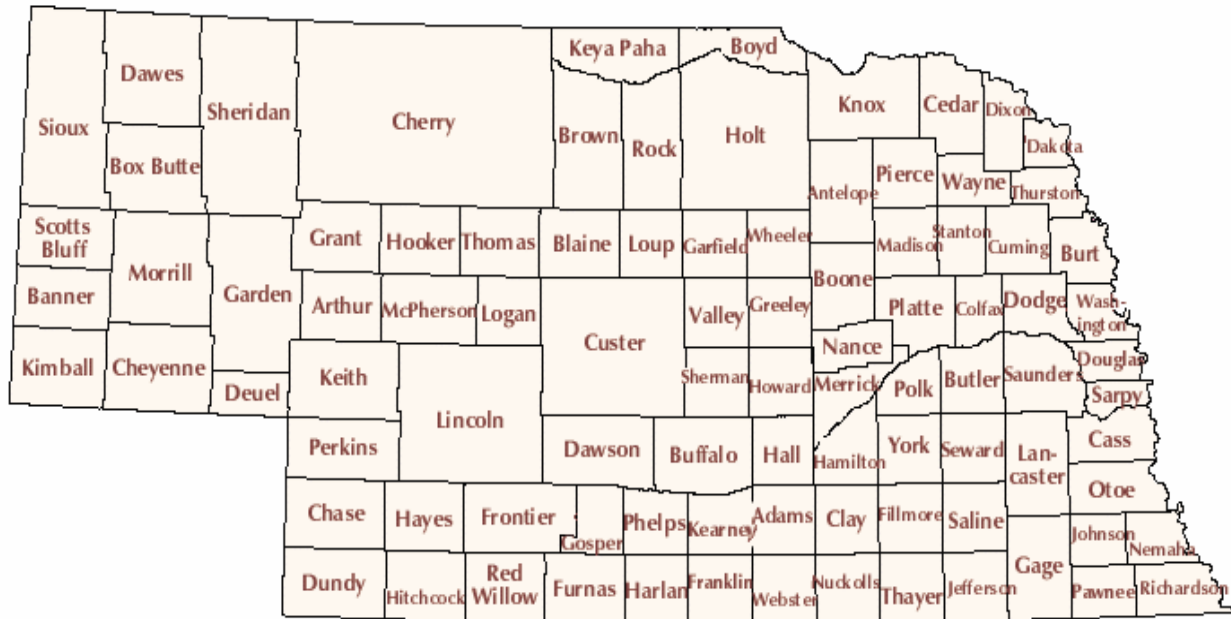


State of Nebraska

FY2009-10 and FY2010-11 Biennial Budget



**As Revised During the
2010 Legislative Session**

May 2010

Table of Contents

I. HIGHLIGHTS	1
II. GENERAL FUND FINANCIAL STATUS	4
A. General Fund Financial Status.....	5
B. Chronology of the General Fund Financial Status and Budget Actions.....	6
C. Cash Reserve Fund	11
D. Assumptions - Following Biennium	14
III. GENERAL FUND REVENUES	18
A. General Fund Revenue Forecasts	19
B. Chronology of General Fund Revenue Forecasts	21
C. Historical General Fund Revenues	22
D. General Fund Transfers-Out	24
E. General Fund Transfers-In.....	24
F. Revenue Bills – 2010 Session	26
IV. GENERAL FUND APPROPRIATIONS	28
A. Overview FY2009-10 / FY2010-11 Appropriations (as revised).....	29
1. Summary.....	29
2. Major Increases/Reductions.....	30
3. Breakdown of General Fund Budget by Major Area.....	31
a. Agency Operations	32
b. Aid to Individuals	33
c. Aid to Local Governments	33
d. Capital Construction	34
4. Historical General Fund Appropriations	35
B. 2010 Session Budget Actions	36
1. Summary and Listing of Significant Items	36
2. Major Items.....	37
a. TEEOSA School Aid	37
b. Homestead Exemption (Dept of Revenue)	39
c. Enhanced Treatment Group Home Room & Board Fund Shift (HHS)	40
d. Medicaid – Federal Clawback (HHS)	40
e. Medicaid – Prenatal Care for Unborn Children (HHS)	41
f. LB 1106 Medicaid, school-based health centers, new match (HHS)	41
g. Program Statement, Replace Grand Island Veterans Home Facilities (HHS).....	44
h. Across the Board Cuts	42
V. APPROPRIATIONS – All Funds	43
A. Summary	44
B. Listing of 2010 Session “A” Bills	45
C. Major Cash and Federal Fund Items.....	45
1. Convention Center Support Fund	45
2. Help America Vote Act (HAVA) Funds	46
3. ARRA – Energy Office.....	46

