

# **Appropriations Committee Preliminary Report**

**February 2024**

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# Overview

This report provides a projection of the state's General Fund financial picture for the current biennial budget, FY2023-24 and FY2024-25, and the following biennium, FY2025-26 and FY2026-27. The report aims to assist the Legislature with its fiscal planning as it begins to consider 2024 revenue and spending adjustments.

The projections for the current biennium incorporate (1) the October 2023 revenue forecasts of the Nebraska Economic Forecasting Advisory Board, (2) appropriations as enacted in the 2023 legislative session, and (3) the Appropriations Committee 2024 preliminary budget adjustments.

The projections for the following biennium incorporate revenue forecasts based on the average of the S&P Global and Moody's Analytics forecasts calculated by the Legislative Fiscal Office and the Nebraska Department of Revenue (see page 10), projected budget increases based on historical average increases and formula driven estimates for specific areas, and the annualized and on-going impacts of actions taken in the 2023 legislative session and the Committee Preliminary budget (see page 30). All such estimates are based on existing law, including the Tax Equity and Educational Opportunities Act (TEEOSA) school aid formula.

The Committee preliminary budget is the basis for the committee hearing schedule, along with bills referenced to the Appropriations Committee. This allows the committee to hear testimony on the impacts and ramifications of the issues in the proposal before making any final decisions.

After the budget hearings, the Appropriations Committee will meet to finalize their budget proposal. At that time the committee will have available to them (1) the input obtained from the budget hearings, (2) any updated revenue forecasts from the February 29 meeting of the Nebraska Economic Forecast Advisory Board (NEFAB), and (3) the use of and ultimate level of the Cash Reserve Fund balance.

## ***General Fund Financial Status***

Overall, the financial status for the current biennium (FY24/FY25) has improved significantly as compared to Sine Die of the 2023 Legislative Session. At Sine Die, the variance from the minimum General Fund reserve (commonly referred to as the surplus or shortfall) was estimated to be a surplus of \$275.8 million while the financial status from the November Tax Rate Review Committee (TRR) was a surplus of \$379.5 million. The improvement was largely due to two factors: (1) available funds were enhanced by the expiration and lapse of \$126.4 million of unexpended funds from the FY22/FY23 biennium, and (2) revised estimates of TEEOSA state aid indicated a reduction of \$2.1 million General Funds in FY2023-24 and \$28.8 million in FY24-25.

### ***Appropriations Committee Preliminary Budget***

The projected status went from a positive \$375.5 million at the November meeting of the TRR Committee to the current positive \$442.4 million per the Appropriations Committee preliminary budget.

The largest adjustments, increasing General Funds available above the minimum reserve, include:

- Lapsing \$21.3 million in additional General Funds reappropriated from FY2022-23;
- A base reduction of \$15 million each year in the DHHS behavioral health program; and

- A base reduction of \$20 million in FY2023-24 and \$10 million in FY2024-25 in DHHS public assistance program.

The Committee also included items in the Governor’s recommendation to reduce agency costs due to the consolidation of the Center for Operational Excellence and a reduction in agency costs due to lower technology costs to the Office of the Chief Information Officer.

The largest adjustments, decreasing General Funds available above the minimum reserve, include:

- \$15 million increase in appropriation in FY2023-24 for nursing staff costs at the Lincoln Regional Center;
- \$20 million increase in appropriation in FY2023-24 for child welfare aid program expenses; and
- \$10 million increase in appropriation in FY2023-24 for developmental disability provider rates as the ARPA funds originally appropriated are reduced.

A complete listing is included in Appendix A on page 23.

### ***Following Biennium***

The projected financial status for the ***following biennium*** shows a balance \$198.5 million above the minimum reserve. Revenue growth (rate and base adjusted) in the next biennium is projected at 3.9% per year average using the average of the four calculated revenue forecasts for the two-year time period. This methodology is used in the absence of an official forecast.

Calculation of the projected budget for the following biennium is shown in Appendix C on page 27. The projected budget increases are based on historical increases for specific areas and existing law in particular the TEEOSA school aid formula. The net result of the item by item calculation is an overall spending growth of 2.0% in FY2025-26 and 2.1% in FY2026-27, for a two-year average of 2.0%. These calculations do not include the annualized impacts of 2024 budget actions which are shown separately on the financial status.

### ***Available for Legislative Bills***

The current financial status with the Committee preliminary budget adjustments yields a projected balance that is \$442.4 million above the 3% minimum reserve. For the following biennium the projected balance is \$198.5 million above the minimum reserve. This is based on estimated revenue and spending levels noted above and discussed elsewhere in this report. These amounts constitute what is available for A bills or revenue reduction bills.

The Governor’s budget proposal for the FY24/FY25 biennium ended with a balance \$336.1 million above the minimum reserve. However, his recommendation for legislation amounts to revenue legislation, with a net reduction of \$351 million in FY2024-25 and transfers into the General Fund of \$273 million over the FY24/25 biennium. Adjusting for this, the Committee budget provides an additional \$30 million for legislation.

## ***Cash Reserve Fund***

At the end of the 2023 legislative session, the unobligated balance at the end of FY2024-25 was projected at \$828.8 million based on the revised April Nebraska Economic Forecasting Advisory Board (NEFAB) forecast for FY2022-23 being reduced and all enacted legislative transfers. The projected unobligated balance increased to \$831.8 million when FY2022-23 actual receipts were \$3 million above the April forecast. The provision retaining any amount in the General Fund is not triggered for FY22-23 because net receipts for FY22-23 did not exceed net receipts for FY21-22 by 103.5%.

The (NEFAB) revised the forecast for FY2023-24 in October 2023 and increased the estimated General Fund net receipts by \$8 million. For purposes of the committee preliminary report, it is estimated that this \$8 million will be transferred from the General Fund to the Cash Reserve Fund at the beginning of FY2024-25. A more detailed discussion of the Cash Reserve Fund is provided on page 7.

The table below compares the Governor's and Committee preliminary proposal for transfer from the CRF. The Governor's recommendation includes several transfers to the CRF and two transfers out, resulting in a net increase to the CRF of \$59.7 million over the biennium. This leaves the CRF with an unobligated balance of \$891.7 million. The Governor also does not include the \$8 million projected automatic transfer in FY2024-25 due to the 16% restriction discussed above.

The Appropriations Committee preliminary budget calls for only one change to the CRF, with the reduction of the transfer to the Nebraska Capital Construction Fund (NCCF) in FY2023-24 due to the savings in construction of the State Patrol Troop A headquarters. This leaves a projected unobligated balance of \$857.9 million at the end of the biennium.

<u>CRF Transfers</u>	<u>Governor</u>	<u>Committee</u>
To NCCF – State Patrol Crime Lab	(\$2,249,755)	0
Reduce NCCF – State Patrol Troop A hqts	\$18,200,000	\$18,200,000
From Gov's Emergency Fund	\$13,841,000	0
From JEDI Fund	\$35,000,000	0
To State Insurance Fund	(\$5,000,000)	0
Net Change	\$59,791,245	\$18,200,000

## ***Mid-Biennium Appropriation Changes***

Over the two-year period, the Appropriations Committee preliminary budget adjustments result in a savings of \$74 million over the two-year period. This consists of a reduction of \$52.7 million of in appropriations and \$21.3 million of lapsed General Fund reappropriations. A detailed listing of the individual items can be found on page 17.

<b><u>Committee Preliminary Budget Adjustments (General Funds)</u></b>	<b><u>FY2023-24</u></b>	<b><u>FY2024-25</u></b>	<b><u>2 Yr Total</u></b>
Education-TEEOSA aid adjustment	(2,134,935)	(28,862,755)	(30,997,690)
Dept of Education salary adjustment	415,704	580,863	996,567
School for Visually Impaired deficit annualization	166,724	166,724	333,448
DHHS Child welfare aid	20,000,000	0	20,000,000
DHHS ARPA Developmental disabilities provider rates switch	10,000,000	0	10,000,000
DHHS Regional centers staffing	15,000,000	0	15,000,000
DHHS Behavioral health base adjustment	(15,000,000)	(15,000,000)	(30,000,000)
DHHS Public assistance base adjustment	(20,000,000)	(10,000,000)	(30,000,000)
State Patrol salary compression adjustment	0	935,261	935,261
Consolidation of Center for Operational Excellence	0	(1,023,942)	(1,023,942)
Office of Chief Information Officer rate reduction	(10,488,281)	(3,547,866)	(14,036,147)
DED Bioeconomy initiative	2,500,000	0	2,500,000
DED Reduce aid for nuclear grants	(250,000)	(250,000)	(500,000)
Retirement Contributions	0	3,561,303	3,561,303
All Other	295,260	198,888	494,148
Subtotal General Fund New Appropriations	504,472	(53,241,524)	(52,737,052)
Lapse unexpended FY23 funds	(21,300,000)	0	(21,300,000)
Total General Fund Appropriations	(20,795,528)	(53,241,524)	(74,037,052)

## ***Difference between the Committee and Governor***

The following table shows the total use of General Funds in the Appropriations Committee's preliminary recommendation as compared to the Governor's recommendation.

<b><u>Use of General Fund, Committee &amp; Governor</u></b>	<b><u>FY2023-24</u></b>	<b><u>FY2024-25</u></b>	<b><u>Two Yr Total</u></b>
Committee Preliminary			
Gen Fund Appropriations	504,472	(53,241,524)	(52,737,052)
Gen Fund Lapsed Reappropriations	(21,300,000)	0	(21,300,000)
Gen Fund Transfers-Out	0	0	0
Total Use of Gen Funds	(20,795,528)	(53,241,524)	(74,037,052)
Governor's recommendation			
Gen Fund Appropriations	14,596,673	(34,149,490)	(19,552,817)
Gen Fund Lapsed Reappropriations	(31,300,000)	0	(31,300,000)
Gen Fund Transfers-Out	2,134,335	18,881,755	21,016,090
Total Use of Gen Funds	(14,568,992)	(15,267,735)	(29,836,727)

There are three items, which the Appropriations Committee has not included in their preliminary recommendation, that account for nearly all of this difference. The first is the requested increase in the homestead exemption appropriation (\$14.7 million in FY23-24 and \$15.4 million in FY24-25, for a two-year total of \$30.1 million). Second, the lapsed General Fund reappropriations in the Governor's recommendation includes an additional \$10 million from two programs in the Supreme Court, which the

committee has not included. And finally, the Governor’s recommendation includes transfers out of the General Fund of \$2,134,335 in FY2023-24 and \$18,881,755, whereas the committee has not included these fund transfers.

