

**STATE OF NEBRASKA  
FY2009-10 / FY2010-11  
BIENNIAL BUDGET**

**As Enacted in the  
101st Legislature-First Session**

**August 2009**

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# INTRODUCTION

This report contains a summary of the initial appropriations and budget actions for the FY2009-10 and FY2010-11 biennium as enacted during the 2009 Legislative Session. These are not the final appropriations as both fiscal years numbers can be changed during the 2010 Legislative Session, and FY2010-11 can further be changed during the 2011 Legislative Session. 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 is displayed here, both the projected status at Sine Die of the 2009 Session (May) as well as the current status incorporating changes that have occurred since that time. Also included is a detailed chronology of the Financial Status for both the FY10/FY11 Biennium and projected for the FY12/FY13 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 2009 Legislative Session that impact revenues.

**General Fund Appropriations** This section provides detailed information on General Fund appropriations as enacted during the 2009 Legislative Session including state totals, agency totals, historical appropriations, various breakdowns by operations and state aid, and state aid listed by individual aid programs. This section also includes an extensive listing of the major changes in the budget 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.

**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) including state totals, by agency, and by bill enacted.

**Capital Construction** A complete listing of all new and reaffirmed construction projects, from all fund sources, is included in this section.

**FY2008-09 Deficit Appropriations** This section provides a detailed listing of all FY2008-09 deficiency appropriations. Also included is a chronology of FY2008-09 appropriations from when first enacted in the 2007 Session, changes during the 2008 Session, and the final appropriations after the 2009 Session.

**Definition of Terms** This section of the report provides descriptions of the various terms used in this report as well as a complete chronology and description of the states' budget process.

**Legislative Fiscal Office Staff** The last section includes a numerical listing of all state agencies and the Legislative Fiscal Office staff assigned to that agency. Also included are phone numbers and email addresses of the LFO staff.

# HIGHLIGHTS

This report contains a summary of the FY2009-10 and FY2010-11 biennial budget as enacted in the 2009 Legislative Session. Details as to specific funding items, revenues, and balances are contained in the following sections. However, there are several highlights to address at the start.

- **Balanced Budget Achieved At Sine Die** At Sine Die of the 2009 Session, the enacted budget resulted in a \$211.3 million unobligated ending balance at the end of the FY10/FY11 Biennial Budget which is \$2.8 million above the minimum 3% reserve. This variance from the minimum reserve has fluctuated substantially over the past four months from a \$377 million shortfall projected prior to the session based on October revenue forecasts and a projected budget based on agency requests, to a \$36.4 million shortfall based on the Committee Preliminary budget, back to a \$374 million shortfall after the February 2009 revenue forecasts to over \$580 million shortfall when including the ARRA revenue impacts and April 2009 forecasts.

This balanced budget was achieved with a combination of (1) deficit and base reductions in several entitlement programs such as Medicaid and Homestead Exemption; (2) use of \$554 million of the American Recovery and Reinvestment Act of 2009 (ARRA) funds, and (3) use of \$254 million of Cash Reserve Funds. The following biennium is a different story where the budget shows a projected balance \$467.7 million below the minimum 3% reserve. Above average revenue growth (see below) does not close the structural imbalance that remains after the expiration of the ARRA funds, one time use of Cash Reserve Fund monies, and expansion of the retirement shortfalls.

Since Sine Die, the FY2008-09 fiscal year has been completed and actual receipts were \$36.5 below the Sine Die forecast. The ending balance for the biennial budget is now projected at a level \$47 million below the minimum reserve. This decline is due to the below forecasts receipts, several transfers-out that are authorized in statute but not in specific amounts or occur on a deficit basis, and a recalculation of the minimum reserve.

- **Revenue Forecasts** The budget and financial status at Sine Die of the 2009 Session were based on the Nebraska Economic Forecast Advisory Board (NEFAB) April revenue forecasts adjusted by revenue legislation enacted in the 2009 Session. Revenue growth (adjusted for rate and base changes) implied by these forecasts is -2.7% for FY2008-09, 0.7% for FY2009-10 and 5.1% for FY2010-11 or an average growth of 1.1% over the three years that affect the financial status for the upcoming biennium. Cumulatively over the three years, revenue growth is almost 13% below the historical average of 5.2%. With the very low growth in the current biennium, preliminary estimates for the FY12/FY13 biennium average 7.2% growth using the capped historical average methodology.

As noted above, since the end of the 2009 Legislative Session, the 2008-09 fiscal year was completed and actual receipts were \$36.5 below the Sine Die forecast. Adjusted revenue growth for FY2008-09 based on actual receipts is a negative -4.4% compared to the -2.7% growth calculated per the April forecast. This -4.4% adjusted "growth" is the lowest in the 28 years for which adjusted growth rates have been calculated. In terms of actual dollars, FY08-09 receipts are below the previous two fiscal years and are only \$5 million higher than actual receipts three years ago, FY2005-06.

- **Budget Growth** The overall General Fund budget growth in the enacted budget amounts to a 2.9% *reduction* in FY2009-10 and a 5.3% increase in FY2010-11 with a two year average of 1.1% per year. Growth in the following biennium is projected to increase by an average of almost 9% per year, 12.7% in FY11-12 and 5% in FY12-13. Notwithstanding the roller coaster growth rates, the four year average spending growth is 4.9%

These year to year growth rates are significantly skewed with the availability and use of the American Recovery and Reinvestment Act of 2009 (ARRA) federal funds. Use of these monies in the current biennium understates the underlying spending growth in the proposed biennial budget while exaggerating the budget growth in the following biennium when the two year source of ARRA funds expires. Also two other extraordinary items in the budget cause fluctuations in the budget growth; additional General Funds for the Beatrice Developmental Center to replace projected loss of federal funds due to decertification of the institution and projected extraordinary increases in defined benefit and cash balance retirement funds.

The following chart takes the appropriations as enacted and illustrates what the appropriations would have been in the absence of the ARRA funds and excluding the two extraordinary items. As can be seen the spending growth in the biennial budget would be 3.9% in FY10, 3.2% in FY11 for a two year average of 3.5%. Growth in the “out years” without the “cliff effects” of the ARRA funds and large growth in retirement contributions would be 5.8% and 5.1%.

	FY2009-10	FY2010-11	FY2011-12	FY2012-13
<b>General Fund Budget as enacted</b>	3,380,864,343	3,559,130,889	4,010,855,817	4,212,045,001
<u>Add Back ARRA Related Funds</u>				
One-time ARRA Education Stabilization funds	93,668,750	140,287,176	0	0
One-time ARRA FMAP / FFP / Child Care funds	137,003,892	67,115,031	0	0
One-time ARRA General Stabilization funds	35,000,000	17,000,000	0	0
<u>Exclude Extraordinary Items</u>				
Retirement contributions	(5,219,000)	(27,489,000)	(63,496,000)	(63,847,000)
BSDC funds to replace lost fed funds	(25,000,000)	(24,477,558)	0	0
<b>Total without ARRA and Extraordinary items</b>	<b>3,616,317,985</b>	<b>3,731,566,538</b>	<b>3,947,359,817</b>	<b>4,148,198,001</b>
Enacted Budget - Annual % Change	-2.9%	5.3%	12.7%	5.0%
Enacted Budget - Two Yr Average	--	1.1%	--	8.8%
Adjusted Appropriation - Annual % Change	3.9%	3.2%	5.8%	5.1%
Adjusted Appropriation - Two Yr Average	--	3.5%	--	5.4%

\* **American Recovery and Reinvestment Act of 2009 (ARRA)** HR1 the American Recovery and Reinvestment Act of 2009 (ARRA) was enacted in February 2009 and provided a substantial amount of additional federal dollars to Nebraska. The Legislature made extensive use of available ARRA funds to assist in balancing the budget through four areas: State Stabilization Funds (both those amounts allocated to Education 81.8% and General use 18.2%), fiscal assistance through an enhanced Medicaid match rate (FMAP) and like effect on Federal Financial Participation (FFP) used for IV-E foster care and adoption, additional FMAP monies due to unemployment rate, and additional Child Care funds. While use of these funds allowed for an offset of a like amount of General Funds, they did allow for proposed increase in funds which may not otherwise have been able to be provided (as in the case of school aid and child care provider rates) or simply to avoid substantial budget cuts in the respective programs (Medicaid) or in other areas of the budget (money saved by use of the General Stabilization).

	<b>General Fund Impact of ARRA</b>	FY2008-09	FY2009-10	FY2010-11	Total
Overall the General Fund financial status was improved by a net \$445 million by the availability of the ARRA funds. Over the three year period there was a \$109 million revenue loss attributed to the provisions of ARRA that	ARRA Child Care	0	7,000,000	3,200,000	10,200,000
	ARRA Enhanced FMAP	64,840,697	97,376,177	63,082,483	225,299,357
	ARRA Unemployment FMAP	0	31,000,000	0	31,000,000
	ARRA Enhanced FFP	0	1,627,715	832,548	2,460,263
	ARRA General Stabilization	0	35,000,000	17,000,000	52,000,000
	ARRA Education Stabilization	0	93,668,750	140,287,176	233,955,926
	Savings Due to ARRA Funds	64,840,697	265,672,642	224,402,207	554,915,546
	ARRA Impact on Revenues	(3,227,000)	(44,102,000)	(62,195,000)	(109,524,000)

affected the state tax receipts. This was more than offset by \$554.9 million of General Fund budget savings incorporated into the financial status. Of this \$554.9 million, \$64.8 million was used in the FY09 deficit appropriation while \$490.1 million came in the FY10/FY11 biennium.

- **Cash Reserve Fund** The Legislature utilized a total of \$254.5 million of Cash Reserve Fund monies, leaving an estimated unobligated balance of \$324.7 million to carry forward to the following biennium and would be available to assist in covering the projected shortfall at that point.

Use of the funds includes \$7.5 million for the Governors Emergency Program, \$1 million to assist the City of Lincoln in hosting the 2010 Special Olympics, and \$246 million to the General Fund to assist in covering the costs of several extraordinary items and provide for \$18 million to be available for A bills. The \$246 million General Fund transfer consists of \$190 million (\$95 million in each year of the biennium) as considered before the April forecast changes and an additional \$56 million after the forecast changes. Although not linked specifically, these original transfer amounts approximate the amount of three extraordinary items included in the enacted budget; loss of revenue under ARRA (\$106 million net of minimum reserve impact), likely loss of federal funds due to de-certification at BSDC (\$50 million) and first installment of the defined benefit retirement plan shortfall (\$32 million). The post forecast transfer related to the level of revenue loss and allocation of \$18 million for A bills.

- **TEEOSA School Aid** The enacted budget includes funding for TEEOSA state aid to schools based on the provisions of LB 545. With these changes, the overall increase in TEEOSA state aid is \$84.5 million (11.3%) in FY09-10 and an additional \$47.4 million (5.1%) in FY10-11. Although the overall level of TEEOSA aid is funded with a combination of (1) allocated Insurance Premium Tax monies under current law, (2) Education Stabilization funds available through the American Recovery and Reinvestment Act of 2009 (ARRA), and (3) state General Funds, virtually all of the increased aid is financed with the ARRA Education Stabilization funds over the next two years. General Fund growth is virtually zero in the biennial budget. The following biennium is the reverse. Overall aid increases by an average of 6.9% yet the General Fund increase in FY11-12 is 26% mostly due to the expiration of the ARRA funds.

- **Retirement Plans Shortfall** In light of the tremendous decline in the investment returns experienced in 2008 and projected for 2009, the Appropriations and Retirement Committee's requested that Buck Consultants (actuary for the Retirement Board) estimate the potential impact on the defined benefit and cash balance retirement plans and possible additional state retirement contributions that might be necessary. Based on these results, using a modest recovery scenario, potential additional contributions amounted to \$33.9 million in FY10-11 and growing to \$87.3 million in FY11-12 and \$131.7 million in FY12-13. The legislature addressed these shortfalls by increased contribution rates for the school, patrol, and judges plans and reduced these additional state contributions to \$32 million in FY09-10 and FY10-11, \$63.5 million in FY11-12, and \$67.4 million in FY12-13.

- **Beatrice State Developmental Center (BSDC)** The Legislature included \$81 million of additional funding over a three-year period to address needed services at the Beatrice State Developmental Center (BSDC) pursuant to concerns by regulatory entities as to the quality of care for residents. In summary, an additional \$32 million of General Funds has been appropriated to BSDC over the three year period, FY2008-09, FY2009-10 and FY2010-11 to address Centers for Medicare and Medicaid Services (CMS) and Department of Justice (DOJ) deficiencies. Quarterly reports to the Legislature detailing the expenditure of these funds are required. A contingency general fund appropriation of \$25 million in FY2009-10 and \$24.5 million in FY2010-11 is also provided to replace federal Medicaid funds in the event the decertification of BSDC is upheld. (See more detail on Health and Human Services starting on page 55)



- **“Safe Haven” related legislation.** In the 2008 legislative session, the Legislature enacted a “Safe Haven” law allowing for children to be left at hospitals without legal prosecution of the parents. While it was generally assumed that this law would apply to newly born infants, it was later determined that children up to the age of 18 were applicable to the law. The age level was limited to one year in a fall 2009 special session, but this safe haven issue revealed a number of problems related to children’s behavioral health. LB 603 was enacted in the 2009 session and includes the provisions of five bills addressing behavioral health needs and issues highlighted by the state’s original safe haven legislation.

LB 603 created the Behavioral Health Education Center to be administered by the University of Nebraska Medical Center. The center will provide funds for two additional medical residents in a Nebraska-based psychiatry program each year starting in 2010 until a total of eight residents are funded in 2013. The center shall provide residency training experiences in rural Nebraska and underserved areas and develop interdisciplinary behavioral health training sites until six sites have been developed. Four of the sites will be in counties with fewer than 50,000 residents. (\$1,385,160 GF in FY 10 and \$1,563,993 GF in FY 11)

LB 603 increases income eligibility from 185% to 200% of the federal poverty level for the Children’s Health Insurance Program (CHIP). Additional General Fund costs are \$2,188,116 in FY 10 and \$3,005,553 in FY 11 with administrative costs of \$263,360 in FY10 and \$370,263 in FY 11.

LB 603 establishes a Children and Family Support hotline, a Family Navigator Program and provides voluntary post-adoption or post-guardianship case management. An annual report evaluating the three programs in the bill would be conducted. The hotline would be a single point of access for behavioral health triage; operate 24-hours a day, seven days a week; be staffed by licensed mental health practitioners or other licensed practitioners engaged in activities of mental health; provide screening and assessment and referral to community-based resources. The statewide hotline costs would be \$1,015,000 in FY09-10 and \$1,700,000 in FY10-11. The Family Navigator Program would provide peer support and connection to community-based services by trained individuals compensated by HHS. The Family Navigators Program would cost \$611,984 in FY10 and \$1,056,047 in FY11 for eight supervisors, a project manager and training. These costs would be paid from general funds. The post-adoption and post-guardianship services are estimated to cost \$840,000 in FY10 and \$1,409,350 in FY11. Thirteen caseworkers would be needed. The contracted costs would be \$358,800 in FY10 and \$618,620 in FY11. The evaluation is anticipated to cost \$75,000 in FY 10 and \$150,000 in FY 11. These costs would be paid from general funds

LB 603 provides increased aid to behavioral health regions to be used for behavioral health services for children; \$500,000 in FY2009-10 and \$1,000,000 in FY2010-11. The services shall include, but not be limited to, the expansion of the Professional Partners Program.

LB 603 requires HHS to submit a state plan amendment or waiver no later than July 1, 2009, to provide coverage under the Medicaid Program for community-based secure residential and subacute behavioral health services regardless of whether the recipient has been ordered to receive such services by a mental health board under the Nebraska Mental Health Commitment Act. Covering secure residential under Medicaid will result in savings and covering community-based subacute services under Medicaid will increase costs. The net costs for this portion of the bill are savings of \$777,925 GF in FY 10 and \$1,503,681 GF in FY 11 and additional federal funds of \$1,295,961 in FY 10 and \$2,452,577 in FY 11..

LB 603 also creates the Children’s Behavioral Health Oversight Committee of the Legislature. The committee consisting of nine members appointed by the Executive Board will monitor the effect of the Children and Family Behavioral Health Support Act and other child welfare and juvenile justice initiatives.

# **GENERAL FUND FINANCIAL STATUS**

# GENERAL FUND FINANCIAL STATUS

## TAX RATE REVIEW COMMITTEE (JULY 17, 2009)

	Current Yr FY2008-09	Biennial Budget FY2009-10	Biennial Budget FY2010-11	Following Biennium FY2011-12	Following Biennium FY2012-13	
<b>1</b>	<b><u>BEGINNING BALANCE</u></b>					
2	Beginning Cash Balance	584,106,356	423,814,730	155,641,784	167,763,895	(104,080,495)
3	Cash Reserve transfers-automatic	(116,976,571)	0	0	0	0
4	Carryover obligations from FY08 (net)	0	(265,573,603)	0	0	0
5	Allocation for potential deficits	0	0	(5,000,000)	(5,000,000)	(5,000,000)
6	Unobligated Beginning Balance	467,129,785	158,241,127	150,641,784	162,763,895	(109,080,495)
<b>7</b>	<b><u>REVENUES</u></b>					
8	Net Receipts (April 09 NEFAB + Hist Avg+Bills)	3,350,510,248	3,409,315,000	3,545,953,000	3,865,766,000	4,161,971,000
9	General Fund transfers-out	(120,200,000)	(126,050,000)	(120,700,000)	(121,700,000)	(119,200,000)
10	General Fund transfers-in	in forecast	in forecast	in forecast	0	0
11	Cash Reserve transfers	54,990,505	95,000,000	151,000,000	0	0
12	2010 General Fund transfers-out	0	0	0	0	0
13	2010 General Fund transfers-in	0	0	0	0	0
14	2010 Cash Reserve transfers	0	0	0	0	0
15	2010 Revenue Bills	0	0	0	0	0
16	General Fund Net Revenues	3,285,300,753	3,378,265,000	3,576,253,000	3,744,066,000	4,042,771,000
<b>17</b>	<b><u>APPROPRIATIONS</u></b>					
18	Appropriations Per 2009 Session	3,328,615,808	3,380,864,343	3,559,130,889	3,559,130,889	3,559,130,889
19	Mainline Budget Adjustments (following biennium)	0	0	0	451,779,501	652,966,585
20	2010 State Claims	0	0	0	0	0
21	2010 Budget Changes	0	0	0	0	0
22	2010 "A" Bills	0	0	0	0	0
23	General Fund Appropriations	3,328,615,808	3,380,864,343	3,559,130,889	4,010,910,390	4,212,097,474
<b>24</b>	<b><u>ENDING BALANCE</u></b>					
25	Dollar ending balance (Financial Status as shown)	423,814,730	155,641,784	167,763,895	(104,080,495)	(278,406,969)
26	Dollar ending balance (at Minimum Reserve)	203,883,255	--	214,902,895	--	231,687,405
27	Excess (shortfall) from Minimum Reserve	219,931,475	--	<b>(47,139,000)</b>	--	<b>(510,094,373)</b>
28	Biennial Reserve (%)	6.4%		2.3%		-3.4%
<b><u>General Fund Appropriations</u></b>						
29	Annual % Change - Appropriations (w/o deficits)	5.3%	-2.9%	5.3%	12.7%	5.0%
30	Two Year Average	4.6%	--	1.1%	--	8.8%
31	Four Year Average	--	--	--	--	4.9%
<b><u>General Fund Revenues</u></b>						
32	Est. Revenue Growth (rate/base adjusted)	-4.4%	2.1%	5.2%	7.2%	7.2%
33	Two Year Average	1.3%	--	3.6%	--	7.2%
33	Five Year Average	5.6%	--	3.1%	--	3.4%

<b>CASH RESERVE FUND</b>	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13
Projected Ending Balance	578,191,863	465,191,863	329,742,863	324,742,863	324,742,863

# GENERAL FUND FINANCIAL STATUS

## SINE DIE 2009 SESSION (MAY 29, 2009)

	Current Yr FY2008-09	Biennial Budget FY2009-10    FY2010-11		Following Biennium FY2011-12    FY2012-13		
<b><u>BEGINNING BALANCE</u></b>						
1						
2	Beginning Cash Balance	584,106,356	201,765,679	199,165,936	211,287,947	(60,501,770)
3	Cash Reserve transfers-automatic	(116,976,571)	0	0	0	0
4	Carryover obligations from FY08 (net)	(243,194,320)	0	0	0	0
5	Allocation for potential deficits	0	0	(5,000,000)	(5,000,000)	(5,000,000)
6	Unobligated Beginning Balance	223,935,465	201,765,679	194,165,936	206,287,947	(65,501,770)
<b><u>REVENUES</u></b>						
7						
8	Net Receipts (April 09 NEFAB + Hist Avg+Bills)	3,394,000,000	3,409,314,600	3,545,952,900	3,865,766,100	4,161,971,100
	Revised Forecasts	0	0	0	0	0
9	General Fund transfers-out	(120,200,000)	(126,050,000)	(120,700,000)	(121,700,000)	(119,200,000)
10	General Fund transfers-in	in forecast	in forecast	in forecast	0	0
11	Cash Reserve transfers	54,990,505	95,000,000	151,000,000	0	0
12	2010 General Fund transfers-out	0	0	0	0	0
13	2010 General Fund transfers-in	0	0	0	0	0
14	2010 Cash Reserve transfers	0	0	0	0	0
15	2010 Revenue Bills	0	0	0	0	0
16	General Fund Net Revenues	3,328,790,505	3,378,264,600	3,576,252,900	3,744,066,100	4,042,771,100
<b><u>APPROPRIATIONS</u></b>						
17						
18	Appropriations Per 2009 Session	3,350,960,291	3,380,864,343	3,559,130,889	3,559,130,889	3,559,130,889
19	Mainline Budget Adjustments (following biennium)	0	0	0	451,724,928	652,914,112
20	2010 State Claims	0	0	0	0	0
21	2010 Budget Changes	0	0	0	0	0
22	2010 "A" Bills	0	0	0	0	0
23	General Fund Appropriations	3,350,960,291	3,380,864,343	3,559,130,889	4,010,855,817	4,212,045,001
<b><u>ENDING BALANCE</u></b>						
24						
25	Dollar ending balance (Financial Status as shown)	201,765,679	199,165,936	211,287,947	(60,501,770)	(234,775,671)
26	Dollar ending balance (at Minimum Reserve)	205,149,947	--	208,435,432	--	232,955,101
27	Excess (shortfall) from Minimum Reserve	(3,384,268)	--	<b>2,852,515</b>	--	<b>(467,730,772)</b>
28	Biennial Reserve (%)	2.9%		3.0%		-2.9%
<b><u>General Fund Appropriations</u></b>						
29	Annual % Change - Appropriations (w/o deficits)	5.3%	-2.9%	5.3%	12.7%	5.0%
30	Two Year Average	4.6%	--	1.1%	--	8.8%
31	Four Year Average	--	--	--	--	4.9%
<b><u>General Fund Revenues</u></b>						
32	Est. Revenue Growth (rate/base adjusted)	-2.7%	0.7%	5.1%	7.2%	7.2%
33	Two Year Average	2.2%	--	2.9%	--	7.2%
33	Five Year Average	6.0%	--	3.2%	--	3.5%

<b>CASH RESERVE FUND</b>	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13
Projected Ending Balance	566,191,863	465,191,863	329,742,863	324,742,863	324,742,863

# CHRONOLOGY OF THE GENERAL FUND FINANCIAL STATUS

## Sine Die 2008

The projected financial status for the FY10/FY11 biennium reflected a \$261.7 million projected shortfall from the minimum reserve. At that point, FY10/FY11 was the “out year” in the five year financial status and there was no projection for FY12/FY13 biennium. At the July 2008 meeting of the Tax Rate Review Committee (TRR), the General Fund financial status declined slightly even though FY07-08 actual receipts were \$99.2 million above forecast. By statute these excess revenues were transferred to the Cash Reserve Fund.

## 2008 Interim

The financial status deteriorated between July 2008 and November 2008 when the TRR committee again met. The shortfall from the minimum reserve grew from \$267 million to \$377 million due to several factors. The cause of the decline was the revenue forecasts. Original NEFAB forecasts for FY10 and FY11 were a combined \$441 million below the previously used preliminary LFO revenue estimates. Slightly higher FY08-09 revenue forecasts were offset by an assumed transfer of a like amount to the Cash Reserve Fund as “above certified” amounts. The lower forecasts were partially offset by lower increases in the projected budget based on agency requests (Medicaid, Public Assistance and Homestead Exemption) and revised TEEOSA estimates.

<u>Impact on Variance from Min Reserve (Millions of Dollars)</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>Total</u>
Less: Revenue Forecasts (revised/original Oct 2008)	14.3	(150.3)	(290.7)	(426.8)
Less: CRF Transfer revised FY08 forecast above certified	0.0	(14.3)	0.0	(14.3)
Plus: Lower TEEOSA aid estimates (Oct 2008 Joint Meeting)	0.0	47.5	52.5	100.0
Plus: Medicaid, request lower than projected	0.0	49.0	73.5	122.5
Plus: Public Assistance, request lower than projected	0.0	22.4	39.6	62.0
Plus: SCHIP, request lower than projected	0.0	4.7	5.5	10.2
Plus: Homestead Exemption, request lower than projected	0.0	6.1	4.6	10.8
Plus: Revised estimate of budget increases, all other	0.0	5.2	7.4	12.6
Plus: Change in Minimum Reserve	(0.4)	0.0	13.2	12.8
Total Change	13.9	(29.6)	(94.4)	(110.1)

## Appropriations Committee Preliminary Budget

At the preliminary budget stage, the shortfall was reduced to \$36.4 million by cash fund lapses, lower deficits and lapse of prior year carryover appropriations, and lower than projected increases in the budget as noted below.

<u>Impact on Variance from Min Reserve (Millions of Dollars)</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>Total</u>
General Fund transfers-in not in pre-session est	0.0	34.7	33.3	67.9
General Fund transfers-out not in pre-session est	0.0	(15.6)	(15.8)	(31.3)
CRF transfers to Gov Emergency Fund, Special Olympics	0.0	0.0	0.0	0.0
Change in Minimum Reserve	0.0	0.0	1.8	1.8
Subtotal-Revenue	0.0	19.1	19.3	38.4
Committee Prelim FY09 deficits vs \$5 million allocation	70.6	0.0	0.0	70.6
TEEOSA aid (LB545 est) lower than pre-session estimate	0.0	39.6	112.9	152.5
Homestead Exemption, lower than pre-session est	0.0	10.0	11.1	21.1
Salaries and Health, lower than pre-session est	0.0	12.0	25.7	37.7
Budget cuts not in pre-session est	0.0	9.0	11.9	20.9
All other items (net) lower than pre-session est	0.0	(1.7)	1.1	(0.5)
Subtotal-Appropriations	70.6	68.9	162.7	302.3
Total Change	70.6	88.0	182.0	340.7

Note that most of the savings attributed to salaries and health insurance comes from providing no specific amounts for University and State College System salary increases but rather providing a general overall across the board funding increase of 1.5% per year for the two higher education systems..

## Revised Revenue Forecasts-February 2009

Revenue forecasts In February turned the \$36.4 million “shortfall” into a \$374 million “shortfall”. The Nebraska Economic Forecasting Advisory Board (NEFAB) reduced the forecasts by \$81 million in FY08-09, \$150 million in FY09-10 and \$131 million in FY10-11. The FY09 decline was partially offset by the elimination of the previous “above forecast” transfer that was incorporated after the February forecast.

<u>Impact on Variance from Min Reserve (Millions of Dollars)</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>Total</u>
Revenue Forecasts (Feb 2009)	(81.0)	(150.0)	(131.0)	(362.0)
Transfer revised FY09 forecast above certified	0	14.3	0.0	14.3
Reserve change / misc adjustments	0.0	0.0	10.1	10.0
Total Change- Revenues	<u>(81.0)</u>	<u>(135.7)</u>	<u>(120.9)</u>	<u>(337.6)</u>

## Revised Revenue Forecasts-April 2009

The \$374 million shortfall after the February forecasts grew to \$480 million with the incorporation of \$109 million of projected revenue losses attributed to tax changes in the American Recovery and Reinvestment Act of 2009 (ARRA). And then further grew to \$581 million with the April Forecast

<u>Impact on Variance from Min Reserve (Millions of Dollars)</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>Total</u>
ARRA Revenue Impacts (revised Feb 2009)	(3.2)	(44.1)	(62.2)	(109.5)
Revenue Forecasts (Feb 2009)	(67.8)	(25.9)	(3.8)	(97.5)
Total Change- Revenues	<u>(71.0)</u>	<u>(70.0)</u>	<u>(66.0)</u>	<u>(207.0)</u>

## Appropriations Committee Budget Recommendation

In response to the reduced revenue forecasts in February and again in April, the Appropriations Committee then implemented a total of \$600 million of budget actions taken after the budget hearings. The combination of all these actions left \$18 million for floor actions and A Bills.

First, an additional \$243 million of appropriations was approved including \$50 million to replace likely federal fund revenue losses at BSDC, \$27 million as the initial cost of shortfalls in the defined benefit retirement plans, \$25.7 million for developmental disability aid for BSDC clients and the waiting list, and \$140.5 million to fund TEEOSA at the level called for in LB545 as sent to the floor with the committee amendment. These increases were more than offset by the use of \$555 million (including deficits) of available ARRA funds. This includes higher Medicaid match rates, Education Stabilization funds used to offset the TEEOSA increases, and General Stabilization funds use to offset Correctional Services costs.

Lastly, the committee proposed a total of \$246 million of Cash Reserve Fund transfers and a cancellation of the preliminary approved transfer of funds to finance carrier enforcement.

<u>Impact on Variance from Min Reserve (Millions of Dollars)</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>Total</u>
Cash Reserve Fund Transfers	0.0	95.0	151.0	246.0
Cancel prelim recommendation, Carrier Enforcement transfer	0.0	7.3	7.5	14.8
Shift part of Cultural Trust transfer to following biennium	0.0	1.5	1.5	3.0
Change in Minimum Reserve	0.0	0.0	(0.6)	(0.0)
Total Change - Revenues	<u>0.0</u>	<u>103.3</u>	<u>160.0</u>	<u>263.8</u>

<u>Impact on Variance from Min Reserve (Millions of Dollars)</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>Total</u>
Defined benefit and cash balance retirement plans	0.0	0.0	(27.2)	(27.2)
TEEOSA to LB545 (committee amendment to floor)	0.0	(52.2)	(88.2)	(140.5)
BSDC funding, anticipated loss of federal funds	0.0	(25.0)	(24.5)	(49.5)
BSDC clients to community based programs	0.0	(5.0)	(5.0)	(10.0)
DD Waiting List	0.0	(5.2)	(10.5)	(15.7)
Savings Due to ARRA Funds	64.8	256.0	234.2	555.0
Special Education to 0% growth	0.0	5.5	11.3	16.8
Provider rates from preliminary 2% to 1.5%	0.0	3.5	5.2	8.7
Total Change-Post Hearing Committee Adjustments	64.8	177.6	95.3	337.7

## Floor Actions - 2009 Session

Budget actions from the time the Appropriations Committee submitted their recommendations to final enactment of the budget consist of (1) floor amendments, (2) Governor vetoes and overrides, and (3) enactment of revenue and spending legislation. These actions totaled only \$15.8 million leaving the enacted budget at Sine Die \$2.9 million above the minimum reserve.

A total of \$3.7 million was added as floor amendments to the budget bills, all of which were Appropriations Committee adjustments to their proposal. Most was attributed to an error in calculating the cash flow of proposed retirement changes. This was more than offset by a reduction in the General Fund transfers-out to the Ethanol Credits (EPIC Fund), \$8.25 million to \$3 million in FY11. With respect to the mainline budget bills, there were no Governor vetoes.

A total of \$17.2 million was utilized over the two year period for new revenue and spending bills. Of this amount \$15.8 million is attributed to LB603 which included the provisions of five bills addressing behavioral health needs and issues highlighted by the state's original safe haven legislation

<u>Impact on Variance from Min Reserve (Millions of Dollars)</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>Total</u>
Less: Floor amendments-appropriations	1.2	(4.8)	(0.2)	(3.7)
Less: Floor amendments-transfers	0.0	0.0	5.3	5.3
Less: Revenue bills enacted	0.0	(1.2)	(2.3)	(3.5)
Less: A Bills enacted	0.0	(5.6)	(8.2)	(13.7)
Plus: Change in Minimum Reserve	0.0	0.0	(0.1)	(0.1)
Total Change-Floor Actions	64.8	177.6	95.3	337.7

## FY2008-09 Actual Data

Actual receipts for FY2008-09 were \$36.5 million below the forecast used at Sine Die of the 2009 Session. The amount of the minimum reserve increases by \$6.5 million due to a technical change in the calculation of the reserve attributed to assuming 100% expenditure of funds in FY09 at Sine Die versus less than 100% expenditure with FY09 actual data but offsetting carryover of unexpended appropriations at the start of the next year. Lastly, the \$6.9 million of accounting adjustments include several transfers to other funds not previously accounted for under "transfers-out". These are transfers out that are authorized in statute but not in specific amounts or occur on a deficit basis like the Omaha Convention Center support and tax amnesty allocation to the Dept of Revenue. There is no lapse of FY09 unexpended funds as in most cases unexpended FY09 funds were reappropriated to FY10.

<u>Impact on Variance from Min Reserve (Millions of Dollars)</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>Total</u>
Plus: Lower carryover obligations from FY07-08	(0.0)	0.0	0.0	(0.0)
Plus: FY09 Actual vs Est General Fund Net Receipts	(36.5)	0.0	0.0	(36.5)
Plus: FY09 Actual vs Est Accounting adjustment	(7.0)	0.0	0.0	(7.0)
Plus: Assumed lapse, FY09 unexpended	0.0	0.0	0.0	0.0
Less: Change in Minimum Reserve	0.0	0.0	(6.5)	(6.5)
Total Change-FY08-09 Actual Data	64.8	177.6	95.3	337.7

Table 1 Chronology of the Financial Status

(millions of dollars)	FY10/FY11 Biennium	FY12/FY13 Biennium
<b><i>Variance from Minimum Reserve: Sine Die 2008 Session</i></b>	<b><i>(261.7)</i></b>	<b><i>NA</i></b>
FY08 Actual vs Est General Fund Net Receipts	99.2	na
FY08 Actual vs Est CRF transfers-automatic	(99.2)	na
Revenue Forecasts (revised/original Oct 2008)	(426.8)	na
CRF Transfer revised FY08 forecast above certified	(14.3)	na
Lower TEEOSA aid estimates (Oct 2008 Joint Meeting)	100.0	na
Medicaid, request lower than projected	122.5	na
Public Assistance, request lower than projected	62.0	na
SCHIP, request lower than projected	10.2	na
Homestead Exemption, request lower than projected	10.8	na
Revised estimate of budget increases, all other	12.6	na
Change in Minimum Reserve, other misc adjustments	7.5	na
<b><i>Variance from Minimum Reserve: Start of 2009 Session</i></b>	<b><i>(377.2)</i></b>	<b><i>(591.7)</i></b>
Committee Prelim FY09 deficits vs \$5 million allocation	70.6	70.6
TEEOSA aid lower than pre-session estimate (at LB545 estimated level)	152.5	204.7
Homestead Exemption, lower than pre-session estimate	21.1	44.4
Salaries and Health, lower than pre-session estimate	37.7	95.5
Budget cuts not in pre-session estimate	20.9	44.7
All other items (net) lower than pre-session estimate	(0.5)	1.7
General Fund transfers-in not in pre-session estimate	67.9	67.9
General Fund transfers-out not in pre-session estimate (mostly EPIC funds)	(31.3)	(46.3)
CRF transfers to Governors Emergency Fund, Special Olympics	0.0	0.0
Change in Minimum Reserve	1.8	(3.1)
<b><i>Variance from the Minimum Reserve: Appropriations Committee Preliminary</i></b>	<b><i>(36.4)</i></b>	<b><i>(111.6)</i></b>
Revenue Forecasts (revised Feb 2009)	(362.0)	(674.0)
Reverse CRF Transfer revised FY08 forecast above certified	14.3	14.3
Change in Minimum Reserve	10.1	19.2
<b><i>Committee Preliminary with Revised Forecasts</i></b>	<b><i>(374.0)</i></b>	<b><i>(752.1)</i></b>
ARRA Revenue Impacts (revised Feb 2009)	(109.5)	(101.5)
<b><i>Committee Preliminary with ARRA</i></b>	<b><i>(483.5)</i></b>	<b><i>(853.6)</i></b>
April Forecast Changes	(97.5)	(104.5)
<b><i>Committee Preliminary with April Forecast Revisions</i></b>	<b><i>(581.0)</i></b>	<b><i>(955.1)</i></b>
TEEOSA to LB545 (committee amendment to floor)	(140.5)	33.5
BSDC funding, anticipated loss of federal funds	(49.5)	(49.5)
BSDC clients to community based DD programs	(10.0)	(20.0)
Developmental disability aid, Waiting List	(15.7)	(36.8)
Defined benefit / cash balance retirement plans (modest recovery)	(27.2)	(154.0)
All Other Post Hearing Adjustment	(7.4)	(5.7)
Use ARRA funds to offset General Funds	555.6	555.6
Special Education to 0% growth	16.8	22.9
Eliminate preliminary GF transfer for carrier enforcement	14.8	29.8
Adjust Cultural Trust transfer	3.0	(1.0)
Cash Reserve Fund transfer	246.0	246.0
Plus: Change in Minimum Reserve	(.6)	(8.1)
<b><i>Variance from Minimum Reserve - Appropriations Committee Proposal</i></b>	<b><i>18.6</i></b>	<b><i>(385.5)</i></b>
Floor amendments-appropriations	(3.7)	(4.1)
Floor amendments-transfers	5.3	5.3
Revenue bills enacted	(3.5)	(6.7)
A Bills enacted	(13.7)	(77.1)
Change in Minimum Reserve	(0.1)	0.5
<b><i>Variance - Sine Die 2009</i></b>	<b><i>2.9</i></b>	<b><i>(467.7)</i></b>



(millions of dollars)	FY10/FY11 Biennium	FY12/FY13 Biennium
Plus: Lower carryover obligations from FY07-08	(0.0)	(0.0)
Plus: FY09 Actual vs Est General Fund Net Receipts	(36.5)	(36.5)
Less: FY09 Actual vs Est CRF transfers-automatic	0.0	0.0
Plus: FY09 Actual vs Est Accounting adjustment	(7.0)	(7.0)
Plus: Assumed lapse, FY09 unexpended	0.0	0.0
Less: Change in Minimum Reserve	(6.5)	1.2
<b><i>Variance - TRR Committee July 2009</i></b>	<b><i>(47.1)</i></b>	<b><i>(510.1)</i></b>

# ESTIMATED FINANCIAL STATUS - FOLLOWING BIENNIUM

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

Current estimates show a substantial shortfall in the following biennium. The current biennium already shows a structural imbalance between revenues and appropriations even with the use of substantial amounts of ARRA funds. This structural imbalance was somewhat masked by the use of Cash Reserve Fund monies. This structural imbalance is projected to increase in the first year of the following biennium with the expiration of the ARRA funds. This occurs even with above average revenue growth assumed using the historical average smoothing methodology.

## Revenues

The NEFAB does not make official forecasts for the following biennium or what's commonly referred to as the "out years". Although different methodologies could be utilized, the revenue estimates used for the following biennium (FY11-12 and FY12-13) in the current financial status are derived using a "capped" historical average methodology. This "smoothing" technique derives out year revenue estimates by calculating the level of revenues that would yield a five year average growth (FY08 to FY13) roughly equal to the 29 year historical average (5.2%). Inherent in this methodology is the concept that within any five-year period, below average revenue growth in some years will be offset by above average growth in others and is visually seen in the line graph of historical adjusted revenue growth on page 24.

The "capped" provision of this methodology means that if the derived growth needed in the out-years to achieve the historical average is above the "above average" years, growth is then capped at the average of the "above average years". Likewise if the historical average method calls for below average growth in the out years, the growth is capped at the average of the "below average years". Over the past 29 years, there were 9 years in which revenue growth was "below average" (2.4% average) and 18 years in which revenue growth was above average (7.4% average).

## Appropriations

For the "following biennium" (FY11-12 and FY12-13), the mainline budget numbers reflect the annualized impact of the current budget actions plus an estimate of future year increases in entitlement programs, salary and health insurance increases, and other funding requirements that are normally not optional. Obviously the actual funding needs in these areas will not be known until the biennial budget process starts again in two years. However for planning purposes, some level of funding for these items must be acknowledged and shown as likely funding commitments

The large percentage increase in FY2011-12 is largely a result of replacing the use of ARRA funds in the FY10 / FY11 biennium and the growing amount of state required funding projected in the defined benefit and cash balance retirement funds. Excluding these two items, the budget growth is roughly 5% per year.

The amount of ARRA fund replacement totals \$234.0 million. The amounts included within program in the following table are Public Assistance (\$4.0 million), Medicaid (\$63.1 million), and TEEOSA state aid (\$149.9 million). The \$17 million replacement of the general stabilization funds used in the Dept of Correctional Services is shown separately in the table.

Table 2 Projected Budget Increases-Following Biennium

Numbers are annual increases	Factor	Est for Following Biennium	
		FY2011-12	FY2012-13
Special Education	5.0%	9,244,692	9,706,927
Aid to K-12 Schools (TEEOSA)	26.6% & 5.7%	219,829,741	59,428,925
Aid to ESU's	2.5%	397,189	407,119
Homestead Exemption	3.0%	1,950,000	2,008,500
Community Colleges	3.0%	2,697,123	2,778,037
Medicaid	13.8%	108,497,213	48,610,552
Public Assistance	9.3%	25,521,482	23,264,610
Childrens Health Insurance (CHIP)	11.6%	1,025,051	1,101,929
Developmental Disability aid	3.0%	2,751,242	2,833,779
Behavioral Health aid	3.0%	2,262,867	2,330,753
Employee Salaries	2.5%	24,727,360	25,345,544
Employee Health Insurance	10.0%	15,079,380	16,587,318
Operations increase	2.0%	5,707,762	5,821,917
Inmate per diem costs	6.0%	2,205,936	2,338,292
BSDC recertification (HHS)	calculated	(24,477,558)	0
Replace ARRA funds, Corrections	calculated	17,000,000	0
Retirement (defined benefit plans)	calculated	36,007,000	351,000
Capital Construction	Reaff Only	807,000	(1,502,000)
All Other		491,448	(224,018)
Net Annual \$ Increase		451,724,928	201,189,184
Annual % Increase		12.7%	5.0%

## Aid to Local Governments

Special Education: Increases for FY11-12 and FY12-13 reflect a 5% per year increase as provided for in current law as enacted in LB1243-2000.

State Aid to Schools (TEEOSA) The estimates for FY12 and FY13 are based on the same methodology utilized for the November 15 estimates required under current law for the proposed biennial budget but with Fiscal Office assumptions and should be considered Fiscal Office estimates. They are based on LB 545 as enacted.