4. Temporary Employment Services Program (SOS)	46
5. Southwest Power Pool, representation.....	46
6. LB 190 DNA samples, individuals convicted of a felony	46
7. LB 510 Fees & inmate wages, work camp and victims comp	47
8. LB 800 Early intervention for children at risk.....	47

Appendix A Detailed Listing-2010 Mid-Biennium Budget Adjustments (All Funds)	48
Appendix B General Fund Appropriations by Agency	53
Appendix C General Fund Appropriations by State Aid Program	57
Appendix D Across the Board Cuts by Program (General Funds)	59

HIGHLIGHTS

Balanced Budget Achieved for Current Biennium

The financial status at the end of the 2010 legislative session (Sine Die 2010), is balanced with a projected ending balance that is only \$400,000 above the minimum reserve. The adjusted revenue growth currently forecast for FY09 through FY11 is the lowest consecutive three years in the 28 years for which growth has been calculated and is a cumulative -1.7%. To put this in perspective, the historical average growth is 5.2% so a three year cumulative growth would be 15.6% based on this 28 year average growth, This 17.3% difference is equal to \$580 million on an annual basis with respect to the FY2010-11 current forecast versus what that number would have been growing at the 28 year average.

Spending growth, excluding deficits, is -4.5% in FY2009-10 and +2.4% in FY2010-11 for a two year average of -1.1%. While there have been cuts in the 2009 Regular Session, 2009 Special

Use of One-Time Funds	FY2008-09	FY2009-10	FY2010-11
ARRA Funds	66,021,150	282,203,642	250,602,207
Cash Fund transfers	34,000,000	73,010,000	72,158,100
Cash Reserve Fund transfers	54,990,505	105,000,000	154,000,000
Education Innovation Fund monies	0	10,000,000	0
Total - Use of One Time Funds	155,011,655	470,213,642	476,760,307

Session, and 2010 Session, a large portion of this reduction can be attributed to the use of ARRA (American Recovery and Reinvestment Act) funds. The FY2010-11 General Fund budget is \$250.6 million lower due to using ARRA funds to offset General Funds. In addition to the ARRA funds, there were substantial amounts of other one-time funds used to balance the FY10 / FY11 biennial budget.

Major Problem in the Following Biennium

While the FY10/FY11 biennial budget is balanced at the present time, the prospects for the following biennium financial status are at best pessimistic. The Sine Die financial status yields a projected balance that is \$679 million **below** the minimum reserve. This level of shortfall is obtained even with high revenue growth (7.2% per year) arrived at using the capped historical average methodology (see page 19). This methodology is used in the absence of an official forecast and the high growth reflects the offsetting of the extremely low revenue growth (actual decline) over the preceding three years.

This large budget shortfall, even with the high revenue growth utilized for planning purposes, is illustrative of the structural imbalance created with the low revenue growth over the three year period and the high amount of one-time items used to "balance" the current biennial budget as noted above.

There has been much discussion of a "cliff effect" which many associate with the additional General Funds needed in the following biennium to replace the one-time American Recovery and Reinvestment Act (ARRA) funds used in the current biennium. First, replacement of ARRA funds isn't the only "cliff effect". This effect results from replacement of any one-time use of funds and there were a substantial amount of other one-time funds used in the current biennium, specifically cash fund lapses and the use of the Cash Reserve Fund. Second, utilization of a one-time source of monies will almost always lead to some level of a "cliff effect" if the monies are used to fund on-going items (revenue or spending). While

it's preferable that one-time funds be used for one-time items, in a significant shortfall situation this would then require offsetting cuts in on-going programs. In the current situation, the one-time monies used in the FY10 / FY11 biennial budget were used to support on-going programs to possibly avoid or at least delay much deeper budget cuts. When the cliff effect occurs in the following biennium, it's possible that the the level of cuts could be lower if additional new spending demands are less than projected and/or higher revenue growth occurs over the next 3 years.