# General Fund Financial Status

## Appropriations Committee Preliminary Budget

	Actual FY2022-23	Upcoming Biennium FY2023-24    FY2024-25		Est for Following Biennium FY2025-26    FY2026-27	
<b>1 BEGINNING BALANCE</b>					
2 Beginning Cash Balance	2,494,107,852	1,853,785,088	698,020,381	788,032,141	775,542,751
3 Cash Reserve transfers-automatic	(1,287,998,995)	(2,982,492)	(7,874,000)	0	0
4 Carryover obligations from FY23	0	(555,832,617)	0	0	0
4a Lapse FY23 carryover obligations	0	126,449,292	0	0	0
4b Lapses 2024 Committee Prelim	0	21,300,000	0	0	0
5 Allocation for potential deficits	0	0	(5,000,000)	(5,000,000)	(5,000,000)
6 Unobligated Beginning Balance	1,206,108,857	1,442,719,271	685,146,381	783,032,141	770,542,751
<b>7 REVENUES &amp; TRANSFERS</b>					
8 Net Receipts	6,367,982,492	6,445,000,000	6,365,000,000	6,359,890,000	6,267,132,000
9 General Fund transfers-out (current law)	(518,053,459)	(1,399,760,000)	(946,009,886)	(944,137,382)	(968,066,840)
10 General Fund transfers-in (current law)		in actual	in forecast	in forecast	0
11 Cash Reserve transfers	(50,000,000)	(440,000,000)	1,000,000	0	0
12 Accounting Adjustment	1,937,066	0	0	0	0
13 General Fund Net Revenues	5,801,866,099	4,605,240,000	5,419,990,114	5,415,752,618	5,299,065,160
<b>14 APPROPRIATIONS</b>					
15 Expenditures / Appropriations	5,154,189,868	5,125,672,253	5,125,672,253	5,125,672,253	5,125,672,253
16 Mainline Budget and A bills (2023 session)	0	223,762,165	244,673,625	244,673,625	244,673,625
17 Projected budget increase, following biennium	0	0	0	135,791,704	252,081,804
18 2024 TEEOSA adjustments	0	(2,134,935)	(28,862,755)	(58,516,804)	(61,917,044)
19 2024 "A" Bills	0	0	0	0	0
20 Committee Prelim Mid-biennium Adj (2024)	0	2,639,407	(24,378,769)	(24,378,769)	(24,378,769)
21 General Fund Appropriations	5,154,189,868	5,349,938,890	5,317,104,354	5,423,242,009	5,536,131,869
<b>22 ENDING BALANCE</b>					
23 \$ Ending balance (per Financial Status)	1,853,785,088	698,020,381	788,032,141	775,542,751	533,476,042
24 \$ Ending balance (at Min. Reserve 3.0%)			345,674,526		335,034,464
25 Excess (shortfall) from Minimum Reserve			<b>442,357,616</b>		<b>198,441,578</b>
26 Biennial Reserve (%)			6.9%		4.9%
<u>General Fund Appropriations</u>					
27 Annual % Change - Appropriations (w/o deficits)	6.4%	4.3%	-0.1%	2.0%	2.1%
28 Two Year Average	3.5%	--	2.1%	--	2.0%
29 Est. Revenue Growth (rate/base adjusted)	1.7%	5.4%	3.4%	4.2%	3.6%
30 Two Year Average	10.7%	--	4.4%	--	3.9%
31 Five Year Average	9.7%	--	8.7%	--	3.6%
32 Unadjusted % change over prior year	0.3%	1.2%	-1.2%	-0.1%	-1.5%
33 <u>On-Going Revenues vs Appropriations</u>	726,193,847	(302,059,483)	77,506,991	(31,868,160)	(261,445,478)

# Cash Reserve Fund

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

Table 1 Cash Reserve Fund Status

CASH RESERVE FUND	FY2022-23	FY2023-24	FY2024-25	Estimated	
				FY2025-26	FY2026-27
Beginning Balance	927,522,595	1,637,851,590	876,475,257	857,890,457	807,890,457
Excess of certified forecasts (line 3 in Status)	1,287,998,995	2,982,492	7,874,000	0	0
To/from Gen Fund current law	50,000,000	0	0	0	0
To/from Gen Fund (LB531-2023 & LB818-2023)	(10,000,000)	440,000,000	(1,000,000)	0	0
To Nebr Capital Construction Fund (NCCF)	(216,120,000)	(164,423,825)	(25,458,800)	0	0
To University Next project (LB1107-2020)	0	0	0	(50,000,000)	(50,000,000)
To Perkins County Canal Fund	(53,500,000)	(574,500,000)	0	0	0
To Jobs & Econ Develop Initiative	0	(80,000,000)	0	0	0
To Nebr Rural Projects Act	(50,000,000)	0	0	0	0
To Trail Develop/Improve Fund	(8,300,000)	0	0	0	0
To Rural Workforce Housing fund	(30,000,000)	0	0	0	0
To Surface Water Irrigation Fund	(50,000,000)	0	0	0	0
To Intern Nebraska Cash Fund	(20,000,000)	0	0	0	0
To Site & Building Fund	(20,000,000)	(2,000,000)	0	0	0
To Military Base Development fund	(30,000,000)	0	0	0	0
To Middle Income Housing fund	(20,000,000)	0	0	0	0
To Roads Operations Cash Fund	(100,000,000)	0	0	0	0
To State Indemnification Revolving Fund	(18,750,000)	0	0	0	0
From Gov Emergency Fund	0	2,000,000	0	0	0
To Econ Recovery Contingency	0	(240,000,000)	0	0	0
To Shovel Ready Capital Recovery Fund	0	(70,000,000)	0	0	0
To Critical Infrastructure Facilities Fund	0	(10,000,000)	0	0	0
To Economic Development Cash Fund	0	(20,000,000)	0	0	0
To Public Safety Fund	0	(1,115,000)	0	0	0
To Accounting Division Revolving Fund	0	(1,100,000)	0	0	0
To Health and Human Services Cash	0	(11,320,000)	0	0	0
To Risk Loss Trust (State Colleges)	0	(3,000,000)	0	0	0
To Youth Outdoor Education Fund	0	(10,000,000)	0	0	0
To Public Safety Comm Systems Revolving Fund	0	(5,000,000)	0	0	0
To Materiel Division Revolving Fund	0	(2,500,000)	0	0	0
To State Building Revolving Fund	0	(1,400,000)	0	0	0
To Revitalize Rural Nebraska Fund (LB531-2023)	(1,000,000)	0	0	0	0
To School Safety and Security Fund (LB705-2023)	0	(10,000,000)	0	0	0
Projected Unobligated Ending Balance	1,637,851,590	876,475,257	857,890,457	807,890,457	757,890,457
Ending Balance as % of Revenues	25.7%	13.6%	13.5%	12.7%	12.1%
Ending Balance as % of Expenditures	31.8%	16.4%	16.1%	14.9%	13.7%



## Proposed 2024 Session Transfers

The table below compares the Governor's and Committee preliminary proposal for transfer from the CRF. The Governor's transfers result in a net increase of \$59.8 million into the CRF and would leave the CRF with an unobligated balance of \$891.7 million. The Appropriations Committee preliminary budget calls for a net increase of \$18.2 million into the CRF and a projected unobligated balance of \$857.9 billion.

CRF Transfers	Governor	Committee
To NCCF – State Patrol Crime Lab	(\$2,249,755)	0
Reduce NCCF – State Patrol Troop A hdqts	\$18,200,000	\$18,200,000
From Gov's Emergency Fund	\$13,841,000	0
From JEDI Fund	\$35,000,000	0
To State Insurance Fund	(\$5,000,000)	0
Net Change	\$59,791,245	\$18,200,000

## Excess of Certified Forecasts

Shown on line 3 of the Financial Status, revenues in excess of "certified" forecasts are required by statute to be transferred from the General Fund to the Cash Reserve Fund. These would take place in July of the fiscal year following completion of that year.

The actual FY22-23 receipts exceeded the certified forecast of \$6.365 billion by \$3 million, which is transferred to the Cash Reserve Fund. The provision retaining any amount in the General Fund is not triggered for FY22-23 because net receipts for FY22-23 did not exceed net receipts for FY21-22 by 103.5%.

The Nebraska Economic Forecasting Advisory Board (NEFAB) revised the forecast for FY23-24 in October 2023 and increased the estimated General Fund net receipts by \$8 million. Pursuant to section 77-4602, beginning in FY23-24, the method for automatic transfers to the Cash Reserve Fund is changed as follows:

1. At the completion of the fiscal year, the Tax Commissioner will calculate (1) actual General Fund net receipts for the most recently completed fiscal year minus estimated General Fund net receipts for such fiscal year; and (2) Fifty percent of the product of actual General Fund net receipts for the most recently completed fiscal year times the difference between the annual percentage increase in the actual General Fund net receipts for the most recently completed fiscal year and the average annual percentage increase in the actual General Fund net receipts over the twenty previous fiscal years, excluding the year in which the annual percentage change in actual General Fund net receipts is the lowest.
2. If actual GF net receipts minus estimated GF net receipts is a positive number, the Tax Commissioner shall immediately certify the greater of the two numbers. The State Treasurer shall transfer the certified amount from the General Fund to the Cash Reserve Fund upon certification of such amount. The transfer shall be made as follows:
  - An amount equal to the amount actual GF net receipts exceed estimated GF net receipts is transferred immediately; and
  - The remainder, if any, shall be transferred by the end of the subsequent fiscal year.

3. If the transfer causes the balance in the Cash Reserve Fund to exceed sixteen percent of the total budgeted General Fund expenditures for the current fiscal year, such transfer shall be reduced so that the balance of the Cash Reserve Fund does not exceed such amount.

Under the new provisions, the \$8 million above the July 2023 certified forecast is estimated to be transferred to the Cash Reserve Fund at this time. While the balance in the Cash Reserve Fund exceeds 16% of the total budgeted General Fund expenditures for FY23-24, the new provision takes into account whether this is the case for FY24-25. It is currently projected that the CRF balance is 16.1% of budgeted GF expenditures in FY24-25. With additional items pending for the committee regarding the Cash Reserve Fund and General Fund appropriations, at this point in time, it is estimated that the \$8 million could take place.

### **Transfers-To & From General Fund**

Unlike the automatic transfers that occur after the close of the fiscal year and are statutorily required, other transfers can take place as specifically enacted by the Legislature. In the 2021 session, the budget included a \$50 million transfer from the General Fund in both FY2021-22 and FY2022-23 to help replenish the fund.

The enacted budget included two transfers to the General Fund from the Cash Reserve Fund. These include \$440 million in FY23-24 due to the revenue forecast being recertified following the April 2023 forecast after a reduction in the FY22-23 forecast, and \$1 million in FY24-25 for the Precision Agriculture grant program pursuant to LB 361. In addition, LB 531, enacted in 2023, included a CRF transfer to the General Fund in FY22-23 of \$10 million for the Economic Recovery Act.

### **Transfers To & From Other Funds**

In addition to the transfers to the General Fund, there are several transfers to and from the Cash Reserve Fund. These funds are listed in Table 1. For more detail on these funds, please refer to the 2023 Biennial Budget Report.

The only change related to transfers to and from other funds from Sine Die of the 2023 session in the Appropriations Committee preliminary report is to reduce the transfer from the Cash Reserve Fund to the Nebraska Capital Construction Fund by \$18.2 million (from \$182.6 million to \$164.4 million).

Table 2 shows historical transfers and balances of the Cash Reserve Fund since FY2000-2001.