The estimates reflect a growth in overall school aid of 8.1% in FY11-12 and 5.6% in FY12-13. The growth in General Funds amounts to 26.6% in FY12 reflecting the replacement of the \$149.9 million of ARRA Education Stabilization funds used in the FY11 budget.

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

Aid to Community Colleges A 3% per year annual increase is included for the following biennium budget reflecting increased state aid to support operations budget increases.. This increase amounts to about a \$2.8 million per year increase.

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

## **Aid to Individuals**

Medicaid For the following biennium, a 7.5% per year increase is used. This approximates the average growth over the past 10 years. The growth in General Funds in FY12 is 20% reflecting the replacement of the \$63.3 million of ARRA enhanced FMAP funds used in the FY11 budget.

Public Assistance A growth rate of 8.5% per year is utilized for the various Public Assistance programs for the following biennium. This approximates the average growth over the past 10 years. . The growth in General Funds in FY12 is 10.2% reflecting the replacement of the \$4.0 million of ARRA enhanced FFP and Child Care funds used in the FY11 budget.

Children's Health Insurance (CHIP) For the following biennium, a 7.5% per year increase is used which is the same as Medicaid. However the growth in General Funds is closer to 9% as the General Fund would pick up all increases in this program because the \$5 million allocation from the Health Care Cash Fund is a fixed amount.

Developmental Disability Aid A 3% per year increase is included. This provides the equivalent of 2.5% per year for rate equity similar to the employee salary assumption and .5% for clients transitioning from K-12 programs. As this projected budget assumes no expanded programs, nothing is assumed for funding of the waiting list.

## **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 2.5% per year increase is included which approximates inflation and the current biennium funding.

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

Operations Inflation Included in the projected status is an across the board 2% increase in agency non-personnel operating costs.

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

BSDC recertification (HHS) This projection assumes a re-certification of BSDC and restoration of federal funds for the institution allowing for deletion of the \$25 million supplemental funding in FY11.

Replace ARRA funds, Corrections The budget for the Dept of Correctional Services uses ARRA general stabilization funds of \$35 million in FY10 and \$17 million in FY11. The FY12 projected budget restores general funds to replace the use of the \$17 million.

Retirement (defined benefit plans) Shortfalls in defined benefit and cash balance retirement plans were projected at \$33.9 million in FY11, \$87.3 million in FY12, and \$131.7 in FY13. The increases here reflect the annual increases to achieve these funding levels adjusted for the contribution changes enacted during the 2009 Session.

Capital Construction General Fund dollars included in the projected budget for the following biennium for capital construction reflect reaffirmations only based on the proposed FY10/FY11 biennial budget. These are dollar amounts needed to complete funding of previously approved projects.

# CASH RESERVE FUND

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

Table 3 Cash Reserve Fund Status

	Actual FY2008-09	Estimated FY2009-10	Estimated FY2010-11	Estimated FY2009-10	Estimated FY2010-11
Beginning Balance	545,545,797	566,191,863	560,191,863	575,742,863	570,742,863
Excess of certified forecasts (line 3 in Status)	116,976,571	0	0	0	0
To/from Gen Fund per current law	(54,990,505)	0	0	0	0
To Nebr Capital Construction Fund (NCCF)	(9,590,000)	0	0	0	0
To Job Training Cash Fund	(5,000,000)	0	0	0	0
To Microenterprise Development Program	(1,000,000)	0	0	0	0
To Building Entrepreneurial Communities Act	(250,000)	0	0	0	0
To/From state employee health insurance funds	0	(12,000,000)	12,000,000	0	0
To Water Contingency Cash Fund	0	0	8,551,000	0	0
To State Fair relocation	(5,000,000)	0	0	0	0
To Cultural Endowment fund	(1,000,000)	0	0	0	0
To Roads Operations Cash Fund	0	(5,000,000)	(5,000,000)	(5,000,000)	0
2009 To Governors Emergency Fund	(7,500,000)	0	0	0	0
2009 To Visitors Promotion (Special Olympics)	0	(1,000,000)	0	0	0
2009 To the General Fund	0	(95,000,000)	(151,000,000)	0	0
Projected Ending Balance	578,191,863	465,191,863	329,742,863	324,742,863	324,742,863

## Excess of Certified Forecasts

Revenues in excess of "certified" forecasts are required by statute to be transferred from the General Fund to the Cash Reserve Fund. These transfers take place in July of the fiscal year following completion of that year. Actual receipts for FY07-08 exceeded the certified forecast by \$116.9 million and were transferred to the CRF in July 2008 which falls in FY08-09. Since FY2008-09 actual receipts were \$36.5 million below forecast no "above forecast" amounts are subject to transfer to the CRF.

## Transfers to/from General Fund - Prior Law

Unlike the automatic transfers that occur after the close of the fiscal year and are statutorily required, other transfers can take place as specifically enacted by the Legislature. There are two previously enacted transfers which finish in FY2008-09. In the 2005 Session, a total of \$38.6 million of transfers were enacted to help cover the additional shortfall in the defined benefit retirement funds; \$15,674,107 in FY06-07, \$17,931,030 in FY07-08, and \$4,990,505 in FY08-09. In the 2006 Session, LB1131 included a \$100 million transfer from the Cash Reserve Fund to the General Fund consisting of a \$50 million transfer in both FY2007-08 and FY2008-09. This provided additional revenue support for various spending and tax cut proposals enacted in the 2006 Session.

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

## Transfers To/From Other Funds

In the 2007 session, the Legislature utilized \$109 million (net) of Cash Reserve Funds which were transferred to other funds. The transfers include: \$75,000,000 in FY08 and \$9,590,000 in FY09 to the Nebraska Capital Construction Fund (NCCF) to pay for capital construction projects that will be completed within the four year financial status and would otherwise have been General Funds; \$12 million to the NCCF for acquisition of the Assurity Life property in the Capitol Environs, \$10 million to the job training cash fund (\$5 million in both FY07-08 and FY08-09); \$2 million to the Microenterprise Development Cash Fund (\$1 million both FY07-08 and FY08-09); \$1 million to the Building Entrepreneurial Communities Cash Fund (\$500,000 both FY07-08 and FY08-09); and \$12 million to state health insurance funds to provide cash flow until a structural balance between premiums collected and claims paid is achieved. This \$12 million would be repaid to the Cash Reserve Fund by the end of FY10-11. This transfer was originally assumed in FY06-07, however no transfer has occurred through June 30, 2009 so the assumed transfer was shifted to FY09-10.

In the 2008 session, the Legislature retained a substantial balance in the Cash Reserve Fund and did not utilize any of the retained funds for the purpose of significant spending expansions or tax cuts. A net total of \$21 million of CRF monies were utilized as follows: (1) \$9 million to the Water Contingency Cash Fund for the purpose of paying water right holders who agreed to lease and forgo water use to assist in the management, protection and conservation of the water resources of river basins, but remain unpaid due to litigation. Repayment by the NRD receiving said funds is required once the litigation is resolved; (2) \$5 million to the newly created Nebraska State Fair Relocation Cash Fund to assist the State Fair Board in their relocation to Grand Island; (3) a total of \$15 million of transfers to the Roads Operations Cash Fund to provide the state match for federal funding made available to the state through congressional earmarks (the transfers would take place in three \$5 million installments in FY08-09, FY09-10, and FY10-11; and (4) \$1 million transfer to the Cultural Preservation Endowment. This transfer plus intent language for \$2 million transfers from the General Fund in both FY2009-10 and FY2010-11 provided a total of \$5 million additional dollars.

## 2009 Session Transfers

The Legislature enacted \$254.5 million of Cash Reserve Fund (CRF) transfers in the 2009 Session.

Governors Emergency Program: The budget included a \$7.5 million transfer to the Governors Emergency Fund in FY08-09. As of December 30, 2008 the Governor's Emergency Program was over obligated \$3,073,596. This transfer should provide enough funds to cover this shortfall and maintain a balance for future emergencies.

Special Olympics The Legislature included a \$1,000,000 transfer to the Visitors Promotion Cash Fund in FY2009-10. These monies are to be used to assist Lincoln in the promotion and support of hosting the national Special Olympics in 2010. A like cash fund appropriation is made through the Dept of Economic Development to allow expenditure of the transferred funds.

To General Fund The last transfer is a total of \$246 million to the General Fund, \$190 million (\$95 million in each year of the biennium) as considered before the April forecast changes and \$56 million after the April forecast changes.. Although not linked specifically, the original transfer amounts are roughly equal to three extraordinary items included in the proposed budget; loss of revenue under ARRA (\$106 million net of minimum reserve impact), likely loss of federal funds due to de-certification at BSDC (\$50 million) and first installment of the defined benefit retirement plan shortfall (\$32 million). The post forecast transfer related to the level of revenue loss and allocation of \$18 million for pending legislation.

# **GENERAL FUND REVENUES**

# GENERAL FUND REVENUE FORECASTS

Revenue estimates for FY2009-10 and FY2010-11 are the April 2009 forecasts from the Nebraska Economic Forecast Advisory Board (NEFAB) adjusted for legislation enacted in the 2009 Legislative Session.

The NEFAB does not make official forecasts for the following biennium or what's commonly referred to as the "out years". Although different methodologies could be utilized, the revenue estimates used for the following biennium (FY11-12 and FY12-13) in the current financial status are derived using a "capped" historical average methodology. This "smoothing" technique derives "out year" revenue estimates by calculating the level of revenues that would yield a five year average growth (FY08 to FY13) roughly equal to the 28 year historical average (5.2%). Inherent in this methodology is the concept that within any five-year period, below average revenue growth in some years will be offset by above average growth in others and is visually seen in the line graph of historical adjusted revenue growth.

The "capped" provision of this methodology means that if the derived growth needed in the out-years to achieve the historical average is higher than the "above average" years, growth is then capped at the average of the "above average years". Likewise if the historical average method calls for below average growth in the out years, the growth is capped at the average of the "below average years". Over the past 28 years, there were 8 years in which revenue growth was "below average" (2.1% average) and 19 years in which revenue growth was above average (7.3% average).

## Sine Die 2009

Revenue estimates for FY2008-09, FY2009-10 and FY2010-11 were the April 2009 forecasts from the Nebraska Economic Forecast Advisory Board (NEFAB). Revenue growth implied by these forecasts for the FY10/FY11 biennium average 2.9% (0.7% in FY09-10 and 5.1% in FY10-11). When including the negative -2.7% growth in FY08-09 forecast this provides an average growth of 1.1% over the three years that affect the financial status for the current biennial budget. The 1.1% average growth over the three years is about 1/5<sup>th</sup> the historical average (5.2%) but follows five consecutive years of above average growth ranging from 7.2% in FY07-08 to 9.9% in FY05-06. The very low growth in FY08-09 and FY09-10 are reflective of the current recessionary situation extending well into 2010. The 5.1% growth in FY10-11 reflects an improving economy in the later part of 2010.

Estimates for the following biennium, using the historical average methodology, average 7.2%. Because of the extremely low growth in the first three years, the growth needed to achieve a five year 5.2% average was well above the cap level. Therefore, the capped growth in the following biennium yields a 5 year average of 3.5%, significantly below the 5.2% historical average.

## July 2009 Status

Actual receipts for FY2008-09 (\$3,357,468,187) were \$36.5 million less than the \$3,394,000,000 projection at 2009 Sine Die in May. Adjusted revenue growth for FY08-09 is calculated at a negative -4.4% compared to the negative -2.7% forecast at Sine Die. *AT THIS TIME THERE IS NO CHANGE IN THE FY09-10 AND FY10-11 REVENUE FORECASTS.* The Nebraska Economic Forecast Advisory Board (NEFAB) will not meet again until October to evaluate their current revenue forecasts. In light of the \$36.5 million below forecast revenues in FY08-09, the level of growth in FY09-10 to achieve the current forecast has increased from 0.7% to 2.1%. Although there have only been 4 years in the past 28 where growth was below 2.1%, this illustrates the possibility that the NEFAB could subsequently lower the forecasts in October.



Table 4 - General Fund Revenue Forecasts

	Actual FY2008-09	NEFAB+Bills FY2009-10	NEFAB+Bills FY2010-11	LFO Prelim FY2011-12	LFO Prelim FY2012-13
<b>Forecast</b>					
Sales and Use Tax	1,326,161,017	1,343,559,000	1,407,292,000	1,490,302,000	1,575,671,000
Individual Income Tax	1,600,418,236	1,675,000,000	1,760,000,000	1,956,000,000	2,141,000,000
Corporate Income Tax	198,483,786	169,814,000	169,451,000	223,084,000	247,700,000
Miscellaneous receipts	232,405,148	220,942,000	209,210,000	196,380,000	197,600,000
Current GF Revenue Forecast	3,357,468,187	3,409,315,000	3,545,953,000	3,865,766,000	4,161,971,000
<b>Adjusted Growth</b>					
Total General Fund Revenues	-4.4%	2.1%	5.2%	7.2%	7.1%
Five Yr Average	5.6%	--	3.1%	--	3.4%

Although the Forecast Board does not forecast revenues beyond the current biennial budget, both the Nebraska Dept of Revenue (NDR) and Legislative Fiscal Office (LFO) have calculated revenue estimates for these two years. The projected "out year" numbers using the historical average methodology are at the high end of the range of projections made by the Dept of Revenue (NDR) and Legislative Fiscal Office (LFO) in April utilizing Global Insight forecast data and the FAIR model. Both the LFO and NDR Fair Model estimates are higher than the historical average estimates. The projections using the Global Insight models, both LFO and NDR are substantially less. This illustrates the volatility of the forecasts 3-4 years in advance in the current economic climate.

Table 5 - Alternative Revenue Forecasts - Following Biennium

<b>Based on April 2009 Revenue Forecasts</b>	Current Status Hist Avg	Average (Global Insight)	Average (All Forecasts)	High Est NDR-Fair	Low Est LFO-Global
<b>Dollar Forecast (thousands of \$)</b>					
FY2011-12 Prelim	3,865,766	3,746,159	3,894,441	4,073,535	3,688,199
FY2012-13 Prelim	4,161,971	3,923,949	4,076,353	4,252,447	3,857,960
<b>Calculated Growth (adjusted)</b>					
FY2011-12 Prelim	7.2%	4.2%	7.9%	12.5%	2.7%
FY2012-13 Prelim	7.2%	4.5%	4.4%	4.2%	4.4%
Two Year Average (Prelim)	7.2%	4.3%	6.2%	8.3%	3.6%
<b>Five Year Average</b>	<b>3.5%</b>	<b>2.4%</b>	<b>3.1%</b>	<b>4.0%</b>	<b>2.1%</b>
<b>\$ Difference from Status</b>					
FY2011-12	0	(119,608)	28,675	207,769	(177,567)
FY2012-13	0	(238,022)	(85,619)	90,476	(304,011)
Cumulative Total	0	(357,630)	(56,943)	298,245	(481,578)

# CHRONOLOGY OF REVENUE FORECASTS

Table 6 contains a chronology of the revenue forecasts for FY2007-08 through FY2010-11. The first column shows the total revenue forecast. The last four columns breaks down the total dollar change in the forecast whether caused by federal tax changes, bills enacted by the Legislature, or simply a change in the revenue expectations.

Table 6 Chronology of Revenue Forecasts

	Total	Base	Change in Forecast		Total
			Fed Chnge	Bills	
<b>FY2007-08</b>					
<b>Board Est-Oct 2006</b>	3,415,000				
Board Est-Feb 2007	3,442,000	27,000	0	0	27,000
Board Est-April 2007	3,468,000	26,000	0	0	26,000
Sine Die-2007 Session	3,389,186	0	0	(78,814)	(78,814)
Board Est-Oct 2007	3,458,000	68,814	0	0	68,814
Board Est-Feb 2008	3,407,000	(51,000)	0	0	(51,000)
Sine Die-2008 Session	3,406,963	0	0	(38)	(38)
Actual Receipts FY07-08	3,506,163	99,200	0	0	99,200
<b>FY2008-09</b>					
<b>Board Est-Oct 2006</b>	3,586,000				
Board Est-Feb 2007	3,612,000	26,000	0	0	26,000
Board Est-April 2007	3,626,000	14,000	0	0	14,000
Sine Die-2007 Session	3,540,539	0	0	(85,461)	(85,461)
Board Est-Oct 2007	3,589,000	48,461	0	0	48,461
Board Est-Feb 2008	3,514,000	(75,000)	0	0	(75,000)
Sine Die-2008 Session	3,531,746	(0)	0	17,746	17,746
Board Est-Oct 2008	3,546,000	14,254	0	0	14,254
Board Est-Feb 2009	3,465,000	(81,000)	0	0	(81,000)
Board Est-Feb 2009 + ARRA	3,461,773	(0)	(3,227)	0	(3,227)
Board Est-April 2009	3,394,000	(67,773)	0	0	(67,773)
Actual Receipts FY2008-09	3,357,468	(36,532)	0	0	(36,532)
<b>FY2009-10</b>					
LFO Prelim-October 2006	3,856,000	0	0	0	0
LFO Prelim-Feb 2007	3,868,000	12,000	0	0	12,000
LFO Prelim-April 2007	3,874,000	6,000	0	0	6,000
Sine Die-2007 Session	3,768,621	0	0	(105,379)	(105,379)
LFO Prelim-October 2007	3,792,000	23,379	0	0	23,379
LFO Prelim-Feb 2008	3,754,000	(38,000)	0	0	(38,000)
Sine Die-2008 Session	3,745,302	(0)	0	(8,698)	(8,698)
<b>Board Est-Oct 2008</b>	3,595,000	(150,302)	0	0	(150,302)
Board Est-Feb 2009	3,445,000	(150,000)	0	0	(150,000)
Board Est-Feb 2009 + ARRA	3,400,898	0	(44,102)	0	(44,102)
Board Est-April 2009	3,375,000	(25,898)	0	0	(25,898)
Sine Die-2009 Session	3,409,314	0	0	34,314	34,314
<b>FY2010-11</b>					
LFO Prelim-October 2006	4,124,000	0	0	0	0
LFO Prelim-Feb 2007	4,124,000	0	0	0	0
LFO Prelim-April 2007	4,124,000	0	0	0	0
Sine Die-2007 Session	4,013,982	0	0	(110,018)	(110,018)
LFO Prelim-October 2007	4,014,000	18	0	0	18
LFO Prelim-Feb 2008	4,014,000	0	0	0	0
Sine Die-2008 Session	4,002,743	(0)	0	(11,257)	(11,257)
<b>Board Est-Oct 2008</b>	3,712,000	(290,743)	0	0	(290,743)
Board Est-Feb 2009	3,581,000	(131,000)	0	0	(131,000)
Board Est-Feb 2009 + ARRA	3,518,805	0	(62,195)	0	(62,195)
Board Est-April 2009	3,515,000	(3,805)	0	0	(3,805)
Sine Die-2009 Session	3,545,953	0	0	30,953	30,953

# 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.

Table 7 Actual and Projected General Fund Revenues

Fiscal Year	Sales and Use Tax	Individual Income Tax	Corporate Income Tax	Miscellaneous Taxes and	Total Net Receipts	Adjusted Growth
FY 1989-90 Actual	444,231,183	501,134,237	71,948,124	135,396,459	1,152,710,003	5.8%
FY 1990-91 Actual	547,372,735	609,430,580	81,947,961	128,325,622	1,367,076,898	4.3%
FY 1991-92 Actual	592,441,836	658,634,300	103,617,106	135,716,137	1,490,409,379	3.9%
FY 1992-93 Actual	586,355,271	690,350,753	102,754,927	145,200,908	1,524,661,859	6.7%
FY 1993-94 Actual	648,846,708	722,360,866	113,142,771	169,401,912	1,653,752,257	3.7%
FY 1994-95 Actual	683,852,397	746,717,579	123,923,674	150,995,891	1,705,489,541	8.7%
FY 1995-96 Actual	711,008,684	846,550,249	126,801,468	152,380,385	1,836,740,786	7.0%
FY 1996-97 Actual	755,907,807	944,117,130	137,337,967	172,241,113	2,009,604,017	8.5%
FY 1997-98 Actual	803,805,374	981,643,795	142,150,133	177,852,119	2,105,451,422	8.0%
FY 1998-99 Actual	744,650,752	1,078,522,994	135,033,658	165,661,901	2,123,869,305	6.7%
FY 1999-00 Actual	900,427,469	1,180,363,301	140,021,942	183,111,959	2,403,924,670	7.4%
FY 2000-01 Actual	905,023,176	1,233,363,553	138,040,082	180,435,044	2,456,861,855	2.9%
FY 2001-02 Actual	918,889,782	1,159,810,647	107,628,074	179,180,246	2,365,508,749	-3.0%
FY 2002-03 Actual	1,028,931,065	1,129,421,651	111,597,405	186,449,714	2,456,399,835	-0.5%
FY 2003-04 Actual	1,114,374,321	1,249,890,025	167,429,431	187,033,230	2,718,727,007	8.3%
FY 2004-05 Actual	1,231,011,089	1,400,076,680	198,380,442	207,726,086	3,037,194,297	9.5%
FY 2005-06 Actual	1,263,678,691	1,545,338,061	262,295,456	280,875,316	3,352,187,524	9.9%
FY 2006-07 Actual	1,303,826,416	1,650,895,394	213,027,010	240,582,953	3,408,331,773	7.4%
FY 2007-08 Actual	1,321,867,139	1,726,145,405	232,851,654	225,298,373	3,506,162,571	7.2%
FY 2008-09 Actual	1,326,161,017	1,600,418,236	198,483,786	232,405,148	3,357,468,187	-4.4%
FY 2009-10 NEFAB+Bills	1,343,559,000	1,675,000,000	169,814,000	220,942,000	3,409,315,000	2.1%
FY 2010-11 NEFAB+Bills	1,407,292,000	1,760,000,000	169,451,000	209,210,000	3,545,953,000	5.2%
FY 2011-12 LFO Prelim	1,490,302,000	1,956,000,000	223,084,000	196,380,000	3,865,766,000	7.2%
FY 2012-13 LFO Prelim	1,575,671,000	2,141,000,000	247,700,000	197,600,000	4,161,971,000	7.2%

The underlying revenue growth as calculated for the past 10 years and the existing forecasts are shown in Table 8. The average growth for the past five years of actual receipts (FY2003-04 to FY2008-09) is 5.6% per year, slightly above the 28-year historical average of 5.5%. This average consists of 4 years of growth above 7.2% and one year of a negative -4.4%. In the biennial budget (FY10/FY11), the NEFAB forecasts yield a revenue growth averaging 3.6%. For the following biennium (FY12/FY13) the preliminary LFO estimates also reflect a revenue growth above the historical average, about 7.2% per year using the capped historical average methodology.

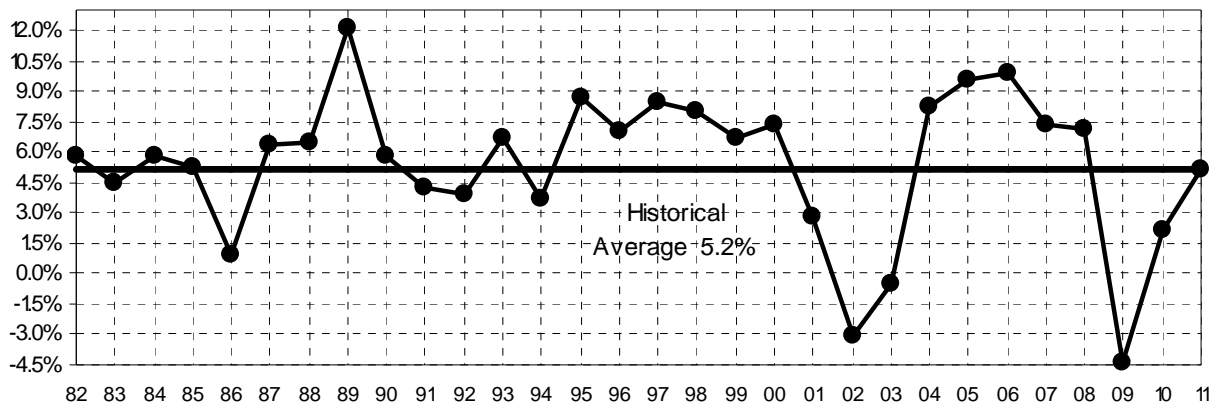
Table 8 Adjusted General Fund Revenue Growth

	Sales / Use Tax	Individual Income Tax	Corporate Income Tax	Misc. Receipts	Total
<b><u>ADJUSTED GROWTH</u></b>					
FY1989-90 Actual	6.2%	9.4%	-4.7%	-3.1%	5.8%
FY1990-91 Actual	1.6%	7.2%	5.3%	1.6%	4.3%
FY1991-92 Actual *	3.8%	1.7%	12.9%	8.8%	3.9%
FY1992-93 Actual *	7.5%	6.9%	9.1%	-0.3%	6.7%
FY1993-94 Actual *	5.2%	2.4%	0.3%	7.1%	3.7%
FY1994-95 Actual *	9.7%	7.4%	19.2%	1.3%	8.7%
FY1995-96 Actual	5.6%	8.4%	8.9%	5.2%	7.0%
FY1996-97 Actual	4.9%	13.4%	7.0%	1.4%	8.5%
FY1997-98 Actual	7.3%	10.3%	3.9%	0.1%	8.0%
FY1998-99 Actual	4.5%	10.3%	-3.0%	4.8%	6.7%
FY1999-00 Actual	5.7%	9.6%	4.3%	2.7%	7.4%
FY2000-01 Actual	1.8%	5.0%	-1.2%	-4.1%	2.9%
FY2001-02 Actual	1.0%	-4.7%	-19.5%	3.1%	-3.0%
FY2002-03 Actual	0.8%	-1.1%	2.7%	-7.8%	-0.5%
FY2003-04 Actual	2.3%	8.2%	47.1%	15.9%	8.3%
FY2004-05 Actual	7.1%	12.4%	19.6%	-10.0%	9.5%
FY2005-06 Actual	3.5%	10.7%	31.8%	19.1%	9.9%
FY2006-07 Actual	7.5%	11.3%	-16.4%	13.2%	7.4%
FY2007-08 Actual	4.8%	11.0%	9.1%	-9.6%	7.2%
FY2008-09 Actual	-1.2%	-6.6%	-12.4%	4.3%	-4.4%
FY2009-10 NEFAB+Bills	2.5%	3.6%	-4.6%	-6.0%	2.1%
FY2010-11 NEFAB+Bills	5.1%	5.2%	7.8%	2.0%	5.2%
<b><u>AVERAGE GROWTH:</u></b>					
Above Average Years (19)	5.8%	9.2%	11.2%	3.6%	7.3%
Below Average Years (8)	1.9%	4.0%	-6.0%	1.2%	2.1%
Historical Average (28 yrs)	4.5%	6.9%	4.2%	1.6%	5.2%

\*Due to the difficulty of estimating cash flow of several adjustments, a better reflection of the growth in FY94 and FY95 is to look at the average of approx. 6.5% over the two years.

### General Fund Revenue Growth

(Adjusted for Tax Rate and Base Changes)



# GENERAL FUND TRANSFERS-OUT

This area tabulates funds that are transferred from the General Fund to another fund within the state treasury. These items have the same affect as an appropriation but are not expended as such and thus are shown under the revenue category (see line 9 on the Financial Status).

Table 9 General Fund Transfers-Out

Excludes CRF Transfers	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13
Ethanol Credits (EPIC Fund)	(2,500,000)	(10,750,000)	(5,500,000)	(2,500,000)	0
Property Tax Credit Fund	(115,000,000)	(112,000,000)	(112,000,000)	(115,000,000)	(115,000,000)
Water Resources Cash Fund	(2,700,000)	(2,700,000)	(2,700,000)	(2,700,000)	(2,700,000)
Cultural Preservation Endowment Fund	CRF	(500,000)	(500,000)	(1,500,000)	(1,500,000)
Biopower Steering Committee, LB246-2009	0	(100,000)	0	0	0
<i>Total-General Fund Transfers-Out</i>	(120,200,000)	(126,050,000)	(120,700,000)	(121,700,000)	(119,200,000)

## Ethanol Production Incentive (EPIC)

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

In addition to the \$2.5 million transfers under current law, the Legislature approved additional General Fund transfers to the Ethanol Production Incentive Cash Fund (EPIC) amounting to \$8,250,000 in FY2009-10 and \$3,000,000 in FY2010-11. The need for the transfers is based upon the projected shortfall in the EPIC fund, as detailed in a December 2008 report filed by the Department of Revenue and the Nebraska Ethanol Board. This report estimates that without additional transfers, the EPIC fund would be insolvent by the end of FY09-10. Because ethanol production credits are given in the form of nonrefundable, transferable motor vehicle fuel tax credit certificates, the EPIC fund is used to reimburse the Highway Trust Fund for lost revenue

## Property Tax Credit Cash Fund

Under this program transfers are made to the Property Tax Credit Cash Fund and based on the amount available, monies are allocated to counties by the ratio of the real property valuation in the county to the real property valuation in the state. Counties then allocate funds as credit to each tax payer again based on their proportionate value. Although the original LB367 (Section 4, now Section 77-4212) only specified transfer amounts for tax year 2007 (\$105 million, FY07-08) and 2008 (\$115 million, FY08-09), the statute states that "It is the intent of the Legislature to fund the Property Tax Credit Act for tax years after tax year 2008 using available revenue". Based on this language, and the fact that the provisions related to the credits did not expire after the two years, it was assumed that the intent was to continue the credits beyond tax year 2008 if possible. Therefore in the absence of any other specific action, the projected financial status assumes that transfers would continue at the \$115 million level for at least the following biennium.

The Legislature continued the Property Tax Credit program at the \$115 million level. Because the fund accumulates interest from the time of transfer to the time of payment to the counties, the transfer amount needed to achieve \$115 million available is \$112 million each year.

## Water Resources Cash Fund

These transfers were enacted by LB 701 (2007) for the purpose of (1) aiding compliance efforts regarding the reduction of consumptive uses of water dealing with those natural resources districts which are deemed over or fully appropriated or are bound by an interstate compact or decree; and (2) for a statewide assessment of short- and long-term water management activities and funding needs that are statutorily required. The bill included actual transfers of \$2.7 million in both FY07-08 and FY08-09 and intent language for a \$2,700,000 General Fund transfer to occur annually from FY2009-10 through FY2018-19.

## Nebraska Cultural Preservation Endowment Fund

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

The enacted budget spreads that \$4 million over a four year period, \$500,000 in FY10 and FY11 and \$1.5 million in FY12 and FY13.

# GENERAL FUND TRANSFERS-IN

Of the large number of cash funds in statute, there are only a few instances where the statute allows monies in a cash fund to be transferred to the General Fund at the discretion of the Legislature. Historically, these transfers are based on estimates of monies in excess of what is needed for the original purpose of the fund.

The Legislature basically followed the Governors recommendation in terms of lapsing cash funds to General Funds for FY09-10 and FY10-11 with the addition of several transfers from the Secretary of State. These transfers are shown as additions to the NEFAB forecast as the forecasts only include those transfers which had been enacted previously. The amounts shown for FY08-09 are already enacted into law and are included in the FY08-09 revenue forecast.

Table 10 General Fund Transfers-In

	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13
Securities Act Cash Fund	19,000,000	20,000,000	20,000,000	0	0
Tobacco Products Admin Cash Fund	12,000,000	7,000,000	7,000,000	0	0
Dept of Insurance Cash Fund	3,000,000	6,000,000	6,000,000	0	0
Collection Agency Cash Fund	0	250,000	0	0	0
Charitable Gaming Oper Fund	0	250,000	250,000	0	0
Uniform Commercial Code Cash Fund	0	1,250,000	0	0	0
Resource Recovery Cash Fund	0	150,000	0	0	0
Corporation Cash Fund	0	500,000	0	0	0
<i>Total General Fund Transfers-In</i>	34,000,000	35,400,000	33,250,000	0	0

# REVENUE LEGISLATION - 2009 SESSION

In light of the economic conditions and General Fund financial status, a minimal amount of revenue legislation was enacted during the 2009 Session.

Table 11 Revenue Bills Enacted - 2009 Session

	FY2009-10	FY2010-11	FY2011-12	FY2012-13
LB 9 Sales tax exemption, biofuels, irrigation & farming	(158,400)	(232,100)	(264,900)	(292,900)
LB 358 Comprehensive Health Insurance Pool	542,000	960,000	1,380,000	1,600,000
LB 555 Research tax credit	(186,000)	(549,000)	(916,000)	(1,300,000)
LB 561 Public power, C-BED changes	(1,283,000)	(2,476,000)	(2,433,000)	(1,036,000)
Cash Fund Lapses (see GF transfers-in)	35,400,000	33,250,000	0	0
<i>Subtotal (incorporated into forecast numbers)</i>	<i>34,314,600</i>	<i>30,952,900</i>	<i>(2,233,900)</i>	<i>(1,028,900)</i>
LB 246 Biopower Steering Committee, plan	(100,000)	0	0	0
<i>Total-Revenue Legislation (including transfers-out)</i>	<i>34,214,600</i>	<i>30,952,900</i>	<i>(2,233,900)</i>	<i>(1,028,900)</i>

**LB 9** provides several sales tax exemptions. The bill exempts purchases of wood and corn from sales and use tax when more than half of the purchase is intended to fuel irrigation, farming, manufacturing, refining, processing, and electricity generation or is used by a hospital. The bill also creates an exemption for mineral oil applied to grain as a dust suppressant.

**LB 555** adds a new tax credit under the Nebraska Advantage Research and Development Act. The new credit would be 35% of the federal credit available to businesses that make expenditures in research and experimental activities, on a campus or at a facility owned by a public or private college or university in Nebraska. The credit is available in the initial year it is claimed and the four tax years following. The act becomes operative for taxable years beginning on or after January 1, 2009.

**LB 358** changes the Comprehensive Health Insurance Pool Act (CHIP). The bill makes changes to provider reimbursement rates, eligibility, and premium rates for the pool in order to slow the growth of the pool's net loss and keep it from exceeding the state subsidy of available premium tax dollars.

The bill provides for the CHIP board to conduct a review of provider reimbursement rates for benefits for covered services at the close of each calendar year. The review is to determine whether rates are in excess of reasonable amounts and if cost savings can be achieved by establishing rates for services as a multiplier of an objective standard. If the board determines that cost savings can be achieved, the board may establish provider reimbursement rates as a multiplier of an objective standard. Providers who serve covered individuals and request payment from the pool are deemed to have agreed to such reimbursement rates. Reimbursement is limited to the lesser of billed charges or the established rates. The Department of Insurance (DOI) indicates these provisions will have an indeterminate positive fiscal impact in terms of reduced payments for claims.

The bill eliminates the possibility of third parties paying to cover an individual in the pool. So, employers and other entities will not be allowed to pay premiums for employees, etc. DOI indicates the change will have an unknown impact on premiums received and individuals covered by the pool. It is projected there will be a small impact in terms of reduced claims for the pool. Likewise, prohibiting those eligible for group coverage from participation in the pool and requiring the exhaustion of COBRA prior to being eligible for coverage by the pool will also decrease expenditures by a small unknown amount.

The bill changes the premium rates that are charged to CHIP policyholders. Currently, premium rates charged for CHIP coverage are capped at 135% of the rates established for individual standard risks, based upon the average rates charged by the five insurers providing the largest amount of individual health insurance in the state. Beginning, January 1, 2010, the bill provides for CHIP premium rates to be computed based upon the average of the rate charged by the ten largest sellers, rather than the five largest sellers, of individual health coverage in the state. The capped rate is also increased by 5% each year over a three year period, from 135% in 2009, to 150% in 2012.

**LB 561** changes the eligibility requirements for community-based energy development (C-BED) projects. It subtracts financing for the construction of a project from gross power purchase agreement payments if Nebraskans have at least 33 percent equity ownership in the C-BED project. This definitional change impacts the sales tax exemption for personal property used for C-BED projects

LB 246 places responsibility for developing a statewide strategic plan for biotechnology in Nebraska with the Natural Resources Committee of the Legislature. The Natural Resources Committee, in conjunction with the Executive Board shall commission a nonprofit corporation to provide research, analysis, and recommendations to the committee for the development of the plan. The bill requires the nonprofit corporation to agree to provide one hundred thousand dollars (\$100,000) for the research required. The Legislature provides a like amount of funds through a \$100,000 transfer from the General Fund to the newly created Biotechnology Development Cash Fund for FY2009-10.

Although no direct General Fund fiscal impact, **LB 164** establishes a Dec. 31, 2015, sunset date for the Nebraska Advantage Research and Development Act, the Nebraska Advantage Microenterprise Tax Credit Act, and Tiers I and III of the Nebraska Advantage Act. Among other provisions, the bill also extends the sunset date for the Agricultural Opportunities and Value-Added Partnership and the Building Entrepreneurial Communities Act grant programs from Jan. 1, 2011 to Jan. 1, 2015.



# **GENERAL FUND APPROPRIATIONS**

# GENERAL FUND OVERVIEW

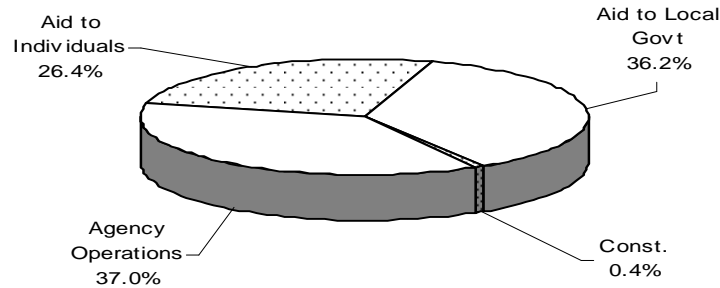
Table 12 contains a summary of the General Fund budget for the FY2009-10 and FY2010-11 biennium as enacted in the 2009 legislative session. Subsequent sections of this report contain a more detailed explanation of the various increases and reductions which are included in the totals shown below.

The average spending growth for the two years of the biennium is 1.1% reflecting modest increases and use of a substantial amount of American Recovery and Reinvestment Act of 2009 (ARRA) funds to offset state General Funds. Adjusting for the ARRA funds, the two year average growth would have been 4.3%.

Table 12 General Fund Budget as Enacted During the 2009 Session

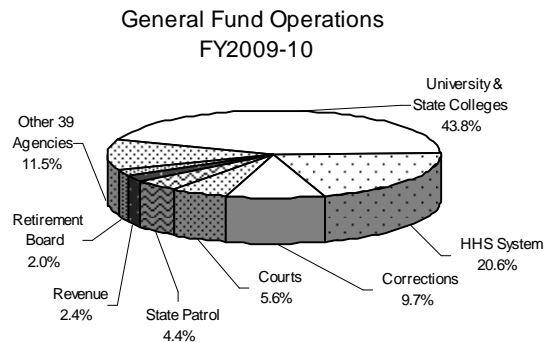
	w/o Deficits FY2008-09	Total Per 2009 Session		Change over Prior Yr		Change over Prior Yr		2 Yr Avg Change	% of Total FY09-10
		FY2009-10	FY2010-11	FY2009-10 (w/o deficits) \$ %	FY2010-11 (w/o deficits) \$ %				
<b><u>AGENCY OPERATIONS</u></b>									
University/Colleges	537,499,238	547,471,887	557,019,870	9,972,649	1.9%	9,547,983	1.7%	1.8%	16.2%
Health & Human Services System	224,867,892	258,291,641	260,890,234	33,423,749	14.9%	2,598,593	1.0%	7.7%	7.6%
Correctional Services	148,460,688	120,910,021	144,131,132	(27,550,667)	-18.6%	23,221,111	19.2%	-1.5%	3.6%
Courts	67,935,364	70,485,522	72,880,454	2,550,158	3.8%	2,394,932	3.4%	3.6%	2.1%
State Patrol	52,926,634	55,396,251	57,114,888	2,469,617	4.7%	1,718,637	3.1%	3.9%	1.6%
Revenue	29,646,103	29,535,042	29,029,590	(111,061)	-0.4%	(505,452)	-1.7%	-1.0%	0.9%
Retirement Board	19,468,215	25,589,490	47,579,490	6,121,275	31.4%	21,990,000	85.9%	56.3%	0.8%
Other 39 Agencies	140,753,844	143,501,167	146,341,025	2,747,323	2.0%	2,839,858	2.0%	2.0%	4.2%
Total-GF Operations	1,221,557,978	1,251,181,021	1,314,986,683	29,623,043	2.4%	63,805,662	5.1%	3.8%	37.0%
<b><u>STATE AID TO INDIVIDUALS</u></b>									
Medicaid	590,958,613	453,897,457	539,766,202	(137,061,156)	-23.2%	85,868,745	18.9%	-4.4%	13.4%
Public Assistance	241,622,331	237,246,958	249,998,700	(4,375,373)	-1.8%	12,751,742	5.4%	1.7%	7.0%
Developmental disabilities aid	71,166,316	83,769,149	91,708,053	12,602,833	17.7%	7,938,904	9.5%	13.5%	2.5%
Behavioral Health aid	69,273,006	74,225,354	75,613,368	4,952,348	7.1%	1,388,014	1.9%	4.5%	2.2%
Childrens Health Insurance (CHIP)	11,761,892	10,425,708	11,672,900	(1,336,184)	-11.4%	1,247,192	12.0%	-0.4%	0.3%
Aging Programs	7,717,193	7,918,808	8,125,625	201,615	2.6%	206,817	2.6%	2.6%	0.2%
Higher Ed Student Aid programs	6,832,315	6,992,315	7,162,315	160,000	2.3%	170,000	2.4%	2.4%	0.2%
Public Health Aid	4,124,776	4,786,648	4,849,448	661,872	16.0%	62,800	1.3%	8.4%	0.1%
Community health centers	3,525,000	3,806,575	3,990,874	281,575	8.0%	184,299	4.8%	6.4%	0.1%
All Other Aid to Individuals/Other	8,834,190	8,690,250	8,747,301	(143,940)	-1.6%	57,051	0.7%	-0.5%	0.3%
Total-GF Aid to Individuals/Other	1,015,815,632	891,759,222	1,001,634,786	(124,056,410)	-12.2%	109,875,564	12.3%	-0.7%	26.4%
<b><u>STATE AID TO LOCAL GOVT</u></b>									
State Aid to Schools (TEEOSA)	823,527,243	824,960,159	825,928,798	1,432,916	0.2%	968,639	0.1%	0.1%	24.4%
Special Education	184,893,842	184,893,842	184,893,842	0	0.0%	0	0.0%	0.0%	5.5%
Aid to Community Colleges	87,266,476	88,575,473	89,904,105	1,308,997	1.5%	1,328,632	1.5%	1.5%	2.6%
Homestead Exemption	76,120,104	62,250,000	65,000,000	(13,870,104)	-18.2%	2,750,000	4.4%	-7.6%	1.8%
Aid to ESU's	16,089,570	15,887,570	15,887,570	(202,000)	-1.3%	0	0.0%	-0.6%	0.5%
Aid to Cities	11,257,193	11,777,193	11,777,193	520,000	4.6%	0	0.0%	2.3%	0.3%
Aid to Counties	4,965,866	4,965,866	4,965,866	0	0.0%	0	0.0%	0.0%	0.1%
County jail cost reimbursement	3,910,000	3,910,000	3,910,000	0	0.0%	0	0.0%	0.0%	0.1%
Early Childhood programs	3,615,426	3,615,426	3,615,426	0	0.0%	0	0.0%	0.0%	0.1%
Other Aid to Local Govt	24,403,090	21,916,338	21,974,387	(2,486,752)	-10.2%	58,049	0.3%	-5.1%	0.6%
Total-GF Aid to Local Govt	1,236,048,810	1,222,751,867	1,227,857,187	(13,296,943)	-1.1%	5,105,320	0.4%	-0.3%	36.2%
<b><u>CAPITAL CONSTRUCTION</u></b>									
	8,238,322	15,172,233	14,652,233	6,933,911	84.2%	(520,000)	-3.4%	33.4%	0.4%
<b><u>TOTAL GENERAL FUNDS</u></b>									
	3,481,660,742	3,380,864,343	3,559,130,889	(100,796,399)	-2.9%	178,266,546	5.3%	1.1%	100.0%

## By Major Category FY2009-10



**Agency Operations** accounts for the costs of actually operating state agencies including costs such as employee salaries and benefits, data processing, utilities, vehicle and equipment purchases, fuel and oil, etc... In the FY09-10 budget, 37.0% of all General Fund appropriations are for agency operations. Although there are 47 state agencies that receive General Fund appropriations (HHS System treated as one agency), 87% of state operations funding is accounted for by higher education (University of Nebraska and State Colleges) and the five largest agencies (Health and Human Services, Corrections, Courts, State Patrol, and Revenue).

