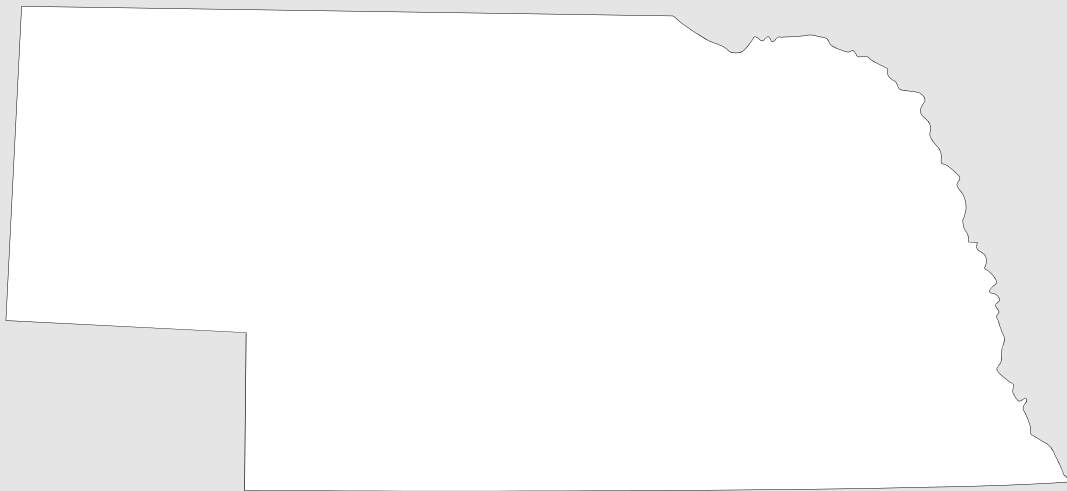


STATE OF NEBRASKA
FY98 / FY99
BIENNIAL BUDGET



As Revised During the
1998 Legislative Session

Legislative Fiscal Office
June 1998

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Introduction

The original appropriations and budget actions for the FY1997-98 and FY1998-99 biennium were enacted during the 1997 Legislative Session and were detailed in the Fall 1997 report "State of Nebraska Biennial Budget". This report, an addendum to that Fall 1997 report, contains a summary of mid-biennium budget actions taken during the 1998 Legislative Session and revised appropriation numbers subsequent to those adjustments.

The following is a brief description of what can be found in the various sections of this report.

General Fund Financial Status The state's General Fund financial status as of Sine Die of the 1998 Legislative Session (after subsequent Governor vetoes) is displayed here along with a narrative description of the various components. Of particular interest is the outlook for the following biennium.

General Fund Revenues This section details General Fund revenue projections, an overview of the growth in revenue both projected and historical, and lists legislation enacted during the 1998 Legislative Session that impact revenues.

General Fund Appropriations This section provides detailed information on General Fund appropriations as enacted during the 1998 Legislative Session. This section includes a listing of the major changes enacted during the 1998 session as well as narrative descriptions of some of the major spending areas, both agency operations and state aid programs. A listing of General Fund "A" bills and vetoes and overrides is also included. This section also includes revised state and agency totals, various breakdowns by operations and state aid, and state aid listed by individual aid programs.

Appropriations-All Fund Sources While previous sections relate to the General Fund, this section provides a summary of appropriations from all fund sources (General, Cash, Federal, and Revolving). This section also includes a listing of changes enacted during the 1996 session as well as revised state and agency totals.

Appendix Two tables are included in the Appendix. First a complete listing of all "A" bills enacted during the 1998 Session. The second table is a detailed listing of mid-biennium budget adjustments contained in LB1108, the 1998 Session mainline budget bill.

HIGHLIGHTS

1998 SESSION BUDGET ACTIONS

During the 1998 Session, a total of \$173.6 million of revenue and spending budget actions were enacted for FY1998-99 (excluding fund transfers). These budget actions were in addition to those taken in the 1997 Session.

Of these total budget actions, about two-thirds or \$113.1 million were revenue reductions largely in the form of a continuation of the 5% income tax reduction (\$27.6 million in addition to the impact already in the Financial Status) and a 1/2 cent sales tax reduction from July 1998 to June 1999 (\$82 million).

The other one-third or \$60.5 million were spending increases including:

* \$24.2 million relating to funds to assist local governments in meeting the impacts of LB1114 levy limits including aid to ESU's (LB1110), counties (LB695), and K-12 schools (resource gap LB1134) as well as takeover costs for county assessors and county extension (LB1108) (40.3% of total),

* \$12.8 million for the colocation of the law enforcement training facilities and renovations at Peru State College (21.3% of total),

* \$7.0 million for community based mental health services (11.6% of total),

* \$4.3 million to achieve 90% rate equity for developmental disability providers and reduce the current waiting list (7.2% of total).

These four areas account for about 80% of the \$60.5 million budget increase.

FY1998-99 GENERAL FUND

BUDGET GROWTH

The total FY1998-99 level of appropriations enacted in the 1997 session plus the 1998 session changes, totals \$2,230,071,542 which represents a substantial dollar (\$248.8 million) and percent (12.6%) increase compared to FY1997-98. A breakdown of FY1998-99 appropriations by major area and type of aid can be found on page 25 while a listing of the major FY1998-99 budget increases (reflecting both 1997 and 1998 session budget actions) can be found on page 26.

Seventy five percent of this large increase is attributed to aid to local governments and capital construction.

Aid to local governments increases by \$164.4 million (24% increase) driven by a \$130.5 million increase in state aid to schools (\$110 million attributed to LB806-1997 and \$20.5 million due to the "normal" growth in school aid), \$11.5 million increase for community colleges (LB269-1997 and LB1173-1998), and \$9.9 million state aid for ESU's (LB1110 and LB1108-1998).

Capital construction also shows a very large dollar and percent increase reflecting the \$10.6 million for colocation of the law enforcement training facilities and the first large dollar amount appropriated for the new prison authorized last session. The prison was cash flowed over a four year period; the FY98-99 amount is \$18 million versus \$4 million in FY97-98.

STATE BUDGET "SURPLUS"

During the 1997 and 1998 sessions, much has been made of the state's General Fund "surplus" What was commonly referred to as the "surplus" was actually the *projected* ending balance at the end of biennial budget cycle (FY1998-99) in excess of the statutory required *minimum* 3% reserve (emphasis is added to the word "minimum" as statutorily the Legislature may budget up to a 7% reserve). ***For the most part this "surplus" was not monies already collected and held in the state treasury.*** It was an estimate of funds that would be in excess of the minimum reserve 2 years into the future.

The level of "surplus" has fluctuated throughout the budget process. This is because the variance from the minimum reserve or "surplus" is a factor of the revenue forecasts at the time and subsequent revenue and spending actions taken during both the 1997 and 1998. In the Appropriations Committee Preliminary Report in the 1997 Session, the "surplus" was shown as \$280 million. This was based on revenue forecasts at the time and their preliminary budget

recommendations which reflected a 2.7% per year spending growth. If subsequent revenue forecast changes were added to this \$280 million, the "potential surplus" would have grown to approximately \$500 million in the absence of any other revenue spending actions.

A combination of revenue and spending actions in both the 1997 and 1998 sessions have reduced this "potential surplus" to the \$9.9 million currently shown as the variance from the minimum reserve. The table on page 4 highlights these major revenue and spending items subsequently enacted. Close to half (47%) of the "potential surplus" was eliminated by enactment of the 5% income tax reduction in LB401-1997 and extended by LB1028-1998, and the 1/2 cent sales tax reduction in LB1104-1998. Another 28% was utilized to assist local governments in meeting the property tax levy limits imposed by LB1114 while 15% was utilized for several large construction projects including the new prison, the Information Science and Technology building at UNO, and the colocation of the law enforcement training facilities. Only 10% was essentially used for new spending above the 2.7% per year growth included in the Committee Preliminary budget last February.

Disposition of the State's Budget "Surplus"

(All numbers in millions of dollars)

ACCUMULATION OF THE "SURPLUS"	Session	Two Yr \$ Total	% of Total
* <i>Surplus based on Committee Prelim Budget (Feb 1997) -----</i>		280.7	55.7%
>			
February 1997 revenue forecast revisions	1997	37.0	7.3%
October 1997 revenue forecast revisions	Interim	164.4	32.6%
February 1998 revenue forecast revisions	1998	22.0	4.4%
Subtotal - subsequent forecast changes		223.4	44.3%
<i>Total "Surplus" over 2 years of the biennium -----</i>		504.1	100.0%
->			
USE OF THE "SURPLUS"	Session	Two Yr Total	% of Total
<u>Tax Reductions</u>			
LB 401 & LB1028 Income tax reduction	1997/1998	155.0	30.7%
LB1104 1/2 cent sales tax reduction	1998	81.5	16.2%
Subtotal - Tax Reductions		236.5	46.9%
<u>Assistance to Local Government, LB1114 levy limits</u>			
LB 806 Aid to Schools	1997	110.0	21.8%
LB 269 Aid to Community Colleges	1997	8.2	1.6%
LB 1120 Fire Districts assistance	1998	3.6	0.7%
LB 695 County prisoner costs, County Prop Tax Relief	1998	5.6	1.1%
LB 1108 aid to ESU's	1998	9.7	1.9%
LB 1219 Aid to Schools, resource gap	1998	4.5	0.9%
Subtotal - Assistance to Local Govt, LB1114 limits		141.6	28.1%
<u>Major Construction Projects</u>			
New Prison (Total Project \$73 million)	1997	22.0	4.4%
Incarceration Work Camp (Project Total \$6.7 million)	1997	5.9	1.2%
Info Science Technology & Engineering bldng (UNO)	1997	23.0	4.6%
309 Task Force for Building Renewal	1997	11.8	2.3%
Colocation of law enforcement training facilities	1998	10.6	2.1%
Subtotal - Major Construction Projects		73.3	14.5%
<u>Other Major Items</u>			
LB 864 Affordable housing	1997	6.0	1.2%
LB 799 Cultural Preservation Endowment	1998	5.0	1.0%
LB 1229 Curriculum-high ability learners	1998	3.0	0.6%
Mental Health aid	1997/1998	9.5	1.9%
Develop. Disability (transition+waiting list+rate equity)	1997/1998	15.8	3.1%
All Other (net)	1997/1998	13.4	2.7%
Subtotal - Other Items		52.7	10.5%
<i>Total Use of the "Surplus" -----></i>		504.1	100.0%

* The original "surplus" number was calculated based on October 1996 revenue forecasts and the Appropriations Committee Preliminary Budget recommendations of February 1997. To this was added subsequent increases in revenues due to revised forecasts. **For the most part these excess funds or "surplus" were not monies already in the state treasury.** It was an estimate of funds that would be in excess of the minimum reserve 2 years into the future.

GENERAL FUND FINANCIAL STATUS

GENERAL FUND FINANCIAL STATUS

Post Sine Die -- April 20, 1996

	Biennial Budget		Est for Following Biennium	
	FY1997-98	FY1998-99	FY1999-00	FY2000-01
BEGINNING BALANCE				
Beginning Cash Balance	\$355,285,947	\$270,156,549	\$139,162,735	\$92,498,725
Carryover obligations from FY97	(85,050,060)	0	--	--
Lapse FY97 carryover obligations	1,000,000	--	--	--
Allocation for potential deficits	see below	(5,000,000)	(5,000,000)	(5,000,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Unobligated Beginning Balance	271,235,887	265,156,549	134,162,735	87,498,725
REVENUES				
Net Receipts (Feb 98 Forecast+Hist Avg)	2,078,000,000	2,216,000,000	2,372,000,000	2,483,000,000
General Fund transfers-out (1997)	(7,660,000)	(27,660,000)	(26,660,000)	(26,660,000)
General Fund transfers-in (1997)	In receipts	In receipts	0	0
Cash Reserve Fund transfer-automatic	(91,621,018)	(84,165,000)	0	0
Cash Reserve Fund transfers-legislative (1997)	0	40,000,000	0	0
Cash Reserve Fund transfer-legislative (1998)	0	56,500,000	0	28,000,000
General Fund Revenue Bills Enacted-1998	0	(113,089,693)	(86,528,036)	(84,053,536)
General Fund Transfer Bills Enacted-1998	0	15,000,000	18,000,000	20,000,000
	<hr/>	<hr/>	<hr/>	<hr/>
General Fund Net Receipts	1,978,718,982	2,102,585,307	2,276,811,964	2,420,286,464
APPROPRIATIONS				
Total Approp Per 1997 Session	1,979,767,633	2,169,585,690	2,260,489,205	2,366,229,471
LB 1108 Mainline budget adjustments	(794,681)	27,511,850	14,497,771	14,497,771
LB 924 Nebr Info Technology Commission	0	1,860,751	1,377,441	1,377,441
LB 1100 Higher Ed deferred repair	0	0	6,013,722	7,214,583
LB 1110 Funding of core services-ESU's	0	9,700,000	9,942,500	10,191,000
LB 1138 Peru State College repair/renovation	60,000	2,225,350	1,985,350	0
LB 1362-State Claims	987,498	0	0	0
Vetoes-Mainline bills	(749,546)	(4,455,366)	(455,366)	(2,455,366)
Veto overrides-Mainline bills	527,416	2,118,180	2,118,180	2,118,180
"A" Bills Enacted-1998	0	20,032,666	22,507,171	21,158,524
	<hr/>	<hr/>	<hr/>	<hr/>
General Fund Appropriations	1,979,798,320	2,228,579,121	2,318,475,974	2,420,331,604
ENDING BALANCE				
Dollar ending balance	270,156,549	139,162,735	92,498,725	87,453,585
Biennial Reserve (%)	--	3.24%	--	1.84%
Variance from Minimum Reserve	--	9,912,534	--	(53,408,391)

COMPONENTS OF THE FINANCIAL STATUS

BEGINNING BALANCE

For FY1997-98, the beginning balance is the actual cash balance on July 1, 1997. From this is subtracted \$85 million of reappropriations and encumbrances (ie.. spending obligations carried forward from FY96-97). For subsequent years, the beginning balance is the ending balance from the prior year less an allocation of \$5 million per year for deficits.

The 1998 budget actions include one lapse of FY97 carryover appropriations; \$1 million of excess Special Education funds carried forward from prior years.

ESTIMATED RECEIPTS

While the individual line items under this category are summarized below, a more detailed explanation of each is included in the General Fund Revenue section of this report.

GENERAL FUND REVENUE FORECAST The financial status reflects the February 1998 forecast revisions made by the Nebraska Economic Forecast Advisory Board (NEFAB) for FY97-98 and FY98-99. Adjusting for legislation and other one-time items, these forecasts translate into a 7.0% adjusted growth in FY1997-98 and 6.2% growth in FY1998-99. The average revenue growth of about 6.6% over the two year period is significantly above the 16 year historical average of 5.7% but slightly above the past 10 year average (6.4%).

GENERAL FUND TRANSFERS-IN There are only a few instances in statute where monies in a cash fund can be transferred to the General Fund at the discretion of the Legislature. A total of \$9 million of cash fund lapses are already included

in the revenue projection figures noted above. For accounting purposes, these are shown as "Transfers in" and are included as revenues.

GENERAL FUND TRANSFERS-OUT This line reflects situation where funds are transferred from the General Fund to another fund within the state treasury. These items are shown separately as they are neither legally valid appropriations (an appropriation from the receiving fund is ultimately necessary for the money to be expended) nor are they considered "refunds" or reductions to the revenue forecasts.

Starting in FY98-99, the largest amount would have been a \$20 million transfer each year from the General Fund to the Property Tax Reduction Incentive Fund per LB180 enacted in the 1997 Session. This "transfer" was intended to reserve funds until the Legislature decided during the 1998 Session how the funds would be distributed through specific programs. Although shown on a separate line, the 1998 Legislature repealed the transfers-out enacted last session under LB180, thereby increasing available funds by \$20 million per year. Of this amount, appropriations of \$9.9 million for aid to ESU's and \$5.5 million for aid to counties where provided to assist them in offsetting the revenue loss under the LB1114 levy limits.

CASH RESERVE FUND TRANSFER-AUTOMATIC This line reflects the net impact of transfers to and from the Cash Reserve Fund pursuant to LB38. This bill requires that on a quarterly basis, if actual revenues are above projection, excess amounts are to be transferred from the General Fund to the Cash Reserve Fund (CRF), and vice versa if actual revenues are below projection. For FY97-98 the \$91,621,018 transfer-out to the Cash Reserve Fund reflects the "above forecast" revenue performance in FY96-97. The

\$84,165,000 transfer from the General Fund to the Cash Reserve Fund shown in the FY98-99 column reflects the difference between the certified revenue projection for FY97-98 (\$1,993,835,000) and the latest FY97-98 revenue forecast (\$2,078,000,000).

CASH RESERVE FUND TRANSFERS-LEGISLATIVE

This line reflects instances where funds are transferred to or from the Cash Reserve Fund by specific action of the Legislature not under the automatic statutory provisions.

LB 401 passed during the 1997 session includes a \$40 million transfer back to the General Fund, such transfer to take place in FY1998-99. In effect, this was a partial "reversal" of the FY97-98 transfer under the "automatic" transfer provisions.

The 1998 Legislature made several changes. First, LB63 shifted \$28 million of this transfer from this biennium (FY98-99) to the following biennium (FY2000-01), retaining \$12 million to help finance the \$12.6 million cost of the collocation of the law enforcement training facilities. Second, LB401 transferred \$80 million from the Cash Reserve Fund to the General Fund to assist in covering the impact of the one-time sales tax reduction. And third, LB1219 transferred \$4.5 million to the General Fund to finance one-time mitigation aid to school districts losing significant amounts of resources under the LB1114 levy limits.

GENERAL FUND APPROPRIATIONS

For FY1997-98 and FY1998-99, this section includes the General Fund appropriations as enacted during the 1997 Legislative Session, plus mainline budget adjustments (LB1108) and "A" bills enacted during the 1998 Session.

ENDING BALANCE OR "RESERVE"

The General Fund reserve is actually the estimated ending balance for the second year of each biennial budget (FY98-99 for the current biennial budget). The only statutory requirement is that the minimum 3% reserve is required at the end of the biennium being budgeted for. Based on the appropriations enacted during the 1997 and 1998 Sessions and current revenue forecasts, the projected ending balance for FY1998-99 would be \$139.2.4 million. This reflects a 3.24% reserve which is \$9.9 million above the minimum reserve.

Note that this estimated amount above the minimum reserve will change when FY97-98 figures become actual numbers. Through March 1996, FY97-98 revenues were \$xx.x million below forecast.

FOLLOWING BIENNIUM

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

REVENUES Preliminary estimates for FY99-00 and FY2000-01 were prepared by the Legislative Fiscal Office arrived at by calculating the level of revenues that would yield a five year average growth (FY97 to FY00) roughly equal to the historical average revenue growth over the past **10 years**. Although the methodology is the same as that used previously, the historical average used is the past 10 years (6.4%) versus the previous use of the 16 year historical average (5.7%).

APPROPRIATIONS For the "following biennium" (FY1999-00 and FY2000-01), the mainline budget

numbers reflect the annualized impact of 1997 Session budget actions plus an estimate of future year increases in entitlement programs, salary and health insurance costs, and other funding requirements based on prior legislative action or legislative intent. Obviously the actual funding needs in these areas will not be known until the biennial budget process starts again next fall. However for planning purposes, some level of funding for these items must be acknowledged and shown as likely funding commitments. Table 1 shows the amounts added to the mainline budget to acknowledge some level of increases in the following biennium.

Table 1
Projected General Fund Budget Increases
Following Biennium

(Increase over prior year)	Estimate-Following Biennium	
	FY1999-00	FY2000-01
Special Education	5,148,575	5,354,518
Aid to K-12 Schools (TEEOSA)	26,935,136	12,827,027
Develop.Disability aid	2,946,053	2,772,710
Public Assistance	9,565,583	10,378,657
Medicaid-base increase	29,334,809	32,268,290
Inmate per diem costs	1,679,847	1,780,637
New prisons/population costs	3,105,921	503,277
Community Colleges	19,000	6,747,812
Salaries (net)	20,482,562	21,097,038
Health Insurance	11,154,636	5,577,318
Operations increase	2,819,966	2,876,365
Other (Oper)	(60,413)	0
Construction	(12,421,901)	(9,326,899)
Dollar Increase over Prior Year	100,709,774	92,856,750
Pct Increase over Prior Year	4.7%	4.1%

STATE AID TO K-12 SCHOOLS (TEEOSA)

Unlike the past, estimates for FY99-00 and FY00-01 funding for the Tax Equity and Educational Opportunities Support Act (TEEOSA) is calculated under the methodology found in Section 79-1031.01 and 79-1022 (both LB710-1997).