Table 2 Cash Reserve Fund – Historical Balances

	Beginning Balance	Automatic Transfers (1)	Legislative Transfers (2)		Ending Balance	EB as % of revenues	EB as % of expend
			Gen Fund	Other Funds			
FY2000-01	142,159,429	77,576,670	(24,500,000)	(25,000,000)	170,236,099	6.9%	6.9%
FY2001-02	170,236,099	0	(59,800,000)	(370,000)	110,066,099	4.7%	4.2%
FY2002-03	110,066,099	0	(87,400,000)	0	59,142,545	2.4%	2.3%
FY2003-04	59,142,545	0	(61,191,862)	(385,807)	87,028,337	3.2%	3.4%
FY2004-05	87,028,337	108,727,007	(26,000,000)	(758,180)	177,167,720	5.8%	6.5%
FY2005-06	177,167,720	261,715,297	0	(165,266,227)	273,616,790	8.2%	9.4%
FY2006-07	273,616,790	259,929,524	(15,674,107)	(1,784,416)	516,087,791	15.1%	16.5%
FY2007-08	516,087,791	191,436,773	(60,177,767)	(101,801,000)	545,545,797	15.6%	16.8%
FY2008-09	545,545,797	116,976,571	(54,990,505)	(29,340,000)	578,191,863	17.2%	17.4%
FY2009-10	578,191,863	0	(105,000,000)	(5,990,237)	467,201,626	14.6%	14.1%
FY2010-11	467,201,626	0	(154,000,000)	0	313,201,626	8.9%	9.4%
FY2011-12	313,201,626	145,155,092	(37,000,000)	3,560,802	428,878,372	11.6%	12.4%
FY2012-13	428,878,372	104,789,781	(78,000,000)	(76,008,427)	384,121,402	9.5%	10.7%
FY2013-14	384,121,402	285,292,610	49,400,000	251,294	719,065,306	17.5%	18.7%
FY2014-15	719,065,306	96,721,232	(67,701,112)	(20,250,000)	727,835,426	16.9%	18.1%
FY2015-16	727,835,426	84,599,532	0	(81,779,850)	730,655,108	17.0%	17.4%
FY2016-17	730,655,108	0	0	(50,000,000)	680,655,108	16.0%	15.7%
FY2017-18	680,655,108	0	(225,000,000)	(115,930,772)	339,990,065	7.4%	7.8%
FY2018-19	339,990,065	61,995,773	(48,000,000)	(20,436,714)	333,549,124	6.8%	7.6%
FY2019-20	333,549,124	176,378,178	0	(83,619,600)	426,307,702	8.6%	9.2%
FY2020-21	426,307,702	10,655,528	0	30,000,000	466,963,230	7.8%	10.3%
FY2021-22	466,963,230	535,259,365	50,000,000	(124,700,000)	927,522,595	14.6%	19.9%
FY2022-23	927,522,595	1,287,998,995	40,000,000	(617,670,000)	1,637,851,590	25.7%	31.8%
FY2023-24 Est	1,637,851,590	2,982,492	440,000,000	(1,204,358,825)	876,475,257	13.6%	16.4%
FY2024-25 Est	876,475,257	7,874,000	(1,000,000)	(25,458,800)	857,890,457	13.5%	16.1%
FY2025-26 Est	857,890,457	0	0	(50,000,000)	807,890,457	12.7%	14.9%
FY2026-27 Est	807,890,457	0	0	(50,000,000)	757,890,457	12.1%	13.7%

## General Fund Revenues

### Revenue Forecasts

Revenue estimates for FY2023-24 and FY2024-25 are the October 2023 forecasts from the Nebraska Economic Forecast Advisory Board (NEFAB). These forecasts yield a projected adjusted revenue growth of 5.4% in FY2023-24 and 3.4% in FY2024-25, an average growth of 4.4%.

The NEFAB forecasts and projected “out year” revenue estimates are shown in Table 4. LFO Prelim estimates for FY2025-26 and FY2026-27 are the average of all forecasts (LFO S&P GLOBAL, LFO Moody’s, NDR S&P GLOBAL, and NDR Moody’s). Rate and base adjusted growth in FY2025-26 is 4.2% and in FY2026-27 is 3.6% for a two-year average of 3.9%. Five-year average growth for the status period is 3.6%.

Table 3 - General Fund Revenue Forecasts

	Actual FY2022-23	NEFAB FY2023-24	NEFAB FY2024-25	LFO Prelim FY2025-26	LFO Prelim FY2026-27
<b><u>Actual/Forecast</u></b>					
Sales and Use Tax	2,335,899,936	2,500,000,000	2,560,000,000	2,658,679,000	2,763,256,000
Individual Income Tax	3,005,952,059	3,000,000,000	2,945,000,000	2,959,377,000	2,794,599,000
Corporate Income Tax	692,964,729	650,000,000	580,000,000	515,698,000	497,574,000
Miscellaneous receipts	333,165,768	295,000,000	280,000,000	226,136,000	211,703,000
Total General Fund Revenues	6,367,982,492	6,445,000,000	6,365,000,000	6,359,890,000	6,267,132,000
<b><u>Adjusted Growth</u></b>					
Sales and Use Tax	4.1%	7.0%	2.6%	3.7%	4.3%
Individual Income Tax	-2.1%	6.6%	5.7%	6.4%	3.1%
Corporate Income Tax	2.3%	1.9%	-2.5%	-0.1%	4.8%
Miscellaneous receipts	37.9%	-12.5%	-2.6%	-11.7%	-0.8%
Total General Fund Revenues	1.7%	5.4%	3.4%	4.2%	3.6%
Two Yr Average	10.7%	--	4.4%	--	3.9%
Five Yr Average	9.7%	--	8.7%	--	3.6%

## Historical General Fund Revenues

From the numbers shown above, a simple percent change over the prior year can be calculated. While these simple percent changes are appropriate when looking at the actual changes over time, they do not represent what is commonly referred to as revenue growth. *For purposes here, revenue growth means the growth in revenues caused by economic activity and inflation as arrived at by adjusting for items such as tax base and rate changes, legislation enacted, and one-time extraordinary items.* The objective is to measure underlying patterns of revenue growth ignoring such changes.

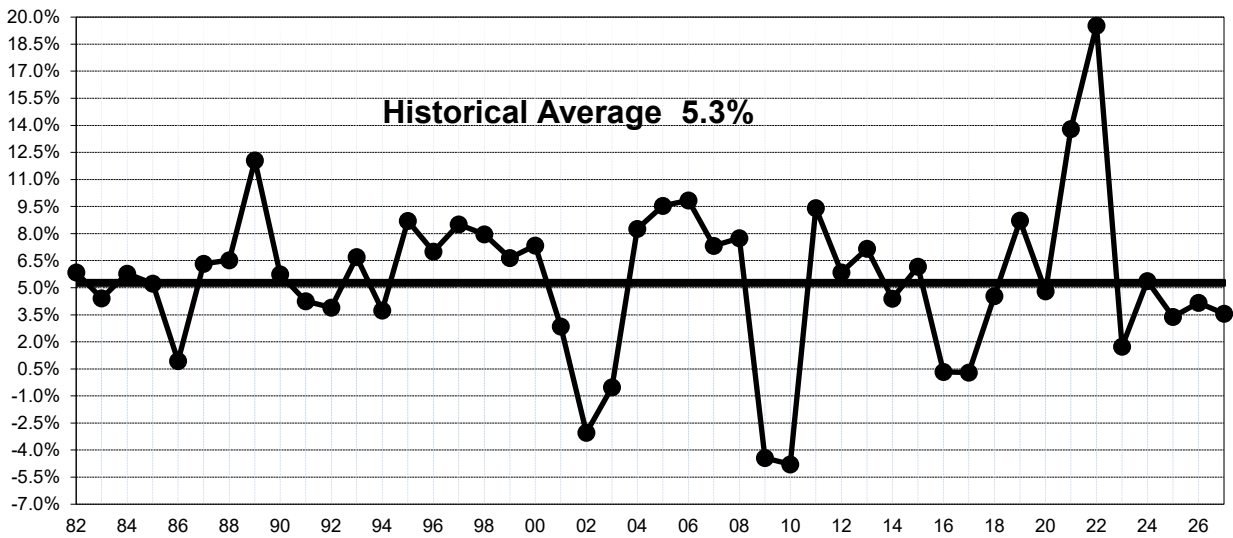
The average growth over the past 40 years is 5.3%. This revenue growth over time reflects the ebb and flow of economic activity and economic cycles. It reflects new businesses created and existing businesses that close. It reflects new products and services added to the tax base and existing products and services that are eliminated or expire. The key is the **net** impact. The new or expanded businesses, products or services more than offsets those that decline or disappear leaving a net overall increase averaging a 5.3% growth.

Table 4 shows actual and projected General Fund revenues since FY2002-2003. For illustration purposes, the table includes the adjusted growth rate, described above, and the unadjusted growth rate that does not account for changes to the tax base or tax rates. As shown in the table, the unadjusted growth rate in estimated revenue for FY2024-25 through FY2025-26 is estimated to be negative as previously enacted tax cuts are phased in over that time period. The adjusted growth rate, which accounts for these legislative changes, is positive and averages 3.7% per year over that three-year period.

Table 4 Actual and Projected General Fund Revenues

	Sales/ Use	Individual Income	Corporate Income	Misc. Receipts	Total GF Receipts	Adj % Chnge	Unadj. % Chnge
FY2002-03 Actual	1,028.9	1,129.4	111.6	186.4	2,456.4	-0.5%	3.8%
FY2003-04 Actual	1,114.4	1,249.9	167.4	187.0	2,718.7	8.3%	10.7%
FY2004-05 Actual	1,231.0	1,400.1	198.4	207.7	3,037.2	9.5%	11.7%
FY2005-06 Actual	1,263.7	1,545.3	262.3	280.9	3,352.2	9.9%	10.4%
FY2006-07 Actual	1,303.8	1,650.9	213.0	240.6	3,408.3	7.3%	1.7%
FY2007-08 Actual	1,321.9	1,726.1	232.9	225.3	3,506.2	7.7%	2.9%
FY2008-09 Actual	1,326.2	1,600.4	198.5	232.4	3,357.5	-4.4%	-4.2%
FY2009-10 Actual	1,289.8	1,514.8	154.3	245.7	3,204.7	-4.8%	-4.6%
FY2010-11 Actual	1,372.8	1,735.2	154.9	236.7	3,499.7	9.4%	9.2%
FY2011-12 Actual	1,436.9	1,822.9	234.3	201.8	3,695.9	5.9%	5.6%
FY2012-13 Actual	1,474.9	2,101.9	275.6	199.9	4,052.4	7.2%	9.6%
FY2013-14 Actual	1,524.8	2,060.8	306.6	225.3	4,117.5	4.4%	1.6%
FY2014-15 Actual	1,535.4	2,205.5	346.5	217.7	4,305.1	6.2%	4.6%
FY2015-16 Actual	1,528.0	2,221.1	307.6	251.2	4,308.0	0.3%	0.1%
FY2016-17 Actual	1,548.4	2,224.8	264.5	228.1	4,265.8	0.3%	-1.0%
FY2017-18 Actual	1,602.7	2,360.6	313.7	290.0	4,566.9	4.5%	7.1%
FY2018-19 Actual	1,658.1	2,545.7	423.7	268.8	4,896.4	8.7%	7.2%
FY2019-20 Actual	1,848.2	2,445.7	391.2	254.7	4,939.8	4.8%	0.9%
FY2020-21 Actual	2,009.7	3,130.6	571.2	247.5	5,959.0	13.8%	20.6%
FY2021-22 Actual	2,133.2	3,243.2	715.1	257.4	6,348.9	19.5%	6.5%
FY2022-23 Actual	2,335.9	3,006.0	693.0	333.2	6,368.0	1.7%	0.3%
FY2023-24 NEFAB	2,500.0	3,000.0	650.0	295.0	6,445.0	5.4%	1.2%
FY2024-25 NEFAB	2,560.0	2,945.0	580.0	280.0	6,365.0	3.4%	-1.2%
FY2025-26 LFO Prelim	2,658.7	2,959.4	515.7	226.1	6,359.9	4.2%	-0.1%
FY2026-27 LFO Prelim	2,763.3	2,794.6	497.6	211.7	6,267.1	3.6%	-1.5%
Historical Average (42 yrs)	4.4%	6.1%	6.2%	2.0%	5.3%	5.3%	
Above Average Years (25)	6.0%	9.9%	14.6%	3.9%	8.2%	8.2%	
Below Average Years (17)	2.2%	2.2%	-2.8%	2.9%	1.7%	1.7%	

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



## Chronology of Revenue Forecasts

Table 5 contains a chronology of the revenue forecasts for FY2022-23 through FY2024-25. The first column shows the total revenue forecast while the last four columns break down the total dollar change in the forecast whether caused by bills enacted by the Legislature, other items such as federal tax changes, or simply a change in the revenue expectations (base).