Replacement of the ARRA funds is the single largest increase in the following biennium and accounts for 40% of the total increase in the budget. This includes \$140.3 million Education Stabilization funds (TEEOSA school aid), \$89.3 million of Medicaid federal matching rate (FMAP) including clawback, and \$17 million of General Stabilization funds (used in Dept of Corrections).

The financial status as discussed here is based on the February 2010 forecasts of the Nebraska Economic Forecast Advisory Board (NEFAB) for the current biennium and the capped historical average methodology for the following biennium. The NEFAB will not make their first official forecast for the following biennium until October 2010, almost nine months from now. It's unknown what changes in the economy will occur between now and then. However, because of the high revenue growth already reflected in the financial status using the capped historical average methodology, it's more likely that the boards first official forecast will be less than the planning numbers rather than higher. Alternative methodologies reveal forecasts substantially less than the planning numbers, roughly \$295 million less over the two years (see page 20)

The one bright spot going into the following biennium is the \$321 million Cash Reserve Fund balance that is projected to be carried forward from the current biennium into the next.

Spending Growth and ARRA Funds

As noted earlier, the overall General Fund budget growth in the enacted budget amounts to a -4.5% *reduction* in FY2009-10 and a +2.4% 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 10.4%% per year, 14.5% in FY11-12 and 6.5% in FY12-13. Notwithstanding the roller coaster growth rates, the four year average spending growth is 4.5%.

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. Almost half of the projected 14.5% increase in FY12 is attributed to replacing the ARRA funds. 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 2.8% in FY10, 1.3% in FY11 for a two year average of 2.0%. Growth in the "out years" without the "cliff effects" of the ARRA funds and large growth in retirement contributions would be 5.8% and 6.6%.

	FY2009-10	FY2010-11	FY2011-12	FY2012-13
General Fund Budget (excludes deficits)	3,325,296,704	3,405,101,292	3,898,056,340	4,149,648,587
<u>Exclude 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	145,434,892	93,315,031	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)	(7,280,846)	(63,496,000)	(63,847,000)
BSDC funds to replace lost fed funds	(15,000,000)	(24,477,558)	0	0
Total without ARRA and Extraordinary items	3,579,181,346	3,623,945,095	3,834,560,340	4,085,801,587
<u>Percent Changes over Prior Year</u>				
Enacted Budget - Annual % Change	-4.5%	2.4%	14.5%	6.5%
Enacted Budget - Two Yr Average	--	-1.1%	--	10.4%
Enacted Budget - Four Yr Average	--	--	--	4.5%
Adjusted Appropriation - Annual % Change	2.8%	1.3%	5.8%	6.6%
Adjusted Appropriation - Two Yr Average	--	2.0%	--	6.2%
Adjusted Appropriation - Four Yr Average	--	--	--	4.1%

Cash Reserve Fund

The Cash Reserve Fund balance is projected at \$321.7 million at the end of this biennium and carries forward into the following biennium. This is based on all existing statutory transfers and assumes repayment of \$8.5 million transferred to the Water Contingency Fund in FY2007-08. This balance was retained even after using \$259 million in the current biennial budget.