General Funds for agency operations shows a net \$29.6 million increase (2.4%) in FY09-10 and a \$63.8 million increase (5.1%) in FY10-11. Major increases in FY09-10 include salary and health insurance for state agencies (\$20.0 million), a 1.5% per year basic increase in overall state support for the University of Nebraska and State Colleges (\$8.1 million), \$7.5 million for the Beatrice State Developmental Center (BSDC) action plan and “right sizing”, and a \$25 million contingency for BSDC funding to replace a likely loss of certification and federal funding.



These increases were largely offset by \$9 million of agency budget reductions, and a \$35 million offset of General Funds for the Dept of Correctional Services (NDCS) by use of American Recovery and Reinvestment Act of 2009 (ARRA) general stabilization funds.

The spending growth in FY2010-11 is significantly higher mostly due to a lower use of ARRA general stabilization funds in Corrections (\$17 million vs \$35 million in FY10), and a large \$28.4 million increase in state contributions to defined benefit and cash balance retirement plans.

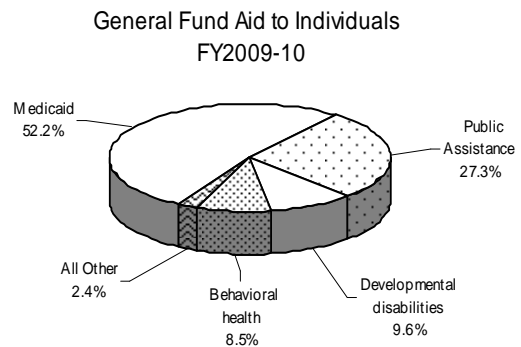
**Aid to Individuals** About 26% of all General Fund appropriations are classified as state aid to individuals. Aid to individuals includes programs such as Medicaid, Temporary Assistance to Needy Families (TANF), student scholarships, etc... This area also includes aid to quasi-government units that are those 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.

This area actually shows a \$124 million (-12.2%) reduction in FY2009-10. A \$109.9 million (+12.3%) increase in FY10-11 results in a two year average change of -0.7%.

The reduction in FY2009-10 is the result of base reductions in several areas and use of \$128.4 million of ARRA federal funds to offset General Funds. Base reductions in Medicaid (\$19.9 million), Public Assistance (\$8.3 million), and Children’s Health Insurance-SCHIP (\$3.7 million) contribute largely to this

very low growth. These base reductions reflect the fact that the FY08-09 appropriation level is significantly higher than what will actually be expended in FY08-09. This reflects lower than projected price and utilization increases than were anticipated when the prior biennial budget was prepared. Over the two year period, these base reductions are then offset by modest increases in eligibility and utilization (increases from the lower base level) and provider rates.

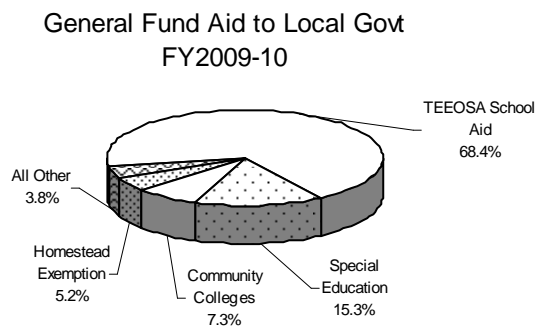
In FY2009-10, General Funds for aid to individuals was offset by funds available through the American Recovery and Reinvestment Act of 2009 (ARRA). This includes \$99.4 million of additional Medicaid matching funds through an enhanced FMAP (federal match rate), \$31 million through higher FMAP based on unemployment, and Federal Financial Participation FFP match (similar rate applicable to adoption and foster care), and \$7 million of additional child care funds.



**Aid to Local Governments** This area accounts for aid payments to local governments and accounts for 36% of all General Fund appropriations. This category includes those local entities that have the authority to levy a property tax such as cities, counties, and schools and includes programs such as state aid to schools (TEEOSA), special education, community colleges, and homestead exemption reimbursements. State payments for teacher retirement are not included under this category as those amounts are credited directly to the teacher retirement fund and are not checks written to school districts nor do those amounts show up as a school revenue or subsequent expenditure.

Aid to local governments shows a \$13.3 million (-1.1%) reduction in FY09-10 but a \$5.1 million (.4%) increase in FY2010-11.

Homestead exemption reimbursement shows a net \$13.9 million reduction compared to the FY09 level and accounts for the net reduction in overall aid to local governments in FY10. *This does not relate to a cutback in the program but a base reduction similar to the situation in HHS aid programs.* State law dictates who is eligible for the homestead exemption and in what amounts. The reimbursement amount simply follows the actual utilization as filed by the counties. In this case, the base reduction for FY09-10 and FY10-11 relates to the fact that the FY08-09 actual reimbursement amounts were \$14.9 million below budgeted.



All other aid to local governments from General Funds is basically flat. TEEOSA state aid to schools has an overall increase of \$84.5 million (11.3%) in FY09-10 and an additional \$47.4 million (5.1%) in FY10-11. However, these increases are funded with a combination of allocated Insurance Premium Tax monies and ARRA Education Stabilization funds. General Fund appropriations for TEEOSA remain virtually at the same level as FY09.

**Capital Construction** which accounts for about .4% of General Fund appropriations includes costs for new construction and major repairs and renovation of state-owned facilities. Road construction is **not** included in this category but is included under cash fund agency operations. Because construction is such a small portion of the total, additions of individual projects can cause large fluctuations in the percent change. This occurs in this case. LB605 passed in 2006 authorized debt financing (bonds) for various University of Nebraska and Nebraska State College capital projects with annual payments starting in FY2006-07 and continuing through FY2019-20. In FY2009-10 the annual contribution from General Funds increases from \$5.5 million to \$11 million for the University of Nebraska.

# HISTORICAL GENERAL FUND APPROPRIATIONS

While the previous sections provide an overview of the FY2009-10 and FY2010-11 General Fund biennial budget, Table 13 provides an historical perspective showing appropriations for the twenty year period FY1990-91 through the enacted budget for FY2010-11.

Over the past 10-year period, the average annual increase in General Fund appropriations is 3.8%. Aid to individuals has the highest average increase, almost 5.3% per year largely driven by Medicaid. Aid to local governments has only grown at an average rate of 3.3%. This is somewhat understated in that the FY11 level utilizes \$149 million of ARRA stabilization funds. The 3.5% average growth in agency operations reflects budget cuts in the early 2000's, restoration of some funds in subsequent years and then modest growth in this biennial budget. Table 13 also includes the average annual budget growth for each of the five biennial budgets contained in this 10-year period. The 1.1% average growth in the recently enacted biennial budget is the lowest of the past five biennial budgets.

Table 13 Historical General Fund Appropriations

<i>(Excludes deficits)</i>	Agency Operations	Aid to Individuals	Aid to Local Govt	Construction	Total	% Change
FY1990-91 Approp	628,674,380	240,400,698	520,530,440	25,493,478	1,415,098,996	16.6%
FY1991-92 Approp	636,491,819	250,284,030	628,828,141	17,318,861	1,532,922,851	8.3%
FY1992-93 Approp	662,252,737	320,457,672	608,472,921	4,976,777	1,596,160,107	4.1%
FY1993-94 Approp	676,413,141	346,829,183	597,466,962	7,264,678	1,627,973,964	2.0%
FY1994-95 Approp	695,515,177	384,690,537	632,796,916	5,954,449	1,718,957,079	5.6%
FY1995-96 Approp	725,857,466	410,620,962	652,868,725	20,831,107	1,810,178,260	5.3%
FY1996-97 Approp	750,780,005	440,564,731	674,622,322	19,843,088	1,885,810,146	4.2%
FY1997-98 Approp	781,597,662	461,238,934	695,680,295	41,250,742	1,979,767,633	5.0%
FY1998-99 Approp	818,104,542	489,445,789	860,034,724	60,994,066	2,228,579,121	12.6%
FY1999-00 Approp	877,214,679	523,395,392	868,657,713	54,676,163	2,323,943,947	4.3%
FY2000-01 Approp	928,262,744	598,336,773	885,742,858	46,446,858	2,458,789,233	5.8%
FY2001-02 Approp	989,205,923	646,333,088	944,027,473	27,384,852	2,606,951,336	6.0%
FY2002-03 Approp	1,003,728,744	647,793,727	951,729,511	18,044,257	2,621,296,239	0.6%
FY2003-04 Approp	999,655,261	705,616,238	929,503,078	20,515,031	2,655,289,608	1.3%
FY2004-05 Approp	1,018,017,210	785,572,536	935,446,662	19,046,316	2,758,082,724	3.9%
FY2005-06 Approp	1,079,894,592	850,904,771	1,018,289,225	23,350,481	2,972,439,069	7.8%
FY2006-07 Approp	1,151,463,639	938,524,594	1,058,983,563	31,878,981	3,180,850,777	7.0%
FY2007-08 Approp	1,172,764,317	978,026,675	1,146,759,149	8,150,822	3,305,700,963	3.9%
FY2008-09 Approp	1,221,557,978	1,015,815,632	1,236,048,810	8,238,322	3,481,660,742	5.3%
FY2009-10 Enacted	1,251,181,021	891,759,222	1,222,751,867	15,172,233	3,380,864,343	-2.9%
FY2010-11 Enacted	1,314,986,683	1,001,634,786	1,227,857,187	14,652,233	3,559,130,889	5.3%
<b>Average Annual Growth</b>						
FY02/FY03 Biennium	4.0%	4.1%	3.7%	-37.7%	3.3%	
FY04/FY05 Biennium	0.7%	10.1%	-0.9%	2.7%	2.6%	
FY06/FY07 Biennium	6.4%	9.3%	6.4%	29.4%	7.4%	
FY08/FY09 Biennium	3.0%	4.0%	8.0%	-49.2%	4.6%	
FY10/FY11 Biennium	<b>3.8%</b>	<b>-0.7%</b>	<b>-0.3%</b>	<b>33.4%</b>	<b>1.1%</b>	
Avg FY91 to FY01 (10 yr)	4.0%	9.5%	5.5%	6.2%	5.7%	
Avg FY01 to FY11 (10 yr)	3.5%	5.3%	3.3%	-10.9%	3.8%	
Avg FY91 to FY11 (20 yr)	3.8%	7.4%	4.3%	-2.7%	4.7%	

# SIGNIFICANT GENERAL FUND INCREASES AND REDUCTIONS

The FY09-10 / FY10-11 budget represents the result of numerous areas where the budget was increased, offset to some extent by areas that were reduced. TEEOSA School Aid reflects the single largest increase to fund the certified aid.

Table 14 Significant General Fund Increases / Reductions In Rank Order

Numbers are \$ change compared to FY09 base	Biennial Budget per 2009 Session		
	FY2009-10	FY2010-11	Two Yr total
<b>1</b>	<b><u>SIGNIFICANT INCREASES:</u></b>		
2	95,101,666	142,688,731	237,790,397
3	25,000,000	24,477,558	49,477,558
4	6,121,275	28,391,275	34,512,550
5	12,596,768	23,084,653	35,681,421
6	12,602,833	20,541,737	33,144,570
7	8,062,489	16,245,915	24,308,404
8	7,407,063	15,316,498	22,723,561
9	4,252,342	12,408,917	16,661,259
10	7,500,000	7,500,000	15,000,000
11	6,933,911	6,413,911	13,347,822
12	(8,684,979)	11,890,072	3,205,093
13	3,500,000	3,500,000	7,000,000
14	1,318,061	2,655,892	3,973,953
15	1,925,000	2,520,000	4,445,000
16	2,001,623	2,360,154	4,361,777
17	1,308,997	2,637,629	3,946,626
18	1,385,160	1,563,993	2,949,153
19	1,015,000	1,700,000	2,715,000
20	1,292,861	1,331,944	2,624,805
21	943,447	1,190,546	2,133,993
22	425,000	1,460,724	1,885,724
23	983,520	1,218,388	2,201,908
24	693,800	693,800	1,387,600
25	586,830	615,363	1,202,193
26	345,000	815,000	1,160,000
27	520,000	520,000	1,040,000
28	201,615	408,432	610,047
29	500,000	0	500,000
30	0	0	0
31	<b>195,839,282</b>	<b>334,151,132</b>	<b>529,990,414</b>
<b>32</b>	<b><u>SIGNIFICANT REDUCTIONS:</u></b>		
33	(93,668,750)	(140,287,176)	(233,955,926)
34	(137,003,892)	(67,115,031)	(204,118,923)
35	(35,000,000)	(17,000,000)	(52,000,000)
36	(13,870,104)	(11,120,104)	(24,990,208)
37	(9,045,962)	(12,124,015)	(21,169,977)
38	(3,500,000)	(3,500,000)	(7,000,000)
39	(2,000,000)	(2,000,000)	(4,000,000)
40	(1,889,556)	(1,889,556)	(3,779,112)
41	0	(3,325,001)	(3,325,001)
42	(1,336,184)	(88,992)	(1,425,176)
38	<b>(297,314,448)</b>	<b>(258,449,875)</b>	<b>(555,764,323)</b>
39	<b>678,767</b>	<b>1,768,890</b>	<b>2,447,657</b>
40	<b>(100,796,399)</b>	<b>77,470,147</b>	<b>(23,326,252)</b>

Table 15 Significant General Fund Increases / Reductions by Budget Category

		Biennial Budget per 2009 Session		
Numbers are \$ change compared to FY09 base		FY2009-10	FY2010-11	Two Yr total
1	TEEOSA Aid to Schools (per LB545, without Stabilization)	95,101,666	142,688,731	237,790,397
2	ARRA Education Stabilization.offset TEEOSA Gen Funds	(93,668,750)	(140,287,176)	(233,955,926)
3	Special Education	0	0	0
4	Learning Communities Aid	500,000	525,000	1,025,000
5	Homestead Exemption (net)	(13,870,104)	(11,120,104)	(24,990,208)
6	Riparian Vegetation grants (sunset June 09)	(2,000,000)	(2,000,000)	(4,000,000)
7	Governors Emergency Fund	500,834	500,834	1,001,668
8	Community Colleges	1,308,997	2,637,629	3,946,626
9	Superfund cleanup	(211,600)	(193,000)	(404,600)
10	Aid to Cities	520,000	520,000	1,040,000
11	Aid to ESU's	(202,000)	(202,000)	(404,000)
12	NRD Water Management grants	(100,000)	(100,000)	(200,000)
13	Other Not Listed (net)	(1,175,986)	(1,161,537)	(2,337,523)
14	<b>AID TO LOCAL GOVERNMENTS</b>	<b>(13,296,943)</b>	<b>(8,191,623)</b>	<b>(21,488,566)</b>
15	Medicaid (w/o ARRA FMAP change)	(8,684,979)	11,890,072	3,205,093
16	Public Assistance (w/o ARRA FFP and Child Care change)	4,252,342	12,408,917	16,661,259
17	Developmental Disability-rate equity+transition+BSDC+waiting list	12,602,833	20,541,737	33,144,570
18	Behavioral health aid (exclude reg cntr shifts)	1,318,061	2,655,892	3,973,953
19	Behavioral health aid - reallocate regional center savings	3,500,000	3,500,000	7,000,000
20	Childrens Health Insurance (CHIP)	(1,336,184)	(88,992)	(1,425,176)
21	Aging programs	201,615	408,432	610,047
22	Higher Ed Student aid programs	160,000	330,000	490,000
23	Public Health Aid	943,447	1,190,546	2,133,993
23	ARRA Child Care funds, offset GF increase	(7,000,000)	(3,200,000)	(10,200,000)
24	ARRA ehanced FMAP and FFP	(130,003,892)	(63,915,031)	(193,918,923)
24	Other Not Listed (net)	(9,653)	97,581	87,928
25	<b>AID TO INDIVIDUALS / OTHER</b>	<b>(124,056,410)</b>	<b>(14,180,846)</b>	<b>(138,237,256)</b>
26	Salaries (State Agencies)	12,596,768	23,084,653	35,681,421
27	Health Insurance (State Agencies)	7,407,063	15,316,498	22,723,561
28	Salary enhancements, Court/Probation/Judges	65,336	131,980	197,316
29	Litigation costs, Attorney General	500,000	0	500,000
30	Student assessment / testing (Education)	345,000	815,000	1,160,000
31	BSDC, action plan & "rightsizing" (HHS)	7,500,000	7,500,000	15,000,000
32	Operating costs, other adds, fund shifts (HHS facilities)	2,001,623	2,360,154	4,361,777
33	Transfer Prog 39 funds to Prog 347 (HHS) oper/aid shift	(1,889,556)	(1,889,556)	(3,779,112)
34	Regional Center savings to behavioral health aid (HHS)	(3,500,000)	(3,500,000)	(7,000,000)
35	BSDC contingency, termination of federal funding	25,000,000	24,477,558	49,477,558
36	BSDC, adjustment to reflect declining census at BSDC	0	(3,325,001)	(3,325,001)
36	Inmate per diem costs (Corrections)	1,925,000	2,520,000	4,445,000
37	Substance abuse treatment (Corrections)	586,830	615,363	1,202,193
38	Utilities and equipment (Corrections)	983,520	1,218,388	2,201,908
39	University & State Colleges (1.5% per yr increase)	8,062,489	16,245,915	24,308,404
40	South Sioux City College Center operations (State Colleges)	100,000	250,000	350,000
41	Norfolk College of Nursing operations (University)	425,000	1,460,724	1,885,724
42	LB 603 Safe Haven, Behavioral Health Ed Center (University)	1,385,160	1,563,993	2,949,153
43	LB 603 Safe Haven, Hot Line (HHS)	1,015,000	1,700,000	2,715,000
43	Fuel and other operating costs (Patrol)	693,800	693,800	1,387,600
44	Public safety communications system (operations)	1,292,861	1,331,944	2,624,805
45	Retirement, K-12 School/Judges/Patrol/Cash Balance	6,121,275	28,391,275	34,512,550
46	Agency / base reductions	(9,045,962)	(12,124,015)	(21,169,977)
47	ARRA General Stabilization, offset Gen Funds (DCS)	(35,000,000)	(17,000,000)	(52,000,000)
48	Other Not Listed (net)	1,051,836	1,590,032	2,641,868
49	<b>AGENCY OPERATIONS</b>	<b>29,623,043</b>	<b>93,428,705</b>	<b>123,051,748</b>
50	<b>CAPITAL CONSTRUCTION</b>	<b>6,933,911</b>	<b>6,413,911</b>	<b>13,347,822</b>
51	<b>TOTAL GENERAL FUND CHANGE (without deficits)</b>	<b>(100,796,399)</b>	<b>77,470,147</b>	<b>(23,326,252)</b>

# GENERAL FUND AID TO INDIVIDUALS

## Behavioral Health Aid

The enacted budget translates to a 7.1% increase in General Funds in FY09-10. The bulk of the increase comes from an additional \$3.5 million of “savings” transferred from the regional centers pursuant to behavioral health reform. LB 1083 (2004) the Behavioral Reform Act, provides for the transfer of funds from the regional centers to community behavioral health programs when savings are achieved at the regional centers from the closing of beds. Through FY09-10 (excluding deficits), a total of \$30.4 million has been transferred from the regional centers to behavioral health operations and aid.

Additional amounts were also included for a 1.5% per year increase in provider rates

LB 603, the bill that addressed behavioral health needs and the issues revealed in the state’s original safe haven legislation, contained three provisions that affected aid to behavioral health.

(General Funds only)	Previous Biennium		Biennial Budget	
	FY2007-08	FY2008-09	FY2009-10	FY2010-11
Base Year appropriation	44,577,915	44,577,915	69,273,006	69,273,006
Mental Health provider rates	1,532,304	4,802,573	1,318,061	2,655,892
Reallocate regional center savings	14,092,518	19,892,518	3,500,000	3,500,000
Medicaid match, Heartland Family	126,044	0	0	0
LB 603 additional childrens health aid	0	0	500,000	1,000,000
LB 603 Family Navigator Program	0	0	611,984	1,056,047
LB 603 waiver, residential/subacute	0	0	(977,697)	(1,871,577)
<b>Total</b>	<b>60,328,781</b>	<b>69,273,006</b>	<b>74,225,354</b>	<b>75,613,368</b>
\$ Change over Prior Year	15,750,866	8,944,225	4,952,348	1,388,014
% Change over Prior Year	35.3%	14.8%	7.1%	1.9%

This bill provided additional aid to behavioral health regions to be used for behavioral health services for children amounting to \$500,000 in FY10 and \$1,000,000 in FY11. The services shall include, but not be limited to, the expansion of the Professional Partners Program. A sliding-fee schedule shall be used by behavioral

health providers receiving the funds. Counties are not required to match such funds. The funds are allocated to behavioral health regions based upon the 2008 allocation formula which allocates 75% of based upon a region’s percentage of the total population of the state and 25% based upon a region’s percentage of the three years average of total income of the state.

This bill requires the Department of Health and Human Services (DHHS) to establish a Family Navigator Program which would provide peer support and connection to community-based services by trained individuals compensated by DHHS. Additional funding for this program (treated as aid to regions) amounts to \$611,984 in FY 10 and \$1,056,047 in FY 11 for eight supervisors, a project manager and training.

The bill requires the DHHS to submit a state plan amendment or waiver no later than July 1, 2009, to provide coverage under the Medicaid Program for community-based secure residential and subacute behavioral health services regardless of whether the recipient has been ordered to receive such services by a mental health board under the Nebraska Mental Health Commitment Act. This waiver if approved is projected to reduce state general funds by \$977,697 in FY 10 (half year) with full year savings in FY 11 of \$1,871,577.



## Developmental Disabilities Aid

The budget as enacted reflects a relatively large increase in developmental disability aid

First, the budget includes \$1,844,913 in FY09-10 and \$3,735,949 in FY10-11 for rate equity (2.5% per year) and \$560,000 in FY09-10 and \$1,280,000 in FY10-11 for clients transitioning from K-12 school

(General Funds only)	Previous Biennium		Biennial Budget	
	FY2007-08	FY2008-09	FY2009-10	FY2010-11
Base Year Appropriation	64,415,818	64,415,818	71,166,316	71,166,316
Service Coordination	0	0	0	0
Provider Rates/Rate Equity	1,509,224	6,033,540	1,844,913	3,735,949
Transition	709,452	1,166,958	560,000	1,280,000
Waiting List	0	0	5,197,920	10,525,788
Transitioning from BSDC		0	5,000,000	5,000,000
Client leave days paid	0	(450,000)	0	0
<b>Total - New Appropriation</b>	<b>66,634,494</b>	<b>71,166,316</b>	<b>83,769,149</b>	<b>91,708,053</b>
\$ Change over Prior Year	2,218,676	4,531,822	12,602,833	7,938,904
% Change over Prior Year	3.4%	6.8%	17.7%	9.5%

programs to community based programs. These two items amount to a 3.5% per year increase.

The budget includes \$5,000,000 each year for aid funds to transition Beatrice Developmental Center (BSDC) clients into community based services.

The budget also includes funding intended to keep the waiting list for persons with developmental

disabilities from increasing in the next biennium. Funding included totals \$5,197,920 of General Funds for FY09-10 and \$10,525,788 of General Funds for FY10-11 to be used for services for persons with developmental disabilities who are on the waiting list for such services, beginning with those who have been on the waiting list for the greatest length of time past their date of need. The general funds will be matched by federal Medicaid funds. Two-thirds of such funds, \$3,467,013 in FY2009-10 and \$7,020,700 in FY2010-11, shall be provided for services to persons waiting the longest past their date of need. One-third of such funds, \$1,730,907 FY09-10 and \$3,505,088 in FY10-11, shall be provided to persons waiting the longest for services past their date of need who opt for supported services. The Department of Health and Human Services is required to provide quarterly reports to the Legislature regarding the usage of general and federal funds for the waiting list.

## State Children's Health Insurance Program (SCHIP)

This program provided medical coverage for approximately 23,000 children up to age 19 who do not have credible health insurance and whose family income is below 185% of poverty. During the 2009 Session, this was changed in LB603 to 200% of poverty which is projected to increase the number of children covered by 5,400. Funding for this program began in 1998 and had originally been funded through a one-time \$25 million transfer from the Health Care Cash Fund. Those funds were exhausted in FY2003-04. A combination of General Funds and a \$5 million allocation from the Health Care Cash fund offset the expiration of the original amounts.

Final budget numbers for this biennial budget show a minimal change compared to the previous fiscal year. However, there were several large pluses and minuses.

First there was a \$3.7 million base reduction in General Funds appropriated for the SCHIP program. The base level FY08-09 appropriation level was too high due to three categories of services being lower than estimated at the time the budget was set; inpatient hospital, inpatient mental and drugs. Drug costs were assumed to increase 10% a year; the actual increase was 6% each year. The reason for lower hospital utilization is unknown.

The budget was increased for a 1.5% provider rate increase and small increases in eligibility and utilization (\$296,255 FY09-10 and \$851,400 FY10-11). Reductions other than the base reduction noted above include a higher federal match rate (\$144,337 FY09-10 and \$149,697 FY10-11), two-tiered payment rate (\$62,122 FY10-11) and outpatient reimbursement (\$56,689 FY10-11). The two tiered payment rate would provide for a 20% payment differential between procedures delivered in an inpatient

(General Funds only)	Previous Biennium		Biennial Budget	
	FY2007-08	FY2008-09	FY2009-10	FY2010-11
Base Year Appropriation	10,842,937	10,842,937	11,761,892	11,761,892
Fed Medicaid match rate	224,800	255,866	(144,337)	(149,697)
Rates and Utilization	439,785	902,983	296,255	851,400
Base Adjustment	(2,433,930)	(2,433,930)	(3,676,218)	(3,676,218)
Two-tiered payment rate	0	0	0	(62,122)
Indirect Medical Ed Factor	0	0	0	(1,219)
Outpatient Reimbursement	0	0	0	(56,689)
LB 603 Income eligibility to 200%	0	0	2,188,116	3,005,553
<b>Total - New Appropriation</b>	<b>10,826,659</b>	<b>11,761,892</b>	<b>10,425,708</b>	<b>11,672,900</b>
\$ Change over Prior Year	(16,278)	935,233	(1,336,184)	1,247,192
% Change over Prior Year	-0.15%	8.64%	-11.36%	11.96%

or outpatient setting compared to the same procedures performed in an office. The outpatient reimbursement rates would be changed to 75% from 82.45% of the hospital specific cost-to-charge ratio.

Also as noted above, LB 603 which addressed behavioral health needs and the issues revealed in the state's original safe

haven legislation, included an expansion of the SCHIP program by increasing the income eligibility level from 185% to 200% of poverty, Expansion of program will add approximately 5,430 children in FY 10 and 5,484 in FY 11. The FY 10 estimate assumes an implementation date of September. The total cost would be \$7,925,085 (\$2,188,116 General and \$5,736,969 Federal) in FY 10 and \$10,885,740 (\$3,005,553 General and \$7,880,187 Federal) in FY 11.

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## Public Assistance

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This budget area includes many different social service programs such as TANF/ADC, educational assistance for state wards, child welfare services, foster care, subsidized childcare, and adoption assistance. Overall the budget reflects a decrease of 1.8% in FY09-10 (\$4.4 million) but from that lower level, a 5.4% increase in FY10-11.

The reduction in FY09-10 is attributed to a \$8.3 million base reduction due to lower than projected expenditures in the FY09 base. Also in FY09-10, a \$7 million increase in child care costs was offset by use of available ARRA Child Care funds. The 5.4% increase in FY10-11, compared to the lower FY09-10 level, is higher due to a lower use of the ARRA Child Care funds (\$3.2 million versus the \$7 million) and the fact that the base reduction which offset rate and utilization increases in FY10 remains constant in both years and does not offset the second year rate and utilization increase amounts.

Several bills enacted in the 2009 Session affected public assistance programs. The most notable was LB 603, the bill that addressed behavioral health needs and the issues revealed in the state's original safe haven legislation. Among other provisions, the bill provides voluntary post-adoption or post-guardianship case management services resulting in additional General Fund costs of \$1.2 million in FY10 and \$2 million in FY11.

Table 16 Public Assistance by Program (General Funds Only)

(General Funds only)	Biennial Budget			\$ Change vs FY09 base	
	FY2008-09	FY2009-10	FY2010-11	FY09-10	FY10-11
Food stamps	333,145	349,802	367,292	16,657	34,147
Adoption incentives	690,000	0	0	(690,000)	(690,000)
AABD (Aged/blind/disabled) Special Rates	2,556,469	2,646,712	2,740,141	90,243	183,672
Food stamp employment	185,395	185,395	185,395	0	0
Medically handicapped children	1,367,937	1,404,051	1,440,707	36,114	72,770
Title IV-E Foster Care	4,512,714	3,757,003	3,936,057	(755,711)	(576,657)
Title IV-E Adoption	5,937,276	5,675,009	7,072,407	(262,267)	1,135,131
Energy Assistance	0	0	0	0	0
State subsidized adoption	9,355,129	10,924,651	12,748,891	1,569,522	3,393,762
Domestic Violence	1,347,300	1,347,300	1,347,300	0	0
Education Assistance, State Wards	17,194,761	17,366,709	17,540,376	171,948	345,615
Disabled persons/family support	910,000	910,000	910,000	0	0
State Disability-Medical	8,323,419	8,701,718	9,097,211	378,299	773,792
State Disability-Maintenance	758,043	795,945	835,743	37,902	77,700
Title XX Social Services	5,552,568	5,667,327	5,783,807	114,759	231,239
State supplement-SSI	7,519,290	7,895,255	8,290,018	375,965	770,728
AFDC / TANF	20,467,461	20,467,461	20,467,461	0	0
Title IV-D Child Care	32,146,903	32,244,539	38,012,692	97,636	5,865,789
Emergency Assistance	1,265,900	1,392,490	1,531,739	126,590	265,839
Employment First	11,989,080	10,201,815	10,416,677	(1,787,265)	(1,572,403)
Child Welfare Services	100,471,590	101,712,721	102,960,625	1,241,131	2,489,035
Winnebago/TANF/MOE	299,187	299,187	299,187	0	0
Birth Certificates	150,000	150,000	150,000	0	0
Protection and Safety of Children (Prog 039)	0	1,889,556	1,889,556	1,889,556	1,889,556
Juvenile predisposition detention (Prog 316)	0	156,536	156,536	156,536	156,536
Unallocated base savings	8,288,764	0	0	(8,288,764)	(8,288,764)
LB 603 post-adoption/guardianship services	0	1,198,000	2,027,970	1,198,000	2,027,970
LB 288 HHS technical / miscellenous changes	0	(116,064)	(232,128)	(116,064)	(232,128)
<b>Total Public Assistance (General Funds)</b>	<b>241,622,331</b>	<b>237,246,958</b>	<b>249,998,700</b>	<b>(4,375,373)</b>	<b>8,376,369</b>
Utilization/Eligibility/Cost Increases				12,079,238	19,522,707
Base reductions				(8,288,764)	(8,288,764)
ARRA Enhanced Fed Financial Participation-IV-E Adoption Assistance				(956,235)	(518,412)
ARRA Enhanced Fed Financial Participation-IV-E Foster Care				(671,480)	(314,136)
ARRA Child Care funds, offset GF increase				(7,000,000)	(3,200,000)
Eliminate funding for adoption incentive program				(690,000)	(690,000)
Transfer in Prog 316 & 39				2,046,092	2,046,092
Fund shift, Employment First				(2,000,000)	(2,000,000)
LB 603 post-adoption/guardianship services				1,198,000	2,027,970
LB 288 HHS technical / miscellaneous changes				(116,064)	(232,128)
<b>Total Public Assistance (General Funds)</b>				<b>(4,375,373)</b>	<b>8,376,369</b>

**Public Assistance - Base adjustment** The department has used significant resources to find permanent placements for children through guardianships with relatives, increased adoptions and returning children to their homes. Although utilization of child welfare services was projected to be flat over the current biennium, the total number of state wards declined by 4% in FY 08 and by 5% in FY 09. Out-of-home placements declined by 2% and 8%, during FY 08 and FY 09, respectively. This resulted in under spending in child welfare programs and in the state education for state wards program. The programs serving the elderly and disabled population were projected to increase by 3% each year in the current biennium. The population has been flat, saving funds in the State Supplement and State Disabled - Medical Program. (-\$8,288,764 FY10, -\$8,288,764 FY11)

**State Food Stamp Program** The state food stamp program provides food stamps to certain legal immigrants. The federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996

(PRWORA) made certain legal immigrants ineligible for food stamps. Nebraska established its own program to continue coverage. Approximately 600 people receive food stamps each month. The increase is calculated in the same manner as the federal food stamp program, using the CPI and an increase in clients. A 5% increase in utilization per year is assumed. In the past year, the increase was 21%. (\$16,657 FY10, \$34,147 FY11)

Adoption Incentive This program provided a \$1,000 per year bonus payment for the first five years for families adopting state wards. It was eliminated in the special session in 2002. The payments in FY07 were \$220,000 and no payments were made in FY 08. The budget eliminates funding for this program resulting in a \$690,000 per year reduction.

AABD Special Rates rate The state instituted a higher rate for individuals who live in assisted living facilities who are not covered by Medicaid because prior rates did not cover the costs to these providers. Prior to implementation of this additional rate, residential facilities were on the verge of closing and one, Paxton Manor, did close. Many of these facilities serve mentally ill clients. Provider rates are increased by 1.5% per year. (\$90,243 FY10, \$183,672 FY11)

Food Stamp Training and Employment provides job search, training, and supportive services to unemployed (but employable) individuals who are eligible for food stamps. Persons who receive both food stamps and ADC participate in the Job Support Program. The program pays a capped amount for work expenses including child care while adults are participating in the program. The agency request and enacted budget assumes no change in eligibility and/or utilization. No change in funding is included for FY10 or FY11.

Medically Handicapped Children This program pays for diagnosis, referral and medical treatment of children with severe handicaps and chronic medical conditions and adults with certain specific medical conditions. Medicaid does not cover these children and adults. Approximately 2,420 children and adults receive services. For children, the major conditions covered are cleft lip/palates, cerebral palsy, heart defects, hemophilia, orthopedic problems, midline birth defects, cystic fibrosis, hyper alimentation, neoplasm and premature births. For adults, the only conditions covered are cystic fibrosis, hemophilia and sickle cell anemia. Provider rates are increased by 1.5% per year. (\$36,114, FY10, \$72,770 FY11)

IV-E Adoption Assistance The two adoption programs provide monthly maintenance payments and assistance for non-recurring expenses to families adopting a state ward when the adoption would not be possible without the financial assistance. Provider rates of 1.5% per year are funded. The projected change in the number of clients by service type ranges from 3% to 15%. (\$693,968 FY10, \$1,653,543 FY11). Some of these increases are offset by an ARRA enhanced Federal Financial Participation (FFP) match as described at the end of this public assistance narrative

IV-E Foster Care This program provides services to state wards meeting the requirements of the federal Title IV-E Program who are living in out-of-home placements. The services provided include assessment, referral, case planning and supportive services such as counseling and maintenance payments. Provider rate increases of 1.5% per year are included. The projected change in the number of clients varies by service and ranges from -7 to 5% resulting in an overall reduction in funding for this area. (-\$123,211 FY10, -\$320,417 FY11). These General Fund reductions are increased by the availability of an ARRA enhanced Federal Financial Participation (FFP) match rate as described later.

Subsidized Adoption This program is the same as the IV-E Adoption Assistance Program, except the children are not eligible for a federal match. Provider rate increases of 1.5% per year are funded. The projected change in the number of clients is 10%. (\$1,569,522 FY10, \$3,393,762 FY11)

Domestic Violence Program provides funding to 22 community-based programs. These local programs provide services such as crisis lines, transportation, medical services, legal counseling, financial aid,

shelter, protection order forms and application assistance. Several programs also provided counseling services for the abuser. The budget reflects no change in funding from the base FY09 level.

Education Assistance-State Wards Any minor child who is adjudicated as a ward of the court or the state or who is placed under the guardianship of the Department of Health and Human Services will have their education and transportation costs reimbursed by the state, if the child is placed outside of the resident school district of the child or the child's parents and the child is not residing in family foster care. A 1% increase is provided each year. (\$171,948 FY10, \$345,615 FY11)

Disabled Persons and Family Support coordinates and purchases services to assist employed disabled adults or to help families keep a family member with disabilities in their home. All other resources are explored before this program will pay for any items. A committee of local advocacy agencies and HHS review applications and make recommendations. Maximum cost for a service cannot exceed \$300 per month averaged over the number of months in eligibility. Some examples of assistance include home modifications to remove barriers, attendant care, counseling and training, and home health care. There is no change in state funding in FY10/FY11 budget.

State Disabled - Medical Coverage is provided to low-income individuals with a disability lasting between 6 and 12 months. If the disability continues beyond 12 months, Medicare coverage begins. Income must be at or below \$867 for one person or \$1,167 for a two-person household. A retroactive reimbursement is claimed if the person later becomes Medicare eligible. This program covers about 157 people each month. The budget includes a utilization increase of 3% and a provider rate increase of 1.5% per year. (\$292,568 FY10, \$639,572 FY11)

State Disabled - Maintenance The maintenance program provides monthly income for persons with a disabilities lasting between 6 and 12 months. If the disability continues beyond 12 months, Social Security coverage begins. A retroactive reimbursement is claimed if the person later becomes eligible for Social Security. This program covers about 160 people each month. The budget includes a combined utilization and cost-of-living increase of 5% each year. (\$37,902 FY10, \$77,700 FY11)

Title XX Social Services These services are directed at promoting self-sufficiency, preventing abuse and neglect and preventing inappropriate institutional care for elderly individuals and persons with disabilities. The services provided are: chore services, home-delivered and congregate meals, respite care, adult day care, and transportation services. A provider rate increase of 1.5% per year is included. (\$114,759 FY10, \$231,239 FY11).

State Supplement SSI This program provides a supplement to low income individuals receiving Social Security payments to bring their income up to the standard of need in Nebraska. The budget includes a combined utilization and cost-of-living increase of 5% each year. (\$375,965 FY10, \$770,728 FY11)

Temporary Assistance to Need Families (TANF) provides monthly subsistence payments to low-income families with children under age 18 who are deprived of parental support because of death, physical or mental incapacity, continued absence from the home, or partial or complete unemployment of the primary wage earner. The monthly payment is based on family size. A family is only eligible for assistance for 24 consecutive months and there is a 60-month lifetime cap on assistance. There are exceptions for hardships. The state receives monies from the Temporary Assistance to Needy Families Block Grant with a state maintenance of effort requirement. TANF funds are used for the ADC Program, Employment First, child care and administrative costs. The enacted budget reflects no change in funding level from the FY09 base level.

Child Care This program funds child care services for low-income families participating in training, education or employment. The program provides full payment of child care costs for families on ADC, those transitioning off of ADC and families in the child welfare system. For low-income families above the ADC level up to 120 percent of federal poverty guidelines and those transitioning off of ADC, up to 185%

of poverty, the program covers child care costs on a sliding fee scale. In FY 2008, the average monthly number of families receiving subsidized child care was 17,108. By state statute, the department is required to pay rates between the 60th and 75th percentile. The rates are adjusted every two years. The next rate adjustment will be on July 1, 2009 and ranges from 5% to 11%, depending on the type of care. This funds the schedule at the 60th percentile. Utilization is projected to increase in a range from 0 to 3%, depending on the type of child care. Funding increases total \$7,097,636 in FY10 and \$9,065,789 in FY11. These increases were subsequently offset by additional ARRA Child Care funds as described below

Emergency Assistance Low-income families may receive emergency assistance once a year for food, shelter, clothing, utilities and other basic needs. A 10% increase in requests is anticipated. (\$126,590 FY10, \$265,839 FY11)

Employment First Families receiving assistance under TANF are required to participate in work requirements unless exempt. Federal law requires 50% of single parent families and 90% of two-parent families to be involved in work requirements which can include education. Work activities must be supervised on a daily basis. During the FY08/FY09 biennium, general funds were increased by \$2.2 million and federal TANF funds were reduced by that amount. The fund mix for this biennium is changed back to the allocation prior to FY08/FY09. This offsets a 1% per year increase in utilization amounting to \$212,735 in FY10 and 427,597 in FY11. The net impact of the fund shift and utilization increase is a General Fund reduction of \$1,787,265 in FY10 and \$1,572,403 in FY11.

Child Welfare This program provides services to state wards living with their families and in out-of-home placements. The services provided include assessment, referral, case planning, and supportive services such as counseling and maintenance payments. Provider rate increase of 1.5% per year are included. The projected change in the number of clients by service type ranges from -7% to 5%. (\$1,241,131 FY10, \$2,489,035 FY11)

Predisposition Detention This program was previously budgeted in Program 316 and was transferred to Program 347. No change in funding from the current \$156,536 General Fund level.

Child welfare program enhancements This program was previously budgeted as operations in program 039. The programs were those established per the recommendations for the Governor's Children's Task Force in 2004 and include a child abuse public awareness campaign, funding for the eight Child Advocacy Centers in the state, training funds for medical and law enforcement professionals and home visitation programs. No change in funding from the current \$1,889,556 General Fund level.