Table 5 Chronology of Revenue Forecasts

	Sales/Use	Individual	Corporate	Misc	Total Forecast	Change in Forecast			
						Base	Bills	Other	Total
<b>FY2022-23</b>									
Board Est-Oct 2020	2,095,000	2,655,000	345,000	180,000	5,275,000				
Board Est-Feb 2021	2,145,000	2,670,000	368,000	185,000	5,368,000	93,000	0	0	93,000
Board Est-April 2021	2,145,000	2,670,000	368,000	185,000	5,368,000	0	0	0	0
Sine Die-2021 Session	2,119,794	2,477,629	310,601	219,333	5,127,358	0	(51,121)	(189,522)	(240,642)
Board Est-October 2021	2,180,000	2,700,000	450,000	225,000	5,555,000	427,642	0	0	427,642
Board Est-February 2022	2,350,000	2,900,000	475,000	235,000	5,960,000	405,000	0	0	405,000
Sine Die-2022 Session	2,343,598	2,795,159	462,300	223,318	5,824,375	0	(135,625)	0	(135,625)
Board Est-October 2022	2,400,000	3,200,000	575,000	270,000	6,445,000	620,625	0	0	620,625
Board Est-February 2023	2,400,000	3,200,000	575,000	270,000	6,445,000	0	0	0	0
Board Est-April 2023	2,350,000	3,050,000	675,000	290,000	6,365,000	(80,000)	0	0	(80,000)
Sine Die 2023 Session	2,350,000	3,050,000	675,000	300,000	6,375,000	0	10,000	0	10,000
Actual Receipts FY2022-23	2,335,900	3,005,952	692,965	333,166	6,367,983	(7,017)	0	0	(7,017)
Change: First Prelim to Current	378,900	(48,048)	338,965	154,166	823,983	1,685,155	(547,512)	(313,660)	823,983
Change: First NEFAB to Actual	240,900	350,952	347,965	153,166	1,092,983	1,459,251	(176,747)	(189,522)	1,092,983
<b>FY2023-24</b>									
Sine Die-2022 Session	2,361,186	2,678,378	417,433	208,488	5,665,485	0	(242,515)	0	(242,515)
Board Est-October 2022	2,500,000	3,250,000	475,000	250,000	6,475,000	809,515	0	0	809,515
Board Est-February 2023	2,500,000	3,250,000	475,000	250,000	6,475,000	0	0	0	0
Board Est-April 2023	2,500,000	3,150,000	575,000	275,000	6,500,000	25,000	0	0	25,000
Sine Die 2023 Session	2,494,986	3,065,283	567,874	308,983	6,437,126	0	(62,874)	0	(62,874)
Board Est-October 2023	2,500,000	3,000,000	650,000	295,000	6,445,000	239,589	(231,715)	0	7,874
Change: First Prelim to Current	315,000	220,000	315,000	98,000	948,000	1,761,594	(657,312)	(156,283)	948,000
Change: First NEFAB to Actual	405,000	345,000	305,000	115,000	1,170,000	1,074,105	(294,589)	0	779,515
<b>FY2024-25</b>									
Sine Die-2022 Session	2,350,972	2,559,438	385,359	200,403	5,496,172	0	(590,828)	0	(590,828)
Board Est-October 2022	2,600,000	3,275,000	450,000	230,000	6,555,000	1,058,828	0	0	1,058,828
Board Est-February 2023	2,600,000	3,275,000	450,000	230,000	6,555,000	0	0	0	0
Board Est-April 2023	2,600,000	3,225,000	525,000	260,000	6,610,000	55,000	0	0	55,000
Sine Die 2023 Session	2,590,618	2,986,557	505,412	295,698	6,378,285	(0)	(231,715)	0	(231,715)
Board Est-October 2023	2,560,000	2,945,000	580,000	280,000	6,365,000	(13,285)	0	0	(13,285)
Change: First Prelim to Current	288,000	(132,000)	193,000	90,000	439,000	1,420,953	(981,953)	0	439,000
Change: First NEFAB to Actual	465,000	290,000	235,000	100,000	1,090,000	1,100,544	(231,715)	0	868,828

## General Fund Transfers-Out

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

Table 6 General Fund Transfers-Out by Fund

	Biennial Budget			Following Biennium	
	FY2022-23	FY2023-24	FY2024-25	FY2025-26	FY2026-27
Property Tax Credit Fund	(310,000,000)	(360,000,000)	(395,000,000)	(427,000,000)	(442,000,000)
Water Resources Cash Fund	(3,300,000)	0	0	0	0
Cultural Preservation Endowment Fund (with LB142)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
Water Sustainability Fund	(11,000,000)	(11,000,000)	(11,000,000)	(11,000,000)	(11,000,000)
Critical Infrastructure Fund (Gering-Ft. Laramie repairs)	0	0	0	0	0
Rural Workforce Housing Investment Fund (LB 773-2019)	0	0	0	0	0
Middle Income Workforce Housing Investment Fund (LB 866-2019)	0	0	0	0	0
NCCF- Corrections overcrowding	0	0	0	0	0
Prison Overcrowding Contingency Fund	0	0	0	0	0
Nebraska Revolving Loan Fund (per LB1107-2020)	(5,000,000)	0	0	0	0
Hall of Fame Trust Fund (LB 42-2021)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
Customized Job Training Cash Fund (LB 391-2021)	0	0	0	0	0
Nebraska Film Office Cash Fund (2021)	0	0	0	0	0
Public Advocacy Cash Fund	(520,000)	(1,000,000)	(1,000,000)	0	0
Municipal gas emergency act (LB131-2021)	0	0	0	0	0
Municipal Inland Port Authority Act (LB156-2021)	(5,000,000)	(5,000,000)	0	0	0
Shovel-Ready Capital Recovery/Invest Act (LB566-2021)	(15,000,000)	0	0	0	0
Water Recreation Enhancement Fund (STARWARS) (LB 1011-2022)	(100,000,000)	0	0	0	0
NCCF - Fund shifts and new projects (LB 1011-2022)	(40,723,459)	0	0	0	0
Jobs & Econ Development Initiative (STARWARS) (LB 1011-2022)	(20,000,000)	0	0	0	0
Governors Emergency Fund (LB 1011-2022)	(5,000,000)	0	0	0	0
Nebr Environmental Response Act (LB 1102-2022)	(300,000)	0	0	0	0
Community College State Dependents Fund	(1,000,000)	(1,000,000)	(1,500,000)	0	0
Economic Recovery Act	0	(10,000,000)	(40,000,000)	0	0
Education Future Fund	0	(1,000,000,000)	(250,000,000)	(250,000,000)	(250,000,000)
DEE LEAD Cash Fund	0	(10,000,000)	0	0	0
Nuclear & Hydrogen Deve. Fund (LB 565-2023)	(200,000)	0	0	0	0
Workers' Compensation Court Cash	0	(750,000)	0	0	0
Community College Future Fund (LB 243-2023)	0	0	(246,499,886)	(255,127,382)	(264,056,840)
<i>General Fund Transfers-Out</i>	<i>(518,053,459)</i>	<i>(1,399,760,000)</i>	<i>(946,009,886)</i>	<i>(944,137,382)</i>	<i>(968,066,840)</i>
<i>General Fund Transfers-Out (Committee Pelim)</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Total-General Fund Transfers-Out</i>	<i>(518,053,459)</i>	<i>(1,399,760,000)</i>	<i>(946,009,886)</i>	<i>(944,137,382)</i>	<i>(968,066,840)</i>

The Appropriations Committee preliminary budget includes no changes to transfers under current law.

The total amount of funds transferred out of the General Fund has grown significantly over time, and most notably since FY2020-21. Actual transfers out of the General fund are shown in Table 7. Transfers out from FY1995-96 through FY2006-07 averaged about \$7.5 million per year. In 2007, the Property Tax Credit Act was enacted and funded through a transfer to the Property Tax Credit Cash Fund. Transfers for this program constituted 80-96% of all transfers out of the General Fund until FY2021-22.

In FY2021-22, there was a 41% increase in transfers out, as compared to FY2020-21, followed by an 18% increase in FY2022-23, and a 170% increase in FY2023-24. A large portion of the 41% increase in FY2021-22 included funds transferred to the NCCF for construction of prison facilities. In FY2022-23, additional transfers to the NCCF, to the Water Recreation Enhancement Fund and JEDI Fund for the STARWARS projects, and to the Shovel-Ready Capital Investment Fund contributed to an 18% increase in funds transferred out. Beginning in FY2023-24, the transfer to the Education Future Fund for special education and foundation aid expenses contributed to the large 170% increase.

Estimates for transfers out in FY2024-25 through FY2026-27 indicate 40-45% of funds transferred will be to the Property Tax Credit Fund, 26% of funds transferred will be to the Education Future Fund, and about 27% of funds transferred will be to the Community College Future Fund for aid to community colleges.

Table 7 Historical General Fund Transfers-Out

Fiscal Year	Total Transfers Out	% Change from Prior Year	Total Prop Tax Credit Fund	% of Total Prop Tax Credit Fund	Total Education Future Fund	% of Total Education Future Fund	Total Comm College Future Fund	% of Total Comm College Future Fund
FY1995-96	(8,910,000)		0	0.00%	0	0.00%	0	0.00%
FY1996-97	(8,660,000)	-2.81%	0	0.00%	0	0.00%	0	0.00%
FY1997-98	(7,660,000)	-11.55%	0	0.00%	0	0.00%	0	0.00%
FY1998-99	(14,373,587)	87.64%	0	0.00%	0	0.00%	0	0.00%
FY1999-00	(13,507,109)	-6.03%	0	0.00%	0	0.00%	0	0.00%
FY2000-01	(5,640,000)	-58.24%	0	0.00%	0	0.00%	0	0.00%
FY2001-02	(3,650,000)	-35.28%	0	0.00%	0	0.00%	0	0.00%
FY2002-03	(5,300,000)	45.21%	0	0.00%	0	0.00%	0	0.00%
FY2003-04	(1,640,000)	-69.06%	0	0.00%	0	0.00%	0	0.00%
FY2004-05	(1,640,000)	0.00%	0	0.00%	0	0.00%	0	0.00%
FY2005-06	(9,140,000)	457.32%	0	0.00%	0	0.00%	0	0.00%
FY2006-07	(9,140,000)	0.00%	0	0.00%	0	0.00%	0	0.00%
FY2007-08	(128,730,000)	1308.42%	(105,000,000)	81.57%	0	0.00%	0	0.00%
FY2008-09	(120,200,000)	-6.63%	(115,000,000)	95.67%	0	0.00%	0	0.00%
FY2009-10	(126,050,000)	4.87%	(112,000,000)	88.85%	0	0.00%	0	0.00%
FY2010-11	(120,725,000)	-4.22%	(112,000,000)	92.77%	0	0.00%	0	0.00%
FY2011-12	(140,800,000)	16.63%	(110,000,000)	78.13%	0	0.00%	0	0.00%
FY2012-13	(114,700,000)	-18.54%	(110,000,000)	95.90%	0	0.00%	0	0.00%
FY2013-14	(121,300,000)	5.75%	(113,000,000)	93.16%	0	0.00%	0	0.00%
FY2014-15	(188,350,000)	55.28%	(138,000,000)	73.27%	0	0.00%	0	0.00%
FY2015-16	(222,400,000)	18.08%	(202,000,000)	90.83%	0	0.00%	0	0.00%
FY2016-17	(217,100,000)	-2.38%	(202,000,000)	93.04%	0	0.00%	0	0.00%
FY2017-18	(233,470,000)	7.54%	(221,000,000)	94.66%	0	0.00%	0	0.00%
FY2018-19	(230,300,000)	-1.36%	(221,000,000)	95.96%	0	0.00%	0	0.00%
FY2019-20	(286,800,000)	24.53%	(272,000,000)	94.84%	0	0.00%	0	0.00%
FY2020-21	(310,600,000)	8.30%	(272,000,000)	87.57%	0	0.00%	0	0.00%
FY2021-22	(440,830,000)	41.93%	(297,000,000)	67.37%	0	0.00%	0	0.00%
FY2022-23	(518,053,459)	17.52%	(310,000,000)	59.84%	0	0.00%	0	0.00%
FY2023-24	(1,399,760,000)	170.20%	(360,000,000)	25.72%	(1,000,000,000)	71.44%	0	0.00%
FY2024-25	(946,009,886)	-32.42%	(395,000,000)	41.75%	(250,000,000)	26.43%	(246,499,886)	26.06%
FY2025-26	(944,137,382)	-0.20%	(427,000,000)	45.23%	(250,000,000)	26.48%	(255,127,382)	27.02%
FY2026-27	(968,066,840)	2.53%	(442,000,000)	45.66%	(250,000,000)	25.82%	(264,056,840)	27.28%



# General Fund Transfers-In

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

Such transfers for the biennial budget are shown in Table 8 along with amounts that were transferred in FY2022-23, which were enacted in the 2021 and 2022 legislative sessions and are already included in FY2022-23 actual receipts.