Section 79-1022 requires that on or before December 1 of each year the Department of Education shall certify state aid amounts to be distributed to each local school system and each

school district based on estimated funding levels provided by the Legislative Fiscal Analyst. The Legislative Fiscal Analyst is required to provide such estimated funding level not later than November 1 of each year. Methodology for calculating the "estimated funding level" is provided for in Section 79-1031.01 which states: "It is the intent of the Legislature to ensure sufficient appropriations to the School District Income Tax Fund and to the Tax Equity and Educational Opportunities Fund to result in a statewide tax levy for each year's state aid calculation that would be less than the maximum tax levy specified in section 77-3442. To carry out the intent of this provision, the Legislative Fiscal Analyst shall calculate an amount which most accurately accounts for the growth in school district budgets. The Appropriations Committee of the Legislature shall annually include such amounts in its recommendations to the Legislature to carry out the requirements of this section."

At a statewide basis, this language imitates the basic TEEOSA state aid formula whereby the amount of state aid for an individual school district is arrived at by first calculating a level of "need" and then subtracting other resources and property taxes that could be generated at a local effort rate. The "statewide tax levy for each year's state aid calculation" becomes the defacto local effort rate at a statewide basis and would be calculated at the statutory maximum levy specified in section 77-3442 (\$1.10 starting in FY1998-99). This maximum levy times the estimated statewide valuation generates the maximum amount of property taxes available as a resource. Note that when the "statutory maximum levy limit in section 77-3442" drops to \$1.00 starting in FY2001-02, there will be a corresponding drop in "other resources" requiring a significant increase in the amount of state funds required under this intent language.

The funding "needs" portion of the formula becomes an estimate of total K-12 General Fund

disbursements plus property taxes needed for the Special Building Fund and Hazardous Material and ADA Funds. The preference would have been to only utilize General Fund disbursements since state aid directly relates only to the K-12 school General Fund. However inclusion of these other two funds is required due to the statutory levy limit which applies to Special Building Fund and Hazardous Material/ADA Funds as well as the General Fund. If the entire \$1.10 levy was used to calculate the level of property taxes available as a "resource" (and there would be no basis on which to assume only some portion of the \$1.10), then some type of "need" from these other funds must also be included in the calculations. For these two other funds, estimated property taxes levied is included as a "need" rather than disbursements due to the large fluctuations in cash flow of these funds. The sinking fund/bond nature of these funds can cause significant differences in receipts and disbursements on an annual basis.

SPECIAL EDUCATION The numbers for FY99-00 and FY00-01 reflect an assumed 4% per year increase. LB742 (1995) established a 2.5% limit on special ed reimbursement growth for FY97 and 3.0% for FY98. Intent language provided for the implementation of an alternative system of funding beginning in 1998-99 with the new system designed so average annual special education costs increase at a rate no greater than the growth rate of general education. Once the current spending limits expire, and the impacts of LB1114 are phased-in, it's assumed school spending growth will approximate the growth in property valuations, roughly 4% per year historically.

MEDICAID A growth rate of 10% per year is utilized for Medicaid for FY99-00 and FY00-01. While this is lower growth than the average over the past 10 years, it is a higher growth rate than what's included in the FY98/FY99 budget. For the FY98/FY99 biennium, the budget reflects an average growth of about 3% per year. However,

adjusting for the change in the federal match rate, and a base adjustment to the FY97 appropriation level, the actual growth is approximately 6.5% per year. A 10% per year growth used in the "out years" provides for the 6.5% per year cost/client growth plus a contingency equal to a match rate decline to the pre-FY98/FY99 level.

PUBLIC ASSISTANCE A growth rate of 8.5% per year is utilized for the various Public Assistance programs for FY99-00 and FY00-01. This is consistent with the FY98 budget increase and the average over the past nine years. While this level of growth is higher than the FY99 budget increase, utilizing this higher growth level provides a contingency against future impacts of welfare reform and child care and child welfare cost increases.

DEVELOPMENTAL DISABILITY-RATE EQUITY The mainline budget bill passed in the 1995 and 1997 Sessions contained intent language that methodology rates for developmental disability services should be increased to 75% in FY95-96, 80% in FY96-97, 85% in FY97-98, 90% in FY98-99, 95% in FY99-00, and 100% in FY00-01. The dollar increases shown for FY99-00 and FY00-01 are consistent with this intent to reach the 95% and 100% levels in the following biennium. Originally with the Governors veto, the FY98-99 funding only covered rate equity at 85% and in order to achieve the 95% level in FY99-00, the increase amount for FY99-00 included two components; the original amount needed to raise rate equity from 90% to 95% plus restoration of the vetoed FY99 amount. However in this table, the second component is removed as the 1998 Legislature included restoration of funds to achieve the 90% level in FY98-99. Thus the amount shown as a "mainline" budget increase reflects only those additional funds to achieve the 95% and 100% levels.

NEW CORRECTIONAL FACILITIES-OPERATING COSTS In the FY98/FY99 biennium, funds are

appropriated to construct an incarceration work camp and new 960 bed prison. The work camp is projected to be operational in FY99-00, and staffing and operating costs are included in the projected budget for FY99-00 and FY00-01. The new prison is not expected to be operational until FY01-02 and the estimated \$15 million operating costs will be reflected in estimates at that time.

INMATE PER DIEM COSTS While some costs at the Dept of Correctional Services such as staffing are "fixed" within a range of inmate population, some costs change directly with each inmate. This includes items such as food, clothing, and medical care. A 6% per year increase is included for FY99-00 and FY00-01 to reflect both inflationary costs and an increase in the number of inmates.

COMMUNITY COLLEGES The amount shown as an increase in projected funding for the community colleges reflects the intent language contained in LB269 passed in the 1997 session. This relates to state aid to replace lost property tax revenues under the LB1114 levy limits.

EMPLOYEE SALARY INCREASES Although salary increases will be the result of bargaining, some level of increase is factored in more for illustration than planning purposes. A 3.0% per year increase is included for FY99-00 and FY00-01 which approximates the projected increase in the Consumer Price Index as estimated by the two national forecast services.

EMPLOYEE HEALTH INSURANCE Bids for the FY98/FY99 biennium were substantially less than the FY97 rates. For example, Blue Cross/Blue

Shield Optional (Family Coverage) total annual costs per employee were \$6,775 for FY97, while the cost for this biennial budget are \$6,179 for FY98 and \$6,488 for FY99. With respect to the following biennium (FY99-00 and FY00-01), it's very difficult to assess what the estimated cost might be. Will the lower FY98/FY99 costs be retained with some inflationary increase? Or are the FY98/FY99 bids extraordinarily low, and bids for the following biennium returning to the FY97 level plus cumulative inflation? The dollar increase added to the following biennium assumes the latter. FY1999-2000 assumes a 25% increase in health insurance which would accommodate a return to the FY97 rates plus inflation.

CAPITAL CONSTRUCTION General Fund dollars included in the following biennium for capital construction only include reaffirmations based on the FY98/FY99 biennial budget as enacted. These are dollar amounts needed to complete funding previously approved projects. No allocation for new construction is included. Funding would still be available for the 309 Task Force through the earmark of cigarette tax funds and the third \$5.9 million General Fund appropriation (FY1999-2000) per intent language contained in LB 386 (1997).

GENERAL FUND REVENUES

GENERAL FUND REVENUES

REVENUE FORECASTS

Table 2 provides a chronology of the revenue forecasts for the current biennium (FY1997-98 and FY1998-99) and preliminary estimates for the following biennium (FY1999-2000 and FY2000-01).

The column titled "Change" reflects the dollar change over the previous forecast. ***For those forecasts labeled "Sine Die", the change shown reflects the legislation enacted during that session.***

CURRENT BIENNIUM Revenue estimates for FY1997-98 and FY1998-99 are the February 1998 forecasts from the Nebraska Economic Forecast Advisory Board (NEFAB) All estimates reflect the impact of legislation enacted during the 1997 Legislative Session and the estimated impact of federal tax changes as they affect the states' tax base and taxpayers response to those changes.

FOLLOWING BIENNIUM The Nebraska Economic Forecast Advisory Board (NEFAB) does not make official revenue forecasts for the following biennium. In past years, the preliminary estimates used in the Financial Status were arrived at by calculating the level of revenues that would yield a five year average growth (FY97 to FY01) roughly equal to the 16 year historical average revenue growth (5.7%). While this methodology is retained for calculation purposes, a shorter 10 year historical average is used for calculating the FY1999-00 and FY2000-01 estimates. The 10 year average is 6.4% as compared to the 5.7% 16 year average. When looking at revenue growth in five year increments

(as shown below), there has been a steady rise in the five year averages. The first five year time period (FY82 to FY87) significantly pulls down the longer term historical average.

FY82 to FY87 (5 Year)	4.14%
FY87 to FY92 (5 Year)	6.11%
FY92 to FY97 (5 Year)	6.86%

The results of this 10 year average methodology are not inconsistent with other estimates. The two national forecast services used for forecasting purposes by the Dept of Revenue (DOR) and Legislative Fiscal Office (LFO), Wharton Econometrics (WEFA) and Data Resources Inc (DRI), include information which allows a forecast for the two "out years" of the following biennium (FY1999-2000 and FY2000-01). Although the Forecast Board does not forecast revenues beyond the current biennial budget, both the DOR and LFO have calculated preliminary estimates for FY1999-2000 and FY2000-01. The 10 year average is within the range of other estimates as shown below. All numbers reflect data from February 20, 1998 and is shown in thousands of dollars.

	10 Yr Hist. Average	Average-WEFA LFO+DOR	Average-DRI LFO+DOR
Dollar Forecast			
FY1997-98	2,078,000	2,081,000	2,075,000
FY1998-99	2,216,000	2,235,000	2,203,000
FY1999-00	2,372,000	2,387,000	2,311,000
FY2000-01	2,483,000	2,493,000	2,398,000
Adjusted Growth			
FY1997-98	7.0%	7.2%	6.9%
FY1998-99	6.2%	6.9%	5.7%
FY1999-00	5.7%	5.7%	3.8%
FY2000-01	5.1%	4.6%	4.0%
5 Yr Avg	6.4%	6.6%	5.8%

Table 2
General Fund Revenue Forecasts

	Sales/Use	Individual	Corporate	Misc	Total	Change
FY1997-98						
Board Est-October 1996	795,000	955,000	134,000	160,000	2,044,000	31,470
Board Est-February 1997	793,000	965,000	134,000	160,000	2,052,000	8,000
Board Est-April 1997	793,000	978,000	135,000	166,000	2,072,000	20,000
Sine Die-1997 Session	792,903	895,272	133,230	163,430	1,984,835	(87,165)
Board Est-Oct 1997	798,000	963,000	135,000	172,000	2,068,000	83,165
Board Est-February 1998	801,000	965,000	135,000	177,000	2,078,000	10,000
Sine Die-1998 Session	801,000	965,000	135,000	177,000	2,078,000	0
FY1998-99						
Board Est-October 1996	825,000	995,000	137,000	162,000	2,119,000	25,882
Board Est-February 1997	827,000	1,010,000	139,000	164,000	2,140,000	21,000
Board Est-April 1997	829,000	1,027,000	136,000	164,000	2,156,000	16,000
Sine Die-1997 Session	828,903	982,255	134,330	159,319	2,104,807	(51,193)
Board Est-Oct 1997	843,000	1,052,000	135,000	174,000	2,204,000	99,193
Board Est-February 1998	846,000	1,056,000	138,000	176,000	2,216,000	12,000
Sine Die-1998 Session	764,009	1,028,363	138,000	172,538	2,102,910	(113,090)
FY1999-00						
LFO Prelim-October 1996	854,000	1,042,000	143,000	164,000	2,203,000	na
LFO Prelim-February 1997	854,000	1,042,000	143,000	164,000	2,203,000	0
Avg Methodology-March 1997	864,000	1,069,000	143,000	167,000	2,243,000	40,000
LFO Prelim-April 1997	864,000	1,069,000	143,000	167,000	2,243,000	0
Sine Die-1997 Session	863,903	1,069,000	141,330	161,419	2,235,652	(7,348)
LFO Prelim-Oct 1997	873,000	1,151,000	134,000	153,000	2,311,000	75,348
10 Yr Hist Avg-February 1998	898,000	1,163,000	145,000	166,000	2,372,000	61,000
Sine Die-1998 Session	889,929	1,087,804	145,000	162,739	2,285,472	(86,528)
FY2000-01						
LFO Prelim-October 1996	888,000	1,090,000	150,000	168,000	2,296,000	na
LFO Prelim-February 1997	888,000	1,090,000	150,000	168,000	2,296,000	0
Avg Methodology- March 1997	907,000	1,145,000	147,000	168,000	2,367,000	71,000
LFO Prelim-April 1997	907,000	1,145,000	147,000	168,000	2,367,000	0
Sine Die-1997 Session	906,903	1,145,000	145,330	160,669	2,357,902	(9,098)
LFO Prelim-Oct 1997	897,000	1,204,000	135,000	154,000	2,390,000	32,098
10 Yr Hist Avg-February 1998	941,000	1,229,000	148,000	165,000	2,483,000	93,000
Sine Die-1998 Session	941,000	1,148,165	148,000	161,782	2,398,947	(84,053)

Table 3 shows these forecasts as an annual percent growth in receipts compared to historical numbers. Because all years are adjusted for tax rate and tax law changes, the annual percent change reflects the growth in receipts not caused by legislative changes or one-time occurrences.

The Forecast Board itself does not project revenue growth as percentages. These growth rates are the results of calculations using the Forecast Board official forecasts and Legislative Fiscal Office estimates for relevant adjustments

The February 1998 forecasts reflect adjusted growth rates of 7.0% and 6.2% for FY1997-98 and FY1998-99, a two year average of roughly 6.6%, slightly higher than the average over the last 10

years. The lower than average growth rates in the LFO preliminary estimates for FY00 and FY01 yield a five year average of about 6.4%, equal to the average over the past 10 years.

Table 3
Historical General Fund Revenue Growth

	Sales Tax	Individual Income	Corporate Income	Misc. Receipts	Gen Fund Total
FY1984-85 Actual	4.7%	5.5%	12.2%	5.6%	5.1%
FY1985-86 Actual	-1.1%	9.0%	-20.2%	-3.5%	0.9%
FY1986-87 Actual	2.2%	7.9%	17.9%	7.1%	6.4%
FY1987-88 Actual	6.7%	8.0%	12.6%	-2.6%	6.5%
FY1988-89 Actual	10.3%	14.6%	15.8%	3.2%	11.7%
FY1989-90 Actual	6.2%	9.4%	-4.7%	-3.3%	5.7%
FY1990-91 Actual	1.6%	7.2%	5.3%	2.7%	4.4%
FY1991-92 Actual	3.8%	1.7%	12.9%	5.6%	3.6%
FY1992-93 Actual	7.5%	6.9%	9.1%	0.1%	6.7%
FY1993-94 Actual *	5.2%	2.4%	0.3%	7.1%	3.7%
FY1994-95 Actual *	9.7%	6.0%	19.2%	2.1%	8.1%
FY1995-96 Actual	5.6%	8.4%	8.9%	2.6%	6.8%
FY1996-97 Actual	4.9%	13.4%	7.0%	0.7%	8.4%
FY1997-98 NEAFB Brd	6.5%	8.6%	-0.8%	7.7%	7.0%
FY1998-99 NEAFB Brd	5.9%	7.1%	3.5%	4.7%	6.2%
FY1999-00 Prelim	5.6%	6.1%	5.5%	3.0%	5.7%
FY2000-01 Prelim	4.9%	6.0%	1.8%	2.9%	5.1%
<i>AVERAGE GROWTH:</i>					
Status FY97 to FY01 (5 Yr)	5.5%	8.2%	3.3%	3.8%	6.5%
Hist Avg FY87-FY97 (10 yrs)	6.1%	7.8%	7.2%	1.4%	6.5%
Hist Avg FY81-FY97 (16 yrs)	5.0%	7.6%	4.5%	1.6%	5.7%
* Due to the difficulty in estimating the cash flow of several adjustments, a better reflection of the growth in FY94 and FY95 is to look at the average of approximately 5.9% over the two years.					

GENERAL FUND TRANSFERS-OUT

This area tabulates funds which are transferred from the General Fund to another fund within the state treasury. These items have the same affect on the General Fund Financial Status as an appropriation, but are not expended as such and thus are shown under the revenue category. The actual expenditure would take place subject to an appropriation from the fund to which the monies are transferred.

In terms of previously enacted legislation, the major dollar amount is attributed to the passage of LB 377 (1995). This bill provided a combination of grain checkoff funds and General Funds to cover the outstanding cost of ethanol production incentive credits. The checkoff would be in effect from July 1, 1995 through January 1, 2001 and would be paid by the seller to the first purchaser in Nebraska. General Fund transfers established in LB 377 were \$8,000,000 for both FY 95-96 and FY 96-97 with intent language for future transfers of \$7 million in both FY97-98 and

FY98-99, and \$6 million in FY99-00 and FY00-01.

LB180 passed in the 1997 session, created the Property Tax Reduction Incentive Fund to be used for property tax relief and assisting local governments under the LB1114 levy caps by either increasing state aid or by having the state takeover programs that are currently funded by property taxes. These costs would be funded by a \$20 million per year transfer from the General Fund starting in FY1998-99. The purpose of the transfer concept was to assure that \$20 million would be "reserved" during the 1997 Session and available in the 1998 Session when the Legislature would decide the specific uses of the funds.

LB 1110, which provided funding for ESU core services, included a repeal of the LB180 transfers-out enacted last session under LB180. This increases available funds by \$20 million per year and can be utilized for the intended purposes by direct General Fund appropriation. While there was no specific "matching up" of this \$20 million amount and subsequent legislation passed, specific bills which would relate to these funds would include LB1110 which provided aid to ESU's (\$9.7 million) and LB695 which provided

both aid to counties (\$5.5 million) and state reimbursement of certain county jail costs (\$6.8 million starting in FY99-00) .

LB 799 establish the Nebraska Cultural Preservation Endowment Fund. A total of \$5,000,000 is transferred from the General Fund to the Nebraska Cultural Preservation Endowment Fund on August 1, 1998. Interest income accruing to the Endowment Fund would be transferred into the Nebraska Arts and Humanities Cash Fund, administratively located in the Nebraska Arts Council. All disbursements from the Cash Fund would be matched dollar-for-dollar by sources other than state funds. The Department of Administrative Services would approve the allotment and disbursement of the Cash Fund based upon the documentation of a dollar-for-dollar match. Rules and regulations governing the use of the Cash Fund would provide that disbursements be made in a ratio of 70% to projects, endowments and programs designated by the Nebraska Arts Council and 30% to projects, endowments and programs designated by the Nebraska Humanities Council. It is estimated that approximately \$400,000 in interest earnings would be transferred to the Nebraska Arts and Humanities Cash Fund annually.

Table 4. General Fund Transfers-Out

	FY1997-98	FY1998-99	FY1999-00	FY2000-01
Ethanol Credits (EPIC Fund)	(7,000,000)	(7,000,000)	(6,000,000)	(6,000,000)
Child Abuse Prevention Fund	(250,000)	(250,000)	(250,000)	(250,000)
Campaign Finance Limitation	0	0	0	0
Law Enforcement Training Center	(360,000)	(360,000)	(360,000)	(360,000)
Trail Development Assistance Fund	(50,000)	(50,000)	(50,000)	(50,000)
LB 180 Prop Tax Reduction Incentive Fund	0	(20,000,000)	(20,000,000)	(20,000,000)
Total Transfers-Out (1997 Session)	(7,660,000)	(27,660,000)	(26,660,000)	(26,660,000)
LB 799 - Cultural Preservation Endowment	0	(5,000,000)	0	0
LB 1110 - ESU aid/repeal LB180	0	20,000,000	20,000,000	20,000,000
Revised General Fund Transfers-Out	(7,660,000)	(12,660,000)	(6,660,000)	(6,660,000)

GENERAL FUND TRANSFERS-IN

There are only a few instances in statute where monies in a cash fund can be transferred to the General Fund at the discretion of the Legislature. Historically the revenue projections did not acknowledge any discretionary transfers unless enacted by the Legislature. The FY98/FY99

biennial budget includes a total of \$9 million of cash fund transfers from the Securities Act Cash Fund to the General Fund as provided for in LB 389. These amounts are now included in the NEFAB official revenue forecasts for FY1997-98 and FY1998-99. Preliminary estimates for FY1999-2000 and FY2000-01 do not include or assume any such transfers-in.

REVENUE BILLS ENACTED-1998 SESSION

(General Fund)

In terms of the FY98/Y99 biennium, there were relatively few bills enacted affecting General Fund revenues. However, these few bills had a substantial impact. Table 5 shows a summary.

LB 1028 continued beyond tax year 1998 the two year income tax reduction originally enacted in LB 401 (1997). Both LB1028 and LB401 provided for (1) a 4.38% reduction in income tax rates resulting in a 5% reduction in liability, (2) a \$10 increase in the personal exemption credit from \$76 to \$86 for tax year 1997 and \$78 to \$88 for tax year 1998, and (3) a reduction to adjusted gross income for self-employed individuals for amounts paid for health insurance.