ARRA Enhanced Federal Financial Participation The American Recovery and Reinvestment Act of 2009 (ARRA) enacted in February 2009 contained a provision whereby states received an enhanced federal Medicaid match rate of 6.2% from October 1, 2008 to December 31, 2010. This higher match rate also applies to two public assistance program but is referred to as Federal Financial Participation (FFP) rate. General Fund savings are in the IV-E Adoption program (-\$956,235 FY10 and -\$518,412 FY11) and IV-E Foster Care (-\$671,480 FY10, -\$314,136 FY11)

ARRA Child Care Funding ARRA funding available for the low-income child care subsidy program is \$11.7 million. The funds must be used to supplement and not supplant state general funds. Of the amount available, approximately 12.7% \$1,498,473 is designated for activities such as consumer education, parental choice and quality and availability of child care. Of that amount, 36% (\$539,450) is designated for programs that improve the quality of infant and toddler care

From the federal guidance recently issued on the supplement / supplant issue, a state is in compliance if no rules or statutes were changed on or after February 17, 2009 and the state budget establishing the appropriation for child care had not been enacted as of that date.. This allows ARRA federal funds not set aside for quality initiatives to be used to pay for provider rate increases and utilization without violating the

supplant provisions. The budget uses \$7 million in FY09-10 and \$3.2 million in FY10-11 to offset General Funds used for increased rates and utilization

LB 603 - Safe Haven Related Legislation LB 603 included the provisions of five bills addressing behavioral health needs and issues highlighted by the state's original safe haven legislation enacted in 2008 and revised in the 2008 special session. Among other provisions, the bill provides voluntary post-adoption or post-guardianship case management services estimated to cost \$840,000 in FY 10 and \$1,409,350 in FY 11 plus contracted costs of \$358,800 in FY 10 and \$618,620 in FY 11.

LB 288 HHS Technical / Miscellaneous changes This bill made numerous HHS related changes including an expanded definition of employer for purposes of the New Hire Reporting Act to include independent contractors. The requirement that independent contractors must report employment to the New Hire Registry is anticipated to increase child support collections by over \$6 million annually for families with projected savings to state public assistance programs of \$116,064 in FY 10 and \$232,128 in FY 11.

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## Medicaid

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For the FY09-10/FY10-11 biennium the proposed budget reflects an average *decline* in General Fund appropriations for Medicaid of -4.3% per year. This two year average consists of a 17.6% reduction in FY09-10 and an 11.3% increase in FY10-11. These percentages fluctuate substantially due to the impacts of a \$19.9 million base reduction and a two year total of \$161 million of enhanced federal match rate funds pursuant to the American Recovery and Reinvestment Act of 2009 (ARRA). Adjusting for these impacts, the underlying growth in Medicaid is 2.3% in FY09-10, 3.4% in FY10-11 with a two year average of 2.8%

Base Reduction Expenditures for FY09-10 are projected to be \$19.9 million lower than the FY09 base year appropriation allowing for a base reduction of a like amount as the starting point for developing the FY10 and FY11 budget. Two areas account for the majority of under spending from the projections done in 2007: prescription drugs and nursing facilities. Drugs were projected to increase 10% per year; the actual increase was 6%. In addition, the "clawback," the amount the state must pay the federal government for the saving to the Medicaid Program because of Part D coverage was also lower than projected, by approximately \$4 million in FY 08 and by \$6.2 million in FY 09.

Federal Match Rate The federal match rate, adjusted for the state fiscal years, is changing from 59.54% to 60.56% in FY 10 and an estimated change in FY11 to 60.31%. This allows for a General Fund reduction of \$6,016,183 in FY09-10 and \$6,210,186 in FY10-11.

Rates and Clients Increases relating to eligibility, utilization, and provider rates result in additional General Fund dollars of \$19.5 million in FY09-10 and \$42.7 million in FY10-11. The budget provides a rate increase of 1.5% per year for all services. Prescription drugs are increasing 6.0%. Overall utilization is anticipated to grow 1.69%; 1% per year for aged, 3% per year for disabled, 1.5% per year for children while adults are projected to decline by 1% per year

Program Changes The budget includes five program changes offered by the agency as part of their budget request. The changes and associated reduction in General fund appropriations are as follow.

(1) The two tiered payment rate would provide for a 20% payment differential between procedures delivered in an inpatient or outpatient setting compared to the same procedures performed in an office. (-\$637,878 FY10-11).

(2) The indirect medical education (IME) factor. Medicaid reimburses teaching facilities at a higher reimbursement level because those facilities have more costs due to time, procedures and equipment

required in a teaching environment. This change would lower the factor from 72.64% to 70%. (-\$49,556 FY10-11)

(3) The outpatient reimbursement rates would be changed to 75% from 82.45% of the hospital specific cost-to-charge ratio. (-\$843,137 FY10-11)

(4) Institute premium payments for families at 185% of poverty and above. Families with children receiving Medicaid services through home and community-based waivers and the Katie Beckett provisions qualify without regard to the parents' income. This would institute a premium payment on families receiving Medicaid services with incomes above 185% of poverty. Approximately 790 families would have a premium payment obligation. The premiums would be on a sliding fee scale, starting at 1% of income and ranging up to 5%. A child's eligibility would not be discontinued until the premium was 60 days past due. This provision would be not be implemented until January 1, 2011 to avoid an ARRA enhanced FMAP violation. (-\$213,215 FY10-11)

(5) Change child care payment for disabled children to the amount exceeding regular child care. The federal government has taken an exception to coverage for the entire cost of child care. Medicaid should only be responsible for the cost of specialized care above the cost of regular child care. Regulations are in the process of being changed to bring the state into compliance. (-\$725,380 FY10-11)

ARRA Enhanced FMAP The American Recovery and Reinvestment Act of 2009 (ARRA) enacted in February 2009 contained a provision whereby all states received an enhanced federal Medicaid match rate of 6.2% from October 1, 2008 to December 31, 2010, if states meet certain conditions. Program 348 is the main Medicaid budget program. Other budget programs also contain expenditures that are eligible for the Medicaid match. Those budget programs are: 365 Regional Centers, 424 Community-Based Developmental Disabilities, 421 BSDC and 38 Behavioral Health. These programs provide the state general fund match and the federal fund match is passed through Program 348 to the other programs. To facilitate the flow of funding into the state general fund in the most streamlined manner and to assist in clearly identifying the FMAP savings, the enhanced FMAP will flow through Program 348, although all eligible expenditures from all budget programs will be claimed.

Total Use of ARRA FMAP

FY2009-10 enhanced	(97,376,177)
FY2009-10 employment	(31,000,000)
FY2010-11 enhanced	(63,082,483)
Subtotal	(191,458,660)
FY2008-09 deficit	\$(64,840,697)
Total	(256,299,357)

The budget also assumes the state will qualify for additional FMAP funds based on an unemployment factor adjustment. The reduction in the state share will be based on the state's unemployment rate in the most recent three-month period for which data are available compared to its lowest unemployment rate in any three-month period beginning on or after January 1, 2006. In Nebraska the lowest quarterly rate was 2.8%. To qualify, the state's rate must be 4.3% or more.

There are three unemployment tiers. For each tier, the federal match rate increases. The unemployment tiers are: unemployment increase of at least 1.5 but less than 2.5 percentage points, unemployment increase of at least 2.5 but less than 3.5 percentage points, unemployment increase of 3.5 percentage points or more. The state's percentage reduction could increase over time as its unemployment rate increases, but if unemployment decreased, the state share would not decrease until the fourth quarter of federal FY2010, which begins July 1, 2010, assuming all other FMAP conditions are met. In no case will the state unemployment reduction factor applied for a state for a quarter (beginning on or after January 1, 2009 and ending before July 1, 2010) be less than the reduction factor applied to the state for the previous quarter.

2009 Legislation There were four bills enacted in the 2009 Session that had a relatively small impact on Medicaid funding.

**LB 288** made numerous HHS related changes including several changes to child support and medical support requirements and adding independent contractors under the New Hire Reporting Act. The medical support changes would likely result in more children covered by private insurance and not receiving Medicaid assistance with estimated costs savings of \$55,200 (\$21,909 GF and \$33,291 FF) in FY 10 and \$82,800 (\$33,120 GF and \$49,680 FF) in FY 11. The requirement that independent



contractors must report employment to the New Hire Registry is anticipated to increase child support collections with savings to the Medicaid Program estimated at \$345,100 (\$136,970 GF, \$208,130 FF) in FY 10 and \$690,199 (\$273,940 GF, \$416,259 FF) in FY 11.

**LB 342** requires the DHHS to submit a Medicaid state plan amendment by July 1, 2010, seeking a waiver for treatment of pediatric feeding disorders through interdisciplinary treatment means prior to any attempt to utilize invasive surgical techniques. The provisions of the bill terminate on January 1, 2015, unless extended by the legislature. Estimated General Fund savings are \$93,280 in FY11 (half year) and \$189,678 in FY12.

**LB 464** requires that, beginning July 1, 2010, students entering the 7th grade must have a booster immunization containing diphtheria and tetanus toxoids and an acellular pertussis vaccine. The cost of the immunizations is paid by the parent or guardian or by the Department of Health and Human Services (HHS), if the parent or guardian is financially unable to meet such cost. It's assumed that the cost of the vaccines would be covered by federal funds from the Center for Disease Control. A general fund cost of \$11,604 relates to the \$10 administrative charge for the student population that is projected to be Medicaid eligible.

**LB 603** requires DHHS to submit a Medicaid state plan amendment or waiver to provide coverage under the Medicaid Program for community-based secure residential and subacute behavioral health services regardless of whether the recipient has been ordered to receive such services by a mental health board under the Nebraska Mental Health Commitment Act. While this waiver would result in General Fund savings in behavioral health aid, there would be some additional costs relating to covering subacute services in non-hospital settings. The estimated cost is \$428,620 (\$143,544 GF and \$285,076 FF) in FY 10 and \$864,351 (\$314,117 GF and \$550,234 FF) in FY 11.

Table 17 Medicaid (General Funds)

	Previous Biennium		Biennial Budget	
	FY2007-08	FY2008-09	FY2009-10	FY2010-11
Base Year appropriation	558,888,505	558,888,505	590,958,613	590,958,613
Base Adjustments	(13,542,498)	(13,542,498)	(19,965,296)	(19,965,296)
Provider rates / Eligibility /	34,540,916	65,6778,578	17,212,262	40,411,995
Medicaid match rate (FMAP)	4,463,328	0	(6,016,183)	(6,210,186)
ARRA Enhanced FMAP	0	0	(97,376,177)	(63,082,483)
ARRA Unemployment FMAP	0	0	(31,000,000)	0
Two-tiered payment rate	0	0	0	(637,878)
Indirect Medical Education Factor	0	0	0	(49,556)
Outpatient Reimbursement	0	0	0	(843,137)
Premium payment for families	0	0	0	(213,215)
Disabled Child Care	0	0	0	(725,380)
Medicaid "reform" provisionsr	(7,584,800)	(19,871,600)	In base	In base
2007- LB 247 Misc HHS changes, LB 554 Parenting Act	(49,970)	(49,970)	In base	In base
2008 - LB 928 Mix changes relating to public health and welfare	0	(144,402)	In base	In base
LB 288 HHS technical / miscellenous changes	0	0	(158,879)	(307,060)
LB 342 Payment for pediatric feeding disorder treatment	0	0	0	(93,280)
LB 464 Immunizations, students entering seventh grade	0	0	11,064	11,064
LB 603 Behavioral health, CHIP, omnibus "Safe Haven"	0	0	143,544	314,117
<b>Medicaid Total General Funds</b>	<b>576,715,481</b>	<b>590,958,613</b>	<b>453,897,457</b>	<b>539,766,202</b>
Annual \$ Change	17,826,976	14,243,132	(137,061,156)	85,868,745
Annual % Change	3.2%	2.5%	-23.2%	18.9%
Annual \$ Change – Excluding ARRA Enhanced FMAP	17,826,976	14,243,132	(8,684,979)	20,575,051
Annual % Change– Excluding ARRA Enhanced FMAP	3.2%	2.5%	-1.5%	3.5%

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## Community Health Center Aid

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In the 2005 session, the Legislature included new general fund support for aid to certain community health centers. There were five community health centers funded through Federal Program 330, located in Omaha (2), Lincoln, Columbus and Gering. These centers serve low-income individuals and a high number of uninsured. Each center receives a base amount of \$100,000 with the balance of the funding distributed proportionally based on in the previous state fiscal year's number of uninsured clients as reported on the Uniform Data System Report. The enacted budget includes new general fund support of \$281,575 (8.0%) in FY09-10 and an additional \$184,299 (4.8%) in FY09-10. This includes a provider rate increase of 1.5% per year and an additional \$100,000 each year as the base funding amount for a newly established public health center in Norfolk.

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## Public Health Aid

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The Legislature provided a significant increase in public health aid; \$661,872 (16.0%) in FY10 and an additional \$62,800 (1.3%) in FY11. This includes a provider rate increase of 1.5% per year and additional funds in two areas: \$200,000 each year for the Every Woman Matters Program for mammograms, breast examinations, pap smears and colposcopy and associated laboratory costs and \$400,000 each year for the Stay in the Game Program, screening and early detection of colon and rectal cancer.

Breakdown: Program 514 Health Aid	Previous Biennium		Biennial Budget	
	FY2007-08	FY2008-09	FY2009-10	FY2010-11
Renal disease/tuberculosis	834,622	853,800	866,607	879,563
Reproductive health aid	530,238	640,738	650,349	660,092
Native American health services	541,059	551,774	560,050	568,443
Immunization/vaccinations	344,113	350,927	356,191	361,519
Nebr Advocacy Services	421,006	428,651	435,081	441,589
Emergency Medical Services, training	106,047	108,147	109,769	111,424
Ryan White HIV/AIDS treatment	927,318	945,683	959,869	974,337
Mammography screening	135,265	137,944	140,013	142,124
Metabolic screening, food supplement	45,449	46,349	47,044	47,753
Genetic testing	37,191	37,927	38,496	39,077
Voter regist, WIC/MCH	18,136	18,496	18,774	19,056
Community health services	4,256	4,340	4,405	4,471
Stay in the Game Program	0	0	400,000	400,000
Every Woman Matters Program	0	0	200,000	200,000
Total - New Appropriation	3,944,700	4,124,776	4,786,648	4,849,448

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## Aid to Aging Services

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The FY10/FY11 budget includes a 3% per year increase for area agencies on aging (\$171,716 FY10, \$348,582 FY11) and 1.5% per year increase for care management (\$29,899 FY10, \$59,850 FY11).

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## Higher Education Student Aid

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There are two student scholarship aid programs administered by the Coordinating Commission for Postsecondary Education. Overall increases in combined General and Cash funds amount to 9% in FY09-10 and 6.6% in FY10-11. There are no increases in General Fund support for the Nebraska Scholarship Program but there is a significant increase in the amount of lottery funds for scholarships compared to the FY09 level; \$1 million in FY10 and \$1.75 million in FY11. With respect to the relatively

new Access College Early Scholarship program, the Legislature more than doubled the size of the program by providing additional General Funds amounting to \$160,000 in FY10 and \$330,000 in FY11 when compared to the FY09 base budget..

Table 18 Coordinating Commission Student Aid Programs

General and Cash Funds	Previous Biennium		Biennial Budget	
	FY2007-08	FY2008-09	FY2009-10	FY2010-11
Nebraska Scholarship Program	6,717,065	6,717,065	6,717,065	6,717,065
Access College Early Scholarship	49,750	115,250	275,250	445,250
Subtotal-General Funds	6,766,815	6,832,315	6,992,315	7,162,315
Lottery funds (Nebr Scholarship Program)	4,750,000	6,000,000	7,000,000	7,750,000
Combined General and Cash Funds	11,516,815	12,832,315	13,992,315	14,912,315
\$ Change over Prior Year	1,000,000	1,315,500	1,160,000	920,000
% Change over Prior Year	9.5%	11.4%	9.0%	6.6%

# GENERAL FUND AID TO LOCAL GOVERNMENTS

## State Aid to K-12 Schools

Table 19 shows the total amount of General Fund state aid to K-12 schools from the various aid programs. In terms of General Funds, the average percent change over the two year period is .1%.

This low growth in state General Funds is attributed to the use of \$234 million of ARRA Education Stabilization funds used to fund TEEOSA. When looking at combined General and ARRA funds, the two year average growth in overall aid to K-12 schools is 7.2%.

**Table 19 Total General Fund State Aid to K-12 Schools**

	Approp FY2005-06	Approp FY2006-07	Approp FY2007-08	Approp FY2008-09	Biennial Budget	
					FY2009-10	FY2010-11
State Aid to Education (TEEOSA)	683,473,181	701,346,228	753,555,548	823,527,243	824,960,159	825,928,798
Special Education	169,204,057	174,280,179	179,508,584	184,893,842	184,893,842	184,893,842
High ability learner programs	2,336,921	2,336,921	2,336,921	2,336,921	2,336,921	2,336,921
Early Childhood program	3,680,471	3,680,471	3,626,267	3,615,426	3,615,426	3,615,426
School Lunch	421,087	421,087	421,087	421,087	421,087	421,087
Textbook loan program	420,000	420,000	435,000	450,000	500,000	500,000
School Breakfast reimbursement	271,378	271,378	379,071	411,100	412,811	427,260
Adult Education	230,574	230,574	230,574	230,574	230,574	230,574
Vocational Education	0	450,000	450,000	450,000	LB 476	LB 476
Learning Communities Aid	0	0	0	500,000	1,000,000	1,025,000
<b>Total Gen Fund Aid - K-12 Districts</b>	<b>860,037,669</b>	<b>884,086,838</b>	<b>940,943,052</b>	<b>1,016,836,193</b>	<b>1,018,370,820</b>	<b>1,019,378,908</b>
ARRA Education Stabilization	0	0	0	0	84,068,750	149,887,176
<b>Gen Fund + ARRA</b>	<b>860,037,669</b>	<b>884,086,838</b>	<b>940,943,052</b>	<b>1,016,836,193</b>	<b>1,102,439,570</b>	<b>1,169,266,084</b>
<b>General Funds:</b>						
\$ Change over Prior Yr	74,613,792	24,049,169	56,856,214	75,893,141	1,534,627	1,008,088
% Change over Prior Yr	9.5%	2.8%	6.4%	8.1%	0.2%	0.1%
<b>General + ARRA Funds:</b>						
\$ Change over Prior Yr	74,613,792	24,049,169	56,856,214	75,893,141	85,603,377	66,826,514
% Change over Prior Yr	9.5%	2.8%	6.4%	8.1%	8.4%	6.1%

### Special Education

The biennial budget continues special education reimbursement at the base year FY08-09 level of \$184,893,842. The Appropriations Committee preliminary budget included a 3% per year increase. However, these amounts were removed post hearing after taking into consideration the amount of additional IDEA special education funds that will be available over the next two years per the American Recovery and Reinvestment Act of 2009 (ARRA).

### Vocational Education

LB 476 establishes the Center for Student Leadership and Extended Learning within the State Department of Education (NDE). The center is to provide ongoing financial and administrative support for state leadership and administration of Nebraska career education student organizations, create and

coordinate opportunities for students to participate in educational opportunities outside of the classroom, and partner with state and local organizations to share research and identify best practices for dissemination to schools and community organizations. In order to address funding for this new center, the bill repeals the Career Education Partnership Act and reallocates the \$450,000 of general funds “saved” due to the repeal of the grant program.

## Other K-12 Aid Programs

The enacted budget includes no change in the high ability learner program (\$2,336,921), School Lunch (\$421,087), Adult Education (\$230,574), and Early Childhood program (\$3,615,426). There are some small increases in School Breakfast reimbursement (\$1,711 FY10 and \$14,449 FY11) based on claims required to be funded by law. Also based on existing law, there is a \$500,000 increase in funding for the new Learning Community Board. Lastly, the budget includes a \$50,000 increase in the textbook loan program increasing the overall funding from \$450,000 to \$500,000.

## TEEOSA (Tax Equity and Educational Opportunities Support Act)

Funding for TEEOSA (Tax Equity and Educational Opportunities Support Act) is based on the formula as amended by LB 545 passed in the 2009 Session. With these changes, the overall increase in TEEOSA state aid is \$94.5 million (11.3%) in FY09-10 and an additional \$47.4 million (5.1%) in FY10-11. *The dollar and percent change in FY10 compares to the FY09 level INCLUDING DEFICITS. Other dollar and percent changes in this report exclude deficits.* This overall level of TEEOSA aid under LB545 is then financed with a combination of (1) allocated Insurance Premium Tax monies under current law, (2) Education Stabilization funds available through the American Recovery and Reinvestment Act of 2009 (ARRA), and (3) state General Funds.

Table 20 provides a summary of TEEOSA aid showing the original estimate per current law (LB988 passed in the 2008 session) through the amount funded under LB 545. Also shown then is the allocation of the overall aid amount by funding source and the dollar and percent change in both total aid and General Fund amounts. Line 3 of the table shows the increased aid attributed to “no growth” in Special Education reimbursement in FY10 and FY11. In the TEEOSA formula, Special Education reimbursement is considered as part of “other receipts”. The original estimate assumed a 5% per year increase therefore a lower reimbursement amount results in lower “other receipts” after a two year lag and thus higher TEEOSA equalization aid.

Estimates Under Previous Law: Under previous law (and based on the Dept of Education’s Model A printout for FY10) TEEOSA school aid was projected to increase by \$102 million (12.2%) in FY09-10 and an additional \$91.5 million (9.8%) in FY10-11. These large increases, providing a total of \$295 million of additional aid over the biennium, were the result of several factors. First was the annualizing of LB988 passed in 2008 including two new adjustments (new student growth and new school) and phase in of the system averaging and teacher education adjustments started in FY09. Second, assumed lower property valuation growths in FY10-11 and FY11-12 of 3.5% cause a significant increase in aid. And lastly, there was an unanticipated \$40 million increase in the averaging adjustment, separate and distinct from the phase-in of the formula student percentage from 75% to 100%. This was due to more schools (including several large schools) becoming eligible under the levy categories.

LB 545 Changes These higher growths under prior law were moderated under LB 545 largely due to modifying the averaging adjustment and the cost growth factor which is used in the formula to inflate the two year old actual data. Growth in the following biennium is lowered with a lowering of the cost growth factor and assumed lower overall spending growth attributed to the lower basic allowable growth rate in the FY10 / FY11 biennium.

The base limitation rate or allowable growth rate in the aid formula is decreased from 2.5% to 1.5% for school year 2009-10 through 2012-13. The change in the allowable growth rate decreases the cost growth factor in the formula which is used to inflate school district expenditures for purposes of calculating

aid. Currently, the cost growth factor is 6.0%. Under LB 545 the cost growth factor is 5.5% in FY09-10; 5.0% in FY0-11; 4.5% in F Y11-12, FY12-13 and FY13-14; 5% in FY14-15 and returns to 6.0% in FY16.

The averaging adjustment increases need for districts whose basic funding per student is less than the statewide average basic funding per formula student. Under prior law in FY09-10 a district must levy at least the local effort rate (\$1.00) in the preceding fiscal year to be eligible for the adjustment. The adjustment equaled 100% of a district's formula students times a percentage of the difference between the statewide average basic funding per adjusted formula student and the district's basic funding per adjusted formula student. The percentage used for the adjustment varies from 50% to 90% depending upon the amount of the prior year levy. LB 545 changes the basis for the averaging adjustment. The adjustment will now be provided to a school district if the basic funding per formula student of a district is less than an averaging adjustment threshold. The averaging adjustment threshold is the lesser of: (a) the threshold for the prior school year increased by the basic allowable growth rate plus .5% or (b) the statewide basic funding per formula student. Under LB545 the adjustment continues to be applied to 100% of a district's formula students and the 50% to 90% levy based factor is retained.

The bill provides for NDE to calculate an amount for retirement aid to be paid to school districts in 2009-10 through 2013-14, the amount for each district equal to \$15 million times the school district's salary percentage. While this shows up as aid to a district, the amount is also considered as "other receipts" and thus is offset by lower equalization aid. Therefore only non-equalization districts gain from this provision and the net fiscal impact on overall TEEOSA aid is only \$823,728.

Table 20 TEEOSA Aid: Original Projection and Per LB 545

	Includes deficit FY2008-09	Certified FY2009-10	Estimated FY2010-11	Estimated FY2011-12	Estimated FY2012-13
<b>1 Estimation of TEEOSA School Aid</b>					
2 Projected Aid per Prior Law	839,390,579	941,380,498	1,032,918,967	1,131,021,478	1,200,517,505
3 SPED reimbursement to 0%	0	0	0	9,030,938	18,513,424
4 Revised Projected Aid per Prior Law	839,390,579	941,380,498	1,032,918,967	1,140,052,416	1,219,030,929
5 Averaging adjustment, other (net)	0	916,657	(32,671,330)	(34,304,896)	(36,016,251)
6 Cost Growth factor changes	0	(9,404,320)	(19,796,023)	(31,004,336)	(32,551,038)
7 Allowable growth rate change impact	0	0	0	(14,372,520)	(30,278,154)
8 Retirement assistance	0	823,728	823,728	823,728	823,728
9 Learning community hold harmless	0	159,455	0	0	0
10 Total TEEOSA Aid per LB 545	839,390,579	933,876,018	981,275,343	1,061,194,392	1,121,009,214
<b>11 TEEOSA School Aid by Funding Source</b>					
12 General Funds	825,056,855	824,960,159	825,928,798	1,045,758,539	1,105,187,464
13 Insurance Premium Tax	14,333,724	15,247,109	15,059,369	15,435,853	15,821,750
14 ARRA Stablization Funds	0	93,668,750	140,287,176	0	0
15 Total per 2009 Session	839,390,579	933,876,018	981,275,343	1,061,194,392	1,121,009,214
16 All Funds: \$ Change	839,390,579	94,485,439	47,399,325	79,919,049	59,814,822
17 All Funds: % Change	9.2%	11.3%	5.1%	8.1%	5.6%
18 All Funds: Five Year Avg % Change	--	--	--	--	7.8%
19 General Funds: \$ Change	825,056,855	(96,696)	968,639	219,829,741	59,428,925
20 General Funds: % Change	9.5%	0.0%	0.1%	26.6%	5.7%
21 General Funds: Five Year Avg % Change	--	--	--	--	8.0%

A chronology of TEEOSA estimates for the FY10 / FY11 biennium is shown in Table 21. Numbers shown are increases in aid compared to the FY08-09 base year (with deficit) from the estimates at Sine Die 2008 through the final numbers in LB545 as enacted.

Table 21 Chronology of TEEOSA Estimates

<b>Chronology of TEEOSA Estimates</b> (Amounts on a Biennial Basis, includes FY09 deficit)	Dollar Increase over FY09 Base			% Change over Prior Yr	
	FY2009-10	FY2010-11	2 Yr Total	FY2009-10	FY2010-11
May 2008 Recertified per LB988	111,637,463	215,435,761	327,073,224	13.2%	11.1%
October 2008 Joint Meeting	73,443,225	177,143,157	250,586,382	8.8%	11.5%
December 2008 updated estimate	64,738,207	165,923,278	230,661,485	7.7%	11.3%
NDE Model A (current law)	101,989,916	193,528,387	295,518,302	12.2%	9.8%
Appropriations Committee Prelim & Governor	33,828,728	64,196,031	98,024,759	4.0%	3.5%
LB545 (as enacted)	94,485,439	141,884,764	236,370,203	11.3%	5.1%

## Aid to ESU's (Educational Service Units)

The biennial budget provides no increase in aid to ESU's and actually reduces aid by \$202,000 as part of annualizing the impact of LB 1208 (2006).

(General Funds only)	FY06/FY07 Biennial Budget		FY08/FY09 Biennial Budget		Current Biennial Budget	
	FY2005-06	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11
Base Year Appropriation	10,564,913	10,564,913	11,546,488	11,546,488	16,089,570	16,089,570
Cost increases-core services	100,778	204,076	0	0	0	0
Cost increases-technology	31,284	63,349	0	0	0	0
LB 1208 (2006) Distance education services	0	0	(183,850)	(183,850)	(202,000)	(202,000)
LB 603 Change core service/technology funding	0	0	0	4,726,932	0	0
2006 - LB 1208 Distance education services	0	714,150	see above	see above	see above	see above
<b>Total - New Appropriation</b>	<b>10,696,975</b>	<b>11,546,488</b>	<b>11,362,638</b>	<b>16,089,570</b>	<b>15,887,570</b>	<b>15,887,570</b>
\$ Change over Prior Yr	132,062	849,513	(183,850)	4,726,932	(202,000)	0
% Change over Prior Yr	1.3%	7.9%	-1.6%	41.6%	-1.3%	0.0%

## Aid to Municipalities

The enacted budget includes a \$520,000 increase in aid to municipalities to replace the expiration of MIRF funds. In FY2004-05 as part of budget and aid reductions, MIRF funding was reduced to \$520,000 per year but limited to allocation to cities of the primary class. As an offset, the aid to municipalities allocation was altered so that cities of the primary class did not receive aid in the amount of MIRF funding they did receive. With the sunset of the MIRF program, the distribution of aid to municipalities needs to change so that cities of the primary class are not harmed once MIRF funding ceases. Current statute states: "Beginning with fiscal year 2009-10, the amount of aid to municipalities appropriated shall be increased by five hundred twenty thousand dollars."

## Aid to Counties

There are three aid programs from which counties receive assistance, general aid to counties program in the State Treasurer's budget, the County Property Tax Relief program budgeted under the Dept of Revenue and the county jail reimbursement program under the Dept of Correctional Services. The biennial budget reflects no change in funding for these three aid programs and simply extends the FY08-09 level of funding for the next two years.

Aid to Counties	FY2005-06	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11
Total - Aid to Counties (#12-149)	4,965,866	4,965,866	4,965,866	4,965,866	4,965,866	4,965,866
Total - County Property Tax Relief (#16-104)	0	0	1,500,000	1,500,000	1,500,000	1,500,000
Total - County Jail Reimbursement (#46-750)	3,501,405	3,910,000	3,910,000	3,910,000	3,910,000	3,910,000
Combined County Total	8,467,271	8,875,866	10,375,866	10,375,866	10,375,866	10,375,866

**LB218** passed in the 2009 session, eliminates these three programs starting July 1, 2011,. The programs are replaced with a new aid program based solely on the share of statewide taxable value found in each county. The level of funding for the new county aid program is derived by multiplying a percentage which ranges from 0.0075% to 0.0125% times the total real and personal property valuation of all counties. Each county will receive \$30,000, while the remaining funding will be distributed based on each county's percentage of the total valuation of all counties.

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## Aid to NRD's

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The enacted budget reflects no change in funding for aid to NRD's at least through this program.

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## Homestead Exemption

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The biennial budget reflects a significant reduction in the funding requirements of the homestead exemption program. This does not reflect a "cut" in the homestead exemption program. The eligibility requirements, income levels, and percent of exemption are all set in statute. The reduction in the funding amount relates to lower actual claims in previous years.

In the Homestead Exemption program, the FY2007-08 actual claims were \$7 million below budgeted. This excess FY08 amount was removed in the deficit adjustments last session but the FY08-09 base was not changed as it was unknown whether that below budget expenditure was attributed to a slow implementation of the homestead changes made in LB968 passed in 2006. The actual exemption claims attributed to the 2008 taxes levied are now known and are \$14.9 million below the FY09 budgeted. This \$14.9 million below budgeted amount appears to be a continuation of the \$7 million reduction in FY08 and an additional \$7.9 million reduction. While there is no question that this \$14.9 million is not needed to pay actual exemption claims filed based on existing law, there are still questions about why the lower level of claims.

After the base adjustment reflecting the FY09 deficit, the funding level reflects an average growth of 3% per year.

Homestead Exemption	FY06/FY07 Biennial Budget		FY08/FY09 Biennial Budget		Current Biennial Budget	
	FY2005-06	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11
Base Year appropriation	48,838,100	48,838,100	56,473,000	56,473,000	76,120,104	76,120,104
Base reduction per base yr actual data	0	0	0	0	(14,870,104)	(14,870,104)
Cost/Client increases	4,081,900	7,634,900	6,689,960	12,579,104	1,000,000	3,750,000
LB968 (2006) Changed maximum values/exemptio	0	0	6,894,000	7,068,000	0	0
Total General Funds (without deficits)	52,920,000	56,473,000	70,056,960	76,120,104	62,250,000	65,000,000
Deficit	907,000	260,000	(7,000,000)	(14,870,104)	0	0
Total General Funds (with deficits)	53,827,000	56,733,000	63,056,960	61,250,000	62,250,000	65,000,000
\$ Change (including deficits)	3,425,724	2,906,000	6,323,960	(1,806,960)	1,000,000	2,750,000
% Change (including deficits)	6.8%	5.4%	11.1%	-2.9%	1.6%	4.4%



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## **Governor's Emergency Program**

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The budget provides General Fund support for the Governors Emergency Program at \$1,000,000 each year. Deficit funding for FY08-09 includes a \$7.5 million cash fund appropriation financed by a like transfer from the Cash Reserve Fund.

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## **Aid to Community Colleges**

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Aid to community colleges increase by \$ 1,308,997 (1.5%) in FY09-10 and an additional \$1,328,632 (1.5%) in FY10-11. This is consistent with the increases provided the State Colleges and University of Nebraska.

# GENERAL FUND AGENCY OPERATIONS

## Agency Budget / Base Reductions

In many executive branch agencies, the agency budget request included a variety of budget reductions to fully or partially offset the added costs of salary and health insurance cost increases. For the most part, these were "code" agencies or those agencies whose director is appointed by the Governor. The enacted budget includes many of those reductions as well as reductions in other agencies using either a general "base" reduction or some combination of issues offered in the modification process. About half of the reductions occur in the Dept of Health and Human Services. Among several agencies, the Court System and Dept of Corrections were excluded from these reductions. A summary by agency is shown below:

With respect to the University of Nebraska and State Colleges, no specific budget cuts were identified or noted. However, there will likely be some level of budget cuts as the small budget increase provided was substantially less than the projected salary and health insurance cost increases.

Agency Number and Name	FY2009-10	FY2010-11
3 Legislative Council	(30,150)	(30,150)
7 Governor	(15,000)	(15,000)
8 Lt. Governor	(1,952)	(1,952)
9 Secretary of State	(37,587)	(37,587)
10 State Auditor	(124,277)	(197,121)
11 Attorney General	(150,000)	(250,000)
12 State Treasurer	(64,918)	(64,918)
13 Education	(287,608)	(287,608)
14 Public Service Comm	(105,970)	(117,542)
15 Pardons & Parole	(14,023)	(25,133)
16 Revenue	(990,991)	(1,722,395)
18 Agriculture	(214,096)	(280,060)
21 Fire Marshal	(145,000)	(145,000)
23 Labor	(86,566)	(86,566)
25 HHS-System	(4,378,682)	(5,778,789)
27 Roads	(15,574)	(15,574)
28 Veterans Affairs	(32,330)	(63,681)
31 Military Dept	0	(53,604)
32 Ed Lands & Funds	(76,098)	(76,098)
34 Library Commission	(102,490)	(195,618)
35 Liquor Control	(15,832)	(15,832)
47 NETC	(368,145)	(368,145)
48 Postsecond Coord Comm	(35,432)	(71,271)
54 Historical Society	(113,662)	(232,089)
64 State Patrol	(625,646)	(642,649)
65 Administrative Services	(706,589)	(894,489)
67 Equal Opportunity Comm	(94,654)	(95,681)
68 Mexican-American Comm	(17,283)	(17,283)
69 Arts Council	(10,029)	(31,957)
72 Economic Development	(58,477)	(117,940)
76 Indian Commission	(16,019)	(16,019)
77 Industrial Relations	(3,183)	(3,183)
78 Crime Commission	(40,000)	(80,000)
82 Deaf & Hard of Hearing	(22,488)	(23,423)
87 Accountability/Disclosure	(20,000)	(20,000)
93 TERC	(25,211)	(49,658)
<b>TOTAL BY AGENCY</b>	<b>(9,045,962)</b>	<b>(12,124,015)</b>

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## Court System

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The biennial budget includes \$65,336 in FY09-10 and \$131,980 in FY10-11 for an additional salary increase for county court employees of approximately one-half of one percent (0.5%) per year. This is in addition to the general 2.5% per year salary funding. The budget also includes \$105,500 each year for increased interpreter usage. The increasing number of limited English speaking litigants and the growing number of languages means the courts must provide more hours of interpreter services each year. Also included are increases of \$82,864 in FY09-10 and \$85,255 in FY10-11 for increased usage of retired judges to allow the Supreme Court to manage the workload of its busiest district courts.

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## Dept of Health and Human Services

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Besides funding of salary and health insurance costs, and funding issues at the Beatrice State Developmental Center (BSDC) the enacted budget for the operation of the HHS System has minimal changes.

Annualize LB830-2008 The cash funds from the Health Care Cash Fund were provided for the start up costs of the multi-state purchasing pool and development of the preferred drug list. The ongoing state match is from general funds once savings start to accrue to the Medicaid Program in FY 10. The annual projected savings in the Medicaid budget due to the Medicaid Prescription Drug Act are \$3.5 million (\$1,254,303 in both FY10 and FY11)

Capped federal funds Several block grants such as the Mental Health and Substance Abuse Block Grant and the Child Care Block Grant have not increased. Others have had a reduction in the amount charged. (\$1,143,332 in both FY10 and FY11)

Inflationary Increases: The Legislature included inflationary increases for food, drugs, medical and clinical services and medical supplies for the regional centers, veterans' homes, youth rehabilitation and treatment centers, Norfolk Sex Offender Treatment Center, and the Beatrice State Developmental Center. Requests for these items are considered to be unique operating costs for 24 hour facilities. The Department of Health and Human Services (HHS) guidelines for increases in these line items were as follows: food increased 5% each year; drugs costs increased 6% each year; and, medical services and supplies increased 2% each year. Medical supplies include laboratory supplies, contracts with doctors, and costs to take clients to medical appointments. The increases are based upon historical inflationary increases in these line items. Additional funds added for these operating expenses for all of the 24 facilities operated by HHS totaled \$681,676 General Funds in FY2009-10 and \$1,397,931 General Funds in FY2010-11.

27th Payroll: Also included are additional cash and general funds for a 27<sup>th</sup> payroll at the regional centers and Norfolk Sex Offender Treatment Center. In 2009-10 there will be 27 biweekly payrolls. The extra payroll occurs every ten years or so. HHS requested increased funding to cover the extra payroll at the regional centers and sex offender treatment center. All of the other facilities have enough budget reserved to meet the obligation. The department indicates that regional center funds were used to complete behavioral health reform legislation. The recommendation includes \$339,376 General Funds and \$1,021,260 Cash Funds for this obligation in FY2009-10.

Recruitment and Retention: The biennial budget includes a continuation of funding provided in the deficit for the 24 hour facilities at HHS for recruitment and retention incentives for front-line direct care staff. In FY2007-08, the turnover rate for facility direct care workers ranged from 14% for Mental Health Security Specialists to 50% for Staff Care Technicians/Specialist, with an average turnover rate for direct care staff of 32%. The vacancy rate is also high at 19% for FY2007-08. The incentives will be given to

Psychiatric Tech/Specialists, Mental Health Specialists, Staff Care Tech/Specialists, Developmental Tech/Specialists and Youth Security Specialists.

The three types of incentives are as follows: (1) Recruitment/Retention -\$500 for each new hire successfully completing six months of probation - add'l \$500 after one year, (2) Retention/Performance - \$500 for each current employee on anniversary date, (3) Referral - \$500 for each referral by an employee in one of the classes after the new employee successfully completes six months of probation.

The budget includes a total increase of \$200,464 Cash Funds and \$592,920 General Funds in each year of the biennium for the 24 hour facilities. Funding is provided as follows: \$200,464 regional centers; \$73,409 youth rehabilitation and treatment centers; \$241,403 BSDC; \$222,204 veterans homes; and \$55,904 Norfolk Sex Offender Treatment Center.

Maintenance and Depreciation: The budgets of the 24 hour facilities were decreased by a total of \$2,325,135 General Funds in FY2009-10 and FY2010-11 to reflect requested decreases in the maintenance contract and depreciation. The decreases by facility are as follows: \$1,102,791 regional centers; \$193,533 youth rehabilitation and treatment centers; \$402,910 BSDC; \$417,441 veterans homes; and \$208,460 Norfolk Sex Offender Treatment Center.

Worker's Compensation: The budgets of the 24 hours facilities were also decreased by a net total of \$396,219 General Funds in FY2009-10 and FY2010-11 per the agency request for worker's compensation. The decreases by facility are as follows: \$238,047 regional centers; \$29,446 youth rehabilitation and treatment centers; \$76,821 BSDC; \$77,093 veterans homes; and the Norfolk Sex Offender Treatment Center was increased by \$25,188.

Beatrice State Developmental Center (BSDC) funding issues The Legislature includes funding over a three-year period to address needed services at the Beatrice State Developmental Center (BSDC) pursuant to concerns by regulatory entities as to the quality of care for residents. An additional \$7 million of General Funds is appropriated as a deficit in the current year, FY2008-09, and \$5 million in each year of the next biennium, to Program 421, to pursue a plan of action to continue federal participation in the operation of BSDC.

The funding is in response to notification by the Centers for Medicare and Medicaid Services (CMS) of the termination of BSDC's Medicaid approval in March of 2007 due to non-compliance with four of eight conditions of participation. The decertification results in the loss of over \$25 million of annual funding for the center. The decertification has been appealed and an administrative law judge heard the case in November, 2008. A decision is expected sometime in the near future. Medicaid funding for BSDC continues until the case is decided. The budget includes a contingency general fund appropriation in Program 422 of \$25,000,000 in FY2009-10 and \$24,477,558 in FY2010-11 in the event the decertification is upheld.

In another issue related to the quality of care of residents, the Department of Health and Human Services entered into an agreement with the Department of Justice (DOJ) on July 2, 2008 to achieve and /or maintain desired outcomes for BSDC residents and ensure they are provided with the protections, supports and services they need to ensure their constitutional and statutory rights are protected. The agreement is anticipated to be in effect for about four years. An additional \$2.5 million of General Funds is provided in each year of the biennium for the Department of Justice agreement.

In order to provide needed services in response to CMS and DOJ concerns, the department must fill a number or staffing vacancies and/or reduce the census at BSDC. Additional direct care staff needs to be hired and shift supervisor positions need to be created. Administrative positions must be filled in the areas of active treatment, residential services, quality improvement and investigations. The state must also pay the expenses of an independent expert and/or any consultants needed for the duration of the DOJ agreement.

Additional specialized licensed and/or certified staff must also be hired to provide medical, nursing, neurology, psychology, psychiatry, developmental therapy and communication services. Clinical assessments must be completed for all the residents of BSDC to determine needs and placement options. Transition expenses must also be paid for 47 residents, deemed medically fragile, that were transferred from BSDC to other settings pursuant to the Chief Medical Officer's order. The Outreach Treatment and Intensive Services program at BSDC is also being expanded to serve residents placed in the community.

The budget also includes \$5 million of General Funds in FY2009-10 and \$5 million of General Funds in FY2010-11 appropriated to Program 424 to fund services for residents of BSDC who are moved into community-based services. The general funds will be matched with federal Medicaid funds.

In summary, an additional \$32 million of General Funds has been appropriated to BSDC over the three year period, FY2008-09, FY2009-10 and FY2010-11 to address CMS and DOJ deficiencies. Quarterly reports to the Legislature detailing the expenditure of these funds are required. A contingency general fund appropriation of \$25 million in FY2009-10 and \$24,477,558 in FY2010-11 is also provided, in a newly created Program 422, to replace federal Medicaid funds in the event the decertification of BSDC is upheld.

