649	687,649
64	State Patrol	100	Oper	Increase Advertising and Recruitment Budget	45,000	0
64	State Patrol	850	Oper	Changes in Facility Rental Costs	5,118	5,118
65	DAS	171	Oper	Eliminate General Fund Base Approp in Materiel	(400,000)	(400,000)
67	EEOC	59	Oper	Retirement payoff Bsns Mgr	28,921	2,024
68	Latin Amer Comm	537	Oper	Increases in Office Operation cost	1,409	1,658
69	Arts Council	323	Aid	One-time funds for Museum of NE Art	(7,500,000)	(7,500,000)
69	Arts Council	326	Oper	One-time retirement pay-out	(41,946)	(41,946)
72	DED	603	Oper	Annualize LB450A IHub Small Business Grants - OPS	16,760	16,760
72	DED	603	Aid	Annualize LB450A IHub Small Business Grants - Aid	(16,760)	(16,760)
78	Crime Comm.	199	Oper	Training Center Increases in Rent and Depreciation	113,301	113,301
78	Crime Comm.	199	Oper	LB 1241A Annualization	(80,000)	(80,000)
78	Crime Comm. Community	215	Oper	Server Upgrades	200,000	2,024
83	Colleges	151	Aid	Community College Aid	2,134,842	4,312,381
84	Envir. & Energy	106	Aid	Reduce appropriation for LIHEAP WAP	(100,000)	(100,000)
85	Retirement Board	515	Oper	Additional Contribution Requirement-Judges Plan	1,064,380	1,107,463
85	Retirement Board	515	Oper	Omaha Service Annuity Contribution	361,489	396,889
85	Retirement Board	515	Oper	Additional Contribution Requirement-State Patrol	339,025	947,020
85	Retirement Board	515	Oper	2% of Salary-Class V Schools-Omaha	264,043	565,544
85	Retirement Board	515	Oper	2% of Salary-State Schools	1,117,071	2,295,923
	All Agencies			Salaries	45,855,693	75,420,713
	All Agencies			Health Insurance	4,452,962	9,070,445
	All Agencies			DAS Rate Adjustments	14,660,937	17,479,936
				Total Increase from FY23 Base	81,458,085	84,241,557

STATUTORY CHANGES REQUIRED

New Bill Introduction, Rule 5

Rule 5 of the “Rules of the Nebraska Unicameral Legislature” authorizes the Appropriations Committee to introduce new bills in conjunction with the issuance of their Preliminary Report. The intent of the rule 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. Any statutory changes required to carry out the Appropriations Committee Preliminary Budget could be accomplished with bills already introduced as noted below.

Appropriations Committee Preliminary Budget

None

Governor Recommendation

The following were listed in the Governor’s budget document.

- LB 427 (Riepe) – Eliminate fees relating to nonresident contractors under the Contractor Registration Act
- LB 465 (Moser) – Change the allocation of fees for operators’ licenses and state identification cards
- LB 583 (Sanders) – Provide for foundation aid and special education supplemental aid under the Tax Equity and Education Opportunities Support Act
- LB 589 (Briese) – Adopt the School District Property Tax Limitation Act
- LB 641 (Kauth) – Change provisions relating to the taxation of social security benefits
- LB 671 (Hansen, B.) – Allow the Nebraska Training and Support Cash Fund to be used for retention of existing employees of Nebraska businesses
- LB 681 (Clements) – Change provisions relating to a fund and provide for transfers under the Tax Equity and Educational Opportunities Support Act
- LB 689 (Linehan) – Change provisions relating to an income tax credit for community college taxes paid
- LB 723 (Bostleman) – Adopt the Public Water and Natural Resources Project Contracting Act
- LB 750 (Albrecht) – Change provisions relating to the valuation of agricultural and horticultural land
- LB 753 (Linehan) – Adopt the Opportunity Scholarships Act and provide tax credits
- LB 754 (Linehan) – Reduce individual and corporate income tax rates
- LB 804 (von Gillern) – Change corporate income tax rates
- LB 806 (von Gillern) – Change individual income tax rates

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 813** Provide for deficit appropriations (Speaker Arch, at the request of the Governor)
- LB 814** Appropriate funds for state government expenses (Speaker Arch, at the request of the Governor)
- LB 815** Appropriations for legislative salaries (Speaker Arch, at the request of the Governor)
- LB 816** Appropriate funds, salaries of constitutional officers (Speaker Arch, at the request of the Governor)
- LB 817** Provide appropriations for capital construction (Speaker Arch, at the request of the Governor)
- LB 818** Provide, change, and eliminate fund transfers (Speaker Arch, at the request of the Governor)
- LB 819** Cash Reserve Fund transfers (Speaker Arch, at the request of the Governor)