Historically there have been transfers from three main sources; Securities Act Cash Fund, Tobacco Products Admin Cash Fund, and the Dept. of Insurance Cash Fund.

In the 2021 session, the enacted budget included transfers-in of \$33.3 million in FY2021-22 and \$39.3 million in FY2022-23. Also included was cancellation of a \$2.25 million of the \$28 million FY21 transfer of Securities Act funds due to lack of adequate cash flow.

In the 2023 session, transfers into the General Fund in the enacted budget equaled the same amount as in FY2022-23. These transfer amounts are already incorporated into the “Net Receipts” figures of the NEFAB forecasts.

The Governor’s recommendation includes \$213.5 million in funds transferred to the General Fund in FY2023-24 and an additional \$60.3 million in FY2024-25. These amounts include reduction of enacted transfers in FY2024-25 and transfers in from numerous agency cash funds.

Pending agency hearings on the Governor’s proposed transfers, the Appropriations Committee 2024 preliminary budget includes no changes to the transfers into the General Fund enacted in the 2023 session.

Table 8 General Fund Transfers-In

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

# General Fund Appropriations - Current Biennium

The financial status shown includes the Appropriations Committee preliminary recommendation for current year deficits (FY2023-24) and adjustments for FY2024-25, the second year of the biennial budget. A complete listing of all General Fund adjustments can be found in Appendix A on pages 23-24.

Table 9 General Fund Appropriation Adjustments (FY2023-24 and FY2024-25)

<u>Committee Preliminary Budget Adjustments (General Funds)</u>	<u>FY2023-24</u>	<u>FY2024-25</u>	<u>2 Yr Total</u>
Education-TEEOSA aid adjustment	(2,134,935)	(28,862,755)	(30,997,690)
Dept of Education salary adjustment	415,704	580,863	996,567
School for Visually Impaired deficit annualization	166,724	166,724	333,448
DHHS Child welfare aid	20,000,000	0	20,000,000
DHHS ARPA Developmental disabilities provider rates switch	10,000,000	0	10,000,000
DHHS Regional centers staffing	15,000,000	0	15,000,000
DHHS Behavioral health base adjustment	(15,000,000)	(15,000,000)	(30,000,000)
DHHS Public assistance base adjustment	(20,000,000)	(10,000,000)	(30,000,000)
State Patrol salary compression adjustment	0	935,261	935,261
Consolidation of Center for Operational Excellence	0	(1,023,942)	(1,023,942)
Office of Chief Information Officer rate reduction	(10,488,281)	(3,547,866)	(14,036,147)
DED Bioeconomy initiative	2,500,000	0	2,500,000
DED Reduce aid for nuclear grants	(250,000)	(250,000)	(500,000)
Retirement Contributions	0	3,561,303	3,561,303
All Other	295,260	198,888	494,148
Subtotal General Fund New Appropriations	504,472	(53,241,524)	(52,737,052)
Lapse unexpended FY23 funds	(21,300,000)	0	(21,300,000)
Total General Fund Appropriations	(20,795,528)	(53,241,524)	(74,037,052)

## DHHS Base Adjustments

The preliminary budget includes a \$15 million per year base reduction for Behavioral Health Aid. Spending on services has been significantly below the appropriated amount, and implementation of Medicaid expansion is a contributing factor. After this reduction, the FY24 appropriation would be \$77 million, approximately \$25 million more than the average General Funds spent in recent years.

The preliminary budget also includes a \$20 million reduction in FY2023-24 and a \$10 million reduction in FY2024-25 in the base appropriation for the Public Assistance program. The reduction of \$10 million each year aligns the appropriation with post-pandemic spend patterns. DHHS has requested an additional \$10 million reduction in FY24 due to availability of ARPA funding which offsets the need for these funds.

## **DHHS Regional Centers Staffing Costs**

The preliminary budget includes appropriation increases for nursing costs at the Lincoln Regional Center. The census at adult facilities, primarily the Lincoln Regional Center (LRC), have risen, and DHHS is beginning to implement staffing increases to ensure safety. This has required hiring a variety of roles, primarily nurses and security, and continued use of contracted nursing services. Costs have increased due to raises, which were funded based on staffing levels at that time. DHHS expects reductions in contract staff and overtime costs, but the current appropriation is insufficient. Without additional funding, the Regional Centers may fall below industry standards for nursing and staffing ratios and risk CMS accreditation.

## **DHHS Child Welfare**

The preliminary budget includes the agency request of additional funds in the Child Welfare program. The Department indicates increased monthly expenses in FY24, averaging \$18 million per month up from \$16 million per month in FY23.

## **DHHS Developmental Disabilities Provider Rates**

The preliminary budget includes the agency request for the Developmental Disabilities (DD) aid program to allow the Department to pay for provider rate increases, originally authorized in LB 1014 (2022) with ARPA funds, via the typical process of a mix of General Funds and Federal Medicaid Funds instead of utilizing \$27.5 million in ARPA. In LB 1014, a total of \$47.5 million was appropriated and intent was included to designate \$20 million in ARPA FY2022-23 and \$27.5 million total for the current biennium (\$15 million for FY2023-24 and \$12.5 million for FY2024-25). The typical method of funding provider rates consists of using both state General Funds and Federal Funds based on the Federal Medical Assistance Percentage (FMAP). In this case, the fund mix is \$10 million General Funds and \$17.5 million in Federal Funds. The General Funds for the DD provider rates are located in Program 424 and the Federal Funds are located in Program 348.

## **Employee Salary Increases (State Patrol and Dept. of Education)**

The preliminary budget includes two issues that arose due to the bargained state employee salary increases in 2023. At the beginning of Fiscal Year 2024, the SLEBC Labor Union, which includes Troopers, Sergeants, Investigative Officers, and Investigative Sergeants, received a significant salary increase of 22.1%. To prevent salary compression between union members and higher-ranking non-union supervisory staff, similar increases were also extended to non-union employees. These additional costs are currently being temporarily offset by savings from unfilled positions. However, as the Agency begins to fill these vacancies, sustaining these expenses requires budgetary adjustments. This request is specifically to cover the amounts exceeding the standard salary increases granted to non-union State of Nebraska employees on July 1, 2023.

The Nebraska Department of Education requested, and the committee included in the preliminary budget, funds for salaries for an additional 75 employees, which were not included in their biennial budget request in the 2023 session. The budgeted salary increases for agency employees was calculated using provided data on employees. However, some vacant positions were not accounted for, leading to a need for additional funds as the positions were filled.

## Lapsed General Fund Reappropriation (Military Dept and Crime Commission)

The Governor’s recommendation included lapsing FY2022-23 General Funds, which were reappropriated for the current biennium in the 2023 budget, from the following:

- (1) \$5 million from the Supreme Court, Program 52, Operations;
- (2) \$5 million from the Supreme Court, Program 435, Community Corrections;
- (3) \$20 million from the Military Department, Program 192, Governor’s Emergency Program; and
- (4) \$1.3 million from the Crime Commission, Program 199, Law Enforcement Training Center.

The Appropriations Committee included lapsing the reappropriated amounts from the Military Department and the Crime Commission, for a total of \$21.3 million. These funds are unexpended funds from the previous biennium and are not anticipated to be needed for the current biennium, and as such, will lapse back to the General Fund to increase overall General Funds available.

## All Funds Appropriations - Current Biennium

The preliminary budget also includes adjustments to cash, federal, and revolving fund appropriations. Table 10 shows the adjustment amounts by fund source for FY2023-24 and FY2024-25.

Table 10 Appropriation Adjustments – All Funds (FY2023-24 and FY2024-25)

<b>FY2023-24</b>	<b>General</b>	<b>Cash</b>	<b>Federal</b>	<b>Rev/Other</b>	<b>Total</b>
<i>Appropriations Committee to Floor</i>	5,344,927,844	3,641,481,112	4,739,046,460	1,298,300,050	15,023,755,466
Floor Amendments	(3,545,886)	2,056,250	10,995	1,325	(1,477,316)
Safety Net / Adjustments	0	0	0	0	0
<i>Mainline Bills as Sent to Governor</i>	5,341,381,958	3,643,537,362	4,739,057,455	1,298,301,375	15,022,278,150
Governor Vetoes	(11,389,794)	(45,272,595)	0	0	(56,662,389)
Veto Overrides	309,461	168,696	0	0	478,157
<i>Mainline Budget Bills</i>	5,330,301,625	3,598,433,463	4,739,057,455	1,298,301,375	14,966,093,918
"A" Bills	19,132,793	338,052,990	15,613,009	0	372,798,792
<b>Total Per 2023 Session</b>	<b>5,349,434,418</b>	<b>3,936,486,453</b>	<b>4,754,670,464</b>	<b>1,298,301,375</b>	<b>15,338,892,710</b>
2024 Session-Committee Proposed	504,472	75,526,497	14,643,049	(7,676,138)	82,997,880
2024 Session Floor Actions	0	0	0	0	0
2024 Session State Claims	0	0	0	0	0
2024 Session "A" bills	0	0	0	0	0
<i>2024 Session Midbiennium Actions</i>	<i>504,472</i>	<i>75,526,497</i>	<i>14,643,049</i>	<i>(7,676,138)</i>	<i>82,997,880</i>
<b>Final Total - 2024 Session</b>	<b>5,349,938,890</b>	<b>4,012,012,950</b>	<b>4,769,313,513</b>	<b>1,290,625,237</b>	<b>15,421,890,590</b>
Change over prior year (without deficits)					
Dollar	223,762,165	588,228,658	(512,114,901)	101,009,267	400,885,189
Percent	4.4%	17.6%	-9.7%	8.4%	2.7%