LB 603 - Safe Haven related legislation LB 603 included the provisions of five bills addressing behavioral health needs and issues highlighted by the state's original safe haven legislation enacted in 2008 and revised in the 2008 special session. The bill establishes a Children and Family Support hotline that would be a single point of access for behavioral health triage; operates 24-hours a day, seven days a week; is staffed by licensed mental health practitioners or other licensed practitioners engaged in activities of mental health; and provides screening and assessment and referral to community-based resources. Additional funds for the hotline amount to \$1,015,000 in FY09-10 and \$1,700,000 in FY10-11. The bill also requires an annual report evaluating the hotline and several other programs created by the bill. Budget costs for the evaluation are \$75,000 in FY09-10 and \$150,000 in FY10-11. LB603 also provides for an expansion of the Childrens Health Insurance (SCHIP) program. Additional staff and related operating expenses needed to process the additional applications amounts to \$526,730 (\$263,360 both General and Federal) and \$740,526 (\$370,263 both General and Federal)

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## Dept of Correctional Services

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In terms of the FY09-10 and FY10-11 biennium, the dollar and percent increase in funding for the Dept of Correctional Services is skewed by the inclusion of the ARRA stabilization funds. The actual percent changes show a 18% reduction in FY09-10 and a 18.6% increase in FY10-11. Adjusting out the impact of the ARRA funds, the percent increases are 5% in FY09-10 and 3.3% in FY10-11. Significant changes in their appropriations are noted below.

ARRA General Fiscal Stabilization funds Under the American Recovery and Reinvestment Act of 2009 (ARRA), Nebraska was allocated \$52 million of general fiscal stabilization funds. As stated in the Act, these funds can be used for public safety and other government services. In light of the significant state budget shortfall, all these monies are used to offset General Funds in the "public safety" area, namely the Dept of Correctional Services. Implementation and record keeping of these funds is kept to a minimum by using all the monies in a single area, yet the General Funds saved here avoided significantly higher cuts in other areas. Of the total \$52 million, 67% or \$35 million is used to offset General Funds in FY2009-10 with the other 33%, \$17,000,000 used in FY2010-11.

Annualize Expanded Substance Abuse and Mental Health Plan This is an annualization of a previous proposal approved and funded in 2007. As an alternative to funding a new substance abuse treatment facility a 2007 DCS proposal expanded residential substance abuse and mental health treatment capacity in existing facilities. This would add staff (40 FTE) that would treat substance abuse,

mental health, and sex offenders. Capacity would be increased by 182 beds at the following facilities: Nebraska State Penitentiary (100), Omaha Correctional Center (72), and the Nebraska Correctional Center for Women (10). Initial funding was provided in FY07-08 (\$200,000) and FY08-09 (\$1,511,516). The additional funding provided here fully fund the plan costs. (\$586,830 FY10, \$615,363 FY11)

Electronic monitoring of lifetime sex offenders LB1199, 2006, required that certain sex offenders be subject to community supervision by Parole for the remainder of their lives. There were no funds included for electronic monitoring of Lifetime Sex Offenders (LSO) in LB1199, and there is no statutory authority allowing DCS to charge LSO for electronic monitoring. (\$80,000 FY10, \$120,000 FY11)

Utilities Increase The agency is projecting the cost for utilities will increase based on an estimated overall 5.75% increase in costs in FY09, a 9.2% increase in FY10, and another 5% in FY11. DCS operates ten 24-hour facilities housing inmates (made up of 122 individual buildings), and a central office building. DCS has completed energy savings projects over the years such as new windows and energy efficient lighting. They have also started practices to help reduce energy usage, such as setting thermometers at certain maximum and minimum presets. (\$783,520 FY10, \$1,018,388 FY11)

Inmate Medical Costs DCS notes that the last 10 years have seen average per year increases of 15% while the inmate population has increased about 2.4%. The agency notes that the increases would have been significantly larger except for two initiatives which were put in place in FY04: Use of Medicaid funds and negotiating PPO rates with the hospitals. Since then, the increase per year has been only 2.5% per year. Unfortunately, the major savings from these two initiatives has already been realized. The inmate population is becoming older and sicker, and treatment and prescription costs continue to increase. Contract medical costs with the medical provider at Tecumseh are expected to increase over the next biennium. Hospital visits and costs continue to increase. Even with PPO BCBS rates, the cost of medical services continues to escalate (\$1,500,000 FY10, \$2,000,000 FY11)

Inmate Food Cost Increases Similar to what is occurring nationally, DCS is experiencing higher food costs. Even though Nebraska's cost per meal is one of the lowest in the country, costs continue to significantly increase. DCS looks for opportunities to manage costs, such as utilizing garden produce and opportunity buys. Opportunity buys are purchases of canned or dry goods usually that the agency makes as the opportunity arises for the purchase. (\$325,000 FY10, \$400,000 FY11)

Suspended LB1100 assessments By law, agencies are levied a depreciation assessment of 2% of construction projects. These funds are then credited to the 309 Task Force for future maintenance. In this biennial budget, this assessment was suspended allowing for a reduction of \$938,339 in both FY10 and FY11.

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## State Colleges

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The enacted budget provides a General Fund increase of 1.7% in FY09-10 and 1.8% in FY10-11. This increase has two components. First is an overall increase of 1.5% per year. This general increase is provided in lieu of specific funding for salary, health insurance and other cost increases. The cumulative dollar amounts provided by this general increase, \$680,898 in FY09-10 and \$1,372,009 in FY10-11, are less than the cost of salary and health insurance increases alone, estimated minimally at \$2,856,823 in FY09-10 and \$5,214,032 in FY10-11.

The second component is operating funding for the South Sioux City College Center amounting to \$100,000 for FY09-10 and \$250,000 for FY10-11. In the 2005-07 biennium, the Legislature appropriated \$265,850 to support planning for an education center to be jointly operated by Wayne State College and Northeast Community College in South Sioux City. For the 2007-09 biennium, the Legislature appropriated \$3,500,000 to the Nebraska State College System (NSCS) for construction of the South Sioux City College Center with accompanying intent language providing that project costs to be financed

by Northeast Community College were to at least equal amounts appropriated by the Legislature. Federal, private and other funds were also authorized to support the project. Funds were requested by NSCS for the 2009-11 biennium to support one-half of costs associated with operating the Center. The balance of funds to meet such costs is to be met by the Northeast Community College Area. For 2009-10, NSCS requested \$123,524 (General Fund) for preliminary organizational operating expenses in advance of planned opening of the Center in 2010-11. For 2010-11, NSCS requested \$400,182 (General Fund) for first year operating costs for the Center. The enacted budget includes partial funding of the amounts requested.

Although no additional funding was provided, the biennial budget includes a suspension of the LB1100 depreciation assessments (LB318) which helps mitigate the impact of only nominal increases in General Fund appropriations.

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## University of Nebraska

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The budget as enacted reflects a General Fund increase of 1.9% in FY09-10 and 1.7% in FY10-11. Included in this overall General Fund increase is a basic across the board increase of 1.5% per year. This general increase is provided in lieu of specific funding for salary, health insurance and other cost increases. The dollar amounts provided by this general increase, \$7,381,591 in FY09-10 and \$14,873,906 in FY10-11, are less than the cost of salary and health insurance increases alone, \$18,866,745 in FY09-10 and \$38,563,149.

The budget also includes \$425,000 in FY09-10 and \$1,460,724 in FY10-11 for a UNMC College of Nursing Division in Norfolk. A feasibility study conducted by the UNMC College of Nursing in the Fall of 2006 indicated the northeast region of Nebraska has one of the most significant registered nurse shortages in the state. Funding is recommended to implement the academic plan for a new UNMC College of Nursing Division in Norfolk. The University's partners in establishing this new division are Northeast Community College, Faith Regional Health Services and the Norfolk community. The Norfolk community has raised \$10.7 million for a new College of Nursing facility and \$350,000 annually for operating expenses to support the new facility. The first class of UNMC nursing students will begin in the Fall of 2010.

Although no additional funding was provided, the enacted budget includes a suspension of the LB1100 depreciation assessments (LB318) which helps mitigate the impact of only nominal increases in General Fund appropriations.

As part of the "safe haven" related legislation, LB 603 creates the Behavioral Health Education Center to be administered by the University of Nebraska Medical Center. The center will provide funds for two additional medical residents in a Nebraska-based psychiatry program each year starting in 2010 until a total of eight residents are funded in 2013. The center will provide residency training experiences in rural Nebraska and underserved areas and develop interdisciplinary behavioral health training sites until six sites have been developed. Four of the sites will be in counties with fewer than 50,000 residents. General funds added for the center total \$1,385,160 FY10 and \$1,563,993 in FY11.

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## State Patrol

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The biennial budget includes several funding items for the State Patrol. The largest increase is \$1,144,429 in FY09-10 and \$1,182,139 in FY10-11 to annualize the implementation of the public safety communication system authorized in LB322 passed in the 2007 Session. The FY09 base budget includes the original funding amount of \$257,097.

The Legislature also provided \$275,000 in each year for gasoline cost increases, and \$168,000 each year for new information systems and program maintenance contracts, and \$280,000 starting in FY11 for an additional 1% retirement contribution.. The budget also included cash funds in FY09-10 (\$580,000) and FY10-11 (\$609,000) to replace the current fleet of 3 fixed-wing aircraft. The Patrol plans to replace one plane each in FY10 and FY11. Additionally, the Patrol will replace one plane with carryover funds in FY09.

The budget also incorporates a reduction of \$625,646 in FY09-10 and \$642,649 in FY10-11 for vacancy savings due to turnover of personnel. For Program 100 Public Protection (Troopers), the Patrol is estimating that there will be the equivalent of 15 vacant positions during the biennium of which this reduction took 7 of these positions.

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## Depreciation Assessments

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Legislation enacted in 1998 (LB1100) provided, with certain exclusions, that in the year following completion of a capital construction project, DAS was to annually thereafter assess depreciation charges to the relevant state agency on the basis of 2% of the total project cost. In the case of acquisition of an existing facility, the depreciation charge was based upon 2% of the greater of the acquisition price or the value of the facility as determined by DAS. The charges were suspended for 2003-04 and 2004-05 by LB410 [2003] and LB1092 [2004]. The charges were reinstated at a 1% rate for 2005-06 and have remained at this level through the current fiscal year, 2008-09. Amounts remitted by state agencies for these 'LB1100' depreciation charges are credited, as applicable, to the State Building Renewal Assessment Fund (Sec. 81-188.01), University Building Renewal Assessment Fund (Sec. 81-188.03), and State College Building Renewal Assessment Fund (Sec. 81-188.05). The funds are administered by the "309" Task Force for Building Renewal (a division of DAS). In general terms, amounts from the respective funds are authorized to be expended for building renewal projects and other building improvements incident to approved building renewal projects.

LB318 passed in the 2009 session suspends assessment of 'LB1100' depreciation charges for FY2009-10 and FY2010-11. Under provisions of the bill, the depreciation charges would resume at the 1% rate for FY2011-12 and future years. As such, the bill would result in a reduction of revenue accruing to the three building renewal assessment funds to support building renewal projects. Correspondingly, affected state agencies would not be subject to the depreciation charges for this biennium.

For the Nebraska State College System, related depreciation charges for FY08-09 are \$530,060. For each year of the 2009-11 biennium, these charges to the College System would amount to \$750,984 if LB318 was not enacted. Related depreciation charges for the University of Nebraska for FY08-09 are \$3,771,149. Charges for the University would amount to \$6,166,106 for FY09-10 and \$7,751,634 for 2010-11 if LB318 was not enacted. The passage of LB318 effectively frees up funds for the State Colleges and University that otherwise would be required to be applied to payment of these depreciation charges. Suspension of the depreciation charges mitigates the impact of only nominal increases in General Fund appropriations to support University and Nebraska State College System operations.

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## State Employee Salary Increases

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Collective bargaining agreements have been negotiated with the some bargaining units and others are in the appeals process. They are described in the following narrative. All percent increases shown are to be implemented July 1. Table 23 shows the General Fund amounts funded by the Legislature in the enacted budget.

Table 22 shows the historical salary increases over the past 10 years based on the NAPE master contract. Also shown is how these pay increases would be reflected as an annual percent change on a fiscal year basis for an average state employee (base FY85 salary of \$18,000). Note this table does not



reflect salary increases for higher education or other bargaining units such as SLEBEC. Also not reflected is the impact of specific reclassifications or pay grade changes that may have occurred over the years. Over the 10-year period FY01 to FY11, employee salary increases averaged 3.0% per year almost exactly the rate of the Consumer Price Index.

Nebraska Association of Public Employees (NAPE-AFSCME) Collective bargaining agreements have been reached with NAPE-AFSCME on a labor contract for FY2009-10 and FY2010-11 except for the Engineering, Science and Resources bargaining unit.. The contract calls for a salary increase of 2.9% on July 1, 2009 and 2.5% on July 1, 2010. For budgeting purposes, the Legislature (and Governor) funded a 2.5% per year increase. The remaining .4% salary increase in FY09-10 would be absorbed by agencies within their appropriation level. The Special Master ruling in favor of the Engineering bargaining unit as noted above is being appealed to the Commission on Industrial Relations (CIR)

Annualize FY2008-09 Salary Increases

The NAPE salary agreements in the last biennium called for some increases to occur on an employee anniversary date or dates other than July 1. Because of this, the FY09 base budget did not include a fully year cost of the salary increase. Additional amounts to add to the FY09 base to fully “annualize” these salary increases amounts to \$2,354,516 General Funds.

Non-Bargaining Employees This category covers employees who are not eligible for bargaining. This includes certain supervisory and management positions, and employees under constitutional agencies such as the Legislative Council, Governor, Secretary of State, Attorney General, etc... For budgeting purposes, funding for salary increases at a 2.5% per year level were included, the same as for the NAPE/AFSCME Master Contract as noted above.

State Law Enforcement Bargaining Council (SLEBEC) also reached settlement for the two years of the biennial budget. Pay increases vary but the average increase is 4.9% in FY09-10 and 5% in FY10-11. Similar to the NAPE Master Contract, for budgeting purposes, funding was provided at a 2.5% per year increase level. The remaining amount would be absorbed by agencies within their appropriation level

State Code Agencies Teachers Association (SCATA) Collective bargaining between the state and SCATA went to impasse. The Special Master ruled in favor of SCATA. The state appealed this ruling to the Commission of Industrial Relations (CIR) who subsequently upheld the ruling. The state is currently appealing the CIR ruling. For budget purposes, the Legislature funded the same as the Master Contract.

State Colleges As noted in the previous narrative regarding the State Colleges, the Legislature did not provide specific funding amounts for salary increase but provided a general overall percent increase. While bargaining has concluded with the two non-faculty bargaining units, no agreement was reached with the State College System faculty bargaining unit. The Special Master ruled in favor of the faculty unit. This ruling was appealed to the CIR. This ruling was upheld by the CIR and the State College System is now appealing that ruling.

Table 22 Historical NAPE Master Contracts

Fiscal Year	General Salary Policy	FY basis % Chnge
FY2000-01	2% on July 1, 2.5% on Jan 1	4.04%
FY2001-02	1.5% on July 1, 2.5% on Jan 1	4.04%
FY2002-03	1.5% on July 1, 2.5% on Jan 1	4.04%
FY2003-04	1.5% on July 1	2.75%
FY2004-05	2.0% on July 1	2.00%
FY2005-06	3.0% on July 1	3.00%
FY2006-07	3.25% on July 1	3.25%
FY2007-08 *	3.0% on July 1	3.00%
FY2008-09*	2.5% on July 1	2.50%
FY2009-10	2.9% on July 1	2.90%
FY2010-11	2.5% on July 1	2.5%
	Ten Year Average (FY97 to FY07)	3.00%

\*additional amounts for specific units

Table 23 Funded Salary Increases

General Funds Only	FY2009-106	FY2010-11
NAPE Master Contract	4,616,679	9,343,991
Non-Classified Employees	4,977,961	10,075,385
SCATA	101,654	205,743
SLEBEC (law enforcement)	545,958	1,105,018
State Colleges	Na	na
University of Nebraska	Na	na
FY10/FY11 Increases	10,242,252	20,730,137
Annualize FY09 Salaries	2,354,516	2,356,486
Total General Fund Salaries	12,596,768	23,084,653

University of Nebraska With respect to the UNO and UNK faculty bargaining units, there has been no contract agreement with the UNO unit.. The Special Master ruled in favor of the UNO faculty bargaining unit. This ruling was appealed to the Commission of Industrial Relations (CIR). The CIR upheld the Special Master ruling and the State College System is now appealing that ruling. As noted in the narrative regarding the University of Nebraska, the Legislature did not provide specific funding amounts for salary increase but provided a general overall percent increase.

## State Employee Health Insurance

State Employees In prior years, health insurance contracts ran on a calendar year basis. The January 2009 contract only ran for six months as the state converted back to a fiscal year basis starting July 1, 2009. The projected health insurance costs are based on the latest data and dollar and percent amounts are converted to a fiscal year basis. Health insurance rates are projected to increase - on a fiscal year basis - by 10.4% in FY2009-10 based on the April 2009 open enrollment data. For planning and budgeting purposes, the FY2010-11 costs are projected to increase by an additional 10%. These estimates are based on the plan enrollment data from the January 2009 contract. The actual cost increases may vary depending on any changes or shifts in enrollments. The cost share remains at the current level 79% employer 21% employee contribution ratio. General Fund cost increases, on a fiscal year basis, are budgeted at \$7.4 million in FY09-10 and \$15.3 million in FY10-11.

Table 24 Health Insurance Cost Increases

General Funds Only	FY2009-10	FY2010-11
State Employees	7,407,063	15,316,498
State Colleges	na	na
University of Nebraska	na	na
Total General Fund costs	7,407,063	15,316,498

University of Nebraska For the University of Nebraska, health insurance costs are expected to increase by 10% per year. As noted under the salary section, the budget did not include specific funding amounts for salary increase but provided a general overall percent increase

State Colleges The state colleges are covered under the NSEA health insurance plan with costs expected to increase by 10% in both years. As noted under the salary section, the budget did not include specific funding amounts for salary increase but provided a general overall percent increase

Table 25 shows the historical trends in health insurance rates using the health insurance plan most commonly utilized by employees, Blue Cross/Blue Shield. *The percent changes in this table are on a fiscal year basis and differ from percent changes when considering the contracts that run on a calendar year basis. Also other coverages have different costs and rate changes*

Table 25 Historical Health Insurance Rates - BC/BS Family Coverage

BC/BS (Family)	Dollar Cost Per Employee - FY Basis				Percent of Total		
	Employee	Employer	Total	% Change	Employee	Employer	Trust
FY2000-01	2,207.58	8,304.60	10,512.18	7.1%	21.0%	79.0%	100.0%
FY2001-02	2,360.94	8,881.62	11,242.56	6.9%	21.0%	79.0%	100.0%
FY2002-03	2,503.20	9,416.76	11,919.96	6.0%	21.0%	79.0%	100.0%
FY2003-04	2,686.26	10,105.50	12,791.76	7.3%	21.0%	79.0%	100.0%
FY2004-05	2,859.60	10,758.00	13,617.60	6.5%	21.0%	79.0%	100.0%
FY2005-06	3,313.56	12,465.96	15,779.52	15.9%	21.0%	79.0%	100.0%
FY2006-07	3,776.28	14,206.56	17,982.84	14.0%	21.0%	79.0%	100.0%
FY2007-08	4,206.72	15,825.48	20,032.20	11.4%	21.0%	79.0%	100.0%
FY2008-09	4,647.48	17,483.28	22,130.76	10.5%	21.0%	79.0%	100.0%
FY2009-10 Current Est	5,132.83	19,309.10	24,441.93	10.4%	21.0%	79.0%	100.0%
FY2010-11 Current Est	5,646.11	21,240.01	26,886.13	10.0%	21.0%	79.0%	100.0%
<u>Average Annual Change</u> FY01 to FY11 (10 Yr)	9.8%	9.8%	9.8%				

## Defined Benefit / Cash Balance Retirement Plans

The Public Employees Retirement Board (PERB) is the entity through which the state contributes funding for the three defined benefit plans for K-12 school employees, judges, and State Patrol. Financing for the benefits provided by these three defined benefit plans comes from employee and matching employer contributions as set in statute, court fees (for the judges plan) and the investment return on those contributions. There also are two cash balance plans which are what could be termed “defined return” plans where the state in essence guarantees an annual return on the investment not a guaranteed benefit amount. In both cases, when revenue from these sources is not actuarially sufficient, state appropriations are required. For all these programs, the state General Fund is responsible for financing any actuarial shortfalls in these programs at statutory employee and employer contribution rates.

Each fall, actuaries provide an assessment as to the status of the defined benefit plans as of the preceding July 1. The fall 2008 report showed some negative returns but with the five year smoothing method and amortizing these losses over a 30 year period it was shown that additional contributions for FY2009-10 were relatively small. *However, with the performance of the stock market since July 2008, it appeared very likely that subsequent reports would reveal higher levels of losses which would require significant increases in state funding in future years.* At the request of the Retirement and Appropriations Committees, the state contracted with actuaries to do a four year estimate to attempt to identify what those future obligations might be. The actuary provided three scenarios of slow, modest and strong economic recovery.

The majority of this shortfall is due to investment losses in 2008 and projected for 2009. The full impact of these large losses are not fully reflected until the future years in the financial status due to the five-year smoothing method. This methodology spreads variances from an 8% expected return over a five-year period in an attempt to avoid sharp changes from year to year. Until the following biennium, high investment returns in earlier years were mostly offsetting the projected losses in 2008 and 2009. However starting in the following biennium, the higher returns from earlier years have fallen out of the five year smoothing period causing the large increase in the funding for amortizing accrued liability bases. *Without changing existing law, the state is ultimately responsible for all the actuarial shortfalls.*

Table 26 Buck Consultant - Defined Benefit/Cash Balance Plan Shortfall

### Market Return Assumptions

Defined Benefit Plans				
Plan Year End	June 2008	June 2009	June 2010	June 2011
Modest Recovery	-5.8%	-22.0%	11.5%	13.5%
Cash Balance Funds				
Plan Year End	Dec 2008	Dec 2009	Dec 2010	Dec 2011
Modest Recovery	-27.5%	4.0%	15.0%	12.0%

### Estimated Plan Shortfalls

Modest Recovery	FY2009-10	FY2010-11	FY2011-12	FY2012-13
School System	0	31,587,000	82,493,000	120,608,000
Judges System	0	0	462,000	1,290,000
State Patrol System	0	2,326,000	4,390,000	5,974,000
State Cash Balance	0	0	0	2,212,000
County Cash Balance	0	0	0	1,659,000
Total Projected Shortfall	0	33,913,000	87,345,000	131,743,000

The Legislature enacted several changes to help offset the funding shortfall that would otherwise fall completely on the state.

LB 187 made changes to the school plan and include an additional 1% increase in the school and employee contribution rate, an increase in the state basic contribution from .7% to 1.0% of payroll for five years beginning July 1, 2009. Also a lump sum state contribution of \$20 million in FY10-11 and \$40 million in FY11-12 was provided.

LB188 amends the Nebraska State Patrol Retirement Act and increases each officer's contribution for retirement from 13% to 15% of his or her compensation for FY2009-10 and an additional 1% (16%) for FY2010-11 and beyond. LB188 also increases the employer contribution from 15% to 16% for FY2010-11 and beyond. LB188 also provides an additional lump sum state contribution of \$1,150,000 in both FY10-11 and FY11-12.

LB 414, which included a judge's salary increase, also increased the judges retirement contribution by 1% from July 1, 2009, until July 1, 2014. The bill also increased from \$5 to \$6 the Nebraska Retirement Fund for Judges fee for the same four year period.

Table 27 shows (1) the projected actuarial shortfalls by plan using the modest economic recovery scenario, (2) projected net offsets based on the legislation enacted during the 2009 Session, and (3) the net amount of additional State Contributions after the proposed changes in employer and employee contributions.

Table 27 Defined Benefit / Cash Balance Plan Shortfall

	FY2009-10	FY2010-11	FY2011-12	FY2012-13
<b>Buck Estimated Shortfall (Moderate Recovery)</b>				
School System	0	31,587,000	82,493,000	120,608,000
Judges System	0	0	462,000	1,290,000
State Patrol System	0	2,326,000	4,390,000	5,974,000
State Cash Balance	0	0	0	2,212,000
County Cash Balance	0	0	0	1,659,000
Total Projected Shortfall	0	33,913,000	87,345,000	131,743,000
<b>Net Impact of Actions Taken</b>				
School System	5,219,000	(6,158,000)	(21,050,000)	(62,217,000)
Judges System	0	0	(462,000)	(1,290,000)
State Patrol System	0	(896,000)	(1,344,000)	(840,000)
State Cash Balance	0	0	0	0
County Cash Balance	0	0	0	0
Total Projected net impacts	5,219,000	(7,054,000)	(22,856,000)	(64,347,000)
<b>State Costs with Actions Taken</b>				
School System	5,219,000	25,429,000	61,443,000	58,391,000
Judges System	0	0	0	0
State Patrol System	0	1,430,000	3,046,000	5,134,000
State Cash Balance	0	0	0	2,212,000
County Cash Balance	0	0	0	1,659,000
Total Additional State Cost after actions taken	5,219,000	26,859,000	64,489,000	67,396,000

# GENERAL FUND APPROPRIATIONS BY AGENCY

FY10 / FY11 Biennial Budget as Enacted in the 2009 Legislative Session

		Current Yr	Enacted	Enacted	FY10 vs Prior Yr		FY11 vs Prior Yr		
Type	FY2008-09	FY2009-10	FY2010-11	\$ Chnge	% Chnge	\$ Chnge	% Chnge		
#03	Legislative Council	Oper	17,680,147	17,877,154	18,758,084	197,007	1.1%	880,930	4.9%
#03	Legislative Council	Total	17,680,147	17,877,154	18,758,084	197,007	1.1%	880,930	4.9%
#05	Supreme Court	Oper	67,935,364	70,485,522	72,880,454	2,550,158	3.8%	2,394,932	3.4%
#05	Supreme Court	Total	67,935,364	70,485,522	72,880,454	2,550,158	3.8%	2,394,932	3.4%
#07	Governor	Oper	1,742,569	1,744,580	1,746,716	2,011	0.1%	2,136	0.1%
#07	Governor	Total	1,742,569	1,744,580	1,746,716	2,011	0.1%	2,136	0.1%
#08	Lt. Governor	Oper	143,839	143,805	145,847	(34)	0.0%	2,042	1.4%
#08	Lt. Governor	Total	143,839	143,805	145,847	(34)	0.0%	2,042	1.4%
#09	Secretary of State	Oper	734,475	467,491	473,277	(266,984)	-36.4%	5,786	1.2%
#09	Secretary of State	Total	734,475	467,491	473,277	(266,984)	-36.4%	5,786	1.2%
#10	State Auditor	Oper	2,557,746	2,506,238	2,508,031	(51,508)	-2.0%	1,793	0.1%
#10	State Auditor	Total	2,557,746	2,506,238	2,508,031	(51,508)	-2.0%	1,793	0.1%
#11	Attorney General	Oper	6,154,481	6,792,887	6,373,906	638,406	10.4%	(418,981)	-6.2%
#11	Attorney General	Total	6,154,481	6,792,887	6,373,906	638,406	10.4%	(418,981)	-6.2%
#12	State Treasurer	Aid	17,768,561	18,285,561	18,285,561	517,000	2.9%	0	0.0%
#12	State Treasurer	Oper	1,646,026	1,591,056	1,620,525	(54,970)	-3.3%	29,469	1.9%
#12	State Treasurer	Total	19,414,587	19,876,617	19,906,086	462,030	2.4%	29,469	0.1%
#13	Education	Aid	1,034,925,763	1,036,258,390	1,037,266,478	1,332,627	0.1%	1,008,088	0.1%
#13	Education	Oper	16,513,039	17,598,051	18,598,565	1,085,012	6.6%	1,000,514	5.7%
#13	Education	Total	1,051,438,802	1,053,856,441	1,055,865,043	2,417,639	0.2%	2,008,602	0.2%
#14	Public Service Comm	Oper	2,659,081	2,605,037	2,657,624	(54,044)	-2.0%	52,587	2.0%
#14	Public Service Comm	Total	2,659,081	2,605,037	2,657,624	(54,044)	-2.0%	52,587	2.0%
#15	Parole Board	Oper	800,540	809,458	821,516	8,918	1.1%	12,058	1.5%
#15	Parole Board	Total	800,540	809,458	821,516	8,918	1.1%	12,058	1.5%
#16	Revenue	Aid	77,620,104	63,750,000	66,500,000	(13,870,104)	-17.9%	2,750,000	4.3%
#16	Revenue	Oper	29,646,103	29,535,042	29,029,590	(111,061)	-0.4%	(505,452)	-1.7%
#16	Revenue	Total	107,266,207	93,285,042	95,529,590	(13,981,165)	-13.0%	2,244,548	2.4%
#18	Agriculture	Aid	2,000,000	60,000	120,000	(1,940,000)	na	60,000	100.0%
#18	Agriculture	Oper	6,506,350	6,382,179	6,462,627	(124,171)	-1.9%	80,448	1.3%
#18	Agriculture	Total	8,506,350	6,442,179	6,582,627	(2,064,171)	-24.3%	140,448	2.2%
#21	Fire Marshal	Oper	4,334,612	4,471,830	4,584,655	137,218	3.2%	112,825	2.5%
#21	Fire Marshal	Total	4,334,612	4,471,830	4,584,655	137,218	3.2%	112,825	2.5%
#23	Labor	Oper	636,831	567,044	582,247	(69,787)	-11.0%	15,203	2.7%
#23	Labor	Total	636,831	567,044	582,247	(69,787)	-11.0%	15,203	2.7%
#25	HHS System	Aid	1,000,667,731	876,438,725	986,087,238	(124,229,006)	-12.4%	109,648,513	12.5%
#25	HHS System	Oper	224,867,892	258,291,641	260,890,234	33,423,749	14.9%	2,598,593	1.0%
#25	HHS System	Total	1,225,535,623	1,134,730,366	1,246,977,472	(90,805,257)	-7.4%	112,247,106	9.9%

	Type	Current Yr FY2008-09	Enacted FY2009-10	Enacted FY2010-11	FY10 vs Prior Yr		FY11 vs Prior Yr		
					\$ Chnge	% Chnge	\$ Chnge	% Chnge	
#27	Roads	Oper	18,184	2,610	2,610	(15,574)	-85.6%	0	0.0%
#27	Roads	Total	18,184	2,610	2,610	(15,574)	-85.6%	0	0.0%
#28	Veterans Affairs	Oper	1,032,894	959,393	1,198,455	(73,501)	-7.1%	239,062	24.9%
#28	Veterans Affairs	Total	1,032,894	959,393	1,198,455	(73,501)	-7.1%	239,062	24.9%
#29	Natural Resources	Aid	8,474,374	8,175,755	8,175,755	(298,619)	-3.5%	0	0.0%
#29	Natural Resources	Oper	9,417,678	9,716,126	9,994,000	298,448	3.2%	277,874	2.9%
#29	Natural Resources	Total	17,892,052	17,891,881	18,169,755	(171)	0.0%	277,874	1.6%
#31	Military Dept	Aid	1,024,166	1,525,000	1,525,000	500,834	48.9%	0	0.0%
#31	Military Dept	Oper	3,748,283	3,861,304	3,890,621	113,021	3.0%	29,317	0.8%
#31	Military Dept	Total	4,772,449	5,386,304	5,415,621	613,855	12.9%	29,317	0.5%
#32	Ed Lands & Funds	Oper	414,455	348,468	360,161	(65,987)	-15.9%	11,693	3.4%
#32	Ed Lands & Funds	Total	414,455	348,468	360,161	(65,987)	-15.9%	11,693	3.4%
#33	Game & Parks	Aid	50,000	47,500	47,500	(2,500)	-5.0%	0	0.0%
#33	Game & Parks	Oper	11,288,991	11,670,477	12,047,640	381,486	3.4%	377,163	3.2%
#33	Game & Parks	Total	11,338,991	11,717,977	12,095,140	378,986	3.3%	377,163	3.2%
#34	Library Commission	Aid	1,220,998	1,218,177	1,215,228	(2,821)	-0.2%	(2,949)	-0.2%
#34	Library Commission	Oper	2,667,938	2,670,759	2,673,708	2,821	0.1%	2,949	0.1%
#34	Library Commission	Total	3,888,936	3,888,936	3,888,936	0	0.0%	0	0.0%
#35	Liquor Control	Oper	982,122	998,654	1,028,754	16,532	1.7%	30,100	3.0%
#35	Liquor Control	Total	982,122	998,654	1,028,754	16,532	1.7%	30,100	3.0%
#46	Correctional Services	Aid	3,910,000	3,910,000	3,910,000	0	0.0%	0	0.0%
#46	Correctional Services	Oper	148,460,688	120,910,021	144,131,132	(27,550,667)	-18.6%	23,221,111	19.2%
#46	Correctional Services	Total	152,370,688	124,820,021	148,041,132	(27,550,667)	-18.1%	23,221,111	18.6%
#47	NETC	Oper	10,136,091	9,968,024	10,202,739	(168,067)	-1.7%	234,715	2.4%
#47	NETC	Total	10,136,091	9,968,024	10,202,739	(168,067)	-1.7%	234,715	2.4%
#48	Coordinating Comm	Aid	6,832,315	6,992,315	7,162,315	160,000	2.3%	170,000	2.4%
#48	Coordinating Comm	Oper	1,303,819	1,303,819	1,303,819	0	0.0%	0	0.0%
#48	Coordinating Comm	Total	8,136,134	8,296,134	8,466,134	160,000	2.0%	170,000	2.0%
#50	State Colleges	Oper	45,393,201	46,174,099	47,015,210	780,898	1.7%	841,111	1.8%
#50	State Colleges	Total	45,393,201	46,174,099	47,015,210	780,898	1.7%	841,111	1.8%
#51	University of Nebraska	Oper	492,106,037	501,297,788	510,004,660	9,191,751	1.9%	8,706,872	1.7%
#51	University of Nebraska	Total	492,106,037	501,297,788	510,004,660	9,191,751	1.9%	8,706,872	1.7%
#54	Historical Society	Oper	4,514,311	4,505,813	4,505,813	(8,498)	-0.2%	0	0.0%
#54	Historical Society	Total	4,514,311	4,505,813	4,505,813	(8,498)	-0.2%	0	0.0%
#64	State Patrol	Oper	52,926,634	55,396,251	57,114,888	2,469,617	4.7%	1,718,637	3.1%
#64	State Patrol	Total	52,926,634	55,396,251	57,114,888	2,469,617	4.7%	1,718,637	3.1%
#65	Admin Services (DAS)	Oper	9,128,050	9,013,668	8,581,401	(114,382)	-1.3%	(432,267)	-4.8%
#65	Admin Services (DAS)	Total	9,128,050	9,013,668	8,581,401	(114,382)	-1.3%	(432,267)	-4.8%
#67	Equal Opportunity	Oper	1,373,311	1,326,333	1,370,691	(46,978)	-3.4%	44,358	3.3%
#67	Equal Opportunity	Total	1,373,311	1,326,333	1,370,691	(46,978)	-3.4%	44,358	3.3%
#68	Mexican-American	Oper	215,312	200,461	210,352	(14,851)	-6.9%	9,891	4.9%
#68	Mexican-American	Total	215,312	200,461	210,352	(14,851)	-6.9%	9,891	4.9%
#69	Arts Council	Aid	861,654	861,654	861,654	0	0.0%	0	0.0%
#69	Arts Council	Oper	618,060	626,894	623,722	8,834	1.4%	(3,172)	-0.5%
#69	Arts Council	Total	1,479,714	1,488,548	1,485,376	8,834	0.6%	(3,172)	-0.2%

		Type	Current Yr FY2008-09	Enacted FY2009-10	Enacted FY2010-11	FY10 vs Prior Yr		FY11 vs Prior Yr	
						\$ Chnge	% Chnge	\$ Chnge	% Chnge
#70	Foster Care Review	Oper	1,336,371	1,421,906	1,458,318	85,535	6.4%	36,412	2.6%
#70	Foster Care Review	Total	1,336,371	1,421,906	1,458,318	85,535	6.4%	36,412	2.6%
#72	Economic Development	Aid	2,225,000	1,597,500	1,597,500	(627,500)	-28.2%	0	0.0%
#72	Economic Development	Oper	4,441,717	5,076,018	5,069,360	634,301	14.3%	(6,658)	-0.1%
#72	Economic Development	Total	6,666,717	6,673,518	6,666,860	6,801	0.1%	(6,658)	-0.1%
#76	Indian Commission	Oper	198,763	195,000	195,000	(3,763)	-1.9%	0	0.0%
#76	Indian Commission	Total	198,763	195,000	195,000	(3,763)	-1.9%	0	0.0%
#77	Industrial Relations	Oper	335,155	332,955	332,955	(2,200)	-0.7%	0	0.0%
#77	Industrial Relations	Total	335,155	332,955	332,955	(2,200)	-0.7%	0	0.0%
#78	Crime Commission	Aid	2,166,328	2,166,328	2,166,328	0	0.0%	0	0.0%
#78	Crime Commission	Oper	8,980,494	9,213,857	9,338,373	233,363	2.6%	124,516	1.4%
#78	Crime Commission	Total	11,146,822	11,380,185	11,504,701	233,363	2.1%	124,516	1.1%
#81	Blind & Visually Impaired	Aid	190,000	190,000	190,000	0	0.0%	0	0.0%
#81	Blind & Visually Impaired	Oper	779,684	864,557	897,202	84,873	10.9%	32,645	3.8%
#81	Blind & Visually Impaired	Total	969,684	1,054,557	1,087,202	84,873	8.8%	32,645	3.1%
#82	Deaf & Hard of Hearing	Oper	874,210	875,312	898,083	1,102	0.1%	22,771	2.6%
#82	Deaf & Hard of Hearing	Total	874,210	875,312	898,083	1,102	0.1%	22,771	2.6%
#83	Community Colleges	Aid	87,266,476	88,575,473	89,904,105	1,308,997	1.5%	1,328,632	1.5%
#83	Community Colleges	Total	87,266,476	88,575,473	89,904,105	1,308,997	1.5%	1,328,632	1.5%
#84	Environmental Quality	Aid	4,660,972	4,458,711	4,477,311	(202,261)	-4.3%	18,600	0.4%
#84	Environmental Quality	Oper	3,532,038	3,490,063	3,506,790	(41,975)	-1.2%	16,727	0.5%
#84	Environmental Quality	Total	8,193,010	7,948,774	7,984,101	(244,236)	-3.0%	35,327	0.4%
#85	Retirement Board	Oper	19,468,215	25,589,490	47,579,490	6,121,275	31.4%	21,990,000	85.9%
#85	Retirement Board	Total	19,468,215	25,589,490	47,579,490	6,121,275	31.4%	21,990,000	85.9%
#87	Account/Disclosure	Oper	430,726	426,435	441,387	(4,291)	-1.0%	14,952	3.5%
#87	Account/Disclosure	Total	430,726	426,435	441,387	(4,291)	-1.0%	14,952	3.5%
#93	Tax Equal/Review Comm	Oper	875,451	875,451	875,451	0	0.0%	0	0.0%
#93	Tax Equal/Review Comm	Total	875,451	875,451	875,451	0	0.0%	0	0.0%
Construction-Total		Total	8,238,322	15,172,233	14,652,233	6,933,911	84.2%	(520,000)	-3.4%
OPERATIONS			1,221,557,978	1,251,181,021	1,314,986,683	29,623,043	2.4%	63,805,662	5.1%
STATE AID			2,251,864,442	2,114,511,089	2,229,491,973	(137,353,353)	-6.1%	114,980,884	5.4%
CONSTRUCTION			8,238,322	15,172,233	14,652,233	6,933,911	84.2%	(520,000)	-3.4%
TOTAL GENERAL FUNDS			3,481,660,742	3,380,864,343	3,559,130,889	(100,796,399)	-2.9%	178,266,546	5.3%

# GENERAL FUND STATE AID BY AID PROGRAM

FY10 / FY11 Biennial Budget as Enacted in the 2009 Legislative Session

Agency	Current Yr FY2008-09	Enacted FY2009-10	Enacted FY2010-11	FY10 vs Prior Yr		FY11 vs Prior Yr	
				\$ Chnge	% Chnge	\$ Chnge	% Chnge
<b>#12-State Treasurer</b>							
Aid to NRD's	1,545,502	1,542,502	1,542,502	(3,000)	-0.2%	0	0.0%
Aid to Cities	11,257,193	11,777,193	11,777,193	520,000	4.6%	0	0.0%
Aid to Counties	4,965,866	4,965,866	4,965,866	0	0.0%	0	0.0%
<b>#13-Education</b>							
State Aid to Schools (TEEOSA)	823,527,243	824,960,159	825,928,798	1,432,916	0.2%	968,639	0.1%
Special Education	184,893,842	184,893,842	184,893,842	0	0.0%	0	0.0%
Aid to ESU's	16,089,570	15,887,570	15,887,570	(202,000)	-1.3%	0	0.0%
High ability learner programs	2,336,921	2,336,921	2,336,921	0	0.0%	0	0.0%
Early Childhood program	3,615,426	3,615,426	3,615,426	0	0.0%	0	0.0%
School Lunch	421,087	421,087	421,087	0	0.0%	0	0.0%
Textbook loan program	450,000	500,000	500,000	50,000	11.1%	0	0.0%
School Breakfast reimbursement	411,100	412,811	427,260	1,711	0.4%	14,449	3.5%
Adult Education	230,574	230,574	230,574	0	0.0%	0	0.0%
Vocational Education	450,000	To Operations, LB476		(450,000)	-100.0%	0	0.0%
Learning Communities Aid	500,000	1,000,000	1,025,000	500,000	na	25,000	na
Vocational Rehabilitation	2,000,000	2,000,000	2,000,000	0	0.0%	0	0.0%
<b>#16-Revenue</b>							
County Property Tax Relief	1,500,000	1,500,000	1,500,000	0	na	0	0.0%
Homestead Exemption	76,120,104	62,250,000	65,000,000	(13,870,104)	-18.2%	2,750,000	4.4%
<b>#18-Agriculture</b>							
Riparian Vegetation grants	2,000,000	0	0	(2,000,000)	na	0	0.0%
Food Supply Animal Vet Incentives	0	60,000	120,000	60,000	na	60,000	0.0%
<b>#25-Health and Human Services</b>							
Behavioral Health Aid	69,273,006	74,225,354	75,613,368	4,952,348	7.1%	1,388,014	1.9%
Medical student assistance/RHOP	362,068	362,068	362,068	0	0.0%	0	0.0%
Juvenile predisposition detention	156,536	To Public Assistance		(156,536)	-100.0%	0	0.0%
Childrens Health Insurance	11,761,892	10,425,708	11,672,900	(1,336,184)	-11.4%	1,247,192	12.0%
Public Assistance	241,622,331	237,246,958	249,998,700	(4,375,373)	-1.8%	12,751,742	5.4%
Medicaid	590,958,613	453,897,457	539,766,202	(137,061,156)	-23.2%	85,868,745	18.9%
Developmental disabilities	71,166,316	83,769,149	91,708,053	12,602,833	17.7%	7,938,904	9.5%
Community health centers	3,525,000	3,806,575	3,990,874	281,575	8.0%	184,299	4.8%
Public Health Aid	4,124,776	4,786,648	4,849,448	661,872	16.0%	62,800	1.3%
Care Management	1,993,340	2,023,239	2,053,190	29,899	1.5%	29,951	1.5%
Area agencies on aging	5,723,853	5,895,569	6,072,435	171,716	3.0%	176,866	3.0%
<b>#29-Natural Resources</b>							
Nebr Water Conservation Fund	2,688,454	2,489,835	2,489,835	(198,619)	-7.4%	0	0.0%
Resources Development Fund	3,373,066	3,373,066	3,373,066	0	0.0%	0	0.0%
NRD Water Management grants	2,412,854	2,312,854	2,312,854	(100,000)	-4.1%	0	0.0%
<b>#31-Military Dept.</b>							
Governors Emergency Program	499,166	1,000,000	1,000,000	500,834	100.3%	0	0.0%
Guard tuition assistance	525,000	525,000	525,000	0	0.0%	0	0.0%
<b>#33-Game &amp; Parks</b>							
Niobrara Council	50,000	47,500	47,500	(2,500)	-5.0%	0	0.0%
<b>#34-Library Commission</b>							
Local libraries	1,220,998	1,218,177	1,215,228	(2,821)	-0.2%	(2,949)	-0.2%