General Fund Financial Status

General Fund Financial Status

	Prior Yr FY2008-09	Biennial Budget		Following Biennium	
	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13
1 BEGINNING BALANCE					
2 Beginning Cash Balance	584,106,356	423,814,730	163,192,457	208,363,496	(147,219,724)
3 Cash Reserve transfers-automatic	(116,976,571)	0	(250,000)	0	0
4 Carryover obligations from FY09 (net)	0	(201,218,375)	0	0	0
5 2010 Session Reduce FY09 reappropriations	0	91,102	0	0	0
6 Allocation for potential deficits	0	0	(5,000,000)	(5,000,000)	(5,000,000)
7 Unobligated Beginning Balance	467,129,785	222,687,457	157,942,457	203,363,496	(152,219,724)
8 REVENUES					
9 Net Receipts (Feb 10 NEFAB + Hist Avg)	3,350,510,248	3,281,100,000	3,405,000,000	3,668,000,000	3,962,000,000
10 General Fund transfers-out (current law)	(120,200,000)	(126,050,000)	(120,700,000)	(121,700,000)	(119,200,000)
11 General Fund transfers-in (current law)	in forecast	in forecast	in forecast	0	0
12 Cash Reserve transfers (current law)	54,990,505	105,000,000	151,000,000	0	0
13 2010 Session General Fund transfers-out	0	0	0	0	0
14 2010 Session General Fund transfers-in	0	250,000	16,502,100	0	0
15 2010 Session Cash Reserve transfer	0	0	3,000,000	0	0
16 2010 Session Revenue Bills	0	0	720,231	1,173,120	965,120
17 General Fund Net Revenues	3,285,300,753	3,260,300,000	3,455,522,331	3,547,473,120	3,843,765,120
18 APPROPRIATIONS					
19 Appropriations Per 2009 Session	3,328,615,808	3,325,296,704	3,410,654,213	3,410,654,213	3,410,654,213
20 Mainline Budget Adjustments (following biennium)	0	0	0	488,517,689	735,257,305
21 2010 Session Adjustments	0	(6,020,574)	(5,558,567)	(1,065,752)	3,821,679
22 2010 State Claims	0	370,870	0	0	0
23 2010 Session "A" Bills	0	148,000	5,646	(49,810)	(84,610)
24 General Fund Appropriations	3,328,615,808	3,319,795,000	3,405,101,292	3,898,056,340	4,149,648,587
25 ENDING BALANCE					
26 Dollar ending balance (Financial Status as shown)	423,814,730	163,192,457	208,363,496	(147,219,724)	(458,103,191)
27 Dollar ending balance (at Minimum Reserve)	203,883,255	--	207,943,312	--	221,347,623
28 Excess (shortfall) from Minimum Reserve	219,931,475	--	420,184	--	(679,450,814)
29 Biennial Reserve (%)	6.4%		3.0%		-5.7%
30 Annual % Change - Appropriations (w/o deficits)	5.3%	-4.5%	2.4%	14.5%	6.5%
31 Two Year Average	4.6%	--	-1.1%	--	10.4%
32 Four Year Average	--	--	--	--	4.5%
General Fund Revenues					
33 Est. Revenue Growth (rate/base adjusted)	-4.4%	-2.4%	5.2%	7.2%	7.2%
34 Two Year Average	1.3%	--	1.4%	--	7.2%
34 Five Year Average	5.6%	--	2.3%	--	2.5%
35 <u>Structural Revenues vs Appropriations</u>	(98,305,560)	(164,495,000)	(103,578,961)	(350,583,220)	(305,883,467)
35a <u>Structural Revenues vs Approp. (w/o ARRA)</u>	(164,326,710)	(438,618,642)	(354,181,168)	(350,583,220)	(305,883,467)

CASH RESERVE FUND	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13
Projected Unobligated Ending Balance	578,191,863	455,191,863	321,992,863	321,992,863	321,992,863

Chronology of the General Fund Financial Status

The following provides a narrative description of the changes in the Financial Status from the initial starting point for the current biennium (November 2008) to the present time.

Negative numbers indicate items that utilize available funds which are increased expenditures and transfers-out or reduced revenues and transfers-in. Positive numbers indicate actions that increase available funds; reduced expenditures and transfers-out or increased revenues and transfers-in

2009 Legislative Session

At the start of the 2009 Session, the projected financial status reflected a \$377 million shortfall for FY10/FY11 biennium and a \$591.7 million shortfall for the following biennium. Items increasing this shortfall were a decline in revenue forecasts, revenue losses attributed to ARRA, and funding increases for defined benefit retirement plans, safe haven related legislation, contingency funds for the Beatrice State Developmental Center (BSDC), and TEEOSA school aid (under prior law). Actions to ultimately balance the budget included use of ARRA funds to offset use of General Funds; base reductions in homestead exemption, Medicaid, and Public Assistance; budget reductions, and underfunding salary and health insurance costs for the University and State Colleges.

At the end of the 2009 Session, the projected financial status yielded an unobligated ending balance for the FY10/FY11 Biennium that was only \$2.9 million above the minimum 3% reserve. The projected variance from the minimum reserve for the following biennium, FY12/FY13 biennium was projected at a negative \$467.7 million. The Cash Reserve Fund unobligated balance was projected at \$324.7 million.