<b>FY2024-25</b>	<b>General</b>	<b>Cash</b>	<b>Federal</b>	<b>Rev/Other</b>	<b>Total</b>
<i>Appropriations Committee to Floor</i>	5,361,345,113	3,506,379,837	4,521,854,974	1,280,889,305	14,670,469,229
Floor Amendments	(8,234,888)	5,608,804	22,430	2,704	(2,600,950)
Safety Net / Adjustments	0	0	0	0	0
<i>Mainline Bills as Sent to Governor</i>	5,353,110,225	3,511,988,641	4,521,877,404	1,280,892,009	14,667,868,279
Governor Vetoes	(27,062,399)	(35,283,828)	(29,934,576)	0	(92,280,803)
Veto Overrides	539,242	171,436	0	0	710,678
<i>Mainline Budget Bills</i>	5,326,587,068	3,476,876,249	4,491,942,828	1,280,892,009	14,576,298,154
"A" Bills	43,758,810	586,418,952	20,631,504	0	650,809,266
<b>Total Per 2023 Session</b>	5,370,345,878	4,063,295,201	4,512,574,332	1,280,892,009	15,227,107,420
2024 Session-Committee Proposed	(53,241,524)	21,303,933	7,137,487	(1,195,785)	(25,995,889)
2024 Session Floor Actions	0	0	0	0	0
2024 Session Vetoes	0	0	0	0	0
2024 Session Overrides	0	0	0	0	0
2024 Session "A" bills	0	0	0	0	0
<i>2024 Session Midbiennium Actions</i>	(53,241,524)	21,303,933	7,137,487	(1,195,785)	(25,995,889)
<b>Total Per 2024 Session</b>	5,317,104,354	4,084,599,134	4,519,711,819	1,279,696,224	15,201,111,531
Change over prior year (without deficits)					
Dollar	(32,330,064)	148,112,681	(234,958,645)	(18,605,151)	(137,781,179)
Percent	-0.6%	3.8%	-4.9%	-1.4%	-0.9%

## Cash Funds

The preliminary budget contains adjustments of \$75,526,497 in FY2023-24 and \$21,303,933 in FY2024-25 in cash funds. Nearly all of these amounts can be attributed to the following:

- (1) An increase special education to the Department of Education, totaling \$27.5 million in FY2023-24 pursuant to the estimate of 80% of total reimbursable costs for school districts as required by LB 243 (2023);
- (2) An appropriation of cash funds for the Department of Economic Development for the Economic Recovery Act related to interest transferred to the fund (LB 531, 2023) and not previously appropriated, totaling \$45 million FY2023-24 and \$20 million in FY2024-25; and
- (3) An increase of \$1.5 million per year for the Attorney General for litigation expenses.

A full listing of cash appropriations adjustments in the preliminary budget is listed in Appendix C on page 27.

Table 11 shows the change in special education reimbursements for FY2023-24, including the new appropriation adjustment in the preliminary budget, including the fund split between General Funds and cash funds from the Education Future Fund for these costs.

Table 11 Special Education Costs by Fund Source by Year

		FY23-24	FY24-25	FY25-26	FY26-27
General	Special Education - 80%	235,724,474	235,724,474	238,270,298	240,843,618
Cash	Special Education - 80%	226,580,280	206,007,489	213,217,751	220,680,372
<b>Total Special Education Funds</b>		<b>462,304,754</b>	<b>441,731,963</b>	<b>451,488,049</b>	<b>461,523,990</b>
<b>% of Total - General Funds</b>		<b>50.99%</b>	<b>53.36%</b>	<b>52.77%</b>	<b>52.18%</b>

## Federal Funds

The preliminary budget contains adjustments of \$14,643,049 in FY2023-24 and \$7,137,487 in FY2024-25 in federal funds. Nearly all of these amounts can be attributed to the following:

- (4) An increase in federal appropriation for child care development grants and pass-through aid for the Department of Education, totaling \$6.6 million in FY2023-24 and \$11.1 million in FY2024-25;
- (5) An appropriation of federal Medicaid funds for DHHS developmental disability aid for provider rates for \$17.5 million in FY2023-24; and
- (6) OCIO costs for various agencies for a net reduction of (\$9,744,058) in FY2023-24 and (\$3,977,867) in FY2024-25.

Additionally, there are several ARPA changes included in the preliminary budget to reduce reappropriated ARPA funds from the FY22/23 biennium, which have been identified by the agencies as unable to be utilized for the specified purposes.

The Governor’s recommendation included an additional reduction of \$50 million ARPA funds from the Lincoln water project, which is replaced by cash funds from the JEDI fund, and a reduction of \$7 million for the Cedar/Knox rural water project. The Governor’s recommendation included three new appropriations of ARPA funds as well, including \$87.3 million ARPA funds to Nebraska Department of Transportation for surface transportation, \$3 million to the Department of Economic Development for regional development initiatives, and \$1 million to the Department of Correctional Services for recidivism mitigation. These changes in ARPA funding are not included in the preliminary budget, pending hearings on the issues and review of the numerous ARPA legislative bills referred to the committee.

A full listing of federal appropriations adjustments in the preliminary budget is listed in Appendix D on page 28.

Table 12 shows the ARPA appropriations, first enacted by the Legislature in 2022, followed by the 2023 session adjustments in LB 813 and LB 814 and the preliminary budget adjustments for the 2024 session.

Table 12 American Rescue Plan Act (ARPA) Appropriation Adjustments (FY2023-24 and FY2024-25)

	FY2021-22	FY2022-23	FY2023-24	FY2024-25	TOTAL
<b>Total ARPA - 2022 Session enacted</b>	<b>287,000,000</b>	<b>746,137,675</b>	<b>2,316,738</b>	<b>2,000,000</b>	<b>1,037,454,413</b>
<b>2023 Session</b>					
LB 813 Increase Military for DHHS technology	0	4,000,000	0	0	4,000,000
LB 813 Reduce Economic Recovery Act	0	(179,200,000)	0	0	(179,200,000)
LB 814 PSC ARPA for LB 1144A	0	0	(316,738)	0	(316,738)
LB 814 Reduce Noxious Weed Control Act	0	0	(2,000,000)	(2,000,000)	(4,000,000)
LB 814 DNR for Lincoln water project	0	0	177,200,000	0	177,200,000
LB 814 DNR for Norfolk riverfront improvement	0	0	2,000,000	0	2,000,000
LB 814 DNR for enhanced data collection	0	0	1,200,000	1,200,000	2,400,000
<b>Total - 2023 Session Adjustments</b>	<b>0</b>	<b>(175,200,000)</b>	<b>178,083,262</b>	<b>(800,000)</b>	<b>2,083,262</b>
<b>2024 Session (Committee Prelim)</b>					
Reduce behavioral health acute care beds	0	0	(2,500,000)	0	(2,500,000)
Reduce military administrative costs	0	0	(4,000,000)	0	(4,000,000)
Reduce dairy industry study	0	0	(32,500)	0	(32,500)
Reduce nuclear study	0	0	(137,000)	0	(137,000)
Reduce DHHS DD aid provider rates	0	0	(27,500,000)	0	(27,500,000)
<b>Total - 2024 Session Adjustments</b>	<b>0</b>	<b>0</b>	<b>(34,169,500)</b>	<b>0</b>	<b>(34,169,500)</b>
<b>Total - ARPA CSFRF Appropriated</b>	<b>287,000,000</b>	<b>570,937,675</b>	<b>146,230,500</b>	<b>1,200,000</b>	<b>1,005,368,175</b>
<b>Remaining unappropriated ARPA funds</b>					<b>34,631,825</b>

## Capital Construction

The preliminary budget includes only one capital construction change, which is a reduction in appropriation from the Nebraska Capital Construction Fund (NCCF) of \$18.2 million for the State Patrol Troop A headquarters project. This project is being reduced due to the agency renovating a current building, rather than constructing a new building. The corresponding transfer from the Cash Reserve Fund to the NCCF is also being reduced to reflect the change. Capital construction changes are shown in Table 13.

Table 13 Capital Construction Appropriation Adjustments (FY2023-24 and FY2024-25)

Agency	Prog	Item	Governor FY2023-24	Governor FY2024-25	Committee FY2023-24	Committee FY2024-25	Difference from Governor FY2023-24	Difference from Governor FY2024-25
Game & Parks	973	Fish Hatchery Upgrades	0	4,000,000	0	0	0	4,000,000
Game & Parks	972	Alliance Office Upgrades	0	2,000,000	0	0	0	2,000,000
State Patrol	904	Crime Lab	9,249,755	0	0	0	9,249,755	0
DAS	921	Troop A Headquarters	(18,200,000)	0	(18,200,000)	0	0	0
<b>TOTAL</b>		<b>New Appropriations</b>	<b>(8,950,245)</b>	<b>6,000,000</b>	<b>(18,200,000)</b>	<b>0</b>	<b>9,249,755</b>	<b>6,000,000</b>
Game & Parks	965	STARWARS projects	(6,500,000)	0	0	0	(6,500,000)	0
<b>TOTAL</b>		<b>Reappropriations</b>	<b>(6,500,000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(6,500,000)</b>	<b>0</b>

**Appendix A**  
**General Fund Mid-Biennium Budget Adjustments**

Agency	Prog	Item	Governor	Governor	Committee	Committee	Difference from Governor	
			FY2023-24	FY2024-25	FY2023-24	FY2024-25	FY2023-24	FY2024-25
Education	Mult	Salary Adjustments	415,704	580,863	415,704	580,863	0	0
Education	Mult	Add'l Appropriation/PSL for Vacation/Sick Payouts			7,205	0	(7,205)	0
Education	Mult	Add'l Appropriation for OCIO's Cost Analysis	35,123	40,956	35,123	40,956	0	0
Education	158	Adjust TEEOSA - Jan recal	0	(28,862,755)	0	(28,862,755)	0	0
Education	158	Adjust TEEOSA - premium tax	(2,116,070)	0	(2,116,070)	0	0	0
Education	158	Reduce Appropriation for TEEOSA State Aid	(18,865)	0	(18,865)	0	0	0
Education	158	TEEOSA Adjustment	600	0	0	0	600	0
Education	402	Annualize 2023 Deficit for School of Deaf/Blind	166,724	166,724	166,724	166,724	0	0
PSC	54	Railroad Track Inspector	50,149	127,613	0	0	50,149	127,613
Revenue	108	Additional Forecasted Homestead Exemption	14,700,000	15,400,000	0	0	14,700,000	15,400,000
DHHS	38	Base Reduction: Behavioral Health	(15,000,000)	(15,000,000)	(15,000,000)	(15,000,000)	0	0
DHHS	347	Base Reduction: Public Assistance	(20,000,000)	(10,000,000)	(20,000,000)	(10,000,000)	0	0
DHHS	354	Increase Child Welfare Aid	20,000,000	0	20,000,000	0	0	0
DHHS	365	Regional Centers Increased Staff Costs	15,000,000	0	15,000,000	0	0	0
DHHS	424	Adjust Developmental Disabilities Provider Rate Funding	10,000,000	0	10,000,000	0	0	0
Military	548	State Tuition Assistance Program Increase	200,000	200,000	47,207	47,207	152,793	152,793
Historical Soc	648	Skeletal Remains	20,000	0	20,000	0	0	0
State Patrol	100	Evidence Facility Upgrades	75,000	0	75,000	0	0	0
State Patrol	100	Law Enforcement Professional Liability Insurance	110,725	110,725	110,725	110,725	0	0
State Patrol	100	Salary Compression Adjustments	0	935,261	0	935,261	0	0
Econ Dev	603	State Marketing Campaign	0	5,000,000	0	0	0	5,000,000
Econ Dev	603	Bioeconomy Initiative	2,500,000	0	2,500,000	0	0	0
Econ Dev	603	Reduce Aid Authority for Nuclear & Hydrogen Grants	(250,000)	(250,000)	(250,000)	(250,000)	0	0
Envirn & Energy	513	Dredge and Fill Program	(804,136)	(1,588,372)	0	0	(804,136)	(1,588,372)
Mult Agencies	--	OCIO Costs	(10,488,281)	(3,547,866)	(10,488,281)	(3,547,866)	0	0
Mult Agencies	--	Consolidation of Center for Operational Excellence	0	(1,023,942)	0	(1,023,942)	0	0
Retirement	515	Additional Contribution: 2% of Salary - Class V Schools	0	539,634	0	539,634	0	0
Retirement	515	Additional Contribution: 2% of Salary - Judges	0	31,712	0	31,712	0	0
Retirement	515	Additional Contribution: 2% of Salary - State Patrol	0	2,553,460	0	2,553,460	0	0
Retirement	515	Additional Contribution: 2% of Salary - State Schools	0	734,715	0	734,715	0	0
Retirement	515	Additional Contribution: Omaha Service Annuity	0	(298,218)	0	(298,218)	0	0
<b>Total General Funds –New Appropriations</b>			<b>14,596,673</b>	<b>(34,149,490)</b>	<b>504,472</b>	<b>(53,241,524)</b>	<b>14,092,201</b>	<b>19,092,034</b>