Agency	Current Yr FY2008-09	Enacted FY2009-10	Enacted FY2010-11	FY10 vs Prior Yr		FY11 vs Prior Yr	
				\$ Chnge	% Chnge	\$ Chnge	% Chnge
<b>#46-Corrections</b>							
County jail cost reimbursement	3,910,000	3,910,000	3,910,000	0	0.0%	0	0.0%
<b>#47-Postsecondary Ed Coord. Comm.</b>							
Nebr Scholarship Program	6,717,065	6,717,065	6,717,065	0	0.0%	0	0.0%
Access College Early Scholarship	115,250	275,250	445,250	160,000	138.8%	170,000	61.8%
<b>#69-Arts Council</b>							
Aid to arts programs	661,654	661,654	661,654	0	0.0%	0	0.0%
Council on Humanities	200,000	200,000	200,000	0	0.0%	0	0.0%
<b>#72-Economic Development</b>							
Managing Mainstreet	100,000	100,000	100,000	0	0.0%	0	0.0%
Microenterprise Development Act	497,500	497,500	497,500	0	0.0%	0	0.0%
Ag Opportunities/Value-Added grants	850,000	850,000	850,000	0	0.0%	0	0.0%
Bilding Entrepreneurial Communities	277,500	150,000	150,000	(127,500)	-45.9%	0	0.0%
Tourism matching grant program	500,000T	to Oper	to Oper	(500,000)	-100.0%	0	0.0%
<b>#72-Economic Development</b>							
Juvenile services grants	587,812	587,812	587,812	0	0.0%	0	0.0%
County Juvenile Services aid	1,492,500	1,492,500	1,492,500	0	0.0%	0	0.0%
Crimestoppers program	13,457	13,457	13,457	0	0.0%	0	0.0%
Victim Witness assistance	52,559	52,559	52,559	0	0.0%	0	0.0%
Crime Victims reparations	20,000	20,000	20,000	0	0.0%	0	0.0%
<b>#81-Blind &amp; Visually Impaired</b>							
Blind rehabilitation	190,000	190,000	190,000	0	0.0%	0	0.0%
<b>#83-Community Colleges</b>							
Aid to Community Colleges	87,266,476	88,575,473	89,904,105	1,308,997	1.5%	1,328,632	1.5%
<b>#84-Environmental Quality</b>							
Superfund cleanup	2,173,000	1,961,400	1,980,000	(211,600)	-9.7%	18,600	0.9%
Storm Water Management grants	2,487,972	2,497,311	2,497,311	9,339	0.4%	0	0.0%
<b>TOTAL GF STATE AID</b>	<b>2,251,864,442</b>	<b>2,114,511,089</b>	<b>2,229,491,973</b>	<b>(137,353,353)</b>	<b>6.1%</b>	<b>114,980,884</b>	<b>5.4%</b>

# GENERAL FUND APPROPRIATIONS BY BILL

	FY2008-09	FY2009-10	FY2010-11
LB 35 Omnibus court-related items, new Lancaster County judge	0	0	0
LB 63 Violence prevention, misc. criminal changes	0	100,000	100,000
LB 121 County reassumption, property tax assessment	0	0	(616,540)
LB 187 Retirement changes, School plan	0	in LB 315	in LB 315
LB 188 Retirement changes, State Patrol plan	0	in LB 315	in LB 315
LB 218 Change county aid / reimbursement programs	0	0	0
LB 237 Interstate Compact for Juveniles	0	22,000	20,500
LB 288 HHS technical / miscellenous changes	0	(274,943)	(539,188)
LB 342 Payment for pediatric feeding disorder treatment	0	0	(93,280)
LB 414 Increase judges salaries, retirement contribution	0	434,058	878,967
LB 464 Immunizations, students entering seventh grade	0	11,064	11,064
LB 476 Center for Student Leadership & Extended Learning	0	net zero	net zero
LB 545 TEEOSA changes (impact not already in LB315)	0	(1,189,110)	(959,182)
LB 603 Behavioral health, CHIP, omnibus "Safe Haven"	0	6,459,495	9,370,172
LB 671 County Attorney Standards Advisory Council	0	3,300	1,980
<i>Subtotal-"A" Bills</i>	0	5,565,864	8,174,493
LB 315 Mainline Budget Bill	0	3,337,562,548	3,513,489,033
LB 314 Capital Construction	0	15,172,233	14,652,233
LB 312 Legislator Salaries	0	632,982	632,982
LB 313 Constitutional Officers Salaries	0	21,930,716	22,182,148
LB 311 Deficits	(131,597,388)	0	0
LB 628 State Claims	896,937	0	0
<i>Subtotal-Mainline Bills</i>	(130,700,451)	3,375,298,479	3,550,956,396
<b>Total-Appropriations Bills (General Funds)</b>	(130,700,451)	3,380,864,343	3,559,130,889

## GOVERNOR VETOES AND OVERRIDES

In the 2009 Legislative Session there were no Governor vetoes of General Fund appropriations or any other fund source.

# **APPROPRIATIONS ALL FUND SOURCES**

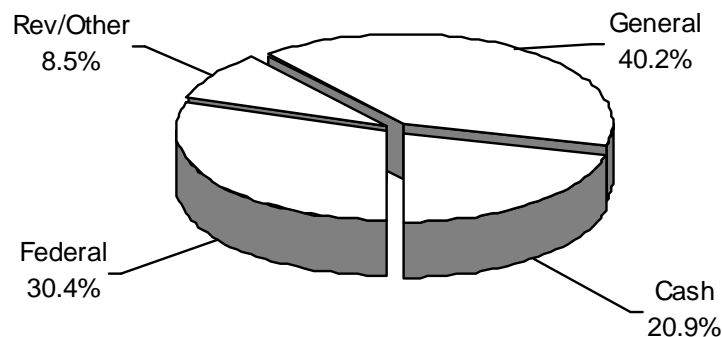
# APPROPRIATIONS - ALL FUND SOURCES

This section of the report provides information for all funds sources, not just General Funds. Table 28 contains the overall total appropriations by fund source broken down by operations, state aid and capital construction. Following the table is a description of each type of fund source and highlights of major increases inside of each fund category

Table 28 FY10 / FY11 Biennial Budget- All Fund Sources

	General	Cash	Federal	Rev/Other	Total
<b><u>FY2008-09 (without deficits)</u></b>					
Agency Operations	1,221,557,978	1,300,439,755	657,100,528	671,710,601	3,850,808,862
State Aid	2,251,864,442	391,874,856	1,631,810,451	844,750	4,276,394,499
Capital Construction	8,238,322	45,283,872	5,490,000	39,762,762	98,774,956
<b>FY2008-09 Total</b>	<b>3,481,660,742</b>	<b>1,737,598,483</b>	<b>2,294,400,979</b>	<b>712,318,113</b>	<b>8,225,978,317</b>
<b><u>FY2009-10</u></b>					
Agency Operations	1,251,181,021	1,312,528,024	716,512,367	689,761,569	3,969,982,981
State Aid	2,114,511,089	407,707,307	1,837,687,297	3,695,556	4,363,601,249
Capital Construction	15,172,233	41,767,868	0	22,702,671	79,642,772
<b>FY2009-10 Total</b>	<b>3,380,864,343</b>	<b>1,762,003,199</b>	<b>2,554,199,664</b>	<b>716,159,796</b>	<b>8,413,227,002</b>
Change over prior year					
Dollar	(100,796,399)	24,404,716	259,798,685	3,841,683	187,248,685
Percent	-2.9%	1.4%	11.3%	0.5%	2.3%
<b><u>FY2010-11</u></b>					
Agency Operations	1,314,986,683	1,318,475,666	710,612,584	714,319,501	4,058,394,434
State Aid	2,229,491,973	401,296,272	1,874,069,206	844,750	4,505,702,201
Capital Construction	14,652,233	38,591,997	0	18,757,819	72,002,049
<b>FY2010-11 Total</b>	<b>3,559,130,889</b>	<b>1,758,363,935</b>	<b>2,584,681,790</b>	<b>733,922,070</b>	<b>8,636,098,684</b>
Change over prior year					
Dollar	178,266,546	(3,639,264)	30,482,126	17,762,274	222,871,682
Percent	5.3%	-0.2%	1.2%	2.5%	2.6%

FY2009-10 Total Appropriations by Fund



## Cash Funds

These funds are used to account for the revenues and expenditures of dedicated fees and charges. Unlike the single General Fund, there are more than 200 individual cash funds contained in 70 different agencies. Only 7 agencies do not have some cash funds although many are very small amounts. In many instances, an agency has multiple cash funds. For example, the Dept of Agriculture has over 20 different cash funds. Monies held in these funds generally can only be used for the specific purpose for which the fund was created. Cash funds are used to account for revenues such as University and State College tuition and fees, hunting/fishing permits, highway revenues (gas tax and sales tax on motor vehicles), and agricultural commodity check-off fees. In addition, most inspection, regulatory, and license fees and charges, are dedicated to and accounted for through the use of cash funds.

CASH FUNDS	FY2008-09	FY2009-10	FY2010-11	% of Total
Roads	655,159,003	659,909,737	661,909,737	37.5%
University of Nebraska	314,016,991	318,335,812	322,350,839	18.1%
HHS System	146,855,146	150,370,321	150,419,427	8.5%
Revenue	137,262,884	147,031,504	148,339,665	8.3%
Public Service Comm	79,271,625	76,213,640	76,277,053	4.3%
Game and Parks	60,118,354	60,033,518	61,888,126	3.4%
All Other	344,914,480	350,108,667	337,179,088	19.9%
Total - Cash Funds	1,737,598,483	1,762,003,199	1,758,363,935	100.0%

The Dept of Roads alone accounts for 38% of cash fund revenues and expenditures. The University of Nebraska accounts for 18% and HHS (including the Health Care Cash Fund) accounts for 9%. The Dept of Revenue accounts for 8.4% of the total as the \$115 million property tax credits are expended as cash funds. No other agency accounts for more than 4.3% of the total.

The FY09-10 budget is a 1% growth in cash fund appropriations compared to the prior year. Significant increases include the annualized impact of LB1001 Home Energy Improvement passed last session (+\$8.5 million) pass through aid for airport improvement projects (+\$5.9 million). Significant reductions include a \$5 million reduction in DED job training reflecting no additional transfers from the Cash Reserve Fund and a \$5 million reduction due to the one-time nature of the FY09 appropriation for the relocation of the State Fair.

### Dept of Roads

The cash fund numbers shown in the table above for the Dept of Roads include state, federal, and local funds and reflect the best estimate of the cash flow of expenditures as projects are completed. *These numbers do not include any ARRA federal funding that will flow through the department.* The following provides information on "state" highway funding and the impact of the enacted budget on the fuel tax.

The budget for the Department of Roads provides \$368 million of state funding in FY10 and \$370 million in FY11 by setting the Highway Cash Fund (HCF) appropriation at these levels. The current year's (FY09) appropriation is \$370,316,930, so the HCF appropriation represents a decrease of \$2.3 million in FY10, and a decrease of \$316,930 in FY11, when compared to the current year.

Based on April 2009 revenue projections provided by the Department, the estimated total fuel tax required to generate sufficient revenue to meet the Highway Cash Fund appropriation is 26.4¢ in FY10 and FY11. The current tax is also 26.4¢. It is estimated that the enacted budget will continue the current tax with no change.

One item not included in the final budget is the agency's request (and Governors recommendation) to use General Funds (\$7.4 million/yr.) to fund the State Patrol's Carrier Enforcement Division. Carrier Enforcement will continue to be funded from the department's cash fund as it has been in the past.

## Health Care Cash Fund

The Health Care Cash Fund receives funding from the Medicaid Intergovernmental Trust Fund and the Tobacco Settlement Trust Fund. The revenue source for the Medicaid Intergovernmental Trust Fund was a previously allowable intergovernmental transfer of extra Medicaid reimbursements to the state from publicly-owned nursing facilities. The source of the Tobacco Settlement Trust Fund is payments from tobacco companies pursuant to a nation wide settlement entered into several years ago.

Each year the state investment officer determines the amount of the transfer from each of these respective funds totaling the amount required by statute. The current year appropriations and requested appropriations for the biennium as shown Table 29.

Two changes in funding are annualization of the impacts of prior legislation. LB830 was funded through the Health Care Cash Fund in FY08-09 for the start up costs of the multi-state purchasing pool and development of the preferred drug list (\$682,637). The ongoing state match was to come from General Funds once savings start to accrue to the Medicaid program. The other annualization is for Medicaid coverage of tobacco cessation program. The program started in FY09 for a partial year with a \$200,000 increase in FY10 and FY11 to reflect full year costs. Also, the Behavioral Health Commission had received \$10,000 from the fund. As the Commission sunsets June 30, 2009 the funding is removed in FY10 and FY11.

One item to note is the funding change in two programs, Tobacco Prevention and Stem Cell research. This does not change the overall funding level for these programs as previously anticipated but simply changes the accounting for the funds. Currently funding for these programs, noted as "intercept" in the flow chart of the Health Care Cash Fund, comes directly from the Tobacco Settlement Trust Fund prior to any transfer to the Health Care Cash Fund. LB316 harmonized the funding flow so in FY10 and FY11 allocation of these funds would come from the Health Care Cash Fund after transfers from the Tobacco Settlement Trust Fund.

Every other year the state investment officer is required to provide a ten year projection of the sustainability of the fund. The report showed an 8/31/08 balance of \$415.2 million. Since that point, the fund balance has dropped to \$280.4 million by 11/30/08 and \$265.6 million by 1/31/09. Using the same assumptions as the Investment Officer but extending the projection out further, the projection shows that all funds would be exhausted by 2042 at the current rate of utilization.

Table 29 Health Care Cash Fund

	Agency Program	Current Yr FY2008-09	Proposed FY2009-10	Proposed FY2010-11
<u>Behavioral Health Provider Increases</u>				
Regions	26-038	2,599,660	2,599,660	2,599,660
Child Welfare	26-347	2,734,444	2,734,444	2,734,444
Medicaid	26-348	2,165,896	2,165,896	2,165,896
Medicaid managed care / inpatient and RTC	26-348	2,600,000	2,600,000	2,600,000
Subtotal		10,100,000	10,100,000	10,100,000
<u>Service Capacity</u>				
Mental Health / Substance Abuse Regions	26-38	6,500,000	6,500,000	6,500,000
Juvenile Services	25-250	1,000,000	1,000,000	1,000,000
Subtotal		7,500,000	7,500,000	7,500,000
<u>Emergency Protective Custody</u>	26-38	1,500,000	1,500,000	1,500,000
<u>Respite Care</u>				
Respite regions and personnel	25-033	404,643	404,643	404,643
Respite aid	26-347	810,000	810,000	810,000
Subtotal		1,214,643	1,214,643	1,214,643

	Agency Program	Current Yr FY2008-09	Proposed FY2009-10	Proposed FY2010-11
<u>Developmental Disability Waiting List</u>	26-424	5,000,000	5,000,000	5,000,000
<u>Public Health</u>				
Public Health Staff	25-033	100,000	100,000	100,000
County Public Health county aid	26-502	5,600,000	5,600,000	5,600,000
Subtotal		5,700,000	5,700,000	5,700,000
<u>Minority Health</u>				
Qualified health clinics	26-502	1,400,000	1,400,000	1,400,000
Minority health aid	26-502	1,580,000	1,580,000	1,580,000
Minority health satellites	25-033	220,000	220,000	220,000
Subtotal		3,200,000	3,200,000	3,200,000
<u>CHIP - Replace cash from original \$25M</u>	26-344	5,000,000	5,000,000	5,000,000
<u>Biomedical Research</u>	26-623	14,000,000	14,000,000	14,000,000
<u>Human Service Studies</u>	03-122	100,000	100,000	100,000
<u>Attorney General</u>	11-507	250,000	250,000	250,000
<u>EMS Technicians</u>	25-033	3,688	13,688	13,688
<u>Revenue Auditor Specialist</u>	16-102	52,686	52,686	52,686
-				
<u>Compulsive Gamblers</u>				
Operations support	25-033	25,000	25,000	25,000
Aid	26-038	225,000	225,000	225,000
Subtotal		250,000	250,000	250,000
-				
<u>Autism Treatment Program Act</u>				
Autism admin	25-33	37,509	37,509	37,509
Medicaid services (non intensive early intervention)	25-348	61,690	61,690	61,690
Autism Center	51-xxx	900,801	900,801	900,801
Subtotal		1,000,000	1,000,000	1,000,000
-				
<u>Nebraska Regional Poison Control Center</u>	51-515	200,000	200,000	200,000
-				
<u>Parkinson's Disease Registry</u>	25-33	26,000	26,000	26,000
-				
<u>Tobacco Prevention</u>				
Tobacco Prevention	25-030	"intercept"	0	3,000,000
Smoking cessation contract amendment	25-033	6,000	6,000	6,000
Medicaid coverage, smoking cessation	25-348	250,000	450,000	450,000
Subtotal	25-030	256,000	456,000	3,456,000
<u>LB 830 Medicaid Prescription Drug Act</u>	25-32	682,637	0	0
<u>Behavioral Health Commission</u>	25-33	10,000	0	0
<u>BSDC Study (LB311)</u>	25-33	100,000	0	0
<u>Soukup Trust Fund (LB316)</u>	na	100,000	0	0
<u>Stem Cell Research</u>	25-623	"intercept"	500,000	500,000
<u>Behavioral Health cost/rate study</u>	26-341	0	0	0
<u>Meth Study</u>	78-220	0	0	0
<u>Medicaid (General Fund offset)</u>	26-348	0	0	0
<u>Unallocated</u>		144,346	36,983	36,983
<b>TOTAL USE OF HEALTH CARE CASH FUND</b>		<b>56,400,000</b>	<b>56,100,000</b>	<b>59,100,000</b>

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## Federal Funds

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Federal funds account for monies received from the federal government either as grants, contracts, or matching funds. Unlike other fund sources, federal fund appropriations are an estimate and agencies are not limited to the amount shown in the appropriation bills though receipts must meet expenditures. Similar to cash funds, there are numerous individual federal funds contained in the accounting system and they are generally limited to specific uses as authorized by the federal program from which the funds came from. Of the 77 state agencies, 34 receive some level of federal funds.

FEDERAL FUNDS	FY2008-09	FY2009-10	FY2010-11	% of Total
HHS System	1,517,844,689	1,613,678,698	1,588,452,139	63.2%
Education	305,459,346	425,578,954	484,728,099	16.7%
University of Nebraska	292,862,174	307,260,149	320,645,342	12.0%
Labor	45,173,756	43,752,890	44,115,954	1.7%
Environmental Quality	29,710,706	29,704,292	29,690,009	1.2%
All Other	103,350,308	134,224,681	117,050,247	5.3%
Total - Federal Funds	2,294,400,979	2,554,199,664	2,584,681,790	100.0%

Health and Human Services System counts for over 63% of federal fund expenditures, a large portion for programs such as Medicaid, AFDC, and other public assistance program. Federal funds in the Dept of Education account for 16.7% of the total. This is mostly flow through monies to local K-12 schools for programs such as Title 1, School Lunch, and Special Education.

Estimated federal funds increase by 11.3% in FY09-10 and 1.2% in FY10-11. Most of the net increase in FY09-10 can be attributed to the use of ARRA funds to offset General Funds as shown below. Excluding these ARRA funds, federal funds would have increased by an average of 1.4% per year

ARRA Funds in Budget Numbers	FY2008-09	FY2009-10	FY2010-11
ARRA - Child Care	0	7,000,000	3,200,000
ARRA - Enhanced FMAP	64,840,697	97,376,177	63,082,483
ARRA - Unemployment FMAP	0	31,000,000	0
ARRA - Enhanced FFP	0	1,671,630	879,445
ARRA - General Stabilization	0	35,000,000	17,000,000
ARRA - Education Stabilization	0	93,668,750	140,287,176
Total - ARRA Fed Funds in budget nu	64,840,697	265,716,557	224,449,104

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## Revolving / Other Funds

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These type of funds account for transactions where one agency provides goods or services to another agency. For example, the Dept of Education pays DAS-Building Division rent for the State Office Building. The expenditure is charged against the Departments budget (be it General, Cash, or Federal). DAS then receives these funds which are credited to a revolving fund from which DAS pays staff salaries, utilities, cleaning costs, etc... This in essence double-counts expenditures; once when an agency pays another agency for goods/services rendered, the second time when the receiving agency then pays for costs incurred in providing the goods or services. Like cash and federal funds, there are numerous individual revolving funds within the state system. Excluding the University and State Colleges, DAS accounts for 80% of all revolving funds. The Dept of Correctional Services (through Cornhusker State Industries) accounts for another 7.8%.



REVOLVING / OTHER	FY2008-09	FY2009-10	FY2010-11	% of Total
University/Colleges	465,090,402	488,011,383	509,382,276	68.1%
Admin Services	186,225,874	180,969,990	183,864,043	25.3%
Corrections	17,644,507	17,900,770	18,073,965	2.5%
All Other	8,326,062	14,876,312	6,826,307	2.1%
Total - Revolving Funds	677,286,845	701,758,455	718,146,591	98.0%
Nebr Capital Const Fund (NCCF)	35,031,268	14,401,341	15,775,479	2.0%
Total - Revolving/Other Funds	712,318,113	716,159,796	733,922,070	100.0%

About 68% of all revolving fund appropriations are contained within the University and State Colleges. However, unlike the revolving fund definition noted above, revolving funds used by the University and State Colleges account for revenues from dormitories, student unions, agricultural experiment stations, other "enterprise" operations. This separates these revenues from those generated from student tuition and fees that are accounted for as cash funds.

## Appropriations by Bill - All Funds

Table 30 Breakdown by Mainline Bills and A Bills

	General	Cash	Federal	Rev/Other	Total
<b><u>FY2007-08 All Funds by Bill</u></b>					
LB 312 Legislator Salaries	632,982	0	0	0	632,982
LB 313 Constitutional Officers Salaries	21,930,716	1,045,994	0	0	22,976,710
LB 314 Capital Construction	15,172,233	41,767,868	0	22,702,671	79,642,772
LB 315 Mainline Budget Bill	3,337,562,548	1,714,600,233	2,536,761,117	693,457,125	8,282,381,023
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Mainline Bills	3,289,272,991	1,521,804,207	2,212,274,565	643,850,466	7,667,202,229
"A" Bills	5,565,864	4,589,104	17,438,547	0	27,593,515
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	3,380,864,343	1,762,003,199	2,554,199,664	716,159,796	8,413,227,002
<b><u>FY2004-05 All Funds by Bill</u></b>					
LB 312 Legislator Salaries	632,982	0	0	0	632,982
LB 313 Constitutional Officers Salaries	22,182,148	1,055,784	0	0	23,237,932
LB 314 Capital Construction	14,652,233	38,591,997	0	18,757,819	72,002,049
LB 315 Mainline Budget Bill	3,513,489,033	1,712,077,468	2,581,558,045	715,164,251	8,522,288,797
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Mainline Bills	3,550,956,396	1,751,725,249	2,581,558,045	733,922,070	8,618,161,760
"A" Bills	8,174,493	6,638,686	3,123,745	0	17,936,924
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	3,559,130,889	1,758,363,935	2,584,681,790	733,922,070	8,636,098,684

Table 31 "A" Bills Enacted - 2009 Session

Description	Fund	FY2008-09	FY2009-10	FY2010-11
LB 27 Change the Autism Treatment Program Act	Cash	0	167,629	1,249,042
LB 27 Change the Autism Treatment Program Act	Federal	0	241,457	1,971,463
LB 35 Omnibus court-related items	Cash	0	800,000	1,045,000
LB 49 Require MV titling and registration by county treasurers	Cash	0	10,020	0
LB 63 Violence prevention, misc. criminal changes	General	0	100,000	100,000
LB 63 Violence prevention, misc. criminal changes	Cash	350,000	90,000	0
LB 97 Changes, sex offenders and transportation services	Cash	0	76,000	76,000
LB 98 Extend Riparian Vegetation Management program	Cash	0	2,000,000	2,000,000
LB 105 Change Game and Parks fees, penalties, and damages	Cash	0	382,300	684,600
LB 110 Changes, specialty license plate fees and fee distribution	Cash	0	20,000	94,500
LB 121 County resumption, property tax assessment	General	0	0	(616,540)
LB 121 County resumption, property tax assessment	Cash	0	0	616,540
LB 187 Retirement changes, School plan	General	0	in LB 315	in LB 315
LB 198 Reduced Cigarette Ignition Propensity Act	Cash	0	30,568	55,175
LB 202 Electronic motor vehicle title and lien notification	Cash	0	92,250	113,825
LB 218 Change county aid / reimbursement programs	General	0	FY12	FY12
LB 219 Transfer highway safety to Dept of Roads	Cash	0	net zero	net zero
LB 219 Transfer highway safety to Dept of Roads	Federal	0	net zero	net zero
LB 237 Interstate Compact for Juveniles	General	0	22,000	20,500
LB 237 Interstate Compact for Juveniles	Federal	0	7,000	7,000
LB 246 Biopower Steering Committee, strategic plan	Cash	0	200,000	0
LB 288 HHS technical / miscellenous changes	General	0	(274,943)	(539,188)
LB 288 HHS technical / miscellenous changes	Cash	0	215,000	215,000
LB 288 HHS technical / miscellenous changes	Federal	0	(241,421)	(465,939)
LB 292 Nebraska Uniform Athlete Agents Act	Cash	0	1,500	1,500
LB 328 Changes, mortgage banker company provisions	Cash	0	108,700	104,003
LB 342 Payment for pediatric feeding disorder treatment	General	0	0	(93,280)
LB 414 Increase judges salaries, retirement contribution	General	0	434,058	878,967
LB 414 Increase judges salaries, retirement contribution	Cash	0	22,315	45,187
LB 463 Provide for licensure of animal therapists	Cash	0	25,222	22,714
LB 464 Immunizations, students entering seventh grade	General	0	11,064	11,064
LB 464 Immunizations, students entering seventh grade	Federal	0	535,221	535,221
LB 476 Center for Student Leadership & Extended Learning	General	0	net zero	net zero
LB 497 Change ignition interlock device provisions and penalties	Cash	0	272,000	240,000
LB 545 TEEOSA changes (impact not already in LB315)	General	0	(1,189,110)	(959,182)
LB 545 TEEOSA changes (impact not already in LB315)	Federal	0	9,600,000	(9,600,000)
LB 547 Changes, Attracting Excellence to Teaching Program	Cash	0	75,600	75,600
LB 603 Behavioral health, CHIP, omnibus "Safe Haven"	General	0	6,459,495	9,370,172
LB 603 Behavioral health, CHIP, omnibus "Safe Haven"	Federal	0	7,296,290	10,676,000
LB 671 County Attorney Standards Advisory Council	General	0	3,300	1,980
General		0	5,565,864	8,174,493
Cash		350,000	4,589,104	6,638,686
Federal		0	17,438,547	3,123,745
Total		350,000	27,593,515	17,936,924

## Historical Appropriations-All Funds

Table 32 contains historical appropriations from all fund sources for the past 20 years. All years exclude deficit appropriations. Also shown are average growth figures for the past 20 years as well as historical growth in biennial budgets.

One significant item to note is the cash fund decline in FY98-99. This relates to the merger of Clarkson Hospital and the University of Nebraska Medical Center Hospital into a non-profit private corporation, Nebraska Health Systems. Because the new entity is "private", this took the University Hospital's patient revenues (and cash fund expenditures) out of the state's accounting system amounting to over \$200 million.

Table 32 Historical Appropriations-All Funds

	General Funds	Cash Funds	Federal Funds	Revolving/Other	Total Funds
FY1989-90 Approp	1,213,239,466	669,923,305	592,886,952	251,071,830	2,727,121,553
FY1990-91 Approp	1,415,098,996	736,361,772	694,819,456	266,341,766	3,112,621,990
FY1991-92 Approp	1,532,922,851	821,901,188	755,923,617	281,938,493	3,392,686,149
FY1992-93 Approp	1,596,160,107	871,907,067	839,384,006	302,998,215	3,610,449,395
FY1993-94 Approp	1,628,020,298	908,707,645	934,011,649	313,568,194	3,784,307,786
FY1994-95 Approp	1,718,957,079	970,926,826	1,004,037,357	330,821,777	4,024,743,039
FY1995-96 Approp	1,810,178,260	1,016,908,962	1,187,791,863	346,310,774	4,361,189,859
FY1996-97 Approp	1,885,810,146	1,073,119,105	1,148,329,975	370,061,527	4,477,320,753
FY1997-98 Approp	1,979,767,634	1,121,968,313	1,179,866,825	393,815,064	4,675,417,836
FY1998-99 Approp	2,228,579,121	937,301,414	1,288,860,855	445,357,561	4,900,098,951
FY1999-00 Approp	2,323,943,947	1,100,726,077	1,390,725,054	470,160,784	5,285,555,862
FY2000-01 Approp	2,458,789,233	1,130,234,910	1,528,364,447	472,171,086	5,589,559,676
FY2001-02 Approp	2,606,951,336	1,210,661,243	1,602,142,264	492,780,254	5,912,535,097
FY2002-03 Approp	2,621,296,239	1,252,852,263	1,750,158,602	516,844,018	6,141,151,122
FY2003-04 Approp	2,655,289,608	1,285,728,367	1,814,045,740	509,307,018	6,264,370,733
FY2004-05 Approp	2,758,082,724	1,348,606,437	2,150,399,990	538,811,896	6,795,901,047
FY2005-06 Approp	2,972,439,069	1,599,561,441	2,183,758,870	546,381,840	7,302,141,220
FY2006-07 Approp	3,180,850,777	1,515,042,477	2,293,382,276	600,297,850	7,589,573,380
FY2007-08 Approp	3,305,700,963	1,637,701,761	2,215,900,086	643,850,466	7,803,153,276
FY2008-09 Approp	3,481,660,742	1,737,598,483	2,294,400,979	712,318,113	8,225,978,317
FY2009-10 Approp	3,380,864,343	1,762,003,199	2,554,199,664	716,159,796	8,413,227,002
FY2010-11 Approp	3,559,130,889	1,758,363,935	2,584,681,790	733,922,070	8,636,098,684
<b>Average Annual Growth</b>					
FY00 / FY01 Biennium	5.0%	9.8%	8.9%	3.0%	6.8%
FY02 / FY03 Biennium	3.3%	5.3%	7.0%	4.6%	4.8%
FY04 / FY05 Biennium	2.6%	3.8%	10.8%	2.1%	5.2%
FY06 / FY07 Biennium	7.4%	6.0%	3.3%	5.6%	5.7%
FY08 / FY09 Biennium	4.6%	7.1%	0.0%	8.9%	4.1%
<b>FY10 / FY11 Biennium</b>	<b>1.1%</b>	<b>0.6%</b>	<b>6.1%</b>	<b>1.5%</b>	<b>2.5%</b>
Avg FY91 to FY01 (10 yr)	5.7%	4.4%	8.2%	5.9%	6.0%
Avg FY01 to FY11 (10 yr)	3.8%	4.5%	5.4%	4.5%	4.4%
Avg FY01 to FY11 (20 yr)	4.7%	4.4%	6.8%	5.2%	5.2%

# APPROPRIATIONS BY AGENCY ALL FUND SOURCES

FY10/FY11 Biennial Budget as Enacted in the 2009 Legislative Session

	Fund	w/o Deficits FY2008-09	2009 Session FY2009-10	2009 Session FY2010-11	FY10 vs Prior Year		FY11 vs Prior Year		
					\$ Chnge	% Chnge	\$ Chnge	% Chnge	
3	Legislative Council	Gen	17,680,147	17,877,154	18,758,084	197,007	1.1%	880,930	4.9%
		Cash	268,966	468,966	268,966	200,000	74.4%	(200,000)	-42.6%
		Fed	39,270	39,270	39,270	0	0.0%	0	0.0%
		Rev	0	0	0	0	na	0	na
	Total	17,988,383	18,385,390	19,066,320	397,007	2.2%	680,930	3.7%	
5	Supreme Court	Gen	67,935,364	70,485,522	72,880,454	2,550,158	3.8%	2,394,932	3.4%
		Cash	16,143,556	17,637,401	17,822,241	1,493,845	9.3%	184,840	1.0%
		Fed	931,925	952,148	973,336	20,223	2.2%	21,188	2.2%
		Rev	0	0	0	0	na	0	na
	Total	85,010,845	89,075,071	91,676,031	4,064,226	4.8%	2,600,960	2.9%	
7	Governor	Gen	1,742,569	1,744,580	1,746,716	2,011	0.1%	2,136	0.1%
		Cash	0	0	0	0	na	0	na
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
	Total	1,742,569	1,744,580	1,746,716	2,011	0.1%	2,136	0.1%	
8	Lt. Governor	Gen	143,839	143,805	145,847	(34)	0.0%	2,042	1.4%
		Cash	0	0	0	0	na	0	na
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
	Total	143,839	143,805	145,847	(34)	0.0%	2,042	1.4%	
9	Secretary of State	Gen	734,475	467,491	473,277	(266,984)	-36.4%	5,786	1.2%
		Cash	6,085,402	7,515,203	6,442,847	1,429,801	23.5%	(1,072,356)	-14.3%
		Fed	98,300	98,300	98,300	0	0.0%	0	0.0%
		Rev	970,582	1,006,809	1,028,938	36,227	3.7%	22,129	2.2%
	Total	7,888,759	9,087,803	8,043,362	1,199,044	15.2%	(1,044,441)	-11.5%	
10	Auditor	Gen	2,557,746	2,506,238	2,508,031	(51,508)	-2.0%	1,793	0.1%
		Cash	1,078,988	1,078,988	1,078,988	0	0.0%	0	0.0%
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
	Total	3,636,734	3,585,226	3,587,019	(51,508)	-1.4%	1,793	0.1%	
11	Attorney General	Gen	6,154,481	6,792,887	6,373,906	638,406	10.4%	(418,981)	-6.2%
		Cash	934,596	1,063,490	1,077,915	128,894	13.8%	14,425	1.4%
		Fed	1,017,246	1,496,293	1,556,085	479,047	47.1%	59,792	4.0%
		Rev	1,174,884	1,211,475	1,250,963	36,591	3.1%	39,488	3.3%
	Total	9,281,207	10,564,145	10,258,869	1,282,938	13.8%	(305,276)	-2.9%	

	Fund	w/o Deficits FY2008-09	2009 Session FY2009-10	2009 Session FY2010-11	FY10 vs Prior Year		FY11 vs Prior Year	
					\$ Chnge	% Chnge	\$ Chnge	% Chnge
12 Treasurer	Gen	19,414,587	19,876,617	19,906,086	462,030	2.4%	29,469	0.1%
	Cash	5,954,093	5,515,568	5,553,559	(438,525)	-7.4%	37,991	0.7%
	Fed	2,407,454	2,083,263	2,127,597	(324,191)	-13.5%	44,334	2.1%
	Rev	0	0	0	0	na	0	na
	Total	27,776,134	27,475,448	27,587,242	(300,686)	-1.1%	111,794	0.4%
13 Education	Gen	1,051,438,802	1,053,856,441	1,055,865,043	2,417,639	0.2%	2,008,602	0.2%
	Cash	8,905,291	10,275,651	10,300,333	1,370,360	15.4%	24,682	0.2%
	Fed	305,459,346	425,578,954	484,728,099	120,119,608	39.3%	59,149,145	13.9%
	Rev	162,872	162,872	162,872	0	0.0%	0	0.0%
	Total	1,365,966,311	1,489,873,918	1,551,056,347	123,907,607	9.1%	61,182,429	4.1%
14 Public Service Commission	Gen	2,659,081	2,605,037	2,657,624	(54,044)	-2.0%	52,587	2.0%
	Cash	79,271,625	76,213,640	76,277,053	(3,057,985)	-3.9%	63,413	0.1%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	81,930,706	78,818,677	78,934,677	(3,112,029)	-3.8%	116,000	0.1%
15 Parole Board	Gen	800,540	809,458	821,516	8,918	1.1%	12,058	1.5%
	Cash	0	0	0	0	na	0	na
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	800,540	809,458	821,516	8,918	1.1%	12,058	1.5%
16 Revenue	Gen	107,266,207	93,285,042	95,529,590	(13,981,165)	-13.0%	2,244,548	2.4%
	Cash	137,262,884	147,031,504	148,339,665	9,768,620	7.1%	1,308,161	0.9%
	Fed	500	0	500	(500)	-100.0%	500	na
	Rev	0	0	0	0	na	0	na
	Total	244,529,591	240,316,546	243,869,755	(4,213,045)	-1.7%	3,553,209	1.5%
17 Aeronautics	Gen	0	0	0	0	na	0	na
	Cash	25,439,900	31,555,455	22,058,389	6,115,555	24.0%	(9,497,066)	-30.1%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	25,439,900	31,555,455	22,058,389	6,115,555	24.0%	(9,497,066)	-30.1%
18 Agriculture	Gen	8,506,350	6,442,179	6,582,627	(2,064,171)	-24.3%	140,448	2.2%
	Cash	7,039,522	8,989,065	9,079,977	1,949,543	27.7%	90,912	1.0%
	Fed	2,487,909	2,774,498	2,821,676	286,589	11.5%	47,178	1.7%
	Rev	485,727	519,490	553,664	33,763	7.0%	34,174	6.6%
	Total	18,519,508	18,725,232	19,037,944	205,724	1.1%	312,712	1.7%
19 Banking	Gen	0	0	0	0	na	0	na
	Cash	6,582,860	6,735,002	6,738,006	152,142	2.3%	3,004	0.0%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	6,582,860	6,735,002	6,738,006	152,142	2.3%	3,004	0.0%

		Fund	w/o Deficits FY2008-09	2009 Session FY2009-10	2009 Session FY2010-11	FY10 vs Prior Year		FY11 vs Prior Year	
						\$ Chnge	% Chnge	\$ Chnge	% Chnge
21	Fire Marshal	Gen	4,334,612	4,471,830	4,584,655	137,218	3.2%	112,825	2.5%
		Cash	1,580,506	1,719,460	1,782,870	138,954	8.8%	63,410	3.7%
		Fed	319,596	325,677	332,038	6,081	1.9%	6,361	2.0%
		Rev	0	0	0	0	na	0	na
		Total	6,234,714	6,516,967	6,699,563	282,253	4.5%	182,596	2.8%
22	Insurance	Gen	0	0	0	0	na	0	na
		Cash	11,327,260	11,244,547	11,140,085	(82,713)	-0.7%	(104,462)	-0.9%
		Fed	315,630	319,819	324,168	4,189	1.3%	4,349	1.4%
		Rev	0	0	0	0	na	0	na
		Total	11,642,890	11,564,366	11,464,253	(78,524)	-0.7%	(100,113)	-0.9%
23	Labor	Gen	636,831	567,044	582,247	(69,787)	-11.0%	15,203	2.7%
		Cash	1,962,765	1,942,994	1,980,032	(19,771)	-1.0%	37,038	1.9%
		Fed	45,173,756	43,752,890	44,115,954	(1,420,866)	-3.1%	363,064	0.8%
		Rev	0	0	0	0	na	0	na
		Total	47,773,352	46,262,928	46,678,233	(1,510,424)	-3.2%	415,305	0.9%
24	Motor Vehicles	Gen	0	0	0	0	na	0	na
		Cash	20,808,041	25,360,874	26,304,636	4,552,833	21.9%	943,762	3.7%
		Fed	2,648,418	13,249	29,461	(2,635,169)	-99.5%	16,212	122.4%
		Rev	0	0	0	0	na	0	na
		Total	23,456,459	25,374,123	26,334,097	1,917,664	8.2%	959,974	3.8%
25	HHS System	Gen	1,225,535,623	1,134,730,366	1,246,977,472	(90,805,257)	-7.4%	112,247,106	9.9%
		Cash	146,855,146	150,370,321	150,419,427	3,515,175	2.4%	49,106	0.0%
		Fed	1,517,844,689	1,613,678,698	1,588,452,139	95,834,009	6.3%	(25,226,559)	-1.6%
		Rev	0	0	0	0	na	0	na
		Total	2,890,235,458	2,898,779,385	2,985,849,038	8,543,927	0.3%	87,069,653	3.0%
27	Roads	Gen	18,184	2,610	2,610	(15,574)	-85.6%	0	0.0%
		Cash	655,159,003	659,909,737	661,909,737	4,750,734	0.7%	2,000,000	0.3%
		Fed	0	2,648,418	2,648,418	2,648,418	na	0	0.0%
		Rev	0	2,850,806	0	2,850,806	na	(2,850,806)	-100.0%
		Total	655,177,187	665,411,571	664,560,765	10,234,384	1.6%	(850,806)	-0.1%
28	Veterans Affairs	Gen	1,032,894	959,393	1,198,455	(73,501)	-7.1%	239,062	24.9%
		Cash	0	0	0	0	na	0	na
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
		Total	1,032,894	959,393	1,198,455	(73,501)	-7.1%	239,062	24.9%
29	Natural Resources	Gen	17,892,052	17,891,881	18,169,755	(171)	0.0%	277,874	1.6%
		Cash	5,944,090	5,944,090	5,944,090	0	0.0%	0	0.0%
		Fed	703,214	503,214	503,214	(200,000)	-28.4%	0	0.0%
		Rev	0	0	0	0	na	0	na
		Total	24,539,356	24,339,185	24,617,059	(200,171)	-0.8%	277,874	1.1%