In addition to the original LB401 provisions, LB1028 revised the child care income tax credit available to resident individuals. Previous law provided that any resident individual may take as a credit against Nebraska income taxes, an amount equal to 25 percent of any child care credit taken on the federal return. LB1028 would retain the 25% nonrefundable credit only for those taxpayers with adjusted gross income (AGI) above \$29,000. For people with AGI of \$29,000 or less, the state credit would be refundable and it would be incrementally higher percentage of the federal credit reaching 100% for those with AGI of \$22,000 or less.

<u>Tax Reduction</u>	<u>FY1997-98</u>	<u>FY1998-99</u>
Rate Change	(62,217,000)	(33,491,000)
Exemption Credit	(16,651,000)	(7,954,000)
Health Insurance deduction	(3,860,000)	(3,300,000)
Subtotal-Original LB 401	<u>(82,728,000)</u>	<u>(44,745,000)</u>
LB1028-extend LB401	0	(22,029,000)
LB1028-Child care credit	0	(5,608,000)
Total	<u>(82,728,000)</u>	<u>(72,382,000)</u>

Note that the rate reduction is not in the 3.7% base tax rate but in the factors applied to the

base rate for the four income brackets as shown below. Income levels reflect married filing jointly.

<u>Bracket</u>	<u>Original</u>		<u>Per LB 401</u>	
	<u>Factor</u>	<u>Rate</u>	<u>Factor</u>	<u>Rate</u>
\$0-4,000	0.7080	2.62%	0.6784	2.51%
\$4,000-30,000	0.9860	3.65%	0.9432	3.49%
\$30,000-46,750	1.4150	5.24%	1.3541	5.01%
Over \$46,750	1.8900	6.99%	1.8054	6.68%

LB 1104 reduces the sales tax rate to 4.5% for July 1, 1998 to June 30, 1999. The total tax reduction is \$90 million. However due to the one month lag from collecting the sales tax and remitting the proceeds to the state, one months impact will spill over into the following fiscal year. The cash flow of the tax reduction is \$81,990,500 in FY1998-99 and \$8,071,000

The sales tax reduction will also impact the sales tax on motor vehicles which is credited to the Highway Trust Fund. The Dept of Roads estimates that funds to the Highway Trust Fund could be reduced by \$11.576 million. These funds are distributed 53 1/3% to the Department of Roads, and 23 1/3% to cities and 23 1/3% to counties under the highway allocation formula. The department may have a reduction in its cash funds of approximately \$6.2 million. These amounts equate to a 6/10 of 1 cent gas tax rate.

LB1104 also contains an \$80 million transfer of funds from the Cash Reserve Fund to the General Fund to assist in covering the impact of the sales tax reduction and reduce the "surplus".

LB 1120 creates the Mutual Finance Assistance Fund to provide assistance to rural or suburban fire protection districts and mutual finance organizations. The bill redirects ten percent of insurance premium taxes to the Mutual Finance Assistance Fund, and reduces the percent going to the General Fund from 50% to 40%, amounting

to an estimated \$3,650,000.

Any rural or suburban fire district or mutual finance organization which contains within its boundaries 80 percent of the residents of any one county (not counting residents of first, primary, or metropolitan class cities) is eligible for aid from the fund of \$10 per resident. A mutual finance organization is defined as a group of rural or suburban fire protection districts, cities of the second class, or villages which combine financing of operational, training, and equipment needs.

LB 309 among many changes, provides for the issuance of five year drivers licenses and state identification cards beginning January 1, 1999. The bill also eliminates the current requirement to prorate the amount of fee paid for a license or identification card that is issued for less than the full period. In order to ease transition from a four to a five year license, the bill provides for 20% of the persons in each county whose licenses or identification cards expire in 1999, 2000, 2001, and 2002 to have the expiration date of their license or card extended to the year 2003. Extension stickers for the extended licenses or cards will be issued for a fee of \$3.75 per year of extension. Current drivers license fees and state identification card fees are increased proportionately to reflect the conversion to a five year rather than a four year license. The elimination of license prorating will increase

annual revenue for the General Fund by \$101,846; \$262,802 for the DMV Cash Fund by \$262,802; and \$21,779 for counties. Half of this amount will be realized in the first fiscal year due to a January 1, 1999 implementation. In addition, the General Fund and the DMV Cash Fund will receive an increase in revenue from the \$3.75 extension year fee during 1998-99 through 2002-03. Estimated increase in General fund revenues from the extension fee is projected to be \$216,884 in 1998-99 and \$374,617 in 1999-2000. DMV Cash Fund revenue will increase by \$177,454 in 1998-99 and \$315,498 in 1999-2000.

LB 320 establishes a graduated driver licensing system, operative January 1, 1999. The bill raises the minimum age to obtain a drivers license from 16 to 17 years of age, establishes a new provisional operators permit (POP) for persons who are at least 16 but less than 18 years of age, and provides for revocations of operators permits. There will be a General Fund revenue loss from the approximately 20,000 sixteen year olds in the state each year who currently apply for and receive a regular drivers license. When fully phased-in, this loss would be largely offset by a new three year license for 17 year olds, and fees for reinstatement of a suspended POP-provisional or persons whose operator or POP licenses are suspended until age 21 due to failure to complete a driver safety course after the accumulation of six or more points. The net General Fund revenue loss is estimated at \$80,000 in FY1998-99 \$87,500 FY1999-00, and \$27,500 FY2000-01.

Table 5. Revenue Legislation Enacted - 1998 Session

	FY1997-98	FY1998-99	FY1999-00	FY2000-01
LB 309-5 yr drivers license	na	267,807	476,464	476,464
LB 320-Provisional driver's licenses	na	(80,000)	(87,500)	(27,500)
LB 1028-Continue income tax reduction	na	(27,637,000)	(75,196,000)	(80,835,000)
LB 1104-1/2 cent sales tax reduction	na	(81,990,500)	(8,071,000)	0
LB 1120-Fire Districts, state assistance	na	(3,650,000)	(3,650,000)	(3,650,000)
<i>Total-Revenue Legislation by Bill</i>	0	(113,089,693)	(86,528,036)	(84,053,536)

CASH RESERVE FUND

The Cash Reserve Fund, created in 1983, is not included as part of the "General Fund Reserve" (which is the ending General Fund balance for a biennium) as the Cash Reserve Fund was created as a separate and distinct fund to cover cash flow needs within a month or several month period. Since Nebraska has a constitutional \$100,000 limit on issuance of general obligation debt, this is the only short-term source of funds during a cash flow shortfall. LB38 passed during the 1993 Session also provided for the Cash Reserve Fund to serve as a "rainy day fund" in that during a fiscal year, money was transferred between the

General Fund and Cash Reserve fund based on actual revenue performance compared to projections. LB1290 (1996 Session) modified the provisions of LB38 by making these transfers on an annual basis rather than quarterly, and had the automatic transfer provision take place only when actual receipts were above forecast.

Table 6 shows the historical and projected status of the Cash Reserve Fund including actions taken during the 1998 Session followed by a detailed description of the various transfers as shown on the Financial Status.

Table 6
Historical/Projected Cash Flow - Cash Reserve Fund

	Beginning Balance	Sales Tax and Interest	Interest To GF	Legislative Transfers	Automatic Transfers	Ending Balance	as % of revenues
FY1983-84 Actual	0	37,046,760	0	0	0	37,046,760	4.7%
FY1984-85 Actual	37,046,760	3,521,007	(4,993,558)	0	0	35,574,209	4.5%
FY1985-86 Actual	35,574,209	1,795,643	(1,567,788)	(13,500,000)	0	22,302,064	2.7%
FY1986-87 Actual	22,302,064	1,428,021	0	0	0	23,730,085	2.7%
FY1987-88 Actual	23,730,085	1,654,844	0	(7,700,000)	0	17,684,929	1.7%
FY1988-89 Actual	17,684,929	252,707	(113,707)	32,600,000	0	50,423,929	4.4%
FY1989-90 Actual	50,423,929	113,114	0	(10,500,000)	0	40,037,043	3.5%
FY1990-91 Actual	40,037,043	Gen Fund	na	(8,100,000)	0	31,937,043	2.3%
FY1991-92 Actual	31,937,043	Gen Fund	na	(5,000,000)	0	26,937,043	1.8%
FY1992-93 Actual	26,937,043	Gen Fund	na	(9,500,000)	0	17,437,043	1.1%
FY1993-94 Actual	17,437,043	Gen Fund	na	7,250,000	3,063,462	27,750,505	1.7%
FY1994-95 Actual	27,750,505	Gen Fund	na	1,250,000	(8,518,701)	20,481,804	1.2%
FY1995-96 Actual	20,481,804	Gen Fund	na	18,189,565	(20,481,804)	18,189,565	1.0%
FY1996-97 Actual	18,189,565	Gen Fund	na	3,032,333	19,740,786	40,962,684	2.0%
FY1997-98 Est	40,962,684	Gen Fund	na	0	91,621,018	132,583,702	6.4%
FY1998-99 Est	132,583,702	Gen Fund	na	(98,500,000)	84,165,000	118,248,702	5.3%
FY1999-00 Est	118,248,702	Gen Fund	na	2,000,000	0	120,248,702	5.1%
FY2000-01 Est	120,248,702	Gen Fund	na	(28,000,000)	0	92,248,702	3.7%

CASH RESERVE FUND TRANSFERS - AUTOMATIC

Statute requires that on an annual basis, actual revenues above projection be transferred from the General Fund to the Cash Reserve Fund (CRF).

The projected revenue number is an amount certified by the Dept of Revenue and Legislative Fiscal Office at the beginning of the fiscal year, and consists of the last NEFAB forecast adjusted for legislation enacted in the prior session.

Because these transfers are made on an annual basis, and the fiscal year must be completed before actual receipts can be compared to the projected amounts (June 30), any transfer would actually occur in July which is part of the following fiscal year. The \$91.6 million transfer shown in the FY97-98 column on the Financial Status reflects the FY96-97 actual receipts above the certified forecast.

The \$84,165,000 transfer from the General Fund to the Cash Reserve Fund shown in the FY98-99 column reflects the difference between the certified revenue projection for FY97-98 (\$1,993,835,000) and the latest FY97-98 revenue forecast (\$2,078,000,000).

CASH RESERVE FUND TRANSFERS - LEGISLATIVE

During the 1998 Session, there were several major changes in legislatively enacted Cash Reserve Fund transfers.

LB63 shifted \$28 million of previously enacted \$40 million transfer from this biennium (FY98-99) to the following biennium (FY2000-01). LB 401 passed during the 1997 session included a \$40 million transfer from the Cash Reserve Fund to the General Fund to take place in FY1998-99. In effect, this provided cash flow to balance the budget with the spending changes and the income tax reduction (LB401) enacted in the 1997 Session. In light of subsequent higher revenue forecasts, rather than transferring the entire \$40 million in FY98-99, LB63 shifts \$28 million of this transfer to the following biennium while retaining a \$12 million transfer to help finance the \$12.6 million cost of the collocation of the law enforcement training facilities.

LB1134 changes provisions of the state aid to schools formula relating to reorganization incentives. Among other changes, the bill allows reorganization incentives to be paid beginning in the year following the year in which the reorganization occurs rather than in the second year after the reorganization. It allows these first year incentives to be paid in 1998-99, 1999-00, 2000-01 and 2001-02. Since state aid for 1998-99 has already been certified, the bill establishes a Reorganized School Assistance Fund from which first year reorganization incentives are to be paid in 1998-99. A transfer of \$2 million from the Cash Reserve Fund to the Reorganized School Assistance Fund is provided to make these 1998-99 payments. In 1999-00, the bill requires that a \$2 million transfer be made from the General Fund to the Reorganized School Assistance Fund which amount is to be immediately transferred to the Cash Reserve Fund to payback the \$2 million used to pay reorganization incentives in 1998-99.

LB 1219 provides \$4.5 million one-time temporary mitigation funds to schools which have property tax and state aid resources in 1998-99 which are less than 90% of their 1997-98 property tax and state aid resources. The Dept of Education (NDE) is to calculate the systems eligible for aid and distribute the funds by September 15, 1998. Payments are to be prorated if the appropriation is not sufficient to fund all claims. This \$4.5 million General Fund appropriation is financed by a transfer of \$4.5 million from the Cash Reserve Fund to the General Fund on or before September 1, 1998.

LB1104 which provided for a one-time sales tax reduction, also contains an \$80 million transfer of funds from the Cash Reserve Fund to the General Fund to assist in covering the impact of the sales tax reduction and reduce the "surplus".

GENERAL FUND APPROPRIATIONS

GENERAL FUND APPROPRIATIONS

This section of the report provides a summary of General Fund appropriations including appropriations as enacted during the 1997 Session plus 1998 Session mid-biennium budget adjustments. A more detailed breakdown of operations and state aid is contained in Table 8. Table 9 provides a detailed listing of the specific funding areas which account for about 98% of the

\$248.8 million increase in FY1998-99 appropriations. While this report provides a narrative description of the major changes enacted in the 1998 Session, the reader should refer to the August 1997 report "State of Nebraska Biennial Budget" for a narrative description of increases enacted during the 1997 Session.

Table 7
General Fund Appropriations

FY1997-98	Operations	State Aid	Construction	Total
<i>Total Per 1997 Session</i>	759,681,333	1,178,835,558	41,250,742	1,979,767,633
1998 Session Mainline Adjustments	1,179,416	(66,228)	(2,069,999)	(956,811)
1998 Session State Claims	978,498	0	0	978,498
1998 Session "A" bills	0	0	0	0
<i>With 1998 Session adjustments</i>	761,839,247	1,178,769,330	39,180,743	1,979,789,320
Change over prior year (including deficits)				
Dollar	30,851,318	48,076,586	18,440,810	97,368,714
Percent	4.2%	4.3%	88.9%	5.2%
Percent of Total Budget	38.5%	59.5%	2.0%	100.0%
FY1998-99	Operations	State Aid	Construction	Total
<i>Total Per 1997 Session</i>	782,190,148	1,339,322,993	48,072,549	2,169,585,690
1998 Session Mainline Adjustments	10,456,331	15,582,917	12,921,517	38,960,765
1998 Session "A" bills	3,862,666	16,170,000	0	20,032,666
<i>With 1998 Session adjustments</i>	796,509,145	1,371,075,910	60,994,066	2,228,579,121
Change over prior year (excluding FY98 deficits)				
Dollar	36,827,812	192,240,352	19,743,324	248,811,488
Percent	4.8%	16.3%	47.9%	12.6%
Percent of Total Budget	35.7%	61.5%	2.7%	100.0%

GENERAL FUND APPROPRIATIONS BY MAJOR AREA

Table 9 provides a breakdown of FY1998-99 General Fund appropriations by operations, state aid, and construction and major agencies or programs within each category.

Operations accounts for the costs of actually carrying out the functions of state agencies and includes costs such as employee salaries and benefits, data processing, utilities, vehicle and equipment purchases, fuel and oil, etc... While state operations accounts for 35.7% of all General Fund appropriations, it accounts for only 14.8% of the total increase in the FY98-99 budget.

Excluding three "takeover" costs (county extension educator salaries, assessor functions from five counties and mentally incompetent costs) and two relatively large bills (LB401-conform state adoption/foster care law to federal law and LB924-Info Technology Commission), the 4.8% increase in operations would have been reduced to 3.7%.

State Aid to Individuals/Other includes payments that are made to individuals (or on behalf of individuals), or quasi-government units and accounts for 22.9% of total General Fund appropriations. State aid to individuals would include programs such as Medicaid, Aid to Temporary Assistance to Needy Families (TANF), student scholarships, etc... Aid to other entities includes payments to those quasi-government local agencies that do not have the authority to levy property taxes such as area agencies on aging, mental health regions and developmental disability regions.

Moderate to low growth in Medicaid and Public Assistance was offset by double digit percent

increases in funding for community based mental health and developmental disabilities programs.

Aid to Local Governments reflects payments made to local governments and includes programs such as state aid to schools, special education, aid to community colleges, and homestead exemption reimbursements. Local governments under this category are those which have the authority to levy a property tax. This helps isolate those aid amounts which directly relate to "property tax relief".

Aid to local governments totals \$860.2 million or 38.6% of the total FY1998-99 General Fund budget. ***Almost two-thirds of the overall budget growth in FY1998-99 is accounted for in this area.*** The \$164 million, 23.6% increase is largely attributed to the state providing assistance to local governments in their first year under the LB1114 levy limits. Roughly \$138 million of this increase relates to offsetting the impact of the levy limits.

Capital construction includes costs for new construction and major repairs and renovation of state-owned facilities. The term "major" is used with respect to repair and renovations as relatively small or on-going repair or renovation projects are routinely done within an agencies operating budget. Note that road construction and maintenance is **not** included in this category. This is included under cash fund agency operations. Capital construction accounts for only 2.7% of total General Fund appropriations. This 2.7% level is actually high compared to historical standards reflecting the large, one-time projects approved for the biennium such as the new prison, collocation of the law enforcement training facilities, and the Information Science Technology & Engineering facility at UNO.

Table 8
FY1998-99 General Fund Appropriations by Major Area

			FY1998-99 vs Prior Year		% of Total	% of Total
	FY1997-98	FY1998-99	\$ Chnge	% Chnge	Increase	Budget
AGENCY OPERATIONS						
University/Colleges (excludes aid)	350,019,036	364,188,693	14,169,657	4.0%	5.7%	16.3%
Health/Human Services System	136,405,504	144,529,241	8,123,737	6.0%	3.3%	6.5%
Correctional Services	72,647,583	78,149,390	5,501,807	7.6%	2.2%	3.5%
Courts	41,964,631	43,622,809	1,658,178	4.0%	0.7%	2.0%
State Patrol	28,264,733	29,951,550	1,686,817	6.0%	0.7%	1.3%
Other 48 Agencies	130,379,846	136,067,462	5,687,616	4.4%	2.3%	6.1%
Total-GF Operations	759,681,333	796,509,145	36,827,812	4.8%	14.8%	35.7%
STATE AID TO INDIVIDUALS						
Medicaid	277,655,356	290,768,093	13,112,737	4.7%	5.3%	13.0%
Public Assistance	106,047,873	106,757,293	709,420	0.7%	0.3%	4.8%
Developmental disabilities	35,708,981	41,553,310	5,844,329	16.4%	2.3%	1.9%
Community based mental health	15,785,151	20,200,151	4,415,000	28.0%	1.8%	0.9%
University/College remission	21,916,329	21,701,669	(214,660)	-1.0%	-0.1%	1.0%
Other Aid to Individuals	16,295,046	18,839,143	2,544,097	15.6%	1.0%	0.8%
Other Aid to Other Entities	9,617,594	11,017,594	1,400,000	14.6%	0.6%	0.5%
Total-GF Aid to Individuals/Other	483,026,330	510,837,253	27,810,923	5.8%	11.2%	22.9%
STATE AID TO LOCAL GOVT						
State Aid to Education	454,273,986	584,790,236	130,516,250	28.7%	52.5%	26.2%
Special Education	124,965,414	128,714,376	3,748,962	3.0%	1.5%	5.8%
Aid to Community Colleges	39,164,305	50,659,322	11,495,017	29.4%	4.6%	2.3%
Homestead Exemption	36,588,232	36,851,732	263,500	0.7%	0.1%	1.7%
Aid to Cities	17,631,500	17,631,500	0	0.0%	0.0%	0.8%
Aid to Counties	13,297,500	13,297,500	0	0.0%	0.0%	0.6%
Aid to ESU's	0	9,900,000	9,900,000	100.0%	4.0%	0.4%
County Property Tax Relief	0	5,500,000	5,500,000	100.0%	2.2%	0.2%
Other Aid to Local Govt Programs	9,888,291	12,893,991	3,005,700	30.4%	1.2%	0.6%
Total-GF Aid to Local Govt	695,809,228	860,238,657	164,429,429	23.6%	66.1%	38.6%
CAPITAL CONSTRUCTION	41,250,742	60,994,066	19,743,324	47.9%	7.9%	2.7%
TOTAL GENERAL FUNDS	1,979,767,633	2,228,579,121	248,811,488	12.6%	100.0%	100.0%