Agency	Prog	Item	Governor	Governor	Committee	Committee	Difference from Governor	
			FY2023-24	FY2024-25	FY2023-24	FY2024-25	FY2023-24	FY2024-25
Supreme Court	435	Lapse Reappropriated Funds	(5,000,000)	0	0	0	(5,000,000)	0
Supreme Court	52	Lapse Reappropriated Funds	(5,000,000)	0	0	0	(5,000,000)	0
Military Dept	192	Lapse Reappropriated Funds	(20,000,000)	0	(20,000,000)	0	0	0
Crime Comm	199	Lapse Reappropriated Funds	(1,300,000)	0	(1,300,000)	0	0	0
<b>Total General Funds – Reappropriations</b>			<b>(31,300,000)</b>	<b>0</b>	<b>(21,300,000)</b>	<b>0</b>	<b>(10,000,000)</b>	<b>0</b>

**Appendix B**  
**Summary of the FY24/FY25 General Fund Budget with Preliminary Adjustments**

	W/o deficits FY2022-23	Per 2023 Session		Per 2024 Session		Per 2024 Session	
		Enacted FY2023-24	Enacted FY2024-25	Prelim Adj FY2023-24	Prelim Adj FY2024-25	Adj Total FY2023-24	Adj Total FY2024-25
<b>Agency Operations</b>							
University & State /Colleges	704,132,488	724,181,629	758,983,840	0	0	724,181,629	758,983,840
Health & Human Services	291,885,024	346,126,184	359,340,835	7,308,832	(3,896,385)	353,435,016	355,444,450
Correctional Services	289,961,758	342,518,271	353,230,798	(910,506)	(436,685)	341,607,765	352,794,113
Courts	204,357,073	219,392,861	232,452,664	(74,755)	(13,530)	219,318,106	232,439,134
State Patrol	70,282,670	82,859,249	87,039,432	94,412	920,611	82,953,661	87,960,043
Retirement Board	57,826,161	60,972,169	63,139,000	0	3,561,303	60,972,169	66,700,303
Revenue	30,222,159	32,404,613	33,115,321	(1,360,155)	(233,361)	31,044,458	32,881,960
Other 39 Agencies	224,524,827	249,412,838	261,540,492	2,784,372	922,072	252,197,210	262,462,564
<b>Total-GF Operations</b>	<b>1,873,192,160</b>	<b>2,057,867,814</b>	<b>2,148,842,382</b>	<b>7,842,200</b>	<b>824,025</b>	<b>2,065,710,014</b>	<b>2,149,666,407</b>
<b>State Aid to Individuals/Others</b>							
Medicaid	991,653,018	1,007,479,783	1,012,640,639	0	0	1,007,479,783	1,012,640,639
Child Welfare Aid	179,864,054	182,837,350	182,756,746	20,000,000	0	202,837,350	182,756,746
Developmental disabilities aid	174,638,509	175,955,731	197,567,183	10,000,000	0	185,955,731	197,567,183
Public Assistance	89,156,005	86,130,054	86,380,054	(20,000,000)	(10,000,000)	66,130,054	76,380,054
Behavioral Health aid	74,311,162	84,505,211	85,382,211	(15,000,000)	(15,000,000)	69,505,211	70,382,211
Children's Health Insurance (CHIP)	26,433,262	26,384,947	26,246,298	0	0	26,384,947	26,246,298
Nebr Broadband Bridge Act	19,795,788	19,795,788	19,795,788	0	0	19,795,788	19,795,788
Business Innovation Act	19,251,162	19,234,402	19,234,402	0	0	19,234,402	19,234,402
Aging Programs	11,722,579	11,722,579	11,722,579	0	0	11,722,579	11,722,579
Public Health Aid	11,314,060	11,314,060	11,314,060	0	0	11,314,060	11,314,060
Nebraska Career Scholarships	14,050,000	19,107,500	20,240,000	0	0	19,107,500	20,240,000
Higher Ed Student Aid programs	9,093,430	9,593,430	9,593,430	0	0	9,593,430	9,593,430
Health Aid	6,877,196	6,877,196	6,877,196	0	0	6,877,196	6,877,196
Nebraska Rural Projects Act	4,896,460	4,896,460	4,896,460	0	0	4,896,460	4,896,460
All Other Aid to Individuals/Other	33,937,821	44,978,130	32,804,893	47,207	47,207	44,755,337	32,582,100
<b>Total-GF Aid to Individuals/Other</b>	<b>1,666,994,506</b>	<b>1,710,812,621</b>	<b>1,727,451,939</b>	<b>(4,952,793)</b>	<b>(24,952,793)</b>	<b>1,705,589,828</b>	<b>1,702,229,146</b>

	W/o deficits FY2022-23	Per 2023 Session		Per 2024 Session		Per 2024 Session	
		Enacted FY2023-24	Enacted FY2024-25	Prelim Adj FY2023-24	Prelim Adj FY2024-25	Adj Total FY2023-24	Adj Total FY2024-25
<b>State Aid to Local Govts</b>							
State Aid to Schools (TEEOSA)	1,038,686,234	1,030,190,990	944,862,755	(2,134,935)	(28,862,755)	1,028,056,055	916,000,000
Property Tax Credit*	313 mil (transfer)	363 mil (transfer)	399 mil (transfer)	0	0	363 mil (transfer)	399 mil (transfer)
Community College Future Fund*	0	0	246 mil (transfer)	0	+7 mil est	0	253 mil (transfer)
Special Education - General Fund	235,724,474	235,724,474	235,724,474	0	0	235,724,474	235,724,474
Special Education- Ed Future Fund*	0	199 mil (transfer)	206 mil (transfer)	+27 mil	0	228 mil (transfer)	206 mil (transfer)
Aid to Community Colleges	109,804,330	111,939,172	114,116,711	0	0	111,939,172	114,116,711
Homestead Exemption	121,300,000	128,000,000	133,600,000	0	0	128,000,000	133,600,000
Aid to ESU's	13,613,976	13,613,976	13,613,976	0	0	13,613,976	13,613,976
Aid to Counties programs	2,000,000	0	0	0	0	0	0
High ability learner programs	2,342,962	2,342,962	2,342,962	0	0	2,342,962	2,342,962
Early Childhood programs	11,119,357	11,119,357	11,119,357	0	0	11,119,357	11,119,357
Community Based Juv Services	5,798,000	5,798,000	5,798,000	0	0	5,798,000	5,798,000
Governors Emergency Program	5,000,000	5,000,000	5,000,000	0	0	5,000,000	5,000,000
Resources Development Fund	0	0	0	0	0	0	0
Other Aid to Local Govt	16,319,394	15,721,124	6,569,394	(250,000)	(250,000)	15,471,124	6,319,394
Total-GF Aid to Local Govt	1,561,708,727	1,559,450,055	1,472,747,629	(2,384,935)	(29,112,755)	1,557,065,120	1,443,634,874
<b>Capital Construction</b>	23,921,610	21,303,928	21,303,928	0	0	21,303,928	21,303,928
<b>TOTAL-MAINLINE BUDGET</b>	5,125,672,253	5,349,434,418	5,370,345,878	504,472	(53,241,523)	5,349,668,890	5,316,834,355

\*The Property Tax Credit Act, Community College aid paid from the Community College Future Fund, and the portion of special education paid from the Education Future Fund are cash fund appropriations, but are listed here for illustration purposes to show the relative amounts of the programs as each of those cash funds is funded with a transfer from the General Fund.

**Appendix C**  
**Cash Fund Budget Preliminary Adjustments**

Agency	Prog	Item	Governor	Governor	Committee	Committee	Difference from Governor	
			FY2023-24	FY2024-25	FY2023-24	FY2024-25	FY2023-24	FY2024-25
Education	158	Special Education calculation	27,539,228	0	27,539,228	0	0	0
Education	Mult	Salary adjustments	7,908	4,545	7,908	4,545	0	0
Attorney General	290	Litigation authority	2,250,000	2,250,000	1,500,000	1,500,000	750,000	750,000
Motor Vehicles	90	License plate production	1,562,626	411,538	0	0	1,562,626	411,538
DHHS	38	Opioid Settlement cash authority	25,000,000	25,000,000	0	0	25,000,000	25,000,000
DHHS	348	Managed Care Excess Profit fund authority	0	38,000,000	0	0	0	38,000,000
DHHS	347	NE Homeless Assistance cash authority	0	1,200,000	0	1,200,000	0	0
DHHS	421	HHS Cash Fund BSDC	4,500,000	0	4,500,000	0	0	0
Nat Resources	314	Lincoln water project	50,000,000	0	0	0	50,000,000	0
Nat Resources	319	STARWARS Lake	(10,000,000)	(25,000,000)	0	0	(10,000,000)	(25,000,000)
Game & Parks	549	Parks operations	1,900,000	1,900,000	0	0	1,900,000	1,900,000
Game & Parks	549	Mayhew Cabin Study	125,000	0	0	0	125,000	0
Engin & Arch	82	New staff position	0	0	0	80,514	0	(80,514)
State Patrol	100	Human trafficking software	200,000	338,000	200,000	338,000	0	0
State Patrol	100	Salary compression adjustments	0	133,220	0	133,220	0	0
Econ Dev	603	US Strategic Command, Control, and Communications Facility	20,000,000	0	0	0	20,000,000	0
Econ Dev	611	Economic Recovery Act interest authority	0	0	45,000,000	20,000,000	(45,000,000)	(20,000,000)
Retirement	515	Retirement payout	0	0	78,879	0	(78,879)	0
Afr Amer Comm	863	New cash fund appropriation	0	25,000	0	25,000	0	0
Public Advocacy	425	Salary increase	0	0	0	69,090	0	(69,090)
Mult Agencies	--	Consolidation of Center for Operational Excellence	0	(736,562)	0	(736,562)	0	0
Mult Agencies	--	OCIO Costs	(3,299,518)	(1,309,874)	(3,299,518)	(1,309,874)	0	0
<b>Total Cash Funds –New Appropriations</b>			<b>119,785,244</b>	<b>42,215,867</b>	<b>75,526,497</b>	<b>21,303,933</b>	<b>44,258,747</b>	<b>20,911,934</b>