		Fund	w/o Deficits FY2008-09	2009 Session FY2009-10	2009 Session FY2010-11	FY10 vs Prior Year		FY11 vs Prior Year	
						\$ Chnge	% Chnge	\$ Chnge	% Chnge
30	Electrical Board	Gen	0	0	0	0	na	0	na
		Cash	1,532,813	1,617,199	1,667,929	84,386	5.5%	50,730	3.1%
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
		Total	1,532,813	1,617,199	1,667,929	84,386	5.5%	50,730	3.1%
31	Military Dept	Gen	4,772,449	5,386,304	5,415,621	613,855	12.9%	29,317	0.5%
		Cash	961,844	963,440	970,650	1,596	0.2%	7,210	0.7%
		Fed	17,652,525	18,113,192	18,358,061	460,667	2.6%	244,869	1.4%
		Rev	0	0	0	0	na	0	na
		Total	23,386,818	24,462,936	24,744,332	1,076,118	4.6%	281,396	1.2%
32	Ed Lands & Funds	Gen	414,455	348,468	360,161	(65,987)	-15.9%	11,693	3.4%
		Cash	9,104,806	9,368,270	9,648,625	263,464	2.9%	280,355	3.0%
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
		Total	9,519,261	9,716,738	10,008,786	197,477	2.1%	292,048	3.0%
33	Game and Parks	Gen	11,338,991	11,717,977	12,095,140	378,986	3.3%	377,163	3.2%
		Cash	60,118,354	60,033,518	61,888,126	(84,836)	-0.1%	1,854,608	3.1%
		Fed	371,554	2,240,795	2,356,337	1,869,241	503.1%	115,542	5.2%
		Rev	0	0	0	0	na	0	na
		Total	71,828,899	73,992,290	76,339,603	2,163,391	3.0%	2,347,313	3.2%
34	Library Commission	Gen	3,888,936	3,888,936	3,888,936	0	0.0%	0	0.0%
		Cash	94,085	94,085	94,085	0	0.0%	0	0.0%
		Fed	1,499,056	1,499,056	1,499,056	0	0.0%	0	0.0%
		Rev	0	0	0	0	na	0	na
		Total	5,482,077	5,482,077	5,482,077	0	0.0%	0	0.0%
35	Liquor Commission	Gen	982,122	998,654	1,028,754	16,532	1.7%	30,100	3.0%
		Cash	74,441	74,441	74,441	0	0.0%	0	0.0%
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
		Total	1,056,563	1,073,095	1,103,195	16,532	1.6%	30,100	2.8%
36	Racing Commission	Gen	0	0	0	0	na	0	na
		Cash	1,064,191	1,064,918	1,065,578	727	0.1%	660	0.1%
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
		Total	1,064,191	1,064,918	1,065,578	727	0.1%	660	0.1%
37	Workers Compensation	Gen	0	0	0	0	na	0	na
		Cash	4,850,783	5,189,182	5,583,741	338,399	7.0%	394,559	7.6%
		Fed	31,512	50,386	33,208	18,874	59.9%	(17,178)	-34.1%
		Rev	0	0	0	0	na	0	na
		Total	4,882,295	5,239,568	5,616,949	357,273	7.3%	377,381	7.2%

	Fund	w/o Deficits FY2008-09	2009 Session FY2009-10	2009 Session FY2010-11	FY10 vs Prior Year		FY11 vs Prior Year	
					\$ Chnge	% Chnge	\$ Chnge	% Chnge
38 Status of Women	Gen	0	0	0	0	na	0	na
	Cash	5,000	5,000	5,000	0	0.0%	0	0.0%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	5,000	5,000	5,000	0	0.0%	0	0.0%
39 Brand Committee	Gen	0	0	0	0	na	0	na
	Cash	4,456,362	4,456,362	4,456,362	0	0.0%	0	0.0%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	4,456,362	4,456,362	4,456,362	0	0.0%	0	0.0%
40 Motor Vehicle Dealers	Gen	0	0	0	0	na	0	na
	Cash	675,886	699,080	719,756	23,194	3.4%	20,676	3.0%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	675,886	699,080	719,756	23,194	3.4%	20,676	3.0%
41 Real Estate Commission	Gen	0	0	0	0	na	0	na
	Cash	1,105,262	1,115,476	1,148,972	10,214	0.9%	33,496	3.0%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	1,105,262	1,115,476	1,148,972	10,214	0.9%	33,496	3.0%
45 Barber Examiners	Gen	0	0	0	0	na	0	na
	Cash	146,472	150,655	154,780	4,183	2.9%	4,125	2.7%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	146,472	150,655	154,780	4,183	2.9%	4,125	2.7%
46 Correctional Services	Gen	152,370,688	124,820,021	148,041,132	(27,550,667)	-18.1%	23,221,111	18.6%
	Cash	1,851,764	2,075,808	2,010,768	224,044	12.1%	(65,040)	-3.1%
	Fed	375,217	35,953,754	17,970,288	35,578,537	9482.1%	(17,983,466)	-50.0%
	Rev	17,644,507	17,900,770	18,073,965	256,263	1.5%	173,195	1.0%
	Total	172,242,176	180,750,353	186,096,153	8,508,177	4.9%	5,345,800	3.0%
47 Educational Telecomm.	Gen	10,136,091	9,968,024	10,202,739	(168,067)	-1.7%	234,715	2.4%
	Cash	255,532	255,532	255,532	0	0.0%	0	0.0%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
	Total	10,391,623	10,223,556	10,458,271	(168,067)	-1.6%	234,715	2.3%
48 Postsecondary Coord Comm	Gen	8,136,134	8,296,134	8,466,134	160,000	2.0%	170,000	2.0%
	Cash	6,010,037	7,010,037	7,760,037	1,000,000	16.6%	750,000	10.7%
	Fed	998,736	998,736	998,736	0	0.0%	0	0.0%
	Rev	0	0	0	0	na	0	na
	Total	15,144,907	16,304,907	17,224,907	1,160,000	7.7%	920,000	5.6%



		Fund	w/o Deficits FY2008-09	2009 Session FY2009-10	2009 Session FY2010-11	FY10 vs Prior Year		FY11 vs Prior Year	
						\$ Chnge	% Chnge	\$ Chnge	% Chnge
50	Nebraska State Colleges	Gen	45,393,201	46,174,099	47,015,210	780,898	1.7%	841,111	1.8%
		Cash	25,129,721	25,129,721	25,129,721	0	0.0%	0	0.0%
		Fed	18,091,090	18,091,090	18,091,090	0	0.0%	0	0.0%
		Rev	7,291,348	7,291,348	7,291,348	0	0.0%	0	0.0%
		Total	95,905,360	96,686,258	97,527,369	780,898	0.8%	841,111	0.9%
51	University of Nebraska	Gen	492,106,037	501,297,788	510,004,660	9,191,751	1.9%	8,706,872	1.7%
		Cash	314,016,991	318,335,812	322,350,839	4,318,821	1.4%	4,015,027	1.3%
		Fed	292,862,174	307,260,149	320,645,342	14,397,975	4.9%	13,385,193	4.4%
		Rev	457,799,054	480,720,035	502,090,928	22,920,981	5.0%	21,370,893	4.4%
		Total	1,556,784,256	1,607,613,784	1,655,091,769	50,829,528	3.3%	47,477,985	3.0%
52	Board of Agriculture	Gen	0	0	0	0	na	0	na
		Cash	7,500,000	2,500,000	2,500,000	(5,000,000)	-66.7%	0	0.0%
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
		Total	7,500,000	2,500,000	2,500,000	(5,000,000)	-66.7%	0	0.0%
53	Real Property Appraiser Brd	Gen	0	0	0	0	na	0	na
		Cash	297,325	286,715	291,170	(10,610)	-3.6%	4,455	1.6%
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
		Total	297,325	286,715	291,170	(10,610)	-3.6%	4,455	1.6%
54	Historical Society	Gen	4,514,311	4,505,813	4,505,813	(8,498)	-0.2%	0	0.0%
		Cash	1,652,380	1,789,281	1,847,997	136,901	8.3%	58,716	3.3%
		Fed	779,857	792,035	803,251	12,178	1.6%	11,216	1.4%
		Rev	0	0	0	0	na	0	na
		Total	6,946,548	7,087,129	7,157,061	140,581	2.0%	69,932	1.0%
56	Nebraska Wheat Board	Gen	0	0	0	0	na	0	na
		Cash	1,410,422	1,410,422	1,410,422	0	0.0%	0	0.0%
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
		Total	1,410,422	1,410,422	1,410,422	0	0.0%	0	0.0%
57	Oil & Gas Commission	Gen	0	0	0	0	na	0	na
		Cash	585,608	788,772	790,067	203,164	34.7%	1,295	0.2%
		Fed	99,691	88,964	91,028	(10,727)	-10.8%	2,064	2.3%
		Rev	0	0	0	0	na	0	na
		Total	685,299	877,736	881,095	192,437	28.1%	3,359	0.4%
58	Engineers Architects	Gen	0	0	0	0	na	0	na
		Cash	762,654	778,559	794,909	15,905	2.1%	16,350	2.1%
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
		Total	762,654	778,559	794,909	15,905	2.1%	16,350	2.1%

		Fund	w/o Deficits FY2008-09	2009 Session FY2009-10	2009 Session FY2010-11	FY10 vs Prior Year		FY11 vs Prior Year	
						\$ Chnge	% Chnge	\$ Chnge	% Chnge
59	Geologists Board	Gen	0	0	0	0	na	0	na
		Cash	33,850	32,461	33,002	(1,389)	-4.1%	541	1.7%
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
		Total	33,850	32,461	33,002	(1,389)	-4.1%	541	1.7%
60	Ethanol Board	Gen	0	0	0	0	na	0	na
		Cash	560,329	560,329	560,329	0	0.0%	0	0.0%
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
		Total	560,329	560,329	560,329	0	0.0%	0	0.0%
61	Dairy Board	Gen	0	0	0	0	na	0	na
		Cash	1,800,000	1,400,000	1,400,000	(400,000)	-22.2%	0	0.0%
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
		Total	1,800,000	1,400,000	1,400,000	(400,000)	-22.2%	0	0.0%
62	Land Surveyors	Gen	0	0	0	0	na	0	na
		Cash	33,615	29,879	29,885	(3,736)	-11.1%	6	0.0%
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
		Total	33,615	29,879	29,885	(3,736)	-11.1%	6	0.0%
63	Public Accountancy	Gen	0	0	0	0	na	0	na
		Cash	419,701	424,490	433,803	4,789	1.1%	9,313	2.2%
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
		Total	419,701	424,490	433,803	4,789	1.1%	9,313	2.2%
64	State Patrol	Gen	52,926,634	55,396,251	57,114,888	2,469,617	4.7%	1,718,637	3.1%
		Cash	14,901,931	14,833,647	15,137,856	(68,284)	-0.5%	304,209	2.1%
		Fed	2,076,169	2,132,983	2,192,056	56,814	2.7%	59,073	2.8%
		Rev	800,503	823,530	847,530	23,027	2.9%	24,000	2.9%
		Total	70,705,237	73,186,411	75,292,330	2,481,174	3.5%	2,105,919	2.9%
65	Admin Services (DAS)	Gen	9,128,050	9,013,668	8,581,401	(114,382)	-1.3%	(432,267)	-4.8%
		Cash	9,643,917	9,298,224	9,300,242	(345,693)	-3.6%	2,018	0.0%
		Fed	0	0	0	0	na	0	na
		Rev	186,225,874	180,969,990	183,864,043	(5,255,884)	-2.8%	2,894,053	1.6%
		Total	204,997,841	199,281,882	201,745,686	(5,715,959)	-2.8%	2,463,804	1.2%
66	Abstracter's Board	Gen	0	0	0	0	na	0	na
		Cash	42,728	46,041	47,354	3,313	7.8%	1,313	2.9%
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
		Total	42,728	46,041	47,354	3,313	7.8%	1,313	2.9%

		Fund	w/o Deficits FY2008-09	2009 Session FY2009-10	2009 Session FY2010-11	FY10 vs Prior Year		FY11 vs Prior Year	
						\$ Chnge	% Chnge	\$ Chnge	% Chnge
67	Equal Opportunity Commission	Gen	1,373,311	1,326,333	1,370,691	(46,978)	-3.4%	44,358	3.3%
		Cash	0	0	0	0	na	0	na
		Fed	666,236	788,513	811,886	122,277	18.4%	23,373	3.0%
		Rev	0	0	0	0	na	0	na
	Total	2,039,547	2,114,846	2,182,577	75,299	3.7%	67,731	3.2%	
68	Mexican- American Commission	Gen	215,312	200,461	210,352	(14,851)	-6.9%	9,891	4.9%
		Cash	0	37,162	35,000	37,162	na	(2,162)	-5.8%
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
	Total	215,312	237,623	245,352	22,311	10.4%	7,729	3.3%	
69	Arts Council	Gen	1,479,714	1,488,548	1,485,376	8,834	0.6%	(3,172)	-0.2%
		Cash	1,510,000	1,510,000	1,510,000	0	0.0%	0	0.0%
		Fed	649,254	650,203	650,275	949	0.1%	72	0.0%
		Rev	0	0	0	0	na	0	na
	Total	3,638,968	3,648,751	3,645,651	9,783	0.3%	(3,100)	-0.1%	
70	Foster Care Review Board	Gen	1,336,371	1,421,906	1,458,318	85,535	6.4%	36,412	2.6%
		Cash	6,000	6,000	6,000	0	0.0%	0	0.0%
		Fed	603,389	635,331	651,043	31,942	5.3%	15,712	2.5%
		Rev	0	0	0	0	na	0	na
	Total	1,945,760	2,063,237	2,115,361	117,477	6.0%	52,124	2.5%	
71	Energy Office	Gen	0	0	0	0	na	0	na
		Cash	676,087	1,706,470	1,686,339	1,030,383	152.4%	(20,131)	-1.2%
		Fed	8,312,090	6,118,337	6,112,426	(2,193,753)	-26.4%	(5,911)	-0.1%
		Rev	0	0	0	0	na	0	na
	Total	8,988,177	7,824,807	7,798,765	(1,163,370)	-12.9%	(26,042)	-0.3%	
72	Economic Development	Gen	6,666,717	6,673,518	6,666,860	6,801	0.1%	(6,658)	-0.1%
		Cash	23,278,777	18,059,761	17,090,213	(5,219,016)	-22.4%	(969,548)	-5.4%
		Fed	21,898,133	21,942,855	21,981,811	44,722	0.2%	38,956	0.2%
		Rev	0	0	0	0	na	0	na
	Total	51,843,627	46,676,134	45,738,884	(5,167,493)	-10.0%	(937,250)	-2.0%	
73	Landscape Architects	Gen	0	0	0	0	na	0	na
		Cash	22,050	22,861	22,865	811	3.7%	4	0.0%
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
	Total	22,050	22,861	22,865	811	3.7%	4	0.0%	
74	Power Review Board	Gen	0	0	0	0	na	0	na
		Cash	404,222	402,090	411,652	(2,132)	-0.5%	9,562	2.4%
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
	Total	404,222	402,090	411,652	(2,132)	-0.5%	9,562	2.4%	

		Fund	w/o Deficits FY2008-09	2009 Session FY2009-10	2009 Session FY2010-11	FY10 vs Prior Year		FY11 vs Prior Year	
						\$ Chnge	% Chnge	\$ Chnge	% Chnge
75	Investment Council	Gen	0	0	0	0	na	0	na
		Cash	1,764,373	2,430,902	2,629,099	666,529	37.8%	198,197	8.2%
		Fed	0	0	0	0	na	0	na
		Total	1,764,373	2,430,902	2,629,099	666,529	37.8%	198,197	8.2%
76	Indian Affairs	Gen	198,763	195,000	195,000	(3,763)	-1.9%	0	0.0%
		Cash	0	0	0	0	na	0	na
		Fed	0	0	0	0	na	0	na
		Total	198,763	195,000	195,000	(3,763)	-1.9%	0	0.0%
77	Industrial Relations	Gen	335,155	332,955	332,955	(2,200)	-0.7%	0	0.0%
		Cash	0	0	0	0	na	0	na
		Fed	0	0	0	0	na	0	na
		Total	335,155	332,955	332,955	(2,200)	-0.7%	0	0.0%
78	Crime Commission	Gen	11,146,822	11,380,185	11,504,701	233,363	2.1%	124,516	1.1%
		Cash	1,295,283	1,705,171	1,624,298	409,888	31.6%	(80,873)	-4.7%
		Fed	9,036,693	9,057,484	9,076,808	20,791	0.2%	19,324	0.2%
		Rev	0	0	0	0	na	0	na
		Total	21,478,798	22,142,840	22,205,807	664,042	3.1%	62,967	0.3%
81	Blind and Visually Impaired	Gen	969,684	1,054,557	1,087,202	84,873	8.8%	32,645	3.1%
		Cash	65,173	90,500	90,617	25,327	38.9%	117	0.1%
		Fed	3,350,626	3,417,800	3,519,806	67,174	2.0%	102,006	3.0%
		Rev	0	0	0	0	na	0	na
		Total	4,385,483	4,562,857	4,697,625	177,374	4.0%	134,768	3.0%
82	Deaf and Hard of Hearing	Gen	874,210	875,312	898,083	1,102	0.1%	22,771	2.6%
		Cash	9,430	11,630	13,430	2,200	23.3%	1,800	15.5%
		Fed	0	0	0	0	na	0	na
		Total	883,640	886,942	911,513	3,302	0.4%	24,571	2.8%
83	Community Colleges	Gen	87,266,476	88,575,473	89,904,105	1,308,997	1.5%	1,328,632	1.5%
		Cash	0	0	0	0	na	0	na
		Fed	0	0	0	0	na	0	na
		Total	87,266,476	88,575,473	89,904,105	1,308,997	1.5%	1,328,632	1.5%
84	Environmental Quality (DEQ)	Gen	8,193,010	7,948,774	7,984,101	(244,236)	-3.0%	35,327	0.4%
		Cash	33,895,409	34,054,512	34,050,017	159,103	0.5%	(4,495)	0.0%
		Fed	29,710,706	29,704,292	29,690,009	(6,414)	0.0%	(14,283)	0.0%
		Rev	0	0	0	0	na	0	na
		Total	71,799,125	71,707,578	71,724,127	(91,547)	-0.1%	16,549	0.0%
85	Retirement Board	Gen	19,468,215	25,589,490	47,579,490	6,121,275	31.4%	21,990,000	85.9%
		Cash	8,965,310	6,794,100	5,365,702	(2,171,210)	-24.2%	(1,428,398)	-21.0%
		Fed	0	0	0	0	na	0	na
		Rev	0	0	0	0	na	0	na
		Total	28,433,525	32,383,590	52,945,192	3,950,065	13.9%	20,561,602	63.5%

	Fund	w/o Deficits FY2008-09	2009 Session FY2009-10	2009 Session FY2010-11	FY10 vs Prior Year		FY11 vs Prior Year	
					\$ Chnge	% Chnge	\$ Chnge	% Chnge
86 Dry Bean Board	Gen	0	0	0	0	na	0	na
	Cash	402,282	400,000	400,000	(2,282)	-0.6%	0	0.0%
	Fed	0	0	0	0	na	0	na
	Total	402,282	400,000	400,000	(2,282)	-0.6%	0	0.0%
87 Accountability & Disclosure	Gen	430,726	426,435	441,387	(4,291)	-1.0%	14,952	3.5%
	Cash	1,031,351	1,027,295	1,138,367	(4,056)	-0.4%	111,072	10.8%
	Fed	0	0	0	0	na	0	na
	Total	1,462,077	1,453,730	1,579,754	(8,347)	-0.6%	126,024	8.7%
88 Nebraska Corn Board	Gen	0	0	0	0	na	0	na
	Cash	5,211,611	5,211,611	5,211,611	0	0.0%	0	0.0%
	Fed	399,018	399,018	399,018	0	0.0%	0	0.0%
	Rev	0	0	0	0	na	0	na
Total	5,610,629	5,610,629	5,610,629	0	0.0%	0	0.0%	
92 Grain Sorghum Board	Gen	0	0	0	0	na	0	na
	Cash	304,694	304,000	304,000	(694)	-0.2%	0	0.0%
	Fed	0	0	0	0	na	0	na
	Total	304,694	304,000	304,000	(694)	-0.2%	0	0.0%
93 Tax Equalization & Review (TERC)	Gen	875,451	875,451	875,451	0	0.0%	0	0.0%
	Cash	110,000	100,000	100,000	(10,000)	-9.1%	0	0.0%
	Fed	0	0	0	0	na	0	na
	Rev	0	0	0	0	na	0	na
Total	985,451	975,451	975,451	(10,000)	-1.0%	0	0.0%	
94 Public Advocacy	Gen	0	0	0	0	na	0	na
	Cash	3,659,261	3,971,954	4,001,934	312,693	8.5%	29,980	0.8%
	Fed	0	0	0	0	na	0	na
	Total	3,659,261	3,971,954	4,001,934	312,693	8.5%	29,980	0.8%
99 Capital Construction	Gen	8,238,322	15,172,233	14,652,233	6,933,911	84.2%	(520,000)	-3.4%
	Cash	45,283,872	41,767,868	38,591,997	(3,516,004)	-7.8%	(3,175,871)	-7.6%
	Fed	5,490,000	0	0	(5,490,000)	-100.0%	0	na
	Rev*	39,762,762	22,702,671	18,757,819	(17,060,091)	-42.9%	(3,944,852)	-17.4%
Total	98,774,956	79,642,772	72,002,049	(19,132,184)	-19.4%	(7,640,723)	-9.6%	
STATE TOTALS	Gen	3,481,660,742	3,380,864,343	3,559,130,889	(100,796,399)	-2.9%	178,266,546	5.3%
	Cash	1,737,598,483	1,762,003,199	1,758,363,935	24,404,716	1.4%	(3,639,264)	-0.2%
	Fed	2,294,400,979	2,554,199,664	2,584,681,790	259,798,685	11.3%	30,482,126	1.2%
	Rev*	712,318,113	716,159,796	733,922,070	3,841,683	0.5%	17,762,274	2.5%
	Total	8,225,978,317	8,413,227,002	8,636,098,684	187,248,685	2.3%	222,871,682	2.6%

\* Includes Nebraska Capital Construction Fund (NCCF)

# **CAPITAL CONSTRUCTION**

# CAPITAL CONSTRUCTION SUMMARY

	Reaffirmations	New Projects	Total
<b>FY2009-10</b>			
General Funds	13,152,233	2,020,000	15,172,233
Cash Funds	35,320,618	6,447,250	41,767,868
Federal Funds	0	0	0
Revolving/Other Funds	5,951,330	2,350,000	8,301,330
Nebr Capital Const Fund (NCCF)	13,401,341	1,000,000	14,401,341
<b>FY2009-10 Total</b>	<b>67,825,522</b>	<b>11,817,250</b>	<b>79,642,772</b>
<b>FY2010-11</b>			
General Funds	13,152,233	1,500,000	14,652,233
Cash Funds	32,939,997	5,652,000	38,591,997
Federal Funds	0	0	0
Revolving/Other Funds	2,157,340	825,000	2,982,340
Nebr Capital Const Fund (NCCF)	14,080,000	1,695,479	15,775,479
<b>FY2010-11 Total</b>	<b>62,329,570</b>	<b>9,672,479</b>	<b>72,002,049</b>
<b>FY2011-12</b>			
General Funds	13,152,233	2,361,573	15,513,806
Cash Funds	11,000,000	0	11,000,000
Federal Funds	0	0	0
Revolving/Other Funds	1,200,000	0	1,200,000
Nebr Capital Const Fund (NCCF)	0	0	0
<b>FY2011-12 Total</b>	<b>25,352,233</b>	<b>2,361,573</b>	<b>27,713,806</b>
<b>FY2012-13</b>			
General Funds	13,152,233	857,473	14,009,706
Cash Funds	11,000,000	0	11,000,000
Federal Funds	0	0	0
Revolving/Other Funds	1,200,000	0	1,200,000
Nebr Capital Const Fund (NCCF)	0	0	0
<b>FY2012-13 Total</b>	<b>25,352,233</b>	<b>857,473</b>	<b>26,209,706</b>

***New Construction*** refers to projects initiated in the 2009 Session while ***Reaffirmations*** refers to funding needed to complete projects authorized and initial funding provided in prior legislative sessions.

The Nebraska Capital Construction Fund (NCCF) was originally created in the early 70's to account for a five cent cigarette tax earmark to build the Devaney Sports Center. Over time, the cigarette tax that had originally flowed to the NCCF has been basically reallocated and earmarked for other items. Amounts appropriated from the NCCF for the FY10/FY11 biennium are derived from transfers from the Cash Reserve Fund as enacted in LB323 in the 2007 session plus investment income generated on the invested NCCF balance.

Over the two years of the biennium, about 88% of the recommended General Funds for capital construction are reaffirmations of projects initiated in prior sessions. This includes \$900,000 and \$4.7 million for NETC to complete the NETC digital conversion project and transponder replacement, \$12.1

million in each year for the state's share of deferred maintenance and repair projects at the University of Nebraska and State Colleges as authorized under LB605 (2006), and \$1.0 million per year for continued lease/purchase payments for the tower financing of the statewide public safety communication system enacted in 2007.

Table 33 contains a complete listing of General Fund and NCCF projects. A narrative description of the major new construction items and a complete list of all reaffirmations and new construction projects, including all fund sources, follow.

Table 33 General Fund and NCCF Listing-Capital Construction Projects

		Fund	2009-10	2010-11	2011-12	2012-13	Future Yrs
<b>REAFFIRMATIONS</b>							
#47-NETC	Transponder replacement, digitize NETC signal	NCCF	4,692,327	0	0	0	0
#47-NETC	Final DTU Transmitter Conversion	NCCF	900,000	0	0	0	0
#50-Colleges	Deferred maintenance/repair (LB605-2006)	General	1,125,000	1,125,000	1,125,000	1,125,000	7,875,000
#51-University	Deferred maintenance/repair (LB605-2006)	General	11,000,000	11,000,000	11,000,000	11,000,000	77,000,000
#65-DAS	State Capitol-renovations/improvements	NCCF	1,000,000	1,000,000	0	0	0
#65-DAS	Masonry/Structural repair-State Capitol	NCCF	6,809,014	0	0	0	0
#65-DAS	Acquire property, Capitol Environs (Assurity Life)	NCCF	0	13,080,000	0	0	0
#65-DAS	Public Safety Tower Financing	General	1,027,233	1,027,233	1,027,233	1,027,233	0
<b>NEW CONSTRUCTION</b>							
#46-Corrections	Security system upgrades, all institutions	General	1,855,000	1,500,000	1,500,000	0	0
#33-Game & Parks	Wildcat Hills SRA – Addition to visitor center	General	165,000	0	0	0	0
#51-University	NCTA Education Center	NCCF	0	803,000	0	0	0
#51-University	NCTA Education Center	General	0	0	861,573	857,473	10,267,089
#65-DAS	Upgrade/modernize State Capitol elevators	NCCF	1,000,000	892,479	0	0	0
<b>Reaffirmation</b>							
General Fund			13,152,233	13,152,233	13,152,233	13,152,233	84,875,000
NCCF			13,401,341	14,080,000	0	0	0
Total - Reaffirmation			26,553,574	27,232,233	13,152,233	13,152,233	84,875,000
<b>New Construction</b>							
General Fund			2,020,000	1,500,000	2,361,573	857,473	10,267,089
NCCF			1,000,000	1,695,479	0	0	0
Total - New Construction			3,020,000	3,195,479	2,361,573	857,473	10,267,089
<b>Total General Fund</b>			15,172,233	14,652,233	15,513,806	14,009,706	95,142,089
<b>Total NCCF</b>			14,401,341	15,775,479	0	0	0

## Dept of Correctional Services, Security system upgrades

This project consists of eleven of the highest priority, security-related projects at various Dept of Correctional Services (NDCS) facilities. The facilities are experiencing significant problems with critical security components that include perimeter security fences, exterior lighting, electronic perimeter detection, and CCTV surveillance systems. These projects provide the basic security infrastructure for each facility. The State Comprehensive Capital Facilities Planning Committee reviewed this project along with all other capital construction requests and rated this project #3 for general funds.

FY2009-10	General	1,855,000
FY2010-11	General	1,500,000
FY2011-12	General	1,500,000
Project Total		4,855,000

The following table and narratives identifies the individual items within this overall project

1. Nebraska Correctional Center for Women (NCCW) - Replace Perimeter Security Lights on the Old Campus (\$275,000). The exterior perimeter security lights on the older portions of the west campus have routinely failed, especially during storms. This project would replace the old lighting and wiring, originally installed in 1980, with newer, energy efficient, security lighting.



2. Nebraska Correctional Center for Women (NCCW) - Replace Perimeter Security Fencing on the Old Campus (\$300,000). The exterior security fence on the west campus includes an older seven foot high fence that is estimated to be over 60 years old and is in disrepair. It is rusted and has sagged in several areas. There are approximately 2,200 lineal feet of fencing to be replaced at an estimated cost of \$136 per lineal foot.

3. Lincoln Correctional Center (LCC) and Diagnostic and Evaluation Center (DEC) - Replace Perimeter Detection System (\$280,000). The current perimeter detection system was installed in the 1970's and no longer functions properly. Numerous false alarms have occurred and it is not considered reliable. The current perimeter detection system consists of two-strand intrusion alarm wiring running along the interior perimeter security fence line. The detection system is approximately 5,000 feet long and is activated by vibration and/or cutting of the fence fabric, and alerts custody staff in the event of an attempted escape. The project includes new perimeter detection to be placed above the LCC and DEC front entrances, too.

1. Replace Perimeter Security Lights (Old Campus) – NCCW	\$275,000
2. Replace Perimeter Security Fencing (Old 7' Fence) - NCCW	300,000
3. Replace Perimeter Detection System - LCC/DEC	280,000
4. Install Rooftop Security Fence (Above Entrance) - LCC	45,000
5. Install Rooftop Security Fence (Above Entrance) - DEC	35,000
6. Perimeter Fence Upgrade Between DEC & Tower 1 - DEC	25,000
7. Replace Razor Ribbon on Exterior Security Fence - OCC	90,000
8. Install Exterior Security Lights - CCCO	40,000
9. Replace Exterior Security Lights – NSP	50,000
10. Modify Control Center in Buildings A and C - WEC	100,000
SUB-TOTAL	\$1,240,000
11a. NSP-Install 103 Cameras, Digital Recording,	318,000
11b. LCC-Install 146 Cameras, Digital Recording,	566,000
11c. DEC-Install 67 Cameras and video visitation	355,000
11d. CCCL-Install 32 Cameras, Digital Recording,	129,000
11e. OCC-Install 43 Cameras, Digital Recording,	255,000
11f. CCCO-Install 7 Cameras,	8,000
11g. NCYF-Install 53 Cameras, Digital Recording,	228,000
11h. TSCI –Install 71 network recorders and monitors,	360,000
11i. WEC-Install 19 Cameras, Digital Recording,	31,000
SUB-TOTAL Closed Circuit Surveillance Camera Improvements	\$2,250,000
12. Design Fees, Testing, Administration (@ 12%)	419,000
13. Contingencies (@ 8%)	313,000
14. Inflation (3 years @ 5% per year)	633,000
TOTAL PROJECT COST	\$4,855,000

4. Lincoln Correctional Center (LCC) - Install Rooftop Security Fence above Front Entrance (\$45,000).

5. Diagnostic and Evaluation Center (DEC) - Install Rooftop Security Fence above Front Entrance (\$35,000). These projects provide for a seven foot high security fence with barbed razor ribbon on the roof above the front entrances at both LCC and DEC. A similar rooftop fence is in place at the Nebraska Correctional Youth Facility, and is an excellent deterrent for potential escape attempts. Both facilities' current rooftop security systems consist of a detection system only. This provides an alarm, but not a physical barrier to deter a rooftop escape.

6. Diagnostic and Evaluation Center (DEC) - Perimeter Fencing Upgrade between DEC Entrance and Tower 1 (\$25,000). This project would upgrade the security fencing along the high security retaining wall between the DEC Vehicle Sally Port and Tower 1, located directly west of DEC. Razor ribbon would be installed and security outriggers added as a deterrent to any escape attempts.

7. Omaha Correctional Center (OCC) - Replace Razor Ribbon on the Exterior Security Fence (\$90,000). The razor ribbon on the exterior fence was installed in 1984 as part of the original construction. Age and weathering has caused the razor ribbon to become very rusted and broken in a number of areas. The exterior fence line is approximately 4,850 feet long. The perimeter security fence at the Omaha Correctional Center consists of two 10' fences running parallel around the campus. The security fencing includes several rolls of razor ribbon to deter attempted escapes, as well as a perimeter detection notification system.

8. Community Corrections Center at Omaha (CCCO) - Install Exterior Security Lights (\$40,000). This facility does not include perimeter security fences and only has minimal exterior lighting. This project

would install six exterior pole mounted security lights along the north and west sides to greatly enhance nighttime visibility.

9. Nebraska State Penitentiary (NSP) - Replace Exterior Security Lights (\$50,000). The exterior security lights along the perimeter at the Nebraska State Penitentiary were installed prior to 1980. NSP maintenance is experiencing more problems with these lights and several have failed. The existing security lights are a quartz fixture, which is not energy efficient. To improve security, as well as reduce electrical energy costs, this project would replace the old security lights with new, energy efficient, metal halide lighting. Since metal halide lights do not have a quick restart in the event of a power outage, rapid restart quartz lamps would be installed on every fourth light fixture. Approximately 70 fixtures would be replaced under this project. The projected energy savings in electricity is approximately \$12,500 per year.

10. Work Ethic Camp (WEC) - Modify Control Center in Buildings A and C for DCS Inmate Population (\$100,000). The Work Ethic Camp in McCook is designed as a community-based facility with minimum security standards. WEC was originally designed only for offenders on Intensive Probation Supervision, but with the passage of LB 83, 2007, WEC now accepts certain DCS inmates up for parole. Inmates convicted of sex crimes and certain violent crimes are not eligible. DCS states that minor security improvements are needed because of the changing and increasing population at WEC. Presently, although some communication systems and door controls can be operated from Building A, the primary control station is located in Building C. This project would modify the Control Center in Building A to duplicate the security control functions in Building C. Additionally, the Control Center in Building C would be "hardened" with the installation of a window wall around the existing control station.

11. Various Facilities - Closed Circuit Surveillance Camera Improvements (\$2,250,000). This project is adding, not replacing, surveillance cameras and other Closed Circuit Television (CCTV) equipment at DCS facilities. This project will also provide for the integration and recording capabilities of existing cameras with the new CCTV technology. Technological advances for digital recording are included in this request. Replacing existing CCTV equipment is typically part of the agency's annual operations budget and not part of this project. Davis Design completed a Program Statement in June 2006 to provide CCTV surveillance improvements at various DCS facilities. Minor improvements and additions to CCTV systems have been completed since that time, but the majority of the work identified in the Davis Design Study remains incomplete. This project would complete the remainder of the CCTV systems identified in the Davis Design Study. The actual number of cameras and equipment may change depending on the compatibility of existing equipment and final camera locations.

## **Upgrade and modernize State Capitol Elevators**

The Nebraska Capitol Commission requested funding to upgrade and modernize equipment for the four Capitol tower elevators. The Commission indicates that the last modernization of the elevators occurred in 1980. Maintenance service required for the elevators has increased significantly over the last two years. Replacement parts are becoming increasingly difficult to find and in some instances, rebuilt used parts are required insofar that new parts are no longer manufactured for required repairs. The proposed upgrade and modernization would correct multiple code deficiencies, improve reliability, and increase elevator cab speed.

FY2009-10	NCCF	1,000,000
FY2010-11	NCCF	892,479
Project Total		1,892,479

## **Nebraska College of Technical Agriculture (NCTA) Education Center**

This project will construct a new 26,450 square foot Education Center to replace the current horticulture classroom facility and old dairy barn. Both facilities were constructed in 1935 and are not handicapped

accessible. The Education Center will be the home to the Horticulture Systems Division, provide additional space for the Veterinary Technology Systems and provide a student commons space.

Last year the Legislature passed intent language indicating that if the Nebraska College of Technical Agriculture (NCTA) met 6 conditions the Legislature would approve the construction of a \$9,700,000 Education Center Building at NCTA to be financed through a University of Nebraska Facilities Corporation bond issue with related bonds to be retired with state funds. The 6 conditions, which appear to have been met, are generally:

1. Approval of the project by the Board of Regents
2. Project reviewed by the Coordinating Commission
- 3 NCTA raises \$1,000,000 in private donations to be offset the project cost.
4. The project is financed through a University of Nebraska Facilities Corporation
5. University cash funds are pledged to secure the project
6. NCTA secures funding for the construction of new student housing to include 144 beds.

FY2010-11	NCCF	803,000
FY2011-12	General	861,573
FY2012-13	General	857,473
Future	General	10,267,089
Project Total		12,789,135

## Legislative Approval for Higher Education Facilities Expenditures

Although appropriations amounts are not required, statute does require review and approval of the use of certain bond funds.

Pursuant to the provisions of section 85-408, the Legislature includes approval for the use of surplus funds for the partial renovation of Men's Hall and Randall Hall at the University of Nebraska at Kearney at a cost of \$4,960,000.

Pursuant to the provisions of sections 85-404 and 85-408, the Legislature includes approval of the financing of a parking structure at 19th and Vine Streets on the UNL campus totaling \$16,800,000. The project will be financed from bonds issued under the Master Trust Indenture and parking surplus funds which will be repaid by net parking revenues.

# PROJECT LISTING - REAFFIRMATIONS

Reaffirmations	Fiscal Yr	Dollar Amt	Fund
#47-NETC Transponder replacement, digitize NETC signal	2009-10	4,692,327	NCCF
#47-NETC Final DTV Transmitter Conversion	2009-10	900,000	NCCF
#50-Colleges Deferred maintenance/repairs (facilities fees)	2009-10	957,340	Rev
Deferred maintenance/repairs (facilities fees)	2010-11	957,340	Rev
#50-Colleges Deferred maintenance/repair (LB605)	2009-10	1,125,000	Gen
Deferred maintenance/repair (LB605)	2009-10	1,200,000	Rev
Deferred maintenance/repair (LB605)	2010-11	1,125,000	Gen
Deferred maintenance/repair (LB605)	2010-11	1,200,000	Rev
Deferred maintenance/repair (LB605)	2011-12	1,125,000	Gen
Deferred maintenance/repair (LB605)	2011-12	1,200,000	Rev
Deferred maintenance/repair (LB605)	2012-13	1,125,000	Gen
Deferred maintenance/repair (LB605)	2012-13	1,200,000	Rev
Deferred maintenance/repair (LB605)	Future	7,875,000	Gen
Deferred maintenance/repair (LB605)	Future	8,400,000	Rev
#51-University Deferred maintenance/repair (LB1100)	2009-10	5,200,000	Cash
#51-University Deferred maintenance/repair (LB605)	2009-10	11,000,000	Gen
Deferred maintenance/repair (LB605)	2009-10	5,500,000	Cash
Deferred maintenance/repair (LB605)	2010-11	11,000,000	Gen
Deferred maintenance/repair (LB605)	2010-11	11,000,000	Cash
Deferred maintenance/repair (LB605)	2011-12	11,000,000	Gen
Deferred maintenance/repair (LB605)	2011-12	11,000,000	Cash
Deferred maintenance/repair (LB605)	2012-13	11,000,000	Gen
Deferred maintenance/repair (LB605)	2012-13	11,000,000	Cash
Deferred maintenance/repair (LB605)	Future	77,000,000	Gen
Deferred maintenance/repair (LB605)	Future	72,632,546	Cash
#65-DAS State Capitol-renovations/improvements	2009-10	1,000,000	NCCF
State Capitol-renovations/improvements	2010-11	1,000,000	NCCF
State Capitol-renovations/improvements	Future	0	Gen
#65-DAS Parking garage expansion	2009-10	2,169,630	Rev
Parking garage expansion	2010-11	0	Rev
Parking garage expansion	2011-12	0	Rev
Parking garage expansion	2012-13	0	Rev
Parking garage expansion	Future	0	Rev
#65-DAS Executive Building-Exercise purchase option	2009-10	1,624,360	Rev
Executive Building-Exercise purchase option	2010-11	0	Rev
Executive Building-Exercise purchase option	2011-12	0	Rev
Executive Building-Exercise purchase option	2012-13	0	Rev
Executive Building-Exercise purchase option	Future	0	Rev
#65-DAS State Capitol-Masonry/Structural repair	2009-10	0	Gen
State Capitol-Masonry/Structural repair	2009-10	6,809,014	NCCF
State Capitol-Masonry/Structural repair	2010-11	0	Gen
State Capitol-Masonry/Structural repair	2010-11	0	NCCF
#65-DAS LB309 Task Force, deferred repair/maintenance	2009-10	24,620,618	Cash
LB309 Task Force, deferred repair/maintenance	2010-11	21,939,997	Cash
#65-DAS Public Safety Tower Financing	2009-10	1,027,233	Gen
Public Safety Tower Financing	2010-11	1,027,233	Gen
Public Safety Tower Financing	2011-12	1,027,233	Gen
Public Safety Tower Financing	2012-13	1,027,233	Gen
Public Safety Tower Financing	Future	0	Gen
#65-DAS Acquire property, Capitol Environs District	2009-10	0	NCCF
Acquire property, Capitol Environs District	2010-11	13,080,000	NCCF
Acquire property, Capitol Environs District	Future	0	NCCF

# PROJECT LISTING - NEW CONSTRUCTION

New Construction		Fiscal Yr	Dollar Amt	Fund
#33-Game & Parks	State Park System - Deferred maintenance.	2009-10	300,000	Cash
	State Park System - Deferred maintenance.	2010-11	300,000	Cash
#33-Game & Parks	Emergency repairs, fish and wildlife facilities	2009-10	50,000	Cash
	Emergency repairs, fish and wildlife facilities	2010-11	50,000	Cash
#33-Game & Parks	Emergency repairs, state park facilities.	2009-10	75,000	Cash
	Emergency repairs, state park facilities.	2010-11	75,000	Cash
#33-Game & Parks	Ponca State Park - Repair and Update Sewage Facility	2009-10	350,000	Cash
#33-Game & Parks	Aquatic habitat enhancement and restoration.	2009-10	3,000,000	Cash
	Aquatic habitat enhancement and restoration.	2010-11	3,000,000	Cash
#33-Game & Parks	Rock Creek Station SRA - Water Treatment Plant Replacement	2009-10	50,000	Cash
#33-Game & Parks	Wildlife Management Areas - Misc. improvements	2009-10	325,000	Cash
	Wildlife Management Areas - Misc. improvements	2010-11	325,000	Cash
#33-Game & Parks	Fort Robinson State Park - Heating and A/C for Lodge	2009-10	150,000	Cash
#33-Game & Parks	Mahoney State Park - Upgrade and renovate 16 cabins	2009-10	200,000	Cash
	Mahoney State Park - Upgrade and renovate 16 cabins	2010-11	200,000	Cash
#33-Game & Parks	Fisheries facilities repairs and improvements - Statewide	2009-10	1,000,000	Cash
	Fisheries facilities repairs and improvements - Statewide	2010-11	1,000,000	Cash
#33-Game & Parks	Chadron State Park - Upgrade and repairs to swimming pool	2009-10	50,000	Cash
#33-Game & Parks	Ponca State Park - Utilities upgrade, new water tower	2010-11	250,000	Cash
#33-Game & Parks	Platte River State Park - Upgrade and renovate cabins	2009-10	60,000	Cash
#33-Game & Parks	Lake McConaughy SRA Visitor Center - Interpretive Displays	2009-10	125,000	Cash
#33-Game & Parks	Pawnee Lake SRA - Salt Valley lakes maintenance shop upgrade	2009-10	60,000	Cash
#33-Game & Parks	Wildlife lands acquisition and improvements - Statewide	2009-10	200,000	Cash
	Wildlife lands acquisition and improvements - Statewide	2010-11	200,000	Cash
#33-Game & Parks	Land acquisition/development , non-game & endangered species	2009-10	200,000	Cash
#33-Game & Parks	Wildcat Hills SRA - Addition to visitor center	2009-10	165,000	Gen
	Wildcat Hills SRA - Addition to visitor center	2010-11	0	Cash
#33-Game & Parks	State recreation area projects - Contingency	2010-11	25,000	Cash
#33-Game & Parks	State Parks System - Basic facilities.	2009-10	50,000	Cash
	State Parks System - Basic facilities.	2010-11	50,000	Cash
#33-Game & Parks	Motor boat access.	2009-10	75,000	Cash
	Motor boat access.	2010-11	75,000	Cash
#33-Game & Parks	District Offices - General improvements/repairs statewide	2009-10	75,000	Cash
	District Offices - General improvements/repairs statewide	2010-11	75,000	Cash
#33-Game & Parks	State park projects - Contingency for overruns.	2009-10	40,500	Cash
	State park projects - Contingency for overruns.	2010-11	22,500	Cash
#33-Game & Parks	State recreation area projects-Contingency	2009-10	11,750	Cash
	State recreation area projects - Contingency	2010-11	4,500	Cash
#46-Corrections	Security system upgrades, all institutions	2009-10	1,855,000	Gen
	Security system upgrades, all institutions	2010-11	1,500,000	Gen
	Security system upgrades, all institutions	2011-12	1,500,000	Gen

**New Construction (continued)**

		Fiscal Yr	Dollar Amt	Fund
#51-University	NCTA Education Center	2010-11	803,000	NCCF
	NCTA Education Center	2011-12	861,573	Gen
	NCTA Education Center	2012-13	857,473	Gen
	NCTA Education Center	Future	10,267,089	Gen
#65-DAS	Norfolk Regional Center, Building #16 heating and utility plant	2009-10	750,000	Rev
	Norfolk Regional Center, Building #16 heating and utility plant	2010-11	825,000	Rev
#65-DAS	Utility improvement/repair, various HHS facilities	2009-10	1,600,000	Rev
#65-DAS	Upgrade/modernize State Capitol elevators	2009-10	1,000,000	NCCF
	Upgrade/modernize State Capitol elevators	2010-11	892,479	NCCF

**FY2008-09  
DEFICIENCY  
APPROPRIATIONS**

# SUMMARY OF FY2008-09 DEFICITS - MAJOR GENERAL FUND ITEMS

Appropriations changes for the current FY2008-09 budget (ie... deficits) are actually a major contributor towards alleviating the FY10 / FY11 biennial shortfall. Reduced appropriations amount to \$155 million. Of this amount \$83.3 million is attributed to lower than budgeted expenditures in the homestead exemption program (-\$14.9 million) and HHS public assistance (-\$22.9 million) and Medicaid (-\$45.6 million) programs. An additional \$71.8 million reduction is attributed to the enhanced federal Medicaid match rate (FMAP) enacted in the American Recovery and Reinvestment Act of 2009 (ARRA).