Table 9
Significant FY1998-99 Budget Increases

	Dollars	% of Total Increase
State Aid to Schools (TEEOSA)	130,516,250	52.5%
State Aid to Community Colleges	11,495,017	4.6%
State aid to ESU's (LB1110-1998)	9,900,000	4.0%
County Property Tax Relief (LB695-1998)	5,500,000	2.2%
Special Education	3,748,962	1.5%
High ability learners programs (LB1229-1998)	3,000,000	1.2%
All other aid to local government programs	269,200	0.1%
AID TO LOCAL GOVERNMENTS	164,429,429	66.1%
Medicaid	13,112,737	5.3%
Developmental Disability aid	5,844,329	2.3%
Mental Health aid	4,415,000	1.8%
Substance Abuse aid	1,000,000	0.4%
Public Assistance (AFDC, Child Welfare, etc...)	994,420	0.4%
Student Aid - Coordinating Commission	781,144	0.3%
Native American Health Services	500,000	0.2%
Water Conservation Fund (water meters, LB 1161-1988)	500,000	0.2%
All other aid to individual/other programs	1,973,956	0.8%
AID TO INDIVIDUALS / OTHER	27,810,923	11.2%
Employee Salary increases (2.75%)	19,857,070	8.0%
University-extension educators/asst. salaries	2,333,552	0.9%
HHS-Adoption/Safe Families Act (LB1041-1998)	2,202,131	0.9%
Community-based juvenile services	2,088,275	0.8%
Nebr Information Technology Comm. (LB924-1998)	1,610,751	0.6%
Takeover county assessor functions	1,331,384	0.5%
Corrections-inmate per diem costs	1,102,203	0.4%
Corrections-additional staffing	1,090,108	0.4%
Corrections-operating costs, Secure Youth Facility	1,008,324	0.4%
HHS-assume costs of mentally incompetent (LB485-1997)	740,800	0.3%
Courts-increase judges salaries (LB362A-1997)	530,873	0.2%
University-studen recruitment and retention efforts	523,725	0.2%
Fire Marshal-replace one-time use of cash funds in FY97	507,029	0.2%
All other operations items (net)	2,333,345	0.9%
AGENCY OPERATIONS	36,827,812	14.8%
New Prison (2nd yr versus 1st yr)	13,969,905	5.6%
Colocation, law enforcement training facilities	10,633,667	4.3%
Peru State College repair/renovation (LB 1138)	2,225,350	0.9%
UNO IST & E bldng (2nd yr versus 1st yr)	(7,000,000)	-2.8%
All Other Capital Construction	(85,598)	0.0%
CAPITAL CONSTRUCTION	19,743,324	7.9%
TOTAL GENERAL FUND CHANGE FY1998-99	248,811,488	100.0%

GENERAL FUND APPROPRIATIONS BY AGENCY

(As Revised in the 1998 Session)

Agency	Type	w/o Deficits FY1997-98	Per 98 Session FY1998-99	FY98-99 vs Prior Year	
				\$ Change	% Change
#03	Legislative Council	12,714,775	13,257,771	542,996	4.3%
#03	Legislative Council	12,714,775	13,257,771	542,996	4.3%
#05	Supreme Court	180,000	270,000	90,000	50.0%
#05	Supreme Court	41,964,631	43,622,809	1,658,178	4.0%
#05	Supreme Court	42,144,631	43,892,809	1,748,178	4.1%
#07	Governor	1,507,812	1,597,376	89,564	5.9%
#07	Governor	1,507,812	1,597,376	89,564	5.9%
#08	Lt. Governor	96,077	96,604	527	0.5%
#08	Lt. Governor	96,077	96,604	527	0.5%
#09	Secretary of State	1,189,920	633,134	(556,786)	-46.8%
#09	Secretary of State	1,189,920	633,134	(556,786)	-46.8%
#10	State Auditor	1,565,626	1,594,585	28,959	1.8%
#10	State Auditor	1,565,626	1,594,585	28,959	1.8%
#11	Attorney General	2,992,997	3,249,752	256,755	8.6%
#11	Attorney General	2,992,997	3,249,752	256,755	8.6%
#12	State Treasurer	31,618,500	31,618,500	0	0.0%
#12	State Treasurer	383,556	390,084	6,528	1.7%
#12	State Treasurer	32,002,056	32,008,584	6,528	0.0%
#13	Education	582,566,050	729,939,622	147,373,572	25.3%
#13	Education	12,715,790	12,944,732	228,942	1.8%
#13	Education	595,281,840	742,884,354	147,602,514	24.8%
#14	Public Service Comm	2,123,351	2,153,405	30,054	1.4%
#14	Public Service Comm	2,123,351	2,153,405	30,054	1.4%
#15	Parole Board	561,004	578,622	17,618	3.1%
#15	Parole Board	561,004	578,622	17,618	3.1%
#16	Revenue	36,588,232	42,351,732	5,763,500	15.8%
#16	Revenue	19,447,203	21,023,836	1,576,633	8.1%
#16	Revenue	56,035,435	63,375,568	7,340,133	13.1%
#17	Aeronautics	32,400	32,400	0	0.0%
#17	Aeronautics	32,400	32,400	0	0.0%
#18	Agriculture	5,437,979	5,541,927	103,948	1.9%
#18	Agriculture	5,437,979	5,541,927	103,948	1.9%

Agency		Type	w/o Deficits FY1997-98	Per 98 Session FY1998-99	FY98-99 vs Prior Year	
					\$ Change	% Change
#20	HHS-Regulation	Oper	3,659,330	6,049,358	2,390,028	65.3%
#20	HHS-Regulation	Total	3,659,330	6,049,358	2,390,028	65.3%
#21	Fire Marshal	Oper	554,759	1,059,020	504,261	90.9%
#21	Fire Marshal	Total	554,759	1,059,020	504,261	90.9%
#23	Labor	Oper	483,232	509,077	25,845	5.3%
#23	Labor	Total	483,232	509,077	25,845	5.3%
#24	Motor Vehicles	Oper	0	0	0	na
#24	Motor Vehicles	Total	0	0	0	na
#25	HHS-Services	Aid	1,196,800	1,154,800	(42,000)	-3.5%
#25	HHS-Services	Oper	109,497,106	116,700,677	7,203,571	6.6%
#25	HHS-Services	Total	110,693,906	117,855,477	7,161,571	6.5%
#26	HHS-Finance	Aid	446,584,908	472,822,987	26,238,079	5.9%
#26	HHS-Finance	Oper	23,249,068	21,779,206	(1,469,862)	-6.3%
#26	HHS-Finance	Total	469,833,976	494,602,193	24,768,217	5.3%
#27	Roads	Aid	596,000	596,000	0	0.0%
#27	Roads	Total	596,000	596,000	0	0.0%
#28	Veterans Affairs	Oper	592,512	578,394	(14,118)	-2.4%
#28	Veterans Affairs	Total	592,512	578,394	(14,118)	-2.4%
#29	Water Resources	Oper	5,597,834	4,374,689	(1,223,145)	-21.9%
#29	Water Resources	Total	5,597,834	4,374,689	(1,223,145)	-21.9%
#31	Military Dept	Aid	1,600,000	1,600,000	0	0.0%
#31	Military Dept	Oper	2,713,609	2,763,144	49,535	1.8%
#31	Military Dept	Total	4,313,609	4,363,144	49,535	1.1%
#32	Ed Lands & Funds	Oper	256,366	380,097	123,731	48.3%
#32	Ed Lands & Funds	Total	256,366	380,097	123,731	48.3%
#33	Game & Parks	Oper	8,900,701	9,113,376	212,675	2.4%
#33	Game & Parks	Total	8,900,701	9,113,376	212,675	2.4%
#34	Library Commission	Aid	862,254	1,262,254	400,000	46.4%
#34	Library Commission	Oper	1,951,421	2,026,901	75,480	3.9%
#34	Library Commission	Total	2,813,675	3,289,155	475,480	16.9%
#35	Liquor Control	Oper	665,691	683,300	17,609	2.6%
#35	Liquor Control	Total	665,691	683,300	17,609	2.6%
#38	Status of Women	Oper	177,537	180,916	3,379	1.9%
#38	Status of Women	Total	177,537	180,916	3,379	1.9%

Agency		Type	w/o Deficits FY1997-98	Per 98 Session FY1998-99	FY98-99 vs Prior Year	
					\$ Change	% Change
#46	Correctional Services	Oper	72,647,583	78,149,390	5,501,807	7.6%
#46	Correctional Services	Total	72,647,583	78,149,390	5,501,807	7.6%
#47	Educational Telecomm.	Oper	6,648,724	7,238,172	589,448	8.9%
#47	Educational Telecomm.	Total	6,648,724	7,238,172	589,448	8.9%
#48	Postsecond Coord Comm	Aid	3,727,933	4,509,077	781,144	21.0%
#48	Postsecond Coord Comm	Oper	1,030,016	960,823	(69,193)	-6.7%
#48	Postsecond Coord Comm	Total	4,757,949	5,469,900	711,951	15.0%
#50	State Colleges	Aid	1,703,144	1,728,691	25,547	1.5%
#50	State Colleges	Oper	27,275,065	28,218,842	943,777	3.5%
#50	State Colleges	Total	28,978,209	29,947,533	969,324	3.3%
#51	University of Nebraska	Aid	20,213,185	19,972,978	(240,207)	-1.2%
#51	University of Nebraska	Oper	322,743,971	335,969,851	13,225,880	4.1%
#51	University of Nebraska	Total	342,957,156	355,942,829	12,985,673	3.8%
#52	State Fair Board	Oper	203,242	203,242	0	0.0%
#52	State Fair Board	Total	203,242	203,242	0	0.0%
#54	Historical Society	Oper	3,443,251	3,574,554	131,303	3.8%
#54	Historical Society	Total	3,443,251	3,574,554	131,303	3.8%
#55	Natural Resources	Aid	6,423,147	6,423,147	0	0.0%
#55	Natural Resources	Oper	2,467,969	2,771,599	303,630	12.3%
#55	Natural Resources	Total	8,891,116	9,194,746	303,630	3.4%
#64	State Patrol	Oper	28,264,733	29,951,550	1,686,817	6.0%
#64	State Patrol	Total	28,264,733	29,951,550	1,686,817	6.0%
#65	Admin Services (DAS)	Aid	0	250,000	250,000	100.0%
#65	Admin Services (DAS)	Oper	6,856,410	8,244,716	1,388,306	20.2%
#65	Admin Services (DAS)	Total	6,856,410	8,494,716	1,638,306	23.9%
#67	Equal Opportunity	Oper	1,212,657	1,243,092	30,435	2.5%
#67	Equal Opportunity	Total	1,212,657	1,243,092	30,435	2.5%
#68	Mexican-American	Oper	153,201	155,913	2,712	1.8%
#68	Mexican-American	Total	153,201	155,913	2,712	1.8%
#69	Arts Council	Aid	927,013	927,013	0	0.0%
#69	Arts Council	Oper	470,809	481,615	10,806	2.3%
#69	Arts Council	Total	1,397,822	1,408,628	10,806	0.8%
#70	Foster Care Review	Oper	979,412	1,025,665	46,253	4.7%
#70	Foster Care Review	Total	979,412	1,025,665	46,253	4.7%

Agency		Type	w/o Deficits FY1997-98	Per 98 Session FY1998-99	FY98-99 vs Prior Year	
					\$ Change	% Change
#72	Economic Development	Aid	2,524,783	2,524,783	0	0.0%
#72	Economic Development	Oper	3,875,851	4,056,327	180,476	4.7%
#72	Economic Development	Total	6,400,634	6,581,110	180,476	2.8%
#76	Indian Commission	Oper	152,638	156,656	4,018	2.6%
#76	Indian Commission	Total	152,638	156,656	4,018	2.6%
#77	Industrial Relations	Oper	213,204	216,723	3,519	1.7%
#77	Industrial Relations	Total	213,204	216,723	3,519	1.7%
#78	Crime Commission	Aid	1,164,586	1,164,586	0	0.0%
#78	Crime Commission	Oper	1,734,697	1,855,512	120,815	7.0%
#78	Crime Commission	Total	2,899,283	3,020,098	120,815	4.2%
#82	Hearing Impaired	Oper	510,124	556,614	46,490	9.1%
#82	Hearing Impaired	Total	510,124	556,614	46,490	9.1%
#83	Community Colleges	Aid	39,164,305	50,659,322	11,495,017	29.4%
#83	Community Colleges	Total	39,164,305	50,659,322	11,495,017	29.4%
#84	Environmental Quality	Aid	1,162,318	1,268,018	105,700	9.1%
#84	Environmental Quality	Oper	2,613,160	3,102,711	489,551	18.7%
#84	Environmental Quality	Total	3,775,478	4,370,729	595,251	15.8%
#85	Retirement Board	Oper	13,936,501	14,199,904	263,403	1.9%
#85	Retirement Board	Total	13,936,501	14,199,904	263,403	1.9%
#87	Account/Disclosure	Oper	346,513	363,223	16,710	4.8%
#87	Account/Disclosure	Total	346,513	363,223	16,710	4.8%
#90	Railway Council	Oper	6,384	7,390	1,006	15.8%
#90	Railway Council	Total	6,384	7,390	1,006	15.8%
#93	Tax Equalization/Review	Oper	383,649	471,052	87,403	22.8%
#93	Tax Equalization/Review	Total	383,649	471,052	87,403	22.8%
#94	Public Advocacy Comm.	Oper	511,682	451,217	(60,465)	-11.8%
#94	Public Advocacy Comm.	Total	511,682	451,217	(60,465)	-11.8%
	Construction-Reaffirmation	Const	7,735,123	1,921,841	(5,813,282)	-75.2%
	Construction-New Projects	Const	33,515,619	59,072,225	25,556,606	76.3%
	Construction-Total	Total	41,250,742	60,994,066	19,743,324	47.9%
OPERATIONS			759,681,333	796,509,145	36,827,812	4.8%
STATE AID			1,178,835,558	1,371,075,910	192,240,352	16.3%
CONSTRUCTION			41,250,742	60,994,066	19,743,324	47.9%
TOTAL GENERAL FUNDS			1,979,767,633	2,228,579,121	248,811,488	12.6%

GENERAL FUND STATE AID BY AID PROGRAM

(As Revised in the 1998 Session)

Agency	Aid Program	w/o Deficits Aid Program	Revised FY1997-98	FY98-99 vs Prior Year	
				\$ Chnge	% Chnge
Courts	Dispute resolution	180,000	270,000	90,000	50.0%
Treasurer	Aid to NRD's	689,500	689,500	0	0.0%
Treasurer	Aid to Cities	17,631,500	17,631,500	0	0.0%
Treasurer	Aid to Counties	13,297,500	13,297,500	0	0.0%
Education	State Aid to Education	454,273,986	584,790,236	130,516,250	28.7%
Education	Option Enrollment	172,200	172,200	0	0.0%
Education	Vocational Rehabilitation	1,616,791	1,750,151	133,360	8.2%
Education	Special Education #	124,965,414	128,714,376	3,748,962	3.0%
Education	School Lunch	492,500	492,500	0	0.0%
Education	Early Childhood program	560,000	560,000	0	0.0%
Education	Adult Education	201,884	201,884	0	0.0%
Education	Textbook loan program	237,525	312,525	75,000	31.6%
Education	Geography grant	25,000	25,000	0	0.0%
Education	Displaced Homemakers/Other	750	750	0	0.0%
Education	School reorganization (LB1050)	20,000	20,000	0	0.0%
Education	ESU aid (LB1110+nurses)	0	9,900,000	9,900,000	100.0%
Education	High ability learner programs	0	3,000,000	3,000,000	100.0%
Revenue	Homestead Exemption #	36,588,232	36,851,732	263,500	0.7%
Revenue	County Property Tax Relief		5,500,000	5,500,000	100.0%
Aeronautics	Civil Air Patrol	32,400	32,400	0	0.0%
HHS-Services	Children/family incentive grants	160,000	160,000	0	0.0%
HHS-Services	Domestic Violence	994,800	994,800	0	0.0%
HHS-Services	Metabolic screening fee, food supp. (LB610A)	42,000	42,000	0	0.0%
HHS-Finance	Family practice residency	517,500	517,500	0	0.0%
HHS-Finance	Medical student assistance	305,400	355,400	50,000	16.4%
HHS-Finance	Renal disease/tuberculosis	854,653	854,653	0	0.0%
HHS-Finance	Immunization/vaccinations	275,407	400,000	124,593	45.2%
HHS-Finance	Pap/Chlamydia testing	185,000	550,000	365,000	197.3%
HHS-Finance	Mammography screening	125,000	125,000	0	0.0%
HHS-Finance	Nebr Advocacy Services	179,250	179,250	0	0.0%
HHS-Finance	Genetic testing	34,369	34,369	0	0.0%
HHS-Finance	Community health services	3,933	3,933	0	0.0%
HHS-Finance	Emergency Medical Services, training	125,000	200,000	75,000	60.0%
HHS-Finance	Native American health services	0	500,000	500,000	100.0%
HHS-Finance	Voter regist, WIC/MCH	16,760	16,760	0	0.0%
HHS-Finance	Alcohol/Drug programs	5,069,939	6,069,939	1,000,000	19.7%
HHS-Finance	Blind rehabilitation	69,147	69,147	0	0.0%

Agency	Aid Program	w/o Deficits Aid Program	Revised FY1997-98	FY98-99 vs Prior Year \$ Chnge	% Chnge
HHS-Finance	Community mental health	15,785,151	20,200,151	4,415,000	28.0%
HHS-Finance	Community developmental disabilities	35,708,981	41,553,310	5,844,329	16.4%
HHS-Finance	Needy client/ward travel	59,428	59,428	0	0.0%
HHS-Finance	Public Assistance #	106,047,873	106,757,293	709,420	0.7%
HHS-Finance	Medicaid #	277,655,356	290,768,093	13,112,737	4.7%
HHS-Finance	Care Management	1,211,558	1,211,558	0	0.0%
HHS-Finance	Area agencies on aging	2,355,203	2,355,203	0	0.0%
Roads	Local transit authorities	475,000	475,000	0	0.0%
Roads	Intercity bus subsidy	121,000	121,000	0	0.0%
Military Dept	Governors Emergency Fund	1,000,000	1,000,000	0	0.0%
Military Dept	Guard tuition assistance #	600,000	600,000	0	0.0%
Library Comm	Local libraries	862,254	1,262,254	400,000	46.4%
Coord. Comm	SSIG grants	553,215	736,215	183,000	33.1%
Coord. Comm	Scholarship Award Program (SSAP)	560,752	609,824	49,072	8.8%
Coord. Comm	Scholarship Assistance Program (SAP)	1,113,966	1,163,038	49,072	4.4%
Coord. Comm	Postsecondary Ed Award Prog (PEAP)	1,500,000	2,000,000	500,000	33.3%
St Colleges	Remissions-State Colleges	1,703,144	1,728,691	25,547	1.5%
University	Remissions-University	17,381,005	17,640,798	259,793	1.5%
University	Vet student contracts-UNL	1,716,864	1,716,864	0	0.0%
University	Optometry student contracts	607,476	607,476	0	0.0%
University	Other misc. aid	7,840	7,840	0	0.0%
University	Minority student scholarships	500,000	0	(500,000)	-100.0%
Nat Resources	Nebr Water Conservation Fund	3,454,147	3,954,147	500,000	14.5%
Nat Resources	Decommission water wells	99,000	99,000	0	0.0%
Nat Resources	Resources Development Fund	2,670,000	2,170,000	(500,000)	-18.7%
Nat Resources	Small Watershed Fund	200,000	200,000	0	0.0%
Admin Srvcs	Local govt technology grants	0	250,000	250,000	100.0%
Arts Council	Aid to arts programs	803,075	803,075	0	0.0%
Arts Council	Council on Humanities	123,938	123,938	0	0.0%
Econ Develop	Industrial training grants	1,774,783	1,774,783	0	0.0%
Econ Develop	Microenterprise Development Act (LB327A)	250,000	250,000	0	0.0%
Econ Develop	Partnership for Economic Development	500,000	500,000	0	0.0%
Crime Comm	Juvenile services grants	625,000	625,000	0	0.0%
Crime Comm	Law Enforce-Indian affairs	97,681	97,681	0	0.0%
Crime Comm	Crimes Against Children Fund	60,000	60,000	0	0.0%
Crime Comm	Byrne Incentive Grant	100,000	100,000	0	0.0%

Agency	Aid Program	w/o Deficits Aid Program	Revised FY1997-98	FY98-99 vs Prior Year	
				\$ Chnge	% Chnge
Crime Comm	Crimestoppers program	14,775	14,775	0	0.0%
Crime Comm	Victim Witness assistance	57,130	57,130	0	0.0%
Crime Comm	Crime Victimes reparations #	210,000	210,000	0	0.0%
Comm Colleges	Aid to Community Colleges	39,164,305	50,659,322	11,495,017	29.4%
Environ Cntrl	Superfund cleanup	0	101,500	101,500	100.0%
Environ Cntrl	LUST/Safe Drinking Water (LB517A)	1,162,318	1,166,518	4,200	0.4%
Individuals		421,914,604	438,066,198	16,151,594	3.8%
Local Government		695,809,228	860,238,657	164,429,429	23.6%
Other entities		61,111,726	72,771,055	11,659,329	19.1%
Total General Fund State Aid		1,178,835,558	1,371,075,910	192,240,352	16.3%

1998 SESSION BUDGET ACTIONS

(General Fund)

This section of the report provides a summary of changes in General Fund appropriations as enacted in the 1998 Session. These midbiennium budget adjustments, shown in Table 10, amounted to a net increase of \$59 million over the two-year period. Following Table 10 is a narrative description of the major General Fund

adjustments contained in the mainline budget bill (LB1108) followed by a narrative description of major legislation enacted in the 1998 Session. A complete listing of all "A" bills and an itemized listing of funding adjustments in LB1108, the mainline budget bill, are contained in the Appendix.