**Appendix D**  
**Federal Fund Budget Preliminary Adjustments**

Agency	Prog	Item	Governor	Governor	Committee	Committee	Difference from Governor	
			FY2023-24	FY2024-25	FY2023-24	FY2024-25	FY2023-24	FY2024-25
Education	25	Child Care Development Grant	0	2,360,063	0	2,360,063	0	0
Education	158	Child Care Development Grant	0	2,118,750	0	2,118,750	0	0
Education	158	Pass-Through Aid	6,608,811	6,608,811	6,608,811	6,608,811	0	0
Education	Mult	Salary adjustments	245,045	180,848	245,045	139,638	0	41,210
Education	Mult	Retirement payout	0	0	33,251	0	(33,251)	0
DHHS	348	Developmental Disabilities Provider Rates	17,500,000	0	17,500,000	0	0	0
Transportation	569	ARPA Surface Transportation	87,315,087	0	0	0	87,315,087	0
Nat Resources	192	Reduce ARPA Lincoln water project	(50,000,000)	0	0	0	(50,000,000)	0
Corrections	200	ARPA Recidivism mitigation	500,000	500,000	0	0	500,000	500,000
State Patrol	100	Salary compression adjustments	0	21,918	0	21,918	0	0
Econ Dev	603	ARPA Regional development initiative	3,000,000	0	0	0	3,000,000	0
Mult Agencies	--	Consolidation of Center for Operational Excellence	0	(133,826)	0	(133,826)	0	0
Mult Agencies	--	OCIO Costs	(9,744,058)	(3,977,867)	(9,744,058)	(3,977,867)	0	0
<b>Total Federal Funds –New Appropriations</b>			<b>55,424,885</b>	<b>7,678,697</b>	<b>14,643,049</b>	<b>7,137,487</b>	<b>40,781,836</b>	<b>541,210</b>
Agriculture	78	Reduce ARPA dairy industry study	(32,500)	0	(32,500)	0	0	0
Military	191	Reduce ARPA military administrative costs	(4,000,000)	0	(4,000,000)	0	0	0
DHHS	514	Reduce ARPA behavioral health acute care beds	(2,500,000)	0	(2,500,000)	0	0	0
DHHS	424	Reduce ARPA DD aid provider rates	(27,500,000)	0	(27,500,000)	0	0	0
Econ Dev	603	Reduce ARPA nuclear study	(137,000)	0	(137,000)	0	0	0
Envirm & Energy	528	Reduce ARPA Cedar/Knox rural water project	(7,000,000)	0	0	0	(7,000,000)	0
<b>Total Federal Funds – Reappropriations</b>			<b>(41,169,500)</b>	<b>0</b>	<b>(34,169,500)</b>	<b>0</b>	<b>(7,000,000)</b>	<b>0</b>

**Appendix E**  
**Revolving Fund Budget Preliminary Adjustments**

Agency	Prog	Item	Governor	Governor	Committee	Committee	Difference from Governor	
			FY2023-24	FY2024-25	FY2023-24	FY2024-25	FY2023-24	FY2024-25
State Patrol	100	Salary compression adjustments	0	23,631	0	23,631	0	0
State Patrol	630	Capitol Security	36,969	36,969	36,969	36,969	0	0
DAS	605	State SOS program	0	538,250	0	0	0	538,250
DAS	567	State accounting staffing	0	311,147	0	311,147	0	0
DAS	594	State insurance fund	0	2,000,000	0	2,000,000	0	0
Mult Agencies	--	Consolidation of Center for Operational Excellence	0	(328,598)	0	(328,598)	0	0
Mult Agencies	--	OCIO Costs	(7,713,107)	(3,238,934)	(7,713,107)	(3,238,934)	0	0
<b>Total Revolving Funds –New Appropriations</b>			<b>(7,676,138)</b>	<b>(657,535)</b>	<b>(7,676,138)</b>	<b>(1,195,785)</b>	<b>0</b>	<b>538,250</b>

## Appendix F

### General Fund Spending Assumptions - Following Biennium

For the “*following biennium*” (FY2025-26 and FY2026-27), the increase reflects the annualized impact of current budget actions plus an estimate of future year increases in entitlement programs, salary and health insurance increases, and other funding requirements that are normally not optional. It is an estimate based on “current law”, i.e. an estimate of future obligations with no change to underlying law that creates the obligation. These estimates incorporate the anticipated fiscal impact due to enacted 2023 legislation, but do not include the annualized costs of 2024 budget adjustments.

Table 14 Estimated Appropriations by Category FY2025-26 and FY2026-27

	Annual % Change		\$ Change from FY24-25		Two Yr Total
	FY2025-26	FY2026-27	FY2025-26	FY2026-27	
<b><u>AID TO LOCAL GOVT</u></b>					
Aid to K-12 Schools (TEEOSA GF only)*	1.43%	2.3%	13,549,663	36,032,500	49,582,163
Special Education	1.0%	1.0%	2,545,824	5,119,144	7,664,968
Community Colleges	2.0%	2.0%	2,282,334	4,610,315	6,892,649
Homestead Exemption	6.0%	6.0%	8,016,000	16,512,960	24,528,960
Governors Emergency program	0.0%	0.0%	0	0	0
All Other (Aid-Local)	0.0%	0.0%	0	0	0
<b><u>AID TO INDIVIDUALS</u></b>					
Medicaid	2.0%	2.0%	20,546,729	41,504,392	62,051,121
Public Assistance	0.0%	1.0%	0	863,801	863,801
Child Welfare Aid	2.0%	2.0%	12,753,363	16,660,670	29,414,033
Developmental Disability aid	2.0%	2.0%	3,951,344	7,981,714	11,933,058
Behavioral Health aid	2.0%	2.0%	2,991,333	5,857,896	8,849,229
Children's Health Insurance (SCHIP)	2.0%	2.0%	624,926	1,262,350	1,887,276
Public Health Programs	0.0%	0.0%	0	0	0
Nebraska Career Scholarships	0.0%	0.0%	0	0	0
All Other (Aid-Ind)	Fixed	Fixed	(250,000)	(250,000)	(500,000)
<b><u>AGENCY OPERATIONS</u></b>					
Employee Salaries (agencies)	3.0%	3.0%	25,404,867	51,571,879	76,976,746
Employee Health Insurance (agencies)	4.0%	4.0%	4,440,454	9,058,525	13,498,979
University/Colleges increased funding	2.2%	2.3%	16,395,194	33,302,365	49,697,559
Operations increase (all agencies)	3.0%	3.0%	5,196,454	10,548,801	15,745,254
Staffing/pop changes/medical (Corrections)	2.0%	2.0%	3,722,530	7,445,060	11,167,590
Retirement (Schools, Patrol, Judges)	Fixed	Fixed	(66,831)	2,100,000	2,033,169
All Other (Oper)	Fixed	Fixed	(453,375)	1,899,432	1,446,057
<b><u>CONSTRUCTION</u></b>			<u>14,140,896</u>	<u>0</u>	<u>14,140,896</u>
<b><u>TOTAL GENERAL FUND (Biennial Basis)</u></b>			<b>135,791,704</b>	<b>252,081,804</b>	<b>387,873,508</b>

\* Does not include the impact of the 2023 Nov TEEOSA estimate meeting

Table 15 Total Estimated Appropriations FY25-26 and FY26-27

Operations	2,203,626,424	2,264,913,194
State Aid to Ind/Other	1,767,924,883	1,801,188,012
State Aid to Local Govt	1,499,141,451	1,535,022,548
Construction	35,444,824	21,303,928
2024 Adjustments	(82,895,573)	(86,295,813)
	<hr/>	<hr/>
Total (w/o deficits)	5,423,242,009	5,536,131,869
Annual \$ Change - Appropriations	106,137,655	112,889,860
 <b>Estimated Growth Rates for Appropriations</b>		
Operations	2.50%	2.80%
State Aid to Ind/Other	2.40%	1.90%
State Aid to Local Govt	1.80%	2.40%
Construction	66.40%	-39.90%
	<hr/>	<hr/>
Annual % Change - Appropriations (w/o deficits)	2.00%	2.10%

## ***Aid to Local Governments***

State Aid to Schools (TEEOSA) The estimates for FY26 and FY27 shown in this table are the out-year estimates from the end of the 2023 session, including enactment of LB 583. The changes in the FY26 and FY27 estimates are shown in a separate line on the General Fund financial status, and discussed in the TEEOSA state aid section.

Special Education Increases reflect the historical average (10 yr average is just below 1.0%).

Aid to Community Colleges For the following biennium, a 2.0% per year increase is included reflecting state aid to support operations budget increases. This increase amounts to a \$2.3 million per year increase and is similar to the historical average for General Fund appropriation growth (1.8% 10 yr average).

Homestead Exemption A 6% per year annual increase is included for the following biennium budget reflecting the historical average (6.0% 10 yr average).

## ***Aid to Individuals***

Medicaid For the following biennium, the growth is 2.1% in FY25-26 and 2.0% in FY26-27. The growth rate is slightly higher in FY25-26 to reflect increases due to added costs of LB 276 (2023) that year. Historical average growth is 2.2% (10 yr average). This estimate also assumes no change in the federal match rate.

Public Assistance A basic growth rate of 0.0% is used in FY25-26 and 1.0% in FY26-27, reflecting historical average growth that is nearly flat.

Child Welfare A growth rate of 7.0% is utilized for FY25-26 and 2.0% for the following biennium. This reflects the anticipated increase in FY25-26 for provider rates that are funded by ARPA funds in the FY23-24/FY24-25 biennium being funded by General Funds in the following biennium as ARAP funds are no longer available. The anticipated increase in the second year of the biennium is closer to the historical average (2.9% 10 yr average).



Children's Health Insurance (CHIP) For the following biennium, a 2.0% per year increase is used.

Developmental Disability Aid A 2.0% per year increase is included. This is lower than the historical average of 3.7% (10 yr average).

Behavioral Health Aid. This area includes substance abuse and mental health aid. The increases in the following biennium reflect a 3.5% increase in FY23-24 and a 3.2% increase in FY24-25, which is higher than the historical average but also includes the anticipated costs of LB 276 (2023) (2.4% 10 yr average).

Nebraska Career Scholarships. In the 2020 session, the Governor's budget recommendation included funding and distribution language for the Nebraska Career Scholarship Program through the University of Nebraska, State Colleges, and Community Colleges (through Dept. of Economic Development). The program has been codified, and originally intended increases have been enacted through FY24 (now appropriated at \$20.2 million through the three agencies). A 2.0% increase in the program is reflected in the estimates, which is just over \$400,000 each year.

## ***Agency Operations / Construction***

Employee Salary Increases Although salary increases will be the result of bargaining, some level of increase is factored in more for illustration than planning purposes. A 3.0% per year increase is included, which approximates inflation.

Employee Health Insurance For planning purposes, an 4.0% per year increase in health insurance is included for the following biennium, similar to the prior biennium.

University and State Colleges Funding The calculated amounts are based on applying the same salary and health insurance increases as noted for state employees planning purposes, and applying them to both the University and State Colleges. Included for FY26 is a 2.2% increase and for FY27, a 2.3% increase.

Operations Inflation Included in the projected status is a general 3% increase in agency non-personnel operating costs. Although not provided as an across the board increase, this amount includes operations expenses related to enacted A bills and also historically covers increases in utility costs at state and higher education facilities as well as food and other inflationary cost increases at 24/7 state facilities such as veterans homes, BSDC, etc...

Inmate Per Diem Costs While some costs at the Dept. of Correctional Services such as staffing are "fixed" within a range of inmate population, some costs change directly with each inmate. This includes food, clothing, and medical care. A 2% per year increase is included to reflect these increases. (3.2% 10 yr average).

Defined Benefit Retirement Plans The increase in funding for the defined benefit retirement plans for FY26 and FY27 reflects the estimated increase in the state's retirement plans.

## ***Capital Construction***

General Fund dollars included in the projected budget for capital construction reflect reaffirmations only. These are dollar amounts needed to complete funding of projects approved in previous legislative sessions.