<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 (Feb and April 2009)	(148.8)	(175.9)	(120.5)	(445.2)
Less: Fed Stimulus tax change impact	(3.2)	(44.1)	(62.2)	(109.5)
Less: BSDC contingency	0.0	(25.0)	(24.5)	(49.5)
Less: Develop Disability waiting list, BSDC transition	0.0	(10.2)	(15.5)	(25.7)
Less: TEEOSA school aid increases (prior law)	0.0	(28.0)	(16.4)	(44.4)
Less: Omnibus "Safe Haven" related (LB 603-2009)	0.0	(6.5)	(9.4)	(15.8)
Less: Defined benefit retirement plan shortfalls	0.0	(5.2)	(27.5)	(32.7)
Less: General Fund transfers-out	0.0	(6.8)	(1.5)	(8.3)
Less: Other increases/reductions (net)	(0.1)	(32.4)	(16.4)	(48.9)
Plus: ARRA (Education+General Stabilization, FMAP, child care)	66.0	265.7	224.4	556.1
Plus: Cash Reserve Fund Transfers	0.0	95.0	151.0	246.0
Plus: Reduce reappropriation of prior year funds (net vs est)	70.6	0.0	0.0	70.6
Plus: Cash Fund transfers-in	0.0	35.4	33.3	68.7
Plus: LB 545 TEEOSA Formula changes	0.0	7.5	51.6	59.1
Plus: Absorb salary/health insurance increases (University+Colleges)	0.0	13.7	27.5	41.2
Plus: Base Reduction-Medicaid	0.0	20.0	20.0	39.9
Plus: Base Reduction-Homestead Exemption (net)	0.0	10.0	11.1	21.1
Plus: Agency Operations, base / spending reductions	0.0	9.0	11.9	20.9
Plus: Base Reduction-Public Assistance	0.0	8.3	8.3	16.6
Plus: Base Reduction-SCHIP	0.0	3.7	3.7	7.4
Change in Minimum Reserve	0.0	0.0	12.3	12.3
Total Change - 2009 Session	(15.4)	134.2	261.2	380.0

2009 Interim

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: 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	(43.5)	0.0	(6.5)	(50.0)

In October 2009, the FY09-10 and FY10-11 forecasts were revised by the Nebraska Economic Forecast Advisory Board (NEFAB). At that meeting, revenue forecasts were reduced by a total of \$297.3 million; \$125.3 million in FY09-10 and \$172.0 million in FY10-11. Further, the unobligated beginning balance for the biennium increased by \$1.9 million with the final certification of FY09 reappropriations and encumbrances.

<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 (October 2009)	0.0	(125.3)	(172.0)	(297.3)
Plus: Change in prior year reappropriations	0.0	1.9	0.0	1.9
Less: Change in Minimum Reserve	0.0	0.0	8.7	8.7
Total Change-NEFAB Revised Forecasts	0.0	(123.4)	(163.3)	(286.7)

2009 Special Session

In response to the lower revenue forecasts, the Governor called the Legislature into a special session to address the growing shortfall. The budget changes enacted in the 2009 Special Session totalled \$334.3 million over the two year biennium of which 20% (\$69.8 million) is from fund transfers and 80% (\$266.6 million) from reducing new appropriations and reducing reappropriated balances carried forward from the prior biennium. Of the spending cuts over the two year period, \$56.7 million comes from the across the board budget cut. In general these across the board cuts were 2.5% for FY2009-10 and 5% for FY2010-11. Certain state appropriations were exempted from across the board reductions in one or both fiscal years, however, in some cases there were specific reductions applied. Areas excluded are TEEOSA school aid, Special Education, Medicaid, Kids Connection, Homestead Exemption, Behavioral Health Aid, Developmental Disability Aid, Health Aid, Aid to Aging Programs, Health and Human Services care and treatment facilities, State Patrol, Corrections, Juvenile Services Aid, HHS protection and safety, and the State Emergency Fund and Public Safety Communications. The across the board cut for the Court System was enacted at 1.5% and 3%. The across the board reductions for higher education under the Governors recommendation reflected an overall reduction of 1.8% for FY2009-10 and 3.4% for FY2010-11. For the three sectors, University system, Colleges and Community Colleges the percentage