Table 10
General Fund Appropriations Enacted-1998 Session

	Biennial Budget		Est. Following Biennium	
	FY1997-98	FY1998-99	FY1999-00	FY2000-01
LB 204 Community notification, sex offenders records	0	492,745	252,345	252,345
LB 225 Increase unemployment (UI) max. weekly benefit	0	increase cost	increase cost	increase cost
LB 404 Additional judges-Dist. (2), County (2), Juvenile (1)	0	348,490	493,230	640,467
LB 656 State funding for the Niobrara Council	0	100,000	50,000	25,000
LB 695 Reimburse prisoner costs, County Prop Tax Relief	0	5,551,724	12,384,448	12,384,448
LB 1041 Conform state law to fed Adoption/Safe Families Act	0	2,122,131	828,687	1,828,687
LB 1063 Childrens health care (net of LB1070 offset)	0	340,646	265,021	265,021
LB 1073 Misc changes, HHS/HHS programs, Medicaid co-pay	0	112,377	100,759	53,000
LB 1104 Misc revenue/TERC changes	0	80,736	81,181	81,181
LB 1129 Misc DAS changes, Gov Residence Commission	0	1,500	1,500	1,500
LB 1161 Petroleum release remedial action, well meters	0	500,000	500,000	500,000
LB 1173 Center for Excellence in Electronics	0	2,500,000	2,500,000	0
LB 1191 Change retirement credit/contributions/liability	0	700	1,718,600	1,718,600
LB 1209 Livestock Waste Management Act	0	311,117	238,550	238,550
LB 1219 Unified school systems, state aid/resource gap	0	4,520,000	0	0
LB 1228 Quality Education Accountability Act	0	25,000	0	0
LB 1229 Curriculum-high ability learners	0	3,025,500	3,092,850	3,169,725
<i>Subtotal-"A" Bills</i>	0	20,032,666	22,507,171	21,158,524
LB 1108 Mainline budget adjustments (with vetoes)	(1,016,811)	25,174,664	16,160,585	14,160,585
LB 924 Nebr Information Technology Commission	0	1,860,751	1,377,441	1,377,441
LB 1100 NU/Colleges deferred repair, deprec. charge	0	0	6,013,722	7,214,583
LB 1110 Funding of core services-ESU's	0	9,700,000	9,991,000	10,291,000
LB 1138 Peru State College repair/renovation	60,000	2,225,350	1,985,350	0
LB 1362 State Claims	987,498	0	0	0
<i>Subtotal-Mainline Bills</i>	30,687	38,960,765	35,528,098	33,043,609
Total-Appropriations Bills (General Funds)	30,687	58,993,431	58,035,269	54,202,133

MAJOR ITEMS IN THE MAINLINE BUDGET BILL (LB 1108)

(General Fund)

DEPT OF EDUCATION

SCHOOL FOR THE DEAF The mid-biennium budget adjustments include an additional \$132,041 General Funds in 1997-98 to provide for personnel costs (retirement, vacation and teacher payouts) related to vacating the NSD campus at the end of the 1997-98 school year. A \$500,000 cash fund appropriation is transferred from 1998-99 to 1997-98 and a like amount of General Funds are transferred from 1997-98 to 1998-99 to assure that cash fund balances are expended prior to the termination of the NSD Cash Fund in September of 1998.

The mid-biennium changes for 1998-99, when combined with actions taken in the 1997 Session, provides a total of \$2.7 million to provide educational and residential services for deaf and hard of hearing children in regional settings. The projected usage of the funds will be approximately \$1,210,000 for regional programs; \$621,000 for residential services for children who were formally students at NSD; \$611,000 for educational services for students who were formally at NSD; \$150,000 for the Office of the Sensory Impaired; and \$100,000 for interpreter training. An additional \$100,000 of cash fund authority is also included for cash flow purposes.

DEPT OF REVENUE

HOMESTEAD EXEMPTION LB1108 includes a \$1.4 million reduction in FY97-98 based on claims filed for 1997 homestead exemptions, and leaving an allowance for subsequent corrections. No change was made in the FY98-99 appropriation as the original appropriation provided for a minimal increase. With the reduction in the FY97-98 amount, the FY98-99 appropriation

provides an allowance for a 4.5% increase.

TAKEOVER OF COUNTY ASSESSOR COSTS

Legislation passed in the past few sessions allows counties to turn over the county assessor functions to the state Property Tax Administrator. In December five counties have adopted resolutions to this affect; Dakota, Dodge, Garfield, Harlan, and Sherman. LB1108 includes \$1.3 million to assume these costs.

HEALTH & HUMAN SERVICES SYSTEM

MENTALLY INCOMPETENT COSTS (LB485-1997)

Passed in the 1997 Session, LB485 requires the state to pay the cost of maintenance and care of an accused person who is mentally incompetent to stand trial during the time the person is committed to a state hospital. Prior to LB485, counties were required to pay for this cost. Although the Governor's veto of LB485 was overridden, there was no override of LB485A which called for a General Fund appropriation to replace the lost cash funds (county reimbursement). LB1108 includes \$740,800 General Funds in both FY98 and FY99 for this purpose.

COMMUNITY BASED DEVELOPMENTAL DISABILITY

The mainline budget bill passed in the 1995 and 1997 Sessions contained intent language that methodology rates (rate equity) for developmental disability services should be increased to 75% in FY95-96, 80% in FY96-97, 85% in FY97-98, 90% in FY98-99, 95% in FY99-00, and 100% in FY00-01. During the 1997 Session, after the Governors veto, the FY98-99 funding only covered rate equity at 85%. LB1108 includes \$2.2 million in order to achieve the 90% level in FY98-99 as provided for in the intent language. LB1108 also

includes \$1,050,412 General Funds for reducing the backlog of clients on the waiting list for services

COMMUNITY BASED MENTAL HEALTH In the 1997 Session, the Legislature increased appropriations for aid to community based mental health by \$2.5 million General Funds for both FY97-98 and FY98-99. The Governor vetoed the FY98-99 amount to allow a reassessment of efforts by the provider community and HHS to work in implementing mental health redesign. LB1108 includes a continuation of this \$2.5 million on-going aid for FY98-99 as well as an additional \$4.5 million to develop community based mental health services.

SUBSTANCE ABUSE AID The mid-biennium budget adjustments include a \$1 million increase in aid for substance abuse treatment programs. This area received no increase in General Funds during the 1997 Session.

PUBLIC ASSISTANCE A re-examination of year to date and projected utilization of General Fund appropriations for Public Assistance programs indicates an excess of approximately \$5.5 million in FY98-99. The mid-biennium budget adjustments includes a reduction of this amount in Public Assistance and a reallocation of those funds to community based mental health and substance abuse programs as noted above.

MEDICAID Similar to Public Assistance, the current level of General Fund appropriations for Medicaid appear to be \$2.5 million above the projected need. LB1108 includes a reduction in this amount in both FY97-98 and FY98-99.

REPRODUCTIVE HEALTH CARE The mid-biennium budget adjustments includes a \$365,000 increase in FY98-99 General Fund appropriations for PAP screening and followup and chlamydia and HPV testing and treatment. This is a substantial increase in the current \$185,000 appropriation which has been at this level since FY91-92. The

increase relates to a substantial increase in number of women screened (especially for chlamydia) and increased lab costs.

CARE MANAGEMENT During the 1997 Session, a floor amendment provided for a \$763,225 increase in General Fund aid to local aging services for screening and referral services. Although these services are on-going, the amendment provided funding only for FY97-98. The mid-biennium budget adjustments includes continued funding of this \$763,225 for FY98-99.

NATIVE AMERICAN HEALTH SERVICES LB1108 includes \$500,000 General Funds to be distributed to the federally recognized tribes and/or other public health organizations for health education and prevention activities. While the funding is included in LB1108, the program is basically established in LB1070.

WATER RESOURCES AND ATTORNEY GENERAL

INTERSTATE STREAM DISPUTE, KANSAS A total of \$250,000 General Funds in FY1997-98 and \$430,000 General Funds in FY1998-99 is included to fund anticipated expenses resulting from the interstate stream dispute with Kansas. Of these amounts, \$217,600 in FY97-98 and \$300,400 in FY98-99 is provided the Dept of Water Resource for expenses for outside legal counsel and special experts and will be paid from the same budget program that contains the Nebraska v. Wyoming litigation appropriations. The estimated expenses were based upon initial expenses for the Nebraska v. Wyoming case, as adjusted for inflation. The remaining amount, \$32,400 in FY97-98 and \$129,600 in FY98-99, is appropriated to the Attorney General to hire an attorney and paralegal and pay for associated operating and travel expenses. The staff will handle day to day legal work related to the case.

MILITARY DEPARTMENT

GOVERNOR'S EMERGENCY FUND In October 1997, Nebraska was hit by a severe snow storm causing significant damage to trees and power lines. The President declared a federal disaster, making Nebraska eligible for federal disaster assistance funding on a matching basis. The state share (generally 12.5%) of costs related to activation of the National Guard, removing debris and repairing damage to public facilities is estimated to reach \$3,373,924. A General Fund appropriation in this amount is provided to the Governor's Emergency Fund in FY97-98 to support these costs.

LIBRARY COMMISSION

AID TO LOCAL LIBRARIES In 1997, the Legislature increased state aid General Fund support for statewide library services by \$500,000 for each of FY1997-98 and FY1998-99. This funding provision was ultimately vetoed by the Governor. The mid-biennium budget adjustments originally included restoration of the \$500,000 vetoed by the Governor for FY1998-99. This amount was then vetoed by \$100,000 leaving a net \$400,000 increase in FY98-99.

DEPT OF CORRECTIONAL SERVICES

Compared to prior years, adjustments for correctional services are relatively modest. Increased funds are provided for: (1) 5.5 FTE additional medical care staffing (\$48,811 FY98 and \$200,614 FY99), (2) costs of position reclassifications/upgrades approved by DAS-Personnel and FY98/FY99 salary increases for additional staffing added last session but not included in the salary increase calculations (\$284,766 FY98 and \$515,280 FY99), (3) reclassifications and additional mental health staff (2.0 FTE) and perimeter security (1.9 FTE)

at the new Secure Youth Facility (\$155,895 FY98 and \$320,361 FY99), and (4) 4.0 FTE interpreters (\$157,876 FY99).

LB1108 also include two General Fund reductions for FY97-98 only: \$720,500 vacancy savings due to delayed hiring of new staffing authorized last session and \$600,000 offset by utilizing excess cash funds in the Secure Youth Facility Fund (authorized by LB1107).

STATE COLLEGES

The mid-biennium budget adjustments include four General Fund items for the State Colleges: (1) \$145,800 in FY98-99 for three additional faculty at Wayne which were vetoed last session, (2) \$38,000 in FY97-98 to equip a distance learning classroom at Chadron, (3) \$168,691 in FY98-99 to fund higher than originally anticipated health insurance cost increases, and (4) \$527,416 in FY97-98 for a variety of fire and life safety construction projects at the three campuses. The General Funds for the fire/life safety projects are derived from a lapse to the General Fund of an excess amount from a prior construction project. These funds, vetoed by the Governor, were overridden by the Legislature.

UNIVERSITY OF NEBRASKA

COUNTY EXTENSION In the 1997 Session, the Legislature included funding so that the salary and benefits of county extension educators and assistants would be paid from State General Funds. This original amount was reduced by half with a Governor veto. The mid-biennium budget adjustments includes \$1,255,580 in FY98-99 to restore the vetoed funds and cover the full salary/benefits of these positions. Note that this amount was again vetoed by the Governor but overridden by the Legislature.

E COLI RESEARCH FUNDS LB1108 includes \$250,000 General Funds in both FY97-98 and FY98-99 for research and study on pathogenic Escherichia coli. This would include an analysis of the origin(s), growth, transmission, resiliency, and any other biological characteristics of the organism; and development and formulation of strategies to reduce and possibly eliminate related health risks. It is intended that the \$250,000 be appropriated for five years.

NATURAL RESOURCES COMMISSION

PLATTE RIVER AGREEMENT A cooperative agreement was signed July 1, 1997 between the Governors of Nebraska, Colorado, Wyoming, and the U.S. Secretary of the Interior for an endangered species recovery program in the Central Platte river basin. The program goals include target water flows for endangered species and the development and protection of land habitat. This program would also serve as an alternative for water-related development activities requiring consultation under Section 7 of the Endangered Species act. LB 1108 includes \$200,000 in FY97-98 and \$250,000 in FY98-99 to provide Nebraska's share of the program costs.

RESOURCES DEVELOPMENT FUND LB1108 includes an additional \$250,000 in FY98-99 for the Resource Development Fund. This amount was included in the original budget passed by the Legislature last session but subsequently vetoed by the Governor.

STATE PATROL

HEALTH/DENTAL INSURANCE COSTS The Legislature included additional General Funds (\$280,510 FY97-98 and \$330,373 FY98-99) to cover the state share of health/dental insurance costs. These costs are mainly due to an approximately 14% increase in state

contributions for employees represented by SLEBEC. Since SLEBEC is at impasse in negotiations with the state, the employee contribution rate will not change, and the employer has to pick up the increased costs that otherwise would have been paid by the employee.

ADDITIONAL ROAD TROOPER POSITIONS Per the Governors recommendation, LB1108 includes \$319,213 General Funds (plus \$490,554 Federal Funds) in FY1998-99 for additional road trooper positions. This provides for 5 new road trooper positions, and 24 trooper positions reassigned from administrative to road duty with the reassigned positions replaced with 19 civilian positions.

DEPT OF ADMINISTRATIVE SERVICES

CAPITOL STEAM LINE / STEAM SERVICES In the 1997 Session, \$3,053,000 General Funds was appropriated for FY97-98 to be applied toward the costs of constructing a new steam plant and related steam lines to provide steam services to the State Capitol Complex (Capitol, Governors residence, and State Office Building). Subsequently, an alternative was developed whereby costs of construction of the plant and lines would be borne by the District Energy Corporation (DEC) which will own and operate the plant/lines with the initial capital costs amortized through annual steam service charges. The Legislature concurred with this alternative by deleting the \$3,053,000 capital construction appropriation in FY97-98, and adding \$211,969 operating funds in FY98-99 for an increase in annual steam charges.

ACCOUNTING/FINANCIAL SYSTEM-PHASE II Last session, DAS was appropriated \$50,000 each year for Phase I of a project to replace the existing Nebraska Employee Information System (NEIS) and the Nebraska Accounting System (NAS). The purpose of Phase I was to evaluate existing

technology related to finance and human resources and determine if an intergrated solution is available. LB 1108 includes \$100,000 in FY98-99 to conduct Phase II which would review and evaluate the state's current system and determine the state's requirements as well as the potential cost to implement a comprehensive intergrated system (including writing a request for proposals).

DEPT OF ECONOMIC DEVELOPMENT

TOURISM INITIATIVE A total of \$150,000 General Funds is added in FY1997-98 to provide a state component to the Tourism Development Initiative (TDI) program. The federal component of this program is administered by DED and provides grants for tourism facility development to communities with a population of less than 50,000 residents. The majority of the \$1,000,000 federal allocation to the TDI program has been awarded. The state appropriation will allow other communities to apply for funding and initiatives in communities with a population over 50,000 to be eligible for funding under the state program.

LIED MAINSTREET PROGRAM This program, a partnership between DED, Historical Society, Roads, UNL College of Architecture, and the Lied Charitable Trust, provides assistance to Nebraska communities to help revitalize their mainstreets and downtown economies. The targeted communities are those with less than 50,000 population. The program has been in operation for two years with grants and in-kind support from the participating agencies. LB1108 includes \$125,000 General Funds in FY98-99 to match a grant from the Lied Foundation to continue the program.

CRIME COMMISSION

LAW ENFORCEMENT TRAINING FACILITY Over the past several years, the condition of the Nebraska

State Patrol Training Academy has become an issue. The NSP academy structures are WWII era concrete block structures. Neither building has undergone significant renovation and show numerous signs of apparent structural and mechanical fatigue. Utility systems require significant upgrade although the costs of these upgrades appear unjustified given the overall poor condition of the facility. The mid-biennium budget adjustments includes \$10,000,000 General Funds in FY98-99 for the collocation of the Nebraska State Patrol Training Academy (NSP) and Nebraska Law Enforcement Training Center (NLETC) in Grand Island. By veto, another \$2 million would be required in FY1999-00 to cash flow the project. The project would consist of renovation of existing facilities and new facilities to allow for the efficient operation of each academy while negating the need for duplicative/redundant facilities where possible. In addition to the \$12 million for the project itself, \$633,667 General Funds and \$52,910 from a fund used to account for the existing annual leases, is appropriated to liquidate the remaining payments due on the original bonding of the Law Enforcement Training Center.

DEPT OF ENVIRONMENTAL QUALITY

LIVESTOCK WASTE REGULATION LB1108 includes \$250,000 General Funds in FY1998-99 to provide funding for an additional 4 staff positions and associated operating and travel expenses to process permits and conduct inspections in the Livestock Waste Control Program. Previously, the agency had temporarily committed staff from other sections of the agency to assist with the increased number of permits and the permit backlog. There is currently a backlog of 37 permits with an average of 21 new applications received monthly compared with a historical rate of 10 permit applications per month. Additional staff was also provided in LB1209 (see Major General Fund legislation section).

MAJOR LEGISLATION ENACTED-1998 SESSION

(General Fund)

In terms of the FY98/FY99 biennium, 1998 Session "A" bills totaled \$20.0 million. with virtually all of this accounted for by one bill, LB1039. However there were several other significant bills affecting state government operations which shifted appropriations rather than increasing or reducing appropriations.

LB 204 would allow the State Patrol and any state law enforcement agency designated by the Patrol to release relevant information that is necessary to protect the public concerning a registered sex offender. This is commonly called Community Notification or "Megan's" law. Rules and regulations are to be adopted by the State Patrol regarding release of information to the community and factors relevant to the sex offender's risk of recidivism. The bill also requires that the procedure for release of information shall provide for three levels of notification by the law enforcement agency in whose jurisdiction the sex offender is to be released. If the risk of recidivism is high, the public shall be notified. Methods which could be used to notify the public include direct contact, news releases, or a telephone fee usage system. A total of \$492,725 is appropriated in FY1998-99 for the first year costs of the program. This includes 3.0 FTE Investigators to conduct investigations, compile information for the risk assessment, hold community meetings, work with other criminal justice agencies, and maintain documentation pertaining to the offender; .5 FTE Staff Assistant II to track the notifications, and perform general office duties for the investigators; \$100,000 for the development of a risk assessment instrument; 1.0 FTE Clinical Psychologist (either as a permanent employee or on a contractual basis) to review the Investigators reports and consult with them as needed, and

also review the arrest and other records of the qualifying, and assign a notification level for release of information on that individual. The Clinical Psychologist could also assist in the initial development of the risk assessment instrument.

LB 404 adds one District Judge in the 4th District (Douglas County); one County Judge in the 4th District (Douglas County); and one County Judge in the 2nd District (Sarpy, Cass & Otoe counties), effective July 1, 1998. The bill also adds one Juvenile Judge in Lancaster County effective July 1, 1999, and an additional District Judge in Douglas County on July 1, 2000. Each District and Juvenile judge would also have a court reporter provided (as per 24-1003). A breakout of the state costs is shown below:

	FY98-99	FY99-00	FY00-01
Dist Judges- Salaries	\$94,026	\$94,026	\$188,052
County Judges-Salaries	\$172,804	\$172,804	\$172,804
Juvenile Judge - Salary	\$0	\$94,026	\$94,026
Court Reporters- Salaries	\$31,948	\$63,896	\$95,844
Benefits	\$40,712	\$60,978	\$81,241
Operating (travel)	\$9,000	\$7,500	\$8,500
TOTAL	\$348,490	\$493,230	\$640,467

The counties involved would also have additional costs to provide office space and support for these new judges.

LB 695 creates the County Property Tax Relief program. Funds appropriated are to be distributed annually to county governments to provide property tax relief and equalize county capacity to pay for public services from property tax. Funds appropriated are to be distributed annually by the Department of Revenue on or before September 1 each year. A formula is utilized to determine the statewide capacity (the

statewide property assessed valuation for the prior year, times .018, divided by the number of road miles maintained by all counties) and the county capacity (the county property assessed valuation for the prior year, times .018, divided by the number of road miles maintained by the county). The amount of aid due a county is to be determined by subtracting the county capacity from the statewide capacity. If the result is a positive number, this amount is multiplied by the number of county road miles and is the amount to be distributed to the county, except that the amount distributed to a county shall not exceed an amount equal to the result of a tax rate of \$.05 per \$100 valuation on the property valuation of the county. For FY 1998-99, the total amount of aid required has been calculated at \$5,500,000. The amount of aid required for FY 99-00 may be more or less than this amount.