Homestead Exemption: In the Homestead Exemption program, the FY08 actual claims were \$7 million below budgeted. This excess was removed in the deficit adjustments last year. However, the FY08-09 base was not changed as it was unknown whether that below budget expenditure was attributed to a slow implementation of the homestead changes made in LB968 passed in 2006. The actual exemption claims attributed to the 2008 taxes levied are now known and are \$14.9 million below the FY09 budgeted. This \$14.9 million below budgeted amount appears to be a continuation of the \$7 million reduction in FY08 and an additional \$7.9 million reduction. While there is no question that this \$14.9 million is not needed to pay actual exemption claims filed based on existing law, there are still questions about why the lower level of claims. More analysis is needed to attempt to isolate the cause.

HHS Aid Programs, Public Assistance and Medicaid: The “base reductions” in Health and Human Services (HHS) reflect the cumulative and combined affect of lower than projected spending in both FY07-08 and FY08-09. Recall that all unexpended FY08 funds are carried forward into the second year of the biennium, FY08-09.

In the Public Assistance program, the department has used significant resources to find permanent placements for children through guardianships with relatives, increased adoptions and returning children to their homes. Although utilization of child welfare services was projected to be flat over the current biennium, the total number of state wards declined by 2% in FY08 and estimated to decline by 5% in FY 09. Out-of-home placements declined by 2% in FY08 and projected to decline 8% during FY 09. This resulted in under spending in child welfare programs and in the state education for state wards program. Also the programs serving the elderly and disabled population were projected to increase by 3% each year in the current biennium. The population has been flat, savings funds in the State Supplement and State Disabled - Medical Program.

With respect to Medicaid, three areas account for the majority of the lower than projected spending: prescription drugs, “clawback” and nursing facilities. Drugs were projected to increase 10% per year; the actual increase was 6%. The amount the state must pay the federal government for the saving to the Medicaid Program because of Part D coverage, commonly referred to as “clawback”, was lower than projected, by approximately \$4 million in FY 08 and \$6.2 million in FY09. Finally, nursing facilities costs were \$19 million less than projected in FY07-08 and \$9.5 million in FY09. Three factors likely account for the lower utilization. The aged population was projected to increase by 1.5% in FY 08 but the average monthly number of aged eligibles declined by 2%. The other reason may be due to Medicaid reform measures. One of the reform measures is an incremental expansion of the home and community based waiver for the aged and disabled. Although savings were calculated in the appropriation, they were conservative. It is also possible that with the Medicare Part D coverage, elderly individuals with high drug costs would not be spending down to Medicaid eligibility or may not be using up their financial resources as fast making them Medicaid eligible.

ARRA enhanced federal Medicaid match rate (FMAP): HR1 the American Recovery and Reinvestment Act of 2009 (ARRA) was enacted in February 2009 and provided a substantial amount of additional federal dollars to provide fiscal assistance to assist state’s with their budget problems. The



fiscal assistance portion of the act provided for a 6.2% increase in the federal Medicaid match rate (FMAP) for the period October 2008 through December 2010. The state is projecting \$71.8 million of funds would be available from this enhanced FMAP for the 9 months that falls in FY08-09. These additional federal funds from the higher FMAP then allows for a like reduction in state General Funds to finance the same level of services.

**BSDC Action Plan:** A \$7 million deficit appropriation for the Beatrice State Developmental Center (BSDC) was included in the deficit bill. This is the first part of an overall recommendation for BSDC that includes additional general funds over a three year period to pursue a plan of action to continue federal participation in the operation of BSDC. The funds may be used for purposes as determined by the Department of Health and Human Services which could include, but not be limited to: additional professional and direct care staff at BSDC; staff training and mentoring programs; service coordination; centralization of medical care charts and incident reporting at BSDC; transfers to community-based programs or the Medicaid program for the care of BSDC clients; start-up costs for community-based programs; medically intense community-based placements and hospital placement related expenses. The additional general funds are provided as follows: \$7 million in FY08-09 as a deficit; \$5 million in FY09-10; and, \$5 million in FY10-11. Additional funds are also provided in the next to transition clients to community based programs and to comply with an agreement with the Dept of Justice (see agency narrative on page 55). Of the \$7 million deficit, \$6,899,750 is provided to the BSDC budget programs and \$100,250 is appropriated to the administrative program to fund a recommendation of the Legislative Committee studying BSDC that there be more frequent surveying of community-based facilities serving persons with developmental disabilities. This would be used to hire additional surveyors.

**HHS Recruitment and Retention:** The deficit proposal provides \$313,025 general funds for the 24 hour facilities at HHS for recruitment and retention incentives for front-line direct care staff. In FY08, the turnover rate for facility direct care workers ranged from 14% for Mental Health Security Specialists to 50% for Staff Care Technicians/Specialists, with an average turnover rate for direct care staff of 32%. The vacancy rate is also high at 19% for FY08. The incentives will be given to Psychiatric Tech/Specialists, Mental Health Specialists, Staff Care Tech/Specialists, Developmental Tech/Specialists and Youth Security Specialists.

The three types of incentives are as follows: (1) Recruitment/Retention - \$500 for each new hire successfully completing 6 months of probation - additional \$500 after 1 yr., (2) Retention/Performance - \$500 for each current employee on anniversary date, (3) Referral - \$500 for each referral by an employee in one of the classes after the new employee successfully completes 6 mos. of probation

Funding by facilities includes Juvenile Services \$36,706, Regional Centers \$100,231, BSDC \$37,034, Veterans Homes \$111,102, and Norfolk Sex Offender \$27,952

**Dept of Correctional Services (NDCS) Funding:** The deficit appropriation includes \$7.7 million for a variety of NDCS costs including inmate medical and food costs, utilities, and capital outlay. While the amounts are attributed to these specific categories, the need for this deficit reflects the cumulative impact of prior year budget actions. In past years NDCS has utilized unobligated year end balances in the following fiscal year for safety/security and other infrastructure needs, as well as for medical, other inmate per diem and utility expenses. The primary source of the unobligated funds since 2001 originated from vacancy savings, much from the opening of the Tecumseh State Correctional Institution (TSCI) and the Work Ethic Camp (WEC) in McCook. Also in FY06, NDCS' budget was reduced by \$4.5 million with this reduction annualized into future base budgets. At that time NDCS was experiencing a large number of vacancies and annualizing the \$4.5 million reduction was a reasonable projection of estimated vacancy savings especially considering that TSCI was continuing to experience a large number of vacancies. Vacancies consistently were as high as 75-80 just for caseworkers, correctional officers, and corporal classifications during that time period. Through an effort to recruit and retain staff, there has been a marked decrease in the number of vacancies at TSCI, which are less than 20. With this decrease in vacancies, in turn, comes a reduction in vacancy savings.

# CHRONOLOGY OF FY2008-09 APPROPRIATIONS

## General Funds

<b>FY2008-09</b>	Operations	State Aid	Construction	Total
<b>Total Per 2007 Session</b>	1,223,747,872	2,248,657,882	8,150,822	3,480,556,576
2008 Session-Committee Proposed	(2,934,781)	2,586,090	87,500	(261,191)
2008 Session-Floor Actions	600,000	62,631,289	0	63,231,289
2008 Session-Mainline Governor Vetoes	0	0	0	0
2008 Session-Mainline Veto Overrides	0	0	0	0
2008 Session "A" bills	76,043	(62,010,819)	0	(61,934,776)
Post 2008 Session	83	0	0	83
2008 Session - Midbiennium Adjustments	(2,258,655)	3,206,560	87,500	1,035,405
<b>Total Per 2008 Session</b>	1,221,489,217	2,251,864,442	8,238,322	3,481,591,981
First Special Session costs	68,761	0	0	68,761
<b>Total Per 2008 First Special Session</b>	1,221,557,978	2,251,864,442	8,238,322	3,481,660,742
2009 Session Deficits	12,986,101	(144,583,489)	0	(131,597,388)
2009 Session State Claims	896,937	0	0	896,937
2009 Session "A" bills	0	0	0	0
<b>Final Appropriation per 2009 Session</b>	1,235,441,016	2,107,280,953	8,238,322	3,350,960,291

## All Fund Sources

<b>FY2008-09</b>	General	Cash	Federal	Rev/Other	Total
<b>Total Per 2007 Session</b>	3,480,556,576	1,640,486,123	2,265,031,840	645,629,270	8,031,703,809
2008 Session-Legislature	62,970,098	28,959,554	9,106,098	1,463,315	102,499,065
2008 Session Vetoes	0	(14,513,930)	0	0	(14,513,930)
2008 Session Overrides	0	14,513,930	0	0	14,513,930
2008 Session "A" bills	(61,934,776)	8,793,167	493,534	0	(52,648,075)
Post 2008 Session	83	0	0	0	83
2008 Session Midbiennium Actions	1,035,405	37,752,721	9,599,632	1,463,315	49,851,073
<b>Total Per 2008 Session</b>	3,481,591,981	1,678,238,844	2,274,631,472	647,092,585	8,081,554,882
First Special Session costs	68,761	0	0	0	68,761
Update cash/federal estimates	0	59,359,639	19,769,507	65,225,528	144,354,674
<b>Adjusted Per 2008 Session</b>	3,481,660,742	1,737,598,483	2,294,400,979	712,318,113	8,225,978,317
2009 Session Deficits	(131,597,388)	14,647,832	(1,904,909)	0	(118,854,465)
2009 Session State Claims	896,937	3,720,434	0	282,764	4,900,135
2009 Session "A" bills	0	350,000	0	0	350,000
<b>Final Appropriation per 2009 Session</b>	3,350,960,291	1,756,316,749	2,292,496,070	712,600,877	8,112,373,987

# LISTING OF FY2008-09 GENERAL FUND DEFICITS

Agency	Prog	Issue	Type	Amount	
11	Attorney Gen	507	Water related litigation/arbitration (Republican River, Kansas)	Oper	511,000
11	Attorney Gen	507	Return reallocated attorney from school litigation back to AG	Oper	118,555
13	Education	158	TEEOSA Aid; higher recertified, revised Insurance Premium	Aid	1,529,614
16	Revenue	108	Homestead exemption deficit	Aid	(14,870,104)
25	HHS System	33	BSDC Action Plan - Community based DD facility surveys	Oper	100,250
25	HHS System	421	BSDC Action Plan - BSDC	Oper	6,899,750
25	HHS System	365	Base adjust, shift regional center funds to behavioral health aid	Aid	3,500,000
25	HHS System	365	Base adjust, shift regional center funds to behavioral health aid	Oper	(3,500,000)
25	HHS System	250	Recruitment & retention incentives, Juvenile Services	Oper	36,706
25	HHS System	365	Recruitment & retention incentives, Regional Centers	Oper	100,231
25	HHS System	421	Recruitment & retention incentives, BSDC	Oper	37,034
25	HHS System	519	Recruitment & retention incentives, Veterans Homes	Oper	111,102
25	HHS System	870	Recruitment & retention incentives, Norfolk Sex Offender	Oper	27,952
25	HHS System	347	Public Assistance - rebase FY07-08 (excess to FY09)	Aid	(18,004,186)
25	HHS System	347	Public Assistance - rebase FY08-09	Aid	(4,895,938)
25	HHS System	347	Public Assistance - ARRA FFP funds	Aid	(1,180,453)
25	HHS System	348	Medicaid - rebase FY07-08 (excess to FY09)	Aid	(25,607,620)
25	HHS System	348	Medicaid - Rebase FY08-09	Aid	(19,960,043)
25	HHS System	348	Medicaid - reduction in federal clawback payments	Aid	(163,441)
25	HHS System	348	ARRA enhanced FMAP (FY09) all programs	Aid	(64,840,697)
25	HHS System	514	Health aid - adjust for FY08 carryover	Aid	(90,621)
35	Liquor Control	73	Vacation and sick leave pay, retired employee	Oper	10,448
46	Corrections	200	Inmate medical costs	Oper	3,984,290
46	Corrections	200	Inmate food and other per diem costs	Oper	1,584,102
46	Corrections	200	Utility costs	Oper	1,175,043
46	Corrections	200	Capital outlay, safety and security	Oper	592,242
46	Corrections	200	Higher costs, self-funded inmate education program	Oper	154,300
46	Corrections	200	Electronic monitoring of lifetime sex offenders	Oper	63,000
46	Corrections	200	Inmate transportation costs	Oper	149,775
65	DAS	592	Indemnification claims (Hirsh v Lecuona settlement)	Oper	803,000
65	DAS	608	Appeal of Special Master's DecisionGen	Oper	50,000
65	DAS	na	State Claims (LB 628)	Oper	896,937
77	Indust Relations	490	Shift funds for commission travel expenses	Oper	6,114
77	Indust Relations	531	Shift funds for commission travel expenses	Oper	(6,114)
87	Acct/Disclosure	94	Leave payouts, retiring employee	Oper	12,321
93	TERC	115	Reduce FY09 contract mediation earmark that was unused	Oper	(35,000)
Operations					13,883,038
State Aid					(144,583,489)
Construction					0
Total General Fund Deficits					(130,700,451)

# LISTING OF FY2008-09 DEFICITS ALL FUNDS

Agency / Issue	Fund	Type	Amount
<b>#05 Supreme Court</b>			
52 Milage reimbursement - County/District Court system	Gen	Oper	0
<b>#11-Attorney General</b>			
507 Water related litigation and arbitration (Republican River, Kansas)	Gen	Oper	511,000
507 Return reallocated attorney from school litigation back to AG	Gen	Oper	118,555
507 Additional enforcement, tobacco master settlement agreement	Cash	Oper	60,000
<b>#12 State Treasurer</b>			
505 Revised Investment Council fees, College Savings Plan	Cash	Oper	8,737
665 Convention Center Support Fund	Cash	Aid	2,644,521
<b>#13 Dept of Education</b>			
25 Leave payouts, retiring employees (\$36,479 PSL)	PSL	Oper	NO
25 Additional PSL (2 FTE), student assessment/testing (\$96,810 PSL)	PSL	Oper	YES
158 Enrollment Option Transportation reimbursement	Gen	Aid	0
158 TEEOSA Aid; higher recertified and revised Insurance Premium tax	Gen	Aid	1,529,614
351 Leave payouts, retiring Voc Rehab employees (\$57,936 PSL)	PSL	Oper	NO
402 Authorize excess roof replacement funds for other projects (Nebr City)	Gen	Oper	NO
<b>#16 Dept of Revenue</b>			
13 PSL adjustment, tax commissioner (\$9,000 PSL)	PSL	Oper	YES
108 Homestead exemption deficit	Gen	Aid	(14,870,104)
<b>#23 Dept of Labor</b>			
31 Nebraska Workforce Development, federal repayment	Cash	Oper	1,300,000
194 Nebraska Workforce Development, federal repayment	Cash	Oper	700,000
<b>#25-HHS System</b>			
33 Community based DD facility surveys	Gen	Oper	100,250
33 Community based DD facility surveys	Fed	Oper	100,250
33 BSDC privatization study	Cash	Oper	100,000
365 Base adjustment - shift regional center funds to behavioral health aid	Gen	Aid	3,500,000
250 Recruitment and retention incentives, Juvenile Services	Gen	Oper	36,706
250 Recruitment and retention incentives, Juvenile Services	Cash	Oper	0
347 Public Assistance - rebase FY07-08 (excess to FY09)	Gen	Aid	(18,004,186)
347 Public Assistance - rebase FY08-09	Gen	Aid	(4,895,938)
347 Public Assistance - ARRA FFP funds, foster care and adoption assistance	Gen	Aid	(1,180,453)
347 Public Assistance - ARRA FFP funds, foster care and adoption assistance	Fed	Aid	1,180,453
348 Medicaid - rebase FY07-08 (excess to FY09)	Gen	Aid	(25,607,620)
348 Medicaid - rebase FY07-08 (excess to FY09)	Fed	Aid	(38,411,430)
348 Medicaid - Rebase FY08-09	Gen	Aid	(19,960,043)
348 Medicaid - Rebase FY08-09	Fed	Aid	(29,940,064)
348 Medicaid - reduction in federal clawback payments	Gen	Aid	(163,441)
348 Medicaid - ARRA enhanced FMAP (FY09) all programs	Gen	Aid	(64,840,697)
348 Medicaid - ARRA enhanced FMAP (FY09) all programs	Fed	Aid	64,840,697
365 Recruitment and retention incentives, Regional Centers	Gen	Oper	100,231
365 Recruitment and retention incentives, Regional Centers	Cash	Oper	0

Agency / Issue	Fund	Type	Amount
365 Base adjustment - shift regional center funds to behavioral health aid	Gen	Oper	(3,500,000)
421 Recruitment and retention incentives, BSDC	Gen	Oper	37,034
421 Recruitment and retention incentives, BSDC	Cash	Oper	0
421 BSDC action plan	Gen	Oper	6,899,750
514 Health aid - adjust for FY08 carryover	Gen	Aid	(90,621)
514 Increased cash authority, WIC formula rebate	Cash	Aid	1,500,000
519 Recruitment and retention incentives, Veterans Homes	Gen	Oper	111,102
519 Recruitment and retention incentives, Veterans Homes	Cash	Oper	0
870 Recruitment and retention incentives, Norfolk Sex Offender Treatment	Gen	Oper	27,952
870 Recruitment and retention incentives, Norfolk Sex Offender Treatment	Cash	Oper	0
<b>#30 Electrical Board</b>			
197 Increase PSL, rules covered positions, extra payroll (\$6,323 PSL)	PSL	Aid	YES
<b>#31 Military Dept</b>			
192 Governor's Emergency Fund, costs related to natural disasters	Gen	Aid	0
192 Governor's Emergency Fund, costs related to natural disasters	Cash	Aid	7,500,000
<b>#33-Game and Parks Commission</b>			
336 Increase PSL, additional federal grants (\$614,231 PSL)	PSL	Oper	YES
900 Repair flood damage, Blue Bluffs Wildlife Management Area	Cash	Const	165,000
900 Repair flood damage, Champion Mill SHP	Cash	Const	55,554
<b>#34 Library Commission</b>			
252 Change e-mail system from an internally supported system to IMS	Gen	Oper	0
<b>#35 Liquor Control Commission</b>			
73 Vacation and sick leave pay, retired employee	Gen	Oper	10,448
<b>#41 Real Estate Commission</b>			
77 Increase PSL, required change from monthly to bi-weekly (\$5,290 PSL)	PSL	Oper	YES
77 Leave payouts, retiring Director	Cash	Oper	30,620
<b>#46 Correctional Services</b>			
200 Inmate medical costs	Gen	Oper	3,984,290
200 Inmate food and other per diem costs	Gen	Oper	1,584,102
200 Utility costs	Gen	Oper	1,175,043
200 Capital outlay, safety and security	Gen	Oper	592,242
200 Higher costs, self-funded inmate education program	Gen	Oper	154,300
200 Electronic monitoring of lifetime sex offenders	Gen	Oper	63,000
200 Inmate transportation costs	Gen	Oper	149,775
<b>#47 Nebr Educational Telecommunications</b>			
912 KLNE HD Radio, replace transmission tower and add digital capability	Fed	Const	66,260
917 KHNE HD Radio, replace transmission tower and add digital capability	Cash	Const	80,000
925 Beatrice Translator Tower Replacement	Fed	Const	258,925
<b>#50 State Colleges</b>			
920 Shift bond payment funds (NCCF)	Rev	Const	83,000
998 Shift bond payment funds (NCCF)	Rev	Const	(83,000)
840 Student Information System, additional funds	Gen	Const	0
<b>#51 University of Nebraska</b>			
740 Student Information System, additional funds	Gen	Const	0

Agency / Issue	Fund	Type	Amount
<b>#65 Administrative Services</b>			
592 Indemnificaiton claims (Hirsh v Lecuona settlement)	Gen	Oper	803,000
608 Appeal of Special Master's Decision	Gen	Oper	50,000
na State Claims (LB 628)	Gen	Oper	896,937
na State Claims (LB 628)	Cash	Oper	3,720,434
na State Claims (LB 628)	Rev	Oper	282,764
<b>#75 Investment Council</b>			
610 Search costs, replace State Investment Officer	Cash	Oper	80,500
610 General consulting services, support acting SIO	Cash	Oper	120,000
610 Consulting services for private equities and private real estate funds	Cash	Oper	280,500
<b>#77 Industrial Relations (CIR)</b>			
490 Shift funds for commission travel expenses	Gen	Oper	6,114
531 Shift funds for commission travel expenses	Gen	Oper	(6,114)
531 Increase PSL, 2088 hr work year (\$480 PSL)	PSL	Oper	YES
<b>#78-Crime Commission</b>			
204 LB 63 Violence prevention, misc. criminal changes	Cash	Oper	350,000
<b>#81 Blind and Visually Impaired</b>			
357 Authority to expend grant from the Enrichment Foundation.	Cash	Aid	32,400
<b>#82 Deaf and Hard of Hearing</b>			
578 Leave payouts, retiring Executive Director	Gen	Oper	0
<b>#85 Retirement Board</b>			
41 update actuarial valuation.	Cash	Oper	25,000
<b>#87 Accountability and Disclosure</b>			
94 Increase PSL, monthly to bi-weekly payroll (\$1,500 PSL)	PSL	Oper	0
94 Leave payouts, retiring employee	Gen	Oper	12,321
<b>#92 Grain Sorghum Board</b>			
406 Executive Director position to .80 FTE (\$3,140 PSL)	PSL	Oper	0
<b>#93 Tax Equalization and Review</b>			
115 Reduce FY09 contract mediation earmark that was unused	Gen	Oper	(35,000)
115 Reduce FY09 contract mediation earmark that was unused	Cash	Oper	(35,000)
General Funds			(130,700,451)
Cash Funds			18,718,266
Federal Funds			(1,904,909)
Revolving Funds			282,764
Total			(113,604,330)

# **DEFINITION OF TERMS**

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## State Biennial Budget

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A biennium is the time period for which the same Legislature exists. For example, the 101st Legislature will exist for two years, with the first session held in 2009, the second session in 2010. Although the State Constitution prohibits one Legislature from enacting appropriations that are binding on a future Legislature, the first session of the 101st Legislature can bind the second session of the same 101st Legislature. Therefore the 101st Legislature, meeting in 2009, can enact appropriations for FY2009-10 and FY2010-11 without binding the 102nd Legislature. The biennial budget then is the sum of all appropriations made by the Legislature (both the first and second sessions) for these two succeeding fiscal years. These budgets as initially set in the 2009 session, can be revised and amended in subsequent legislative sessions, up until the end of a fiscal year.

The biennial budget can't be found in any single legislative bill. The phrase "the sum of all appropriations" was appropriately used as appropriations are contained in many different bills. What's referred to as the "mainline" budget bills are basically the appropriations to carry out the functions of state government as they exist at the beginning of a legislative session, and are normally contained in several different bills; legislator salaries, constitutional officer salaries, a main budget, and capital construction. New legislation enacted during a legislative session carries a companion appropriation bill if an appropriation is necessary to carry out the new law. This companion bill, referred to as an "A" bill, is a separate bill using the original bill number with the letter "A" following. In this manner, the appropriation to carry out the provisions of this legislation is only enacted if in fact the new legislation is enacted.

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## Fiscal Year

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The time period for which appropriations are made is the states' fiscal year that runs from July 1st through June 30th of the following year. The fiscal year covering the period July 1, 2009 through June 30, 2010 is referred to as FY2009-10, FY09-10, or simply FY10. Within this 12-month period, agencies are limited to only those appropriations made for FY2009-10. The fiscal year covering the period July 1, 2010 through June 30, 2011 is referred to as FY2010-11, FY10-11, or simply FY11.

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## Fund Types

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The State of Nebraska utilizes several different types of funds for appropriating and accounting for revenue sources. This structure is somewhat similar to a bank that has several general categories of accounts such as commercial, individual, and trust accounts while under these general types of accounts are many separate and distinct individual accounts. In the state system, the broad types of funds are listed below:

**General Fund** - This fund accounts for all the receipts not specified by statute to be credited to another fund. There is only a single General Fund. The majority of General Fund revenues come from sales and use taxes, and individual and corporate income taxes. Because appropriations from this fund determine the level of sales and income tax rates, most discussion on "balancing the budget" relates to the General Fund. Also deposited into the General Fund are liquor taxes, and approximately half of the cigarette tax and insurance premium taxes.

**Cash Funds** - These funds are used to account for the revenues and expenditures of dedicated fees and charges. Unlike the single General Fund, there are more than 250 individual cash funds contained in 70 different agencies. In many instances, an agency has multiple cash funds. For example, the Dept of Agriculture has over 20 different cash funds. Monies held in these funds generally can only be used for the specific purpose for which the fund was created. Cash funds are used to account for revenues such



as University and State College tuition and fees, institution patient revenues, hunting/fishing permits, highway revenues (gas tax and sales tax on motor vehicles), and agricultural commodity check-off fees. In addition, most inspection, regulatory, and license fees and charges, are dedicated to and accounted for through the use of cash funds. The Dept of Roads accounts for almost 38% of cash fund revenues/expenditures.

**Federal Funds** - Federal funds account for monies received from the federal government either as grants, contracts, or matching funds. Unlike other fund sources, federal fund appropriations are an estimate and agencies are not limited to the amount shown in the appropriation bills though receipts must meet expenditures. Similar to cash funds, there are numerous individual federal funds contained in the accounting system and they are generally limited to specific uses as authorized by the federal program from which the funds came from. About 63% of the federal funds are expended in the Health and Human Services System, a large portion for programs such as Medicaid, ADC, and other public assistance program. Federal funds in the Dept of Education account for 17% of the total mostly flow through monies to local K-12 schools for programs such as Title 1, School Lunch, and Special Education.

**Revolving Funds** - These types of funds account for transactions where one agency provides goods or services to another agency. For example, the Dept of Education pays DAS-Building Division (SBD) for office rent in a state office building. The expenditure is charged against Education's budget (be it General, Cash, or Federal) as rent expenses. DAS-SBD then receives these funds which are credited to a revolving fund from which DAS-SBD pays staff salaries, utilities, custodial costs, repairs, etc... This in essence double-counts an expenditure; once when an agency pays another for goods/services rendered, the second time when the receiving agency then pays for costs incurred in providing the goods or services. Like cash and federal funds, there are numerous individual revolving funds within the state system. The University and State Colleges also use revolving funds but to account for revenues from dormitories, student unions, agricultural experiment stations, and other "enterprise" operations.

**Other Funds** - In the appropriation figures, this type includes a very small amount of private donations in capital construction, and the Nebraska Capital Construction Fund (NCCF). The NCCF accounts for cigarette tax that is earmarked for capital construction. Because these amounts are both relatively small, they are combined with Revolving Funds for purposes of this report.

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## Operations, State Aid, Construction

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In this report, there are instances where appropriations by fund type are also broken down into three categories: operations, state aid, and capital construction. And within the "state aid" category, there are two kinds: state aid to individuals and state aid to local governments.

**Agency Operations** accounts for the costs of actually operating state agencies including costs such as employee salaries and benefits, data processing, utilities, vehicle and equipment purchases, fuel and oil, etc...

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

**Aid to Local Governments** accounts for aid payments to local governments that have the authority to levy a property tax such as cities, counties, K-12 schools, community colleges, natural resource districts (NRD's), and educational services units (ESU's). This category includes programs such as state aid to schools (TEEOSA), special education, homestead exemption reimbursements and property tax

relief through direct aid payments to cities, counties, NRD's, community colleges, and ESU's. State payments to fund part of the K-12 teacher retirement plan are not included under this category as those amounts are credited directly to the teacher retirement fund and are not checks written to school districts nor do those amounts show up as a school revenue or subsequent expenditure.

**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 ongoing projects are routinely done within agencies operating budgets. Highway and road construction and maintenance is not included in this category. This is included under cash fund agency operations.

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## Agency and Program Structure

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Although only agency total figures are shown in this report, the state uses a program structure to which all appropriations are made. Budget programs are set out in the appropriations bills and are intended to follow functional lines within an agency. Overall there are approximately 350 budget programs within 82 state agencies. A lump sum appropriation is made to each program by fund type. Individual line items of expenditure (ie... salaries, data processing, equipment, supplies) are identified in the agency request and subsequently during the expenditure of the appropriated funds, but not for purposes of appropriations.

The only legally valid appropriations are made to budget programs with agency totals being for informational purposes only. Funds can only be shifted from one program to another by action of the Legislature. In some cases an entire agency is contained in one budget program. This normally occurs when it is a small agency with basically one purpose. A good example is the Board of Barber Examiners. However, there are some examples of very large agencies that are also contained in only one program, for example the Dept of Correctional Services. In this case, the need for flexibility in terms of reallocating funding among the various institutions dictates a broader budget program. In these instances, more detailed data is available through the use of sub-programs during the request and expenditure process.

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## Budget Process and Chronology

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The budgetary process is a biennial cycle of submissions, reviews, and appropriations. The full cycle takes almost one complete 12-month period. The following steps basically comprise the cycle as it works during the preparation of a biennial budget.

**Step 1 Budget Request Instructions** By July 15, statutes require the Department of Administrative Services (DAS) Budget Division to issue instructions and forms for state agencies to use in submitting the budget request for the next two fiscal years.

**Step 2 Agency Budget Requests** By September 15, agencies must submit their requests to DAS with a copy to the Legislative Fiscal Office (LFO).

**Step 3 Staff Review** From September through December, analysts for the DAS Budget Division and LFO review agency requests and collect and analyze information justifying the request levels. The DAS-Budget analysis is conducted for the use of the Governor in developing his/her recommendations, the LFO analysis is provided for the Appropriations Committee and Legislature.

**Step 4 Governor's Recommendation** By statute, the Governor's budget is due by January 15th of each year. In the first year of his/her term, this time is extended until February 15th.

**Step 5 Appropriations Committee Initial Review** From the middle of January to mid to late February, the Appropriations Committee reviews agency requests and develops a preliminary recommendation. This preliminary recommendation becomes the basis for the agency budget hearings as well as a Preliminary Report required by legislative rules. This report is due 20-30 legislative days after the

Governors budget is submitted during odd numbered years (15-20 legislative days in even numbered years).

Step 6 Agency Budget Hearings From mid-February to mid-March, approximately 4-5 weeks are used to conduct public hearings on the agency request, the Governor's recommendations and Appropriations Committee preliminary recommendation. During these hearings, agencies, interest groups, and the general public submit requested changes to the Committee preliminary recommendation. Although not done frequently, other standing committees of the Legislature may have hearings on the budgets of those agencies under their subject jurisdiction during this time.

Step 7 Committee Final Recommendation From mid-March to the mid to late April, another four weeks is used to review all requests subsequent to the hearings and finalize the Appropriations Committee recommendation that will be sent to the full Legislature. By rule, the budget bills must be submitted to the Legislature as a whole by the 70th legislative day in 90 day sessions, and the 40th day in 60 day sessions, otherwise the Governor's bills are considered as introduced. When the Appropriations Committee sends their recommendations to the entire Legislature, the other standing committees again have the opportunity to review and/or hold hearings on the recommendations for the agencies under their jurisdiction.

Step 8 General File Like all other bills, budget bills are subject to amendment on the floor of the Legislature. The only difference is that for budget bills, all amendments must have 25 votes where a simple majority of those voting can amend other bills. This is the first of three stages a legislative bill must follow on its' way to passage.

Step 9 Select File This is the second and last stage of floor debate and again the budget bills are subject to debate and amendment.

Step 10 Final Reading The number of votes required for passage of budget bills depends on whether the bill has the emergency clause (ie.. the bill becomes law immediately after signed by the Governor), and whether the appropriation exceeds the Governor's recommendation. Any bill with the emergency clause (including budget bills) requires a 2/3 vote of the 49 members of the Legislature (33 votes). Since the fiscal year starts on July 1, and voting on budget bills normally occurs at the end of May or first part of June, the mainline budget bills will require the emergency clause in order for agencies to have funding available by the start of the new fiscal year. Some appropriations can go into effect after the fiscal year has begun as the mainline bill provides adequate cash flow until 90 days after the session ends when bills without the emergency clause go into effect. In cases of bills without the emergency clause the number of votes depends on whether the appropriation is in excess of the Governor's recommendation (30 votes) or at or below the Governor's recommendation (simple majority, 25 votes). By legislative rule, all bills which have a General Fund impact (ie.. General Fund "A" bill or General Fund revenue loss) are held on the final stage of consideration until the mainline budget bills have been passed.

Step 11 Governor Vetoes The Governor has five calendar days (excluding Sunday) to sign bills as enacted, let the bill become law without his/her signature, or return the bill with vetoes. In addition to the authority to veto a bill in total, the Governor also has the authority to line-item veto which means the Governor can strike a number and insert a lower number for any specific item of appropriation.

Step 12 Veto Overrides By legislative rule, if more than one item in a bill is vetoed, the Appropriations Committee must make a report to the Legislature within one legislative day. The rules further lay out the order for considering override attempts: (1) the Committee may offer to override the entire bill; (2) the Committee may offer to override selected line item vetoes; (3) any member of the Legislature may then offer a motion to override the entire bill; and (4) any member may then offer motions to override selected line item vetoes. In the Committee report, the Appropriations Committee can either recommend or not recommend overrides, or as in some cases, remain silent on the disposition of vetoes. In all cases, veto overrides require 30 votes.

Step 13 Deficit Appropriations A budget enacted for a fiscal year can be amended or changed up to the last day of that fiscal year. Deficit appropriations are changes made to the originally enacted appropriations. There are several chances to amend a biennial budget once it has been enacted. For

example, the FY09-10 and FY10-11 biennial budget was enacted in the 2009 Session. Both years can be changed during the 2010 Session, even though at that time, the state will be nine months into FY09-10. The second year of the biennial budget (FY2010-11) can also be subject to change prospectively during the 2010 Session and again during the 2011 Session as a “deficit” during the fiscal year.

# **LEGISLATIVE FISCAL OFFICE**

## **AGENCY ASSIGNMENTS AND STAFF**

# AGENCY ASSIGNMENTS

(AGENCIES IN NUMERICAL ORDER)

Agency	Analyst
#03 Legislative Council	Tom Bergquist
#05 Supreme Court	Doug Nichols
#07 Governor/PRO/Energy	Scott Danigole
#08 Lieutenant Governor	Scott Danigole
#09 Secretary of State	Scott Danigole
#10 State Auditor	Scott Danigole
#11 Attorney General	Scott Danigole
#12 State Treasurer	Scott Danigole
#13 Dept of Education	Sandy Sostad
#14 Public Service Commission	Scott Danigole
#15 Board of Pardons and Parole	Doug Nichols
#16 Dept of Revenue	Doug Gibbs
#17 Dept of Aeronautics	Mike Lovelace
#18 Dept of Agriculture	Jeanne Glenn
#19 Dept of Banking	Phil Hovis
#21 State Fire Marshal	Scott Danigole
#22 Dept of Insurance	Sandy Sostad
#23 Dept of Labor	Doug Gibbs
#24 Dept of Motor Vehicles	Sandy Sostad
#25 Dept of Health & Human Services System Behavioral Health, Developmental Disabilities related All Other HHS Programs	Sandy Sostad, Liz Hruska
#27 Dept of Roads	Mike Lovelace
#28 Dept of Veterans Affairs	Mike Lovelace
#29 Dept of Natural Resources	Jeanne Glenn
#30 State Electrical Board	Scott Danigole
#31 Military Department	Mike Lovelace
#32 Board of Educational Lands and Funds	Sandy Sostad
#33 Game and Parks Commission	Mike Lovelace
#34 Library Commission	Phil Hovis
#35 Liquor Control Commission	Doug Gibbs
#36 Racing Commission	Doug Gibbs
#37 Workers' Compensation Court	Doug Nichols
#38 Commission on the Status of Women	Liz Hruska
#39 Brand Committee	Jeanne Glenn
#40 Motor Vehicle Industry Licensing Board	Sandy Sostad
#41 Real Estate Commission	Mike Lovelace
#45 Board of Barber Examiners	Liz Hruska
#46 Dept of Correctional Services	Doug Nichols
#47 Educational Telecommunications Commission	Kathy Tenopir
#48 Coordinating Commission Postsecondary Education	Phil Hovis
#50 State Colleges	Phil Hovis
#51 University of Nebraska	Kathy Tenopir
#52 State Fair Board	Jeanne Glenn
#53 Real Property Appraiser Board	Mike Lovelace
#54 Historical Society	Scott Danigole

Agency	Analyst
#56 Wheat Board	Jeanne Glenn
#57 Oil and Gas Conservation Commission	Scott Danigole
#58 Board of Examiners for Engineers and Architects	Doug Gibbs
#59 Board of Geologists	Jeanne Glenn
#60 Ethanol Board	Jeanne Glenn
#61 Dairy Industry Development Board	Jeanne Glenn
#62 Board of Examiners for Land Surveyors	Doug Gibbs
#63 Board of Public Accountancy	Mike Lovelace
#64 State Patrol	Doug Nichols
#65 Dept of Administrative. Services Personnel, Employee Relations, Risk Management, Building Division, Capitol Commission, 309 Task Force All Other Divisions	Kathy Tenopir Phil Hovis Scott Danigole
#66 Abstractors Board of Examiners	Doug Gibbs
#67 Equal Opportunity Commission	Liz Hruska
#68 Mexican American Commission	Liz Hruska
#69 Nebraska Arts Council	Jeanne Glenn
#70 Foster Care Review Board	Liz Hruska
#71 Nebraska Energy Office	Scott Danigole
#72 Dept of Economic Development	Jeanne Glenn
#73 Bd of Examiners for Landscape Architects	Doug Gibbs
#74 Power Review Board	Scott Danigole
#75 Investment Council	Kathy Tenopir
#76 Commission on Indian Affairs	Liz Hruska
#77 Commission of Industrial Relations	Kathy Tenopir
#78 Crime Commission	Doug Nichols
#81 Commission for the Blind and Visually Impaired	Sandy Sostad
#82 Commission on the Deaf and Hard of Hearing	Liz Hruska
#83 Community Colleges	Phil Hovis
#84 Dept of Environmental Quality	Jeanne Glenn
#85 Public Employees Retirement Board	Kathy Tenopir
#86 Dry Bean Commission	Jeanne Glenn
#87 Political Accountability and Disclosure	Scott Danigole
#88 Corn Board	Jeanne Glenn
#90 Nebraska Railway Council	Mike Lovelace
#92 Grain Sorghum Board	Jeanne Glenn
#93 Tax Equalization and Review Commission	Doug Gibbs
#94 Commission on Public Advocacy	Doug Nichols
#95 Rural Development Commission	Jeanne Glenn

# LEGISLATIVE FISCAL OFFICE STAFF

Name	Phone	Email	Responsibilities
<b>Calvert, Michael</b>	471-0059	Mcalvert@leg.ne.gov	Director
<b>Bergquist, Tom</b>	471-0062	Tbergquist@leg.ne.gov	Deputy Director
<b>Hayes, Susan</b>	471-2264	Shayes@leg.ne.gov	Fiscal Assistance
<b>McNally, Wanda</b>	471-2263	Wmcnally@leg.ne.gov	Fiscal Assistance
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<b>Gibbs, Doug</b>	471-0051	Dgibbs@leg.ne.gov	Revenue, Labor, Liquor Control Commission, Racing Commission, Engineers & Architects Examiners Board, Land Surveyors Examiners Board, Abstractors Examiners Board, Landscape Architects Examiners Board, Tax Equalization and Review Commission
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