reductions varied by a small margin in order to comply with maintenance of effort requirements attached to Nebraska's use of Stabilization funds received under the American Recovery and Reinvestment Act (ARRA). In general the Legislature followed these reductions except for the University where the FY2010-11 cut was reduced by \$2 million to a 3% cut level. Fund transfers totaled \$69.8 million over the two years. About \$14 million relates to applying the 2.5% and 5% across the board cut to cash fund appropriations and then transferring the "savings" to the General Fund. The other \$56 million relates to the transfer of specific amounts. Overall transfers were enacted from over 110 different funds however many are relatively small amounts. Another reallocation of cash funds occurs in FY2009-10 where \$10 million of excess funds in the Education Innovation Cash Fund is transferred to the University of Nebraska allowing for a \$10 million reduction in the University General Fund appropriations.

<u>Impact on Variance from Min Reserve (Millions of Dollars)</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>Total</u>
Plus: FY10\FY11 budget reductions	(0.0)	55.7	148.5	204.2
Plus: Reduce reappropriation of unexpended FY09 funds	0.0	62.5	0.0	62.5
Plus: Cash fund transfers to the General Fund	0.0	37.4	22.4	59.8
Plus:Reallocate an existing Cash Reserve Fund transfer	0.0	10.0	0.0	10.0
Less: Special Session costs	0.0	(0.1)	0.0	(0.1)
Less: Change in Minimum Reserve	0.0	0.0	(2.1)	(2.1)
Total Change-2009 Special Session	0.0	165.4	168.8	334.2

2010 Session

In February 2010, the Nebraska Economic Forecasting Advisory Board (NEFAB) reduced their forecasts by a total of \$31.7; a \$40.3 million reduction in FY09-10 offset partially by a \$8.6 million increase in FY10-11. Overall General Fund appropriations were reduced by a net \$11.1 million over the two year period. Increases include homestead exemption reimbursement (\$3.6 million in FY10) and TEEOSA school aid (\$18.2 million in FY11). These were more than offset by General Fund reductions attributed to application of the ARRA expanded Medicaid match rate to clawback provisions (\$8.1 million in FY10 and \$10.6 million in FY11), elimination of Medicaid prenatal services to unborn children per federal interpretation (\$1.5 million in FY10 and \$5.3 million in FY11) and a 2% across the board reduction in selected areas (\$7.1 million). An additional \$19.5 million was generated from fund transfers to the General Fund; \$16.7 million from various cash funds and \$3 million from the Cash Reserve Fund.

<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 February 2010)	0.0	(40.3)	8.6	(31.7)
Less: Homestead Exemption	0.0	(3.6)	0.0	(3.6)
Less: TEEOSA aid	0.0	0.0	(18.2)	(18.2)
Plus: ARRA Medicaid match rate, apply to clawback	0.0	8.1	10.6	18.7
Plus: Medicaid, prenatal services to unborn children	0.0	1.5	5.3	6.9
Plus: Across the Board Cut	0.0	0.0	7.1	7.1
Plus: All other appropriations	0.0	(0.4)	0.7	0.3
Plus: Cash Fund transfers	0.0	0.3	16.5	16.7
Plus: Cash Reserve Fund transfer	0.0	0.0	3.0	3.0
Plus: Revenue bills enacted (excluding LB867)	0.0	0.0	0.2	0.2
Less: A Bills enacted	0.0	(0.1)	0.0	(0.1)
Less: Lower "above forecast" CRF transfer	0.0	0.0	(0.3)	(0.3)
Less: Change in Minimum Reserve	0.0	0.0	0.9	0.9
Total Change-2010 Session	0.0	(34.5)	34.5	0.0

Table 1 Chronology of the Financial Status

Negative numbers reflect items that utilize available funds which are increased expenditures and transfers-out or reduced revenues and transfers-in. Positive numbers reflect items that increase available funds; reduced expenditures and transfers-out or increased revenues and transfers-in