LB695 also provides reimbursement to counties for state prisoners at \$35 per day, beginning July 1, 1999. A state prisoner is defined as a person who has been convicted and sentenced as an adult to a Department of Correctional Services facility, or placed on probation for such offense. The reimbursement to the county is retroactive for all days the prisoner was maintained in a county or other local criminal detention facility (both pre and post trial), until they are transferred to a Department of Correctional Services facility. The Department of Correctional Services (DCS) is to administer the reimbursement program and adopt rules and regulations to implement the bill.

The total estimated reimburseable cost for persons sentenced to DCS is estimated as between \$4,697,581 and \$5,512,371. The impact of reimbursing for those prisoners placed on probation who might otherwise have been sentenced to DCS is estimated to be between \$1.0 million and \$1.3 million. This brings the total estimated cost to a range of \$5.7 million and \$6.8 million.

LB 924 creates the Nebraska Information Technology Commission (NITC) whose duties include: developing a statewide technology plan and strategies; create an information clearinghouse; set policies to guide technology infrastructure investments; establish minimum standards, guidelines and review procedures; establish technical advisory groups to study and make recommendations on specific topics which is permissive and different than the technical review panel; and make recommendations on technology investment to the Governor and Legislature. Three work groups are created to identify needs that could be met through the use of information technology as well as a technical panel to review any technology project or request for additional funding recommended to the NITC by the work groups. LB 924 creates the office of Chief Information Officer whose duties would include maintaining an inventory of technology assets, recommending policies and guidelines, advising the Governor and Legislature on technology policy issues, provide a liaison with other coordinating bodies, establishing a technology process, assisting the budget and fiscal offices in evaluating technology budget requests, evaluating opportunities for more effective use of information technology, promoting data sharing across agency lines, and monitoring the status of major state government technology projects. LB 924 also creates the Community Technology Fund and the Government Technology Collaboration Fund. Expenditures from the funds shall be approved by the NITC upon recommendations from the Community Work Group and the Information Resources Cabinet. (\$1,860,751 General Funds FY1998-99)

LB 1041 conforms state law with the federal Adoption and Safe Families Act of 1997. The state's policy regarding children in out-of-home placements will be that the health and safety of

the child is the paramount concern in all efforts concerning the child. Under this bill, reasonable efforts to preserve and reunify a family are not necessary if a court of competent jurisdiction has determined that: 1) the parent has subjected the juvenile to aggravated circumstances; 2) the parent has committed first or second degree murder to another child of that parent, aided or abetted to commit murder of another child of the parent, committed voluntary manslaughter to another child of the parent or committed a felony assault which results in serious bodily injury to this child or another child of the parent or 3) the parental rights of the parent to a sibling have been terminated involuntarily. The court is authorized to terminate all parental rights if a juvenile has been in an out-of-home placement for 15 of the last 22 months. Currently the termination may take place if the child has been in out-of-home care for 18 consecutive months. This bill also requires permanency plan hearings to be held within 30 days of a court determination that reasonable efforts to reunify a family are not required. The bill also states that the state shall be a party to the petition to terminate parental rights.

Approximately 2,600 state wards come into state care each year. The department estimates that additional work will be needed on approximately 1,400 cases a year as a result of the provisions of this bill. A total of 948 children who are currently state wards have been in care for 15 months or longer. As these children become free for adoption, the department will need approximately 588 additional adoptive homes in FY98-99 and 976 in FY99-00. From past experience, it has been estimated that the department will need to recruit and screen twice the number of homes for each successful placement. The total cost for adoptive home recruitment and screening is approximately \$1.2 million in FY98-99 and \$1.9 million in FY99-00.

Additional case aides are needed to assist with relative location and to staff the adoption hotline.

The costs are \$106,822 in FY98-99 and \$122,989 in FY99-00. Additional training is needed for both caseworkers and relatives accepting adoptive placements. These training costs are estimated at \$22,995 in FY98-99 and \$68,711 in FY99-00.

For approximately 1,400 cases, the department estimates that caseworkers will spend an additional 20 hours per case on court preparation and court appearances. Eight additional child welfare workers will be needed to handle the additional workload (\$390,399 in FY98-99 and \$329,217 in FY99-00). Three additional attorneys will also be needed to assist county attorneys with terminations and assist caseworkers with court appearances (\$169,163 in FY98-99 and \$149,888 in FY99-00).

Post-adoptive services are expected to be improved to prevent adoption disruptions. An additional 2.5 FTE child welfare workers are provided in FY98-99 and 3.5 FTE in FY99-00. (\$121,590 in FY98-99 and \$151,918 in FY99-00).

Subsidized adoption costs will increase by \$170,324 in FY98-99 and \$145,099 in FY99-00. This cost will be offset by savings to services that would otherwise be provided to state wards and to their families. The savings are projected to be \$100,000 in FY98-99 and \$958,400 in FY99-00.

The state is eligible for federal incentive payments. The state will receive a payment of \$4,000 per child or \$6,000 per child with special needs for each adoption above the prior year's level. In FY99-00, the state may receive approximately \$1.0 million. Incentive payments in future years will decline or be nonexistent due to the increase in the base year numbers. The incentive payments are available to offset the general fund costs in FY99-00. Failure to meet the federal requirements could result in a loss of up to \$32.0 million in federal Title IV-E and IV-B funds. These federal funds support foster care and adoption services for state wards.

Counties will see an increase in costs. Counties may occur additional costs for termination cases and payment of guardian ad litem costs for the parents. The costs will vary by county depending on the increase in the number of terminations. A program is established to assist the county attorneys in Douglas and Lancaster counties with the cost of terminations. Funding has been provide in the amount of \$240,000 each year to pay for three attorneys in Douglas County and two in Lancaster County. Two of the attorneys in the Department of Health and Human Services Finance and Support will also be available to assist county attorneys outside of Douglas and Lancaster.

LB1100 addresses the deferred maintenance, repair, and renovation of state buildings on the University of Nebraska and State Colleges campuses. Beginning with FY 99-00, LB 1100 directs that annual appropriations be made from the General Fund to the University of Nebraska and State College amounting to \$5,500,000 and \$400,000, respectively for a period of up to ten years. Amounts appropriated are authorized to be expended for University of Nebraska and State College deferred maintenance, repair, renovation, and facilities replacement projects. The bill further provides that the Legislature recognizes the commitment of the Board of Regents and the Board of Trustees to provide matching funds on a one-to-one basis relative to amounts to be derived from the General Fund. The legislation would authorize both the Board of Regents and the Board of Trustees to issue bonds to finance the projects authorized by the bill. Bonds issued would be retired with the General Fund appropriations and matching funds generated by the University and State Colleges.

LB 1110 carries out the intent of LB 806 (1997) to provide state funding to educational service units to be used for core services. Core services

are staff development, technology and instructional materials services. The \$9.7 million appropriation for FY98-99 is to partially offset an estimated \$13 million loss in property tax revenue which ESU's will experience pursuant to the reduction in levy authority from 3.5 cents to 1.5 cents beginning in 1998-99. The funds appropriated for core services are to be distributed proportionally to each ESU based on the fall membership in member districts in the preceding school year. The bill provides that no ESU shall receive less than 2.5% of the total funds appropriated for core services.

LB 1138 This bill appropriates funds for miscellaneous building renewal projects at Peru State College as well as for renovating and constructing an addition to Hoyt Science Hall on the campus. State Building (General) Fund appropriated amounts are:

	<u>FY 98-99</u>	<u>FY 99-00</u>
Misc building renewal	\$440,000	\$200,000
Hoyt Science Hall	<u>1,785,350</u>	<u>1,785,350</u>
Total	\$2,225,350	\$1,985,350

There is also a requirement that prior to its consideration of the Hoyt Science Hall renovation and addition project proposal according to law, the Coordinating Commission for Postsecondary Education would be required to undertake and complete a study relating to Peru State College, the findings of which are to be reported to the Governor and Legislature not later than December 1, 1998. A \$60,000 General Fund appropriation is made for the Coordinating Commission to support expenses incurred in conducting the required study.

LB 1161, among other provisions, establishes a cost share program to provide 50% of the cost of the purchase and installation of water

measuring devices on wells in the alluvial aquifer of the Republican River which are capable of pumping more than 50 gallons per minute. LB1161A appropriates \$500,000 for both FY98-99 and FY99-00 (and intent for \$500,000 in FY00-01) to the Nebraska Soil and Water Conservation Fund for the state's share.

LB 1173 appropriates \$2.5 million for both FY 98-99 and FY 99-00 and directs that funds appropriated be disbursed in the form of a grant to a community college area to finance construction of a center for excellence in electronics. The center, a public private partnership, will provide training in applied electronics technology as well as evaluation and testing of electronic equipment. The bill further provides that future costs of operation, maintenance and equipment upgrades for the facility be supported by non-state fund sources defined by the bill to include fees, grants, and contributions from individuals, corporations, companies and associations for the evaluation and testing of electronic equipment.

LB 1209 established the Livestock Waste Management Act. The Department of Environmental Quality (DEQ) will issue construction and operating permits for livestock waste control facilities, inspect facilities and collect fees. Prior to the 1998 legislative session, DEQ maintained 4.5 employees in the Livestock Waste Control Division. LB 1209 provided \$255,880 General Funds and \$255,400 Cash Funds in FY98-99 to hire an additional 8 FTE staff. In conjunction with the additional funding provided in LB 1108 (see LB 1108 description), a total of 12 FTE staff were added to the DEQ Livestock Waste Control Division in the 1998 Legislative Session. A study of livestock waste control facility inspection and operating fees authorized in LB 1209 may impact future General and Cash Fund appropriation levels for the Livestock Waste Control Division. A report of

study results must be submitted to the Legislature no later than December 1, 1998.

Also under LB1209, the Department of Water Resources is required to review and approve within 60 days the site plans and specifications for any livestock waste control facility dam or lagoon structure. The Department received \$55,237 General Funds in FY98-99 and \$54,070 General Funds for FY99-00 to hire 1 FTE Engineer to carry out the tasks included in LB 1209.

LB 1219 provides for the establishment of unified school systems. A unified system is defined as two or more Class II or III school districts participating in an interlocal agreement with approval from the State Committee for the Reorganization of School Districts. Class I districts may also be part of the interlocal agreement if the entire valuation is included in the unified system. Agreements must last for a minimum of three years. The bill provides that state aid and property tax resources are to be shared by the unified system. The board of a unified system is to determine the general fund levy for all participating districts and the distribution of tax resources and state aid.

The bill also provides \$4.5 million one-time temporary mitigation funds to schools which have property tax and state aid resources in 1998-99 which are less than 90% of their 1997-98 property tax and state aid resources. Systems must meet certain criteria in the bill in order to receive aid. The Dept of Education (NDE) is to calculate the systems eligible for aid and distribute the funds by September 15, 1998. Payments are to be prorated if the appropriation is not sufficient to fund all claims. This \$4.5 million General Fund appropriation is financed by a transfer of \$4.5 million from the Cash Reserve Fund to the General Fund on or before September 1, 1998.

LB 1229 provides that school districts may provide accelerated or differentiated curriculum programs for students identified as learners with high ability beginning in 1997-98. Schools are required to annually provide the Department of Education (NDE) with criteria used to identify learners with high ability, the number of students identified and the number participating in an approved program. The Legislature is required to appropriate funds beginning in 1998-99 for high ability learner programs. A 50% local match is required. NDE is required to develop rules and regulations. The bill provides that up to 5% of the appropriation for aid in 1998-99, 1999-00 and 2000-01 will be used for start-up costs for schools

and will be distributed on a pro rata basis based upon eligible costs submitted by schools. School systems may also receive .1% of the appropriation as base funds. The remaining funds are to be distributed as a pro rata share based on the students participating in high ability learner programs. Up to 10% of the prior years membership of students participating in accelerated or differentiated curriculum programs may be counted for aid purposes.

While intent language in the bill calls for \$6 million to be appropriated in 1998-99, the amount in the "A" bills was vetoed to \$3,000,000. For future years, language provides that the prior years appropriation is to be increased by the percentage growth in identified participating students plus the basic allowable growth rate.

Table 11
Governor Vetoes and Overrides - 1998 Session
(General Fund Only)

* Denotes Line Item Vetoes	Vetoes		Overrides	
	FY97-98	FY98-99	FY97-98	FY98-99
LB 1108* Education-Retirement payouts	(47,580)	0	0	0
LB 1108* HHS-Developmental Disability-case management	0	(43,121)	0	0
LB 1108* HHS-Developmental Disability aid-rate equity	0	(862,600)	0	862,600
LB 1108* HHS-Foster Grandparent Program funds	0	(125,825)	0	0
LB 1108* Library Comm-Aid to local libraries, increased funds	0	(100,000)	0	0
LB 1108* NETV-Health insurance increases	0	(12,000)	0	0
LB 1108* Colleges-Fire / Life Safety / ADA Projects	(527,416)	0	0	0
LB 1108* University-salary/benefits of extension educators/asst.	0	(1,255,580)	0	1,255,580
LB 1108* Patrol-Health insurance-drug/mental hlth copayments	(24,550)	(56,240)	0	0
LB 1108* DED-Tourism initiative, increased funding	(150,000)	0	0	0
LB 1108* Crime Comm-colocation, law enforce training facilities	0	(2,000,000)	0	0
Subtotal - Mainline Bills	(749,546)	(4,455,366)	0	2,118,180
LB 656 State funding for the Niobrara Council	0	(100,000)	0	100,000
LB 695 County Prop Tax Relief and reimburse prisoner costs	0	(5,551,724)	0	5,551,724
LB 752A Constitutional officers salary increase	0	(58,750)	0	0
LB 1063* Childrens health care (net of LB1070 offset)	0	(1,310,663)	0	0
LB 1161 Petroleum release remedial action, well meters	0	(500,000)	0	500,000
LB 1193* Reporting of certain farm/ranch ownership	0	(37,500)	0	0
LB 1228* Quality Education Accountability Act	0	0	0	0
LB 1229* Curriculum-high ability learners	0	(3,000,000)	0	0
LB 1293 Firefighter/Rescue Squad Recruit/Retention Incentive	0	(86,208)	0	0
Subtotal - "A" bills	0	(10,644,845)	0	6,151,724
Total General Fund Vetoes/Overrides	(749,546)	(15,100,211)	0	8,269,904

APPROPRIATIONS-ALL FUNDS

APPROPRIATIONS-ALL FUNDS

Whereas the previous sections only reflected General Funds, the following table shows the total appropriations from all funds as enacted during the 1997 Session, with the mid-biennium budget adjustments enacted during the 1998 Session.

A detailed list of all mainline adjustments are included at the end of the report. Following Table 12 is a narrative description of the major cash, federal, and revolving fund changes.

Table 12
Total Appropriations - All Fund Sources

<i>FY1996-97</i>	General	Cash	Federal	Rev/Other*	Total
<i>Final Per 1997 Session</i>	1,882,429,606	1,074,409,430	1,148,399,528	375,385,670	4,480,624,234
<i>FY1997-98</i>	General	Cash	Federal	Rev/Other*	Total
<i>Total Per 1997 Session</i>	1,979,767,633	1,111,845,045	1,178,855,941	380,604,975	4,651,073,594
1998 Session-Mainline	30,687	10,094,746	1,010,884	13,210,089	24,346,406
1998 Session "A" bills	0	28,522	0	0	28,522
<i>1998 Session Actions</i>	<u>30,687</u>	<u>10,123,268</u>	<u>1,010,884</u>	<u>13,210,089</u>	<u>24,374,928</u>
<i>Total Per 1998 Session</i>	<u>1,979,798,320</u>	<u>1,121,968,313</u>	<u>1,179,866,825</u>	<u>393,815,064</u>	<u>4,675,448,522</u>
Change over prior year (including deficits)					
Dollar	97,368,714	47,558,883	31,467,297	18,429,394	194,824,288
Percent	5.2%	4.4%	2.7%	4.9%	4.3%
<i>FY1998-99</i>	General	Cash	Federal	Rev/Other*	Total
<i>Total Per 1997 Session</i>	2,169,585,690	1,113,920,974	1,194,299,331	386,034,263	4,863,840,258
1998 Session-Mainline	38,960,765	1,072,079	9,777,037	17,361,888	67,171,769
1998 Session "A" bills	20,032,666	40,707,428	11,875,384	500,000	73,115,478
<i>1998 Session Actions</i>	<u>58,993,431</u>	<u>41,779,507</u>	<u>21,652,421</u>	<u>17,861,888</u>	<u>140,287,247</u>
<i>Total Per 1998 Session</i>	<u>2,228,579,121</u>	<u>1,155,700,481</u>	<u>1,215,951,752</u>	<u>403,896,151</u>	<u>5,004,127,505</u>
Change over prior year (excluding deficits)					
Dollar	248,811,488	43,855,436	37,095,811	23,291,176	353,053,911
Percent	12.6%	3.9%	3.1%	6.1%	7.6%

* Revolving funds plus Nebraska Capital Construction (NCCF) and private funds for construction

MAJOR ITEMS IN THE MAINLINE BUDGET BILL (LB 1108)

(Cash, Federal and Revolving Funds)

CASH FUNDS

ENVIRONMENTAL QUALITY -LANDFILL CLOSURE

ASSISTANCE FUND This fund is available as aid to local governments to assist in landfill closing assessment, closure, monitoring, and remedial action. Monies in the fund came from an allocation of 24.5% of lottery funds from July 1993 to July 1997. The original agency request and subsequent appropriation from this fund did not provide enough spending authority to draw down the fund balance including accrued interest. The mid-biennium budget adjustments increases the cash fund appropriation by \$3, 108,295 in FY97-98 and \$1,616,979 in FY98-99.

HEALTH AND HUMAN SERVICES-REGIONAL CENTERS

For FY97-98, the mid-biennium budget adjustments include a \$2.7 million increase in the cash fund spending authority to maintain operations of the regional centers this fiscal year.

GAME AND PARKS-CONSTRUCTION PROJECTS The mid-biennium budget adjustments includes \$1,430,780 in FY97-98 and \$509,388 in FY98-99 for a variety of construction related items. This includes (1) \$240,000 each year to increase cash and reduce federal due to a change in federal cost share billing, (2) \$269,388 each year to allow expenditure of increased federal funds available for boat access facilities, (3) \$427,791 in FY97-98 to accommodate higher than expected costs on previously approved projects at Mahoney State Park, Indian Cave, and Ft. Robinson, (4) \$223,000 in FY97-98 to accommodate higher than expected costs on previously approved projects at Louisville, Lake McConaughy, Morman Island, Fort Kearny, Medicine Creek, and Swanson recreation areas, (5) \$142,870 in FY97-98 to replace an inadvertent lapse of funding for a

shower/latrine building at Fremont SRA , and (6) \$127,731 in FY97-98 to modify boat docks at Lewis and Clark and provide for construction of an observation deck at Indian Cave.

CORRECTIONS-EXCESS INTEREST, SECURE YOUTH FACILITY FUND Excess investment income has accrued in the Secure Youth Facility Fund used for construction of the new facility. With passage of LB1107, this excess interest is transferred to Corrections operations cash fund allowing for a \$600,000 one-time reduction in General Funds for FY97-98 with an offsetting \$600,000 increase in Cash Funds.

LABOR-PIPE REPLACEMENT/ASBESTOS REMOVAL

PROJECT Last session, the Dept of Labor received appropriation authority for an iron pipe replacement and asbestos removal project at the Administration Building in Lincoln. At the time, the total projected cost of \$560,400 was based on a "best estimate". However after a professional review, the revised project cost is now estimated at \$1,120,400. LB1108 includes the additional \$560,000 cash funds in FY97-98 to proceed with the project.

HHS REGULATION-COMPUTER UPGRADES,

CENTURY DATE The Bureau of Examining Boards is upgrading their computer system including correction of the century date problem. The cost of the entire upgrade is less than the cost of doing the century date change alone. This plan was approved by the Information Resources Cabinet. Since this upgrade would not fall under the state's current century date change contract, additional cash funds are needed to pay for the upgrade project. The total project cost is estimated at \$672,765, with LB1108 providing an additional \$470,000 cash funds in FY97-98.

FEDERAL FUNDS

LABOR-WELFARE TO WORK GRANT The federal Personal Responsibility and Work Opportunity Act placed stonger emphasis on work while receiving time limited assistance. The Congress provided funding to states for welfare to work grants to assist with the transition to employment. Nebraska's 1998 grant is \$4 million which must be matched with \$2 million in state funds (of which 50% can be in-kind match). The Public Assistance programs in HHS-Finance will provide the state's match. Funds can be used for a number of purposes including job readiness, community service, work experience programs, on-the-job training, job placement, and occupational skills training. At least 85% of grant funds must flow through Private Industry Councils. The states' may retain 15% for programs administered at the state level. The mid-biennium budget adjustments includes \$804,317 for the remainder of FY97-98 and the full \$4,021,585 grant amount in FY1998-99.

COMMUNITY BASED DEVELOPMENTAL DISABILITY As noted in the narrative under General Funds, LB1108 included \$2.2 million General Funds to achieve the 90% rate equity level in FY98-99 as provided for in the intent language. An additional \$2,736,939 of federal funds is also included

COMMUNITY BASED MENTAL HEALTH Similar to developmental disabilities, there are accompanying federal funds related to the additional General Funds for community based mental health services (\$2 million federal funds for FY98-99).

REVOLVING FUNDS

DAS-CENTRAL DATA PROCESSING (CDP) The mid-biennium budget adjustments includes funding for three large items for DAS-CDP. During the 1997 Session, it was determined that there was a

sufficient amount of long term workload to justify hiring 41 additional full-time employees instead of contracting. Savings were budgeted as part of this shift. However the original estimate of savings is no longer valid in that CDP has been unable to hire sufficient new staff given the current market demand, and the salaries required to hire new employees are higher than anticipated. LB1108 includes a revolving fund increase of \$1,723,154 in FY97-98 and \$4,489,800 in FY98-99 to replace the originally factored in savings.

The second issue in CDP is an increase of \$2.1 million in both FY97-98 and FY98-99 to upgrade the CICS mainframe software. CICS is a computer software product used to execute many of the critical applications of state government and older versions of CICS will not function after 1999. It was determined that the most cost effective approach was to engage CTA (the state's century date change contractor) to perform the CICS work simultaneously with the century date change work through a formal change order. This cost has been accounted for in CDP's 1997 cost allocation plan and the current CICS rates include this cost.

And the third issue was to provide \$1,352,121 for salary adjustments for information technology professional staff. DAS-CDP has encountered problems attracting and retaining such staff due to the salaries offered in the private sector.

DAS-STATE BUILDING DIVISION (SBD) There are also two large funding increases for the State Building Division (SBD), both related to previously passed legislation which centralizes state functions under DAS-SBD. This revolving fund increase does not result in additional expenditures but reflects the "flow through" concept of revolving funds whereby agencies pay rent to SBD with General, Cash, or Federal funds, these payments are placed in a revolving fund, and SBD pays for the lease, operations, and maintenance of facilities. The mid-biennium

budget adjustments include \$2.6 million for FY97-98 and \$3.1 million for FY98-99 related to centralization of agency leases. Under LB1241 (1992), as agency leases come up for renewal, leases are transferred from agencies to SBD. LB 1108 also includes a revolving fund increase of \$3,055,000 for centralizing the operations and /maintenance of Health and Human Services facilities. Similar to the centralized lease as noted above, under the provisions of LB530 (1995) the operations and maintenance of certain facilities have been and are being centralized under DAS-SBD. The agencies pay rent to DAS-SBD which is in turn responsible for the operations and maintenance of the facilities.

DAS-MATERIEL DIVISION A \$2.6 million increase in revolving funds (FY97-98 and FY98-99) is included for DAS Materiel Division to address an increase in activity due to the initiation of a new "stockless inventory" method for purchasing supplies inventory. State agencies place orders through DAS-Materiel who in turn places orders electronically with vendors (70% discount on core items and 40-50% discount on other catalog items). The vendor bills DAS-Materiel who subsequently bills the client agency. The agency revolving fund is the means by which the funds flow from the client agency to the vendor.

CORRECTIONAL SERVICES-CORNHUSER STATE INDUSTRIES WAREHOUSE/ADMIN BUILDING Last session, funds were provided the Dept of Correctional Services to plan for the construction/acquisition of additional correctional industries warehouse and administrative space. LB 1108 includes \$2,979,0100 revolving funds in FY97-98 for the construction or acquisition of a facility. Currently, the Department is pursuing the purchase of the recently closed Sutherlands Lumber facility directly across the road from the Penitentiary. This site has approximately 66% more square

footage than the proposed new facility and a lower cost (purchase plus retrofit).

NEBR. CAPITAL CONSTRUCTION FUND

Through FY1996-97, cigarette tax receipts not credited to the General Fund or otherwise earmarked, were credited to the Nebraska Capital Construction Fund (NCCF) for capital construction projects including building renewal work by the LB309 Task Force. Beginning in FY1997-98, these cigarette tax revenues are now dedicated solely to the LB309 Task Force. While cigarette tax funds no longer flow to the NCCF, some residual unobligated funds still remain in the NCCF. LB 1108 appropriates these residual funds for two projects.

RENOVATE EAST CHAMBERS (WARNER MEMORIAL) LB1108 includes \$760,068 NCCF appropriation for FY97-98 for renovation of the East Chambers as part of the Warner Memorial project. This would include cleaning and restoration of rugs, tapestry, bronze gates/light fixtures, and woodwork; installation of new lighting controls and public address system; restoration of the original voting system; and new furnishings. The project would also include installation of equipment to make the East Chambers a fully interactive two-way teleconferencing NEB*SAT site.

GOVERNOR'S RESIDENCE SECURITY IMPROVEMENTS A \$300,000 NCCF appropriation for FY97-98 is included for security improvements at the Governor's residence. This would include installation of a perimeter fence with gates and controls, exterior cameras and lighting, and recording capabilities for on-site security and monitoring.

Major Legislation Enacted-1998 Session *(Cash, Federal and Revolving Funds)*

LB 1070 establishes the Nebraska Health Care Trust Fund. Revenue from the fund will be generated from intergovernmental transfers from publicly owned nursing facilities. Through December 31, 1998, the distribution of the fund will be as follows: 1) the first \$40 million is transferred to the Nursing Facility Conversion Cash Fund for grants to nursing facilities to convert to assisted living facilities and 2) the next \$25 million is transferred to the Children's Health Insurance Cash Fund to be used as the state match for the children's health insurance program (See LB1063).

On and after January 1, 1999, only interest accrued on the amounts received in excess of the \$65 million noted above will be available for distribution. The interest earnings will be transferred to the Excellence in Health Care Trust Fund. The following activities are eligible for funding from the interest earnings: 1) grants to nursing homes to convert to assisted living facilities; 2) public health activities; 3) emergency medical services; 4) conversion of rural hospitals to limited service hospitals; 5) education, recruitment and retention of health care professionals and 6) telemedicine infrastructure development. A seven member Excellence in Health Care Council is established. The council will award grants for eligible activities as specified in the bill. The amount for nursing home conversion is capped at one half of the interest earning after the initial \$40 million.

The federal government allows states to set up disproportionate share pools for publicly owned nursing facilities. In LB 1070, the Department of Health and Human Services Finance and Support is authorized to establish such a pool. The disproportionate share payment allowed is the aggregate of the Medicare upper limit for all

nursing home patients. Nebraska currently reimburses at a level less than the maximum allowed. Under LB1070, participating governmental nursing facilities would receive the disproportionate share payment and return the payment less a processing fee to the state. The general fund portion of the payment will be shown as a credit to the general fund appropriation. The portion that was paid in federal funds will be deposited in the Nebraska Health Care Trust Fund. The first revenues are anticipated to be received on April 1, 1998. The first receipt will be for half a year or approximately \$27.6 million. In FY98-99, the disproportionate share pool will generate about \$55.2 million. Thereafter, annual revenues will decline about \$5million a year, leveling off at about \$14.4 million in FY06-07. The decline in revenues is due to the decrease in the number of nursing home beds and the increase in Medicaid payment rates which will reduce the size of the disproportionate share payments.

The \$40 million transferred to the Nursing Facility Conversion Cash Fund would be used for grants to existing nursing homes to convert all or a portion of a facility to an assisted living facility. Grants, for one-time conversion costs, will be available for both publicly and privately owned facilities. The estimated disbursement for grants is estimated to be \$25 million Cash Funds in FY 98-99 and \$15 million in FY99-00.

Twenty-five million dollars will be transferred to the Children's Health Insurance Cash Fund to be used as the state match for the Children's Health Insurance Program. This would fund up to five years of the match (see LB1063).

Another portion of the Health Care Trust Fund and the Tobacco Settlement Trust Fund will be

used for grants recommended by the Excellence in Health Care Council. Approximately \$961,135 will be available in FY98-99 and \$4.1 million in FY99-00. Interest earnings will increase annually from \$7.6 million in FY00-01 to \$21.4 million in FY07-08, assuming the principal is not expended.

The Tobacco Settlement Trust Fund is also established. The revenues will be from any settlement or judgment from tobacco-related litigation to compensate the state for the costs of treating smoking-related illness. Interest earnings from this fund will also be transferred to the Excellence in Health Care Trust Fund for eligible activities.

This bill also establishes the Native American Public Health Act. Federally recognized tribes and health clinics which serve a substantial Native American population are eligible for grants. The funds could be used for a number of public health services. The Department of Health and Human Services would administer the grant program. LB 1108 contained a \$500,000 appropriation for this purpose.

LB 1063 directs the implementation of the new federal children's health insurance program authorized in the Balanced Budget Act of 1997. Coverage will be provided through the expansion of the Medicaid Program. Coverage will be expanded to all children under age 19 without health insurance coverage whose family income is at or below 185 percent of the federal poverty guidelines. Children would be continuously eligible for a 12-month period of time. Coverage is also expanded for pregnant women up to 185 percent of poverty. Caretaker relatives eligibility is capped at the current income level. The Department of Health and Human Services is authorized to establish a schedule of premiums. The current requirement that the department implement a schedule of copayments or deductibles is eliminated and replaced with an authorization to implement such a schedule.

Expanded coverage will begin in September, 1998. In the first year, 12,600 children will be served. The numbers are anticipated to increase in the following two years, when full implementation is expected to be reached. In FY99-00, 15,750 children would receive services. In FY00-01, that number will rise to 22,800. Total Title XXI program costs are anticipated to be \$11,245,562 (\$3,148,757 Cash and \$8,096,805 Fed) in FY98-99 and \$17,722,337 (\$4,962,254 Cash and \$12,760,083 Fed) in FY99-00. The cash funds come from the Children's Health Insurance Cash Fund, created in LB1070, which includes twenty-five million dollars to be used for the state match for operations and aid for the children's health insurance program.

Three provisions of the bill will also increase costs to the existing Medicaid Program. The total cost of these Medicaid expansions is \$3,360,674 (\$1,310,663 Gen and \$2,050,011 Fed) in FY98-99 and \$5,287,817 (\$2,062,249 Gen and \$3,225,568 Fed) in FY99-00. Note that the General Fund amount for FY98-99 was subsequently vetoed by the Governor. First, under this bill, all children will be continuously eligible for medical services for 12 months. This provision will increase Medicaid costs by \$2,105,934 in FY98-99 and \$3,313,560 in FY99-00. Second, presumptive eligibility and the more accessible application process will increase the awareness and accessibility of the Medicaid Program. Children who are currently eligible are expected to enroll in the program sooner as a result of the outreach efforts and easier application process which accompanies the presumptive eligibility. The costs to the Medicaid Program are \$1,027,285 in FY98-99 and \$1,616,371 in FY99-00. and third, coverage for pregnant women will increase from 150 percent to 185 percent of federal poverty. Assuming an additional 270 women would be eligible in FY98-99 and 330 in FY99-00, the cost of this provision is \$227,455 in FY98-99 and \$357,886 in FY99-00.

There may be a fiscal impact to the repeal of the

mandate for Medicaid copayments. Since the bill gives the discretion to the department, the impact will depend on its decision. There is currently a copayment on Medicaid provided medical services for certain individuals. This bill would allow the agency to eliminate all or some of the copayments. Currently copayments offset Medicaid cost by \$1.5 million. If eliminated or reduced by the department, general and federal funds would need to replace the amount currently covered by the copayment. The increase in payments for medical services would be partially offset by lower medical costs. For some individuals covered by Medicaid, the copayment is a disincentive and they may delay seeking treatment. The delay in seeking treatment early may result in the need for higher cost treatment.

The bill also included an adjustment in rates paid for coverage for children under the Comprehensive Health Insurance Program. This change will decrease premium revenue for the state CHIP program, assuming no change in the number of children covered. The Department of Insurance indicates children represent about 10% of the pool of persons provided coverage under state CHIP. The state CHIP is funded through premiums paid by program participants as well as assessments made against health insurance companies in the state. Insurance companies are allowed to offset the amount of premium taxes paid to the state by the amount of the state CHIP assessment. It is possible the change in the premium rate for children's coverage may result in an increase in the amount assessed insurance companies for the state CHIP, depending upon the number of children enrolled and actual claims. If so, this will result in a decrease in premium taxes received by the state. However, no definite fiscal impact can be determined.

Operations costs for carrying out the provisions of the bill are as follows:

<u>Position</u>	<u>FTE</u>	<u>FY98-99</u>	<u>FY99-00</u>
Office Clerk	3.0 / 4.5	50,814	78,317
Case Aide	1.5 / 2.5	27,312	46,772
Supervisor	1.5 / 2.5	48,711	83,418
Program Specialist	1.5 / 3.0	48,703	100,084
Social Workers	19.0 / 28.0	461,944	699,480
Benefits	na	159,371	252,018
Operating costs/equip.	na	1,008,993	1,041,557
Total		1,805,848	2,301,646
General		340,646	265,021
Cash		314,876	178,641
Federal		1,150,326	554,544
Total		1,805,848	2,301,646

LB 1161 In addition to the water measuring device cost share program as noted in the General Fund legislation section, LB1161 contained several other substantive items.

LB1161 establishes the Wellhead Protection Area Act. It is estimated that no additional funding will be required by the Department of Environmental Quality (DEQ) to implement the program, as LB 1161 codifies an existing agency activity. LB 1161 would also allow natural resources districts (NRDs) to carry out weather modification programs.

LB 1161 would also: (1) change the penalty structure for the unlawful use of dyed diesel fuel and (2) change the setting of the variable motor fuel tax and the tax rate, if required, from quarterly to semiannually. A \$50,000 to \$80,000 revenue reduction in Highway Trust Fund penalty revenue would be shared by the Department of Roads (\$27,000-\$43,000), cities (\$11,500-\$18,500) and counties (\$11,500-\$18,500). The revenue loss to Roads would be replaced by the variable fuel tax. Increased fees for fuel registration tanks (detailed below) would result in an additional \$4,220 in annual cash fund expenditures. This estimate is based upon the increased fees assessed against the 211 fuel storage tanks operated by the Dept of Roads.

LB 1161 amends several fees regarding underground storage tank programs. The fee increases and estimated revenue include:

-- Underground storage tank registration fees charged by the State Fire Marshal are increased from \$25 per year to \$30 per year resulting in an additional \$35,000 cash fund revenue in the Underground Storage Tank Fund.

-- Underground storage tank registration fees charged by the DEQ are increased from \$75 per year to \$90 per year resulting in an additional \$105,000 cash fund revenue in the Petroleum Release Remedial Action Cash Fund. The fee on motor vehicle fuels would be increased to 9/10 of one cent per gallon and the fee on non-motor vehicle fuels would be increased to 3/10 of one cent per gallon. It is estimated that \$3,020,000 would be realized from the fee increase.

The additional \$3,125,000 revenue in the Petroleum Release Remedial Action Cash Fund would expend the additional funds to pay out claims approved by the State Claims Board (as authorized in Section 24 of the bill), project reimbursements to owners and operators, and to provide a briefing on the use of risk-based corrective actions (as authorized in Section 44 of the bill).

LB 1161 also establishes the Geologists Registration Act. A Board of Geologists would be created to carry out professional licensure functions. Fees would be charged to individuals and organizations wishing to practice as professional geologists in the State of Nebraska. The fees include:

Original and reciprocal	Not to exceed \$300
Certificate of authorization	Not to exceed \$300/yr
Emeritus Status	Not to exceed \$200/yr
Renewals	Not to exceed \$200/yr
Replace lost/destroyed licenses	Not to exceed \$100/issuance

Fees would be deposited in the Geologists Regulation Funds and used to defray the expenses of the board. Expenses of the Board would include meeting expenses, development of rules and regulations, staffing expenses, general office operating expenses, furnishings, publication and printing of licensure application forms and rosters of registered geologists, professional examination expenses and the overall enforcement of the Act.

It is estimated that approximately 600 applications for individuals and organizations may be received by the board. Because LB 700 sets a maximum level for fees, the total amount of fee revenue received from original and reciprocal applications will depend upon the actual fees established by the board. Assuming 600 applications, if original and reciprocal fees and certificate of authorization fees are initially established at \$150, approximately \$90,000 would be received. If the maximum fee level is charged by the board, \$180,000 would be received. Subsequent year revenues will depend upon the level of the renewal fee and the actual number of renewal applications submitted to the board. Based upon information from the State of Missouri, the number of renewal applications may be somewhat lower than original applications. Assuming 400 renewals at a renewal rate of \$100 per year, \$40,000 in revenue would be generated; 400 renewals at \$200 would generate \$80,000 in revenue. Expenses of the agency will be directly related to the level of fees actually charged and the amount of revenue generated by those fees. The State of Missouri Board of Geologist Registration has hired 2 FTE positions to administer the act; it is estimated that approximately 1,000 initial applications were received in Missouri. Subsequently, it is estimated that 1.5 to 2 FTE could be hired by the board in Nebraska.

APPENDIX

"A" Bills Enacted - 1998 Session

All Fund Sources

Bill	Description	Fund	FY97-98	FY98-99	FY99-00	FY00-01
LB 204	Community notification, sex offenders records	General	0	492,745	252,345	252,345
LB 309	Change provisions, DWI / 5 yr license	Cash	0	121,824	55,909	55,909
LB 320	Provide for provisional driver's licenses	Cash	0	89,890	90,648	90,648
LB 404	New judges-District (1) County (2) Juvenile (1)	General	0	348,490	493,230	640,467
LB 532	COLA, School/Judges/Patrol retirement systems	Cash	0	41,364	1,364	1,364
LB 656	State funding for the Niobrara Council	General	0	100,000	50,000	25,000
LB 695	Reimburse prisoner costs, County Prop Tax Relief	General	0	5,551,724	12,384,448	12,384,448
LB 752A	Constitutional officers salary increase	General	0	VETO	VETO	VETO
LB 799	Cultural Preservation Endowment	Cash	0	400,000	400,000	400,000
LB 822	"Rule of 85", School retirement system	Cash	28,522	61,545	61,545	61,545
LB 1041	Conform state to fed Adoption/Safe Families Act	General	0	2,122,131	828,687	1,828,687
LB 1041	Conform state to fed Adoption/Safe Families Act	Federal	0	428,242	1,359,700	359,700
LB 1053	Rural Development Commission, separate agency	General	0	Shift	Shift	Shift
LB 1053	Rural Development Commission, separate agency	Cash	0	Shift	Shift	Shift
LB 1053	Rural Development Commission, separate agency	Federal	0	Shift	Shift	Shift
LB 1063*	Childrens health care	General	0	340,646	265,021	265,021
LB 1063	Childrens health care	Cash	0	3,463,633	5,458,479	5,458,479
LB 1063	Childrens health care	Federal	0	11,297,142	17,526,051	17,526,051
LB 1070	Nebraska Health Care Trust Fund	Cash	0	26,154,565	19,289,352	19,289,352
LB 1073	Misc HHS program changes, Medicaid co-pay	General	0	112,377	100,759	53,000
LB 1073	Misc HHS program changes, Medicaid co-pay	Cash	0	14,491	10,746	10,746
LB 1104	Misc revenue/TERC changes	General	0	80,736	81,181	81,181
LB 1120	Fire Dist.-organization/mergers/state assistance	Cash	0	3,650,000	3,650,000	3,650,000
LB 1126	Buffer Strip Act	Cash	0	438,000	438,000	438,000
LB 1129	Misc DAS changes, Gov Residence Commission	General	0	1,500	1,500	1,500
LB 1134	Reorganization incentives, K-12 schools (net)	Cash	0	2,000,000	0	0
LB 1161	Petroleum release remedial action, well meters	General	0	500,000	500,000	500,000
LB 1161	Petroleum release remedial action, well meters	Cash	0	3,275,000	3,275,000	3,275,000
LB 1162	Several "health care" related acts	Revolv.	0	500,000	0	0
LB 1162	Several "health care" related acts	Cash	0	43,250	0	0
LB 1173	Center for Excellence in Electronics	General	0	2,500,000	2,500,000	0
LB 1174	Education program, low-level radioactive waste	Federal	0	150,000	0	0
LB 1191	Change retirement credit/contributions/liability	General	0	700	1,718,600	1,718,600
LB 1191	Change retirement credit/contributions/liability	Cash	0	195,447	286,962	286,962

Bill	Description	Fund	FY97-98	FY98-99	FY99-00	FY00-01
LB 1193*	Reporting of certain farm/ranch ownership	General	0	VETO	VETO	VETO
LB 1193	Reporting of certain farm/ranch ownership	Cash	0	16,000	16,000	16,000
LB 1209	Livestock Waste Management Act	General	0	311,117	238,550	238,550
LB 1209	Livestock Waste Management Act	Cash	0	255,480	326,800	326,800
LB 1219	Unified school systems	General	0	4,520,000	0	0
LB 1228*	Quality Education Accountability Act	General	0	25,000	0	0
LB 1228	Quality Education Accountability Act	Cash	0	67,000	55,900	55,900
LB 1229*	K-12 high ability learners, curriculum	General	0	3,025,500	3,092,850	3,169,725
LB 1293	Firefighter/Rescue Squad Recruit/Retention	General	0	VETO	VETO	VETO
LB 1321	Central UCC filing at the Secretary of State	Cash	0	339,894	179,407	179,407
LB 1333	Change definition of truck, MV registration/tax	Cash	0	73,045	15,385	15,385
LB 1354	Medication Aide Act, regional center intent	Cash	0	7,000	10,000	10,000
General			0	20,032,666	22,507,171	21,158,524
Cash			28,522	40,707,428	33,621,497	33,621,497
Federal			0	11,875,384	18,885,751	17,885,751
Revolving			0	500,000	0	0
Total			28,522	73,115,478	75,014,419	72,665,772

1998 Session Mainline Budget Adjustments (All Fund Sources)

	Type	Fund	FY1997-98	FY1998-99
#03-Legislative Council				
122 Transfer Computer Services to Prog 123 Clerk	Oper	General	0	(713,092)
123 Transfer Computer Services to Prog 123 Clerk	Oper	General	0	713,092
504 Increase PSL, Ombudsman (\$6,000 each year)	Oper	PSL	YES	YES
#05-Supreme Court				
5 Retired Judges per diems, caseloads	Oper	General	Transfer	Transfer
6 Restore vacancy savings veto, position filled (District Judges)	Oper	General	49,196	98,392
7 Restore vacancy savings veto, position filled (County Judges)	Oper	General	45,586	91,172
52 Fire loss-Douglas County	Oper	General	25,000	0
52 Judicial Qualification investigation expense	Oper	General	25,000	0
52 Increase PSL (\$150,000 FY99)	Oper	PSL	na	VETO
52 Mediation expense, Office of Dispute Resolution	Oper	Cash	100,000	100,000
67 Retirement payout, Director & Deputy Director Probation	Oper	General	42,392	0
52 Juvenile mediation, increased funds (LB925)	Aid	General	0	90,000
#07-Governor				
21 Increase PSL, accumulated leave payments (\$67,543 FY99)	Oper	PSL	0	YES
125 Transition expenses	Oper	General	0	56,565
#08-Lieutenant Governor				
124 Increase PSL (\$4,500 FY98 \$4,500 FY99)	Oper	PSL	YES	YES
#09-Secretary of State				
86 Record scanning: DHSS/Labor	Oper	Revolving	94,388	85,276
53 Increased licensing activity, collection agencies	Oper	Cash	0	6,375
51 Increase PSL, database/network administrator (\$15,000 FY99)	Oper	PSL	YES	YES
89 Increased PSL, database/network administrator (\$15,000 FY99)	Oper	PSL	YES	YES
#10-State Auditor				
506 Retirement payout	Oper	General	17,644	0
#11-Attorney General				
507 Second Injury Fund	Oper	Revolving	23,029	23,029
507 Interstate stream dispute with Kansas	Oper	General	32,400	129,600
#12-State Treasurer				
12 Health insurance	Oper	General	69	141

	Type	Fund	FY1997-98	FY1998-99
#13-Education				
25 Retirement payouts	Oper	General	0	0
25 Reallocate PSL to Prog 161 (\$15,000 each yr)	Oper	PSL	YES	YES
161 Reallocate PSL from Prog 025 (\$15,000 each yr)	Oper	PSL	YES	YES
25 Restore GF support, Private Postsecondary career school license	Oper	General	0	78,378
25 Restore GF support, Private Postsecondary career school license	Oper	Cash	0	(78,378)
25 Transfer funding for Human Resources Administrator	Oper	General	0	95,070
401 Transfer funding for Human Resources Administrator	Oper	General	0	(95,070)
401 School for the Deaf-adjustments relating to closing	Oper	General	(367,959)	764,855
401 School for the Deaf-adjustments relating to closing	Oper	Cash	500,000	(766,461)
25 Special Ed aid (use \$2,710,420 excess for pre-school program)	Aid	General	YES	YES
25 Special Ed aid (use \$1,073,720 excess for school age programs)	Aid	General	LAPSE	0
25 Enrollment option transportation costs (FY97)	Aid	General	48,080	0
25 Textbook loan program	Aid	General	0	50,000
25 Aid to ESU's, school nurses	Aid	General	0	200,000
#14-Public Service Commission				
14 Health insurance	Oper	General	694	0
54 Telephone Cost Model	Oper	General	67,600	0
#15-Parole Board				
358 Position reclassification	Oper	General	0	2,717
#16-Revenue				
103 Takeover county assessor functions	Oper	General	0	1,331,384
103 Increase PSL, "adjusted" valuation calculation	Oper	PSL	0	OK \$280,000
108 Homestead Exemption	Aid	General	(1,388,232)	0
#18-Agriculture				
27 Potato quality assurance inspector	Oper	Cash	0	28,775
333 Temporary nursery inspectors	Oper	General	41,100	0
#20-HHS Regulation				
178 Examining Boards-century date	Oper	Cash	470,000	0
All Reallocate encumbrances	Oper	--	YES	0
All Redistribution, organizational changes	Oper	General	2,374,816	2,396,967
All Redistribution, organizational changes	Oper	Cash	48,747	75,296
All Redistribution, organizational changes	Oper	Federal	109,901	109,901
514 Native American health services	Aid	General	0	500,000
#22-Insurance				
69 3.0 added FTE	Oper	Cash	0	95,000
69 Retirement payout	Oper	Cash	19,000	0
69 Additional attorney position (1.0 FTE)	Oper	Cash	0	55,000
#23-Labor				
31 Pipe replacement / asbestos removal	Oper	Cash	560,000	0
31 Reclassify Elevator Inspectors	Oper	Federal	(37,500)	(38,500)
194 Reclassify Elevator Inspectors	Oper	Cash	37,500	38,500
186 Welfare-to-Work grant (revised per DOL request)	Aid	Federal	804,317	4,021,585

	Type	Fund	FY1997-98	FY1998-99
#24-Motor Vehicles				
90 Lower license plate costs	Oper	Cash	0	(699,742)
90 Reduce transfer from Trust Fund to License Plate Fund	Oper	Cash	na	YES
#25-HHS Services				
33 Correct agency/program reference, LB610A (1997)	Aid	General	(42,000)	(42,000)
33 Correct agency/program reference, LB610A (1997)	Aid	Cash	(72,000)	(72,000)
365 LB 485 - mentally incompetent (only bill overridden)	Oper	General	740,800	740,800
365 LB 485 - Mentally incompetent (only bill overridden)	Oper	Cash	(740,800)	(740,800)
365 Supplemental cash fund authority, regional centers	Oper	Cash	2,700,000	0
All Reallocate encumbrances	Oper	--	YES	0
All Redistribution, organizational changes	Oper	General	69,494	(18,940)
All Redistribution, organizational changes	Oper	Cash	13,707	14,133
All Redistribution, organizational changes	Oper	Federal	(486,104)	(296,642)
#26-HHS Finance & Support				
34 Substance abuse aid	Aid	General	0	1,000,000
347 Public Assistance-reallocate excess to mental health services	Aid	General	0	(5,500,000)
348 Medicaid-estimated excess appropriation	Aid	General	(2,500,000)	(2,500,000)
366 Develop mental health services	Aid	General	0	7,000,000
366 Develop mental health services	Aid	Federal	0	2,000,000
424 Developmental Disability aid-rate equity	Aid	General	0	2,281,280
424 Developmental Disability aid-rate equity	Aid	Federal	0	2,736,939
424 Developmental Disability-waiting list	Aid	General	0	1,050,412
424 Developmental Disability-waiting list	Aid	Federal	0	969,375
514 Pap/Chlamydia/HPV testing/treatment	Aid	General	0	365,000
514 Correct agency/program reference, LB610A (1997)	Aid	General	42,000	42,000
514 Correct agency/program reference, LB610A (1997)	Aid	Cash	72,000	72,000
569 Care management, continue FY98 increase	Aid	General	0	763,225
All Reallocate encumbrances	Oper	--	YES	0
All Redistribution, organizational changes	Oper	General	(2,444,310)	(2,378,027)
All Redistribution, organizational changes	Oper	Cash	(62,454)	(89,429)
All Redistribution, organizational changes	Oper	Federal	376,203	186,741
#27-Roads				
572 Construction: 5 Buildings	Oper	Cash	(118,000)	(64,000)
572 Remodel/HVAC-Purchasing-Fleet Mgmt Building	Oper	Cash	(495,000)	0
901 Construction: 5 Buildings	Const	Cash	118,000	64,000
901 Remodel/HVAC-Purchasing-Fleet Mgmt Building	Const	Cash	495,000	0
#28-Veterans Affairs				
36 Increase PSL (\$3,000 FY99)	Oper	PSL	0	YES \$2,000
36 WW II Memorial	Oper	General	52,900	0
#29-Water Resources				
331 Interstate stream dispute with Kansas	Oper	General	217,600	300,400
#30-Electrical Board				
197 Additional inspectors (2.0 FTE)	Oper	Cash	73,523	96,746

	Type	Fund	FY1997-98	FY1998-99
#31-Military Department				
192 Governors Emergency Fund	Aid	General	3,373,924	0
192 Governors Emergency Fund	Aid	Cash	500,000	0
544 Camp Ashland billets	Oper	Cash	50,000	50,000
544 Air Guard provide fire service for Lincoln Airport	Oper	Cash	130,000	136,500
544 Air Guard provide fire service for Lincoln Airport	Oper	Federal	(130,000)	(136,500)
545 Emergency Management Agency	Oper	General	5,000	5,000
#33-Game and Parks				
336 Hunting public access program	Oper	Cash	10,000	20,000
336 Hunting public access program	Aid	Cash	0	120,000
337 Building insurance	Oper	Cash	23,744	26,164
549 Construction - 3 Projects	Oper	Cash	205,522	0
549 Lewis & Clark Marina operations	Oper	Cash	40,461	40,461
900 Construction-fund shift	Const	Cash	240,000	240,000
900 Construction-fund shift	Const	Federal	(240,000)	(240,000)
900 Construction increases-federal reimbursement	Const	Cash	269,388	269,388
967 Updated costs, Mahoney SP new cabins	Const	Cash	300,000	0
967 Updated costs, Ft Robinson SP lodge/cabin repairs	Const	Cash	50,000	0
969 Cash authorization, replace inadvertent lapse-Fremont SRA	Const	Cash	142,870	0
969 Updated costs, previously approved projects-State Rec Areas	Const	Cash	223,000	0
#34-Library Commission				
252 Replace lost Nebraska@Online revenues, librarian position	Oper	General	0	0
252 Replace lost Nebraska@Online revenues, librarian position	Oper	Cash	0	(38,244)
302 Aid to local libraries, increased funds	Aid	General	0	400,000
#37-Workers Compensation				
526 Fund judges salary increase (LB853 last year)	Oper	Cash	34,620	74,532
#40-Motor Vehicle Industry Licensing Board				
76 Director salary increase (\$5,000 both years)	Oper	PSL	YES	YES
76 Per Diems - Special Board (\$2,500 both years)	Oper	PSL	YES	YES
#41-Real Estate Commission				
77 Retirement payout	Oper	Cash	11,469	0
77 Electronic examinations	Oper	Cash	0	39,375
#46-Dept of Correctional Services				
200 Base salary issues (exclude Secure Youth)	Oper	General	284,766	515,280
200 Secure Youth Facility-program/security/base salary	Oper	General	155,895	320,361
200 Medical staffing, nurses (5.5 FTE)	Oper	General	48,811	200,614
200 Vacancy savings	Oper	General	(720,500)	0
200 Utilize excess interest in Secure Youth Facility Fund (LB 1107)	Oper	General	(600,000)	0
200 Utilize excess interest in Secure Youth Facility Fund (LB 1107)	Oper	Cash	600,000	0
200 Interpreters (4 FTE)	Oper	General	0	157,876
900 Replace underground storage tanks	Const	General	205,585	0
900 Correctional Industries additional space (former Sutherlands)	Const	Revolving	2,979,000	0
910 Allow use of modular housing carryover for cafeteria	Const	General	YES	YES

	Type	Fund	FY1997-98	FY1998-99
#47-Educational Telecommunications (NETV)				
533 Reclassifications	Oper	General	19,109	26,662
533 NEB*SAT reappropriation, training	Oper	General	YES	YES
901 Reallocate use of Southwest Pod funds	Const	General	YES	YES
909 Increased costs-replace Merriman/Omaha transmitters	Const	General	0	62,500
911 Digital TV planning, towers	Const	General	250,000	0
#48-Coordinating Commission				
299 Replace Federal SSIG funds	Aid	General	0	183,000
299 Replace Federal SSIG funds	Aid	Federal	0	(129,312)
#50-State Colleges				
801 Chadron-equip video pod classroom	Oper	General	38,000	0
831 Wayne - additional faculty (3.0 FTE)	Oper	General	0	145,800
900 Fire / Life Safety / ADA Projects	Const	General	527,416	0
All Health insurance, greater than anticipated costs	Oper	General	0	168,691
#51-University of Nebraska				
781 Operating costs, Student Union renovation/expansion (UNL)	Oper	General	0	INTENT
781 Tuition income loss, declining enrollment (systemwide)	Oper	General	INTENT	INTENT
781 Coop. Extension-takeover salary/benefits of educators/asst.	Oper	General	0	1,255,580
781 Research funds, pathogenic Escherichia coli (LB1206)	Oper	General	250,000	250,000
956 Change year reference for NEB*SAT project	Const	General	YES	YES
#54-Historical Society				
648 Operations-Ford Conservation Center	Oper	General	25,000	105,000
648 Microfilm readers	Oper	General	23,000	10,000
648 Building insurance	Oper	General	7,324	7,324
#55-Natural Resources Commission				
324 Platte River agreement	Oper	General	200,000	250,000
308 Resources Development Fund, increased funding	Aid	General	250,000	0
#57-Oil & Gas Commission				
335 Commission per diems (\$6,000 each yr)	Oper	PSL	YES	YES
335 Well plugging	Oper	Cash	10,000	0
#63-Board of Public Accountancy				
84 Increased exams	Oper	Cash	94,977	57,373
84 Reclassification-Office Clerk III	Oper	Cash	0	PSL ONLY
#64-State Patrol				
All Health & dental insurance	Oper	General	280,510	330,373
205 Health & dental insurance	Oper	Cash	64,932	51,303
195 Change A bill references from Prog 100 to Prog 190	--	-----	YES	YES
195 Additional state troopers	Oper	General	0	319,213
195 Additional state troopers	Oper	Federal	0	490,554
901 Intent language, Patrol pay cost of cabinetry work-DNA lab	Oper	Federal	YES	YES

	Type	Fund	FY1997-98	FY1998-99
#65-Administrative Services (DAS)				
49 Increase PSL (\$5,124 FY98, \$7,695 FY99)	Oper	PSL	YES	YES
49 Administration-shift discretionary employees to directors office	Oper	Revolving	0	177,647
105 LB 269 - Local Gov't Commission	Oper	Cash	100,000	100,000
171 Material - stockless inventory	Oper	Revolving	2,600,000	2,600,000
172 CDP - contract services	Oper	Revolving	1,723,154	5,801,921
172 CDP - CICS replacement related to Year 2000	Oper	Revolving	2,100,000	2,100,000
172 CDP - contract services, salary equity (\$1,081,697 FY99)	Oper	PSL	0	YES
172 CDP-shift discretionary employees to directors office	Oper	Revolving	0	(61,034)
173 Communications-shift discretionary employees to directors office	Oper	Revolving	0	(77,118)
180 TSB - increase PSL, retirement payout (\$30,100 FY98)	Oper	PSL	YES	0
180 TSB - property tax division vehicles	Oper	Revolving	0	495,000
605 Personnel-shift discretionary employees to directors office	Oper	Revolving	0	(39,495)
625 Accounting-Financial system (Phase II)	Oper	General	0	100,000
560 Bldg Div - security staffing	Oper	Revolving	30,450	31,288
560 Bldg Div - staff centralization (\$237,958 FY98 \$244,502 FY99)	Oper	PSL	YES	YES
560 Bldg Div - lease consolidation (per revised request)	Oper	Revolving	2,600,000	3,100,000
560 Bldg Div - steam service costs (in lieu of replace steam line)	Oper	General	0	211,969
560 Bldg Div - business manager position	Oper	Revolving	0	17,464
560 Bldg Div - centralize HHS facility operations/maintenance	Oper	Revolving	0	3,055,000
591 Tort Claims	Oper	General	0	(130,000)
591 Tort Claims	Oper	Cash	0	130,000
904 Capitol steam line	Const	General	(3,053,000)	0
917 Governors residence, security improvements	Const	NCCF	300,000	0
916 East Chamber renovation (Warner memorial)	Const	NCCF	760,068	0
#67-Equal Opportunity Commission				
59 Director of operations	Oper	Federal	64,067	65,728
59 Additional investigators (3.0 FTE)	Oper	Federal	0	37,168
#69-Arts Council				
326 Lightning damage, PC equipment at Joslyn	Oper	General	3,528	0
#70-Foster Care Review Board				
116 Data processing costs	Oper	General	21,000	21,000
#72-Economic Development				
600 State support, Lied Mainstreet Program	Oper	General	0	125,000
600 Reallocate PSL (-8,000 FY98 -8,600 FY99)	Oper	PSL	YES	YES
601 Reallocate PSL (+8,000 FY98 +13,000 FY99)	Oper	PSL	YES	YES
618 Tourism initiative, increased funding	Aid	General	150,000	0
618 Reduce PSL (-4,400 FY99)	Oper	PSL	0	YES
#76-Indian Commission				
584 Commissioner's meetings (\$4,200 each yr)	Oper	PSL	YES	YES

	Type	Fund	FY1997-98	FY1998-99
#78-Crime Commission				
215 Victim Notification System	Oper	General	0	50,000
215 Victim Notification System	Oper	Federal	500,000	0
903 Co-location, law enforcement training facilities	Const	General	0	10,000,000
901 Co-location, law enforcement training facilities-defeasement existing	Const	General	0	633,667
901 Co-location, law enforcement training facilities-defeasement existing	Other	General	0	52,910
#82-Hearing Impaired				
578 Travel to western nebraska	Oper	General	0	15,668
578 Board travel expenses	Oper	General	1,600	1,600
578 Omaha office moving/rent	Oper	General	480	17,550
#84-Environmental Quality				
163 Landfill Closure Assistance Fund	Aid	Cash	3,108,295	1,616,979
513 Low-Level hearings/overtime (-25,087)	Oper	PSL	YES	0
585 Low-Level hearings/overtime (+25,087)	Oper	PSL	YES	0
513 Livestock waste control, additional staffing	Oper	General	0	250,000
#85-Retirement Board				
41 Overtime / comp time	Oper	Cash	32,670	0
41 Temporary help-SOS	Oper	Cash	6,472	0
41 Reclassification	Oper	Cash	2,482	3,233
41 QDRO programming, omitted reappropriation	Oper	Cash	39,760	0
41 Audit costs	Oper	Cash	4,237	0
515 Retirement-revised actuarial estimates	Oper	General	0	262,703
41 Replaced lapsed funds intended for projects	Oper	Cash	57,832	0
#87-Accountability & Disclosure				
94 Director resignation-unemployment comp expense	Oper	General	4,784	0
94 Director resignation-vacation payout	Oper	General	4,494	0
94 Advertising costs, Director replacement	Oper	General	3,674	0
94 Special prosecutor contract-conflict of interest	Oper	General	3,200	0
94 Upgrade computer system/support	Oper	General	69,719	7,912
Legislation Included in Mainline Totals				
LB 924 Nebr Information Technology Commission	Oper	General	0	1,860,751
LB 1100 University/Colleges deferred repair projects	Const	General	0	Starts FY99-00
LB 1110 Funding of core services-ESU's	Aid	General	0	9,700,000
LB 1138 Funds for Peru State College repair/renovation	Oper	General	60,000	0
LB 1138 Funds for Peru State College repair/renovation	Const	General	0	2,225,350
General Fund			(956,811)	38,960,765
Cash Fund			10,071,954	1,072,079
Federal Fund			960,884	9,777,037
Revolving Fund			12,150,021	17,308,978
Nebr Capital Construction Fund (NCCF)/Other			1,060,068	52,910
Total - All Funds			23,286,116	67,171,769