(millions of \$)	Current Biennium				Following Biennium		
	FY09	FY10	FY11	3 Yr Total	FY12	FY13	5 Yr Total
November 2008 Tax Rate Review	0.0	0.0	0.0	(377.2)	0.0	0.0	(591.7)
Prelim FY09 deficits vs \$5 million allocation	70.6	0.0	0.0	70.6	0.0	0.0	70.6
TEEOSA aid at LB545 est vs pre-session estimate	0.0	39.6	112.9	152.5	50.9	1.3	204.7
Homestead Exemption, lower than pre-session est	0.0	10.0	11.1	21.1	11.5	11.8	44.4
Salaries and Health, lower than pre-session est	0.0	12.0	25.7	37.7	27.8	30.0	95.5
Budget cuts not in pre-session est	0.0	9.0	11.9	20.9	11.9	11.9	44.7
All other items (net) lower than pre-session est	0.0	(1.7)	1.1	(0.5)	0.3	1.9	1.7
General Fund transfers-in not in pre-session est	0.0	34.7	33.3	67.9	0.0	0.0	67.9
General Fund transfers-out not in pre-session est	0.0	(15.6)	(15.8)	(31.3)	(7.5)	(7.5)	(46.3)
CRF transfers, Gov Emergency, Special Olympics	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in Minimum Reserve	0.0	0.0	1.8	1.8	0.0	(4.9)	(3.1)
Committee Preliminary 2010 Session				(36.4)			(111.6)
Revenue Forecasts (revised Feb 2009)	(81.0)	(150.0)	(131.0)	(362.0)	(146.0)	(166.0)	(674.0)
CRF Transfer revised FY08 forecast above certified	0.0	0.0	14.3	14.3	0.0	0.0	14.3
Fed Stimulus tax change impact	(3.2)	(44.1)	(62.2)	(109.5)	(1.7)	9.7	(101.5)
Revenue Forecasts (April 2009 excluding ARRA)	(67.8)	(25.9)	(3.8)	(97.5)	(4.0)	(3.0)	(104.5)
Change in Minimum Reserve	0.0	0.0	10.1	10.1	0.0	9.1	19.2
With Feb & April 2009 Revised Revenue Forecasts				(581.0)			(958.0)
Retirement plans (modest recovery) with proposal	0.0	0.0	(27.5)	(27.5)	(63.5)	(63.8)	(154.8)
DD waiting list and BSDC transition	0.0	(10.2)	(15.5)	(25.7)	(15.5)	(15.5)	(56.7)
BSDC contingency	0.0	(25.0)	(24.5)	(49.5)	0.0	0.0	(49.5)
TEEOSA to LB 545 level	0.0	(52.2)	(88.2)	(140.5)	21.3	85.7	(33.5)
Special Education to 0% growth, impact on TEEOSA	0.0	0.0	0.0	0.0	(5.4)	(11.0)	(16.4)
All Other appropriation changes	(0.1)	(4.7)	(0.2)	(5.0)	0.1	0.5	(4.3)
Post Hearing Adjustment: ARRA funds to offset GF	64.8	256.1	234.0	554.9	(0.2)	(0.2)	554.4
Special Education to 0% growth	0.0	5.5	11.3	16.8	11.3	11.6	39.7
Eliminate prelim GF transfer for carrier enforcement	0.0	7.3	7.5	14.8	7.5	7.5	29.8
Provider rates to 2% to 1.5% per yr	0.0	3.6	7.3	10.9	7.3	7.3	25.6
Adjust Cultural trust transfer	0.0	1.5	1.5	3.0	(1.5)	(1.5)	0.0
Cash Fund lapses	0.0	0.8	0.0	0.8	0.0	0.0	0.8
Cash Reserve Fund transfer	0.0	95.0	151.0	246.0	0.0	0.0	246.0
Change in Minimum Reserve		0.0	0.5	0.5	0.0	(8.7)	(8.2)
Appropriations Committee Budget to the Floor				18.6			(385.2)
Floor amendments-appropriations	1.2	(4.8)	(0.2)	(3.7)	(0.2)	(0.2)	(4.1)
Floor amendments-transfers	0.0	0.0	5.3	5.3	0.0	0.0	5.3
Revenue bills enacted	0.0	(1.2)	(2.3)	(3.5)	(2.2)	(1.0)	(6.7)
A Bills enacted	0.0	(5.6)	(8.2)	(13.7)	(31.3)	(32.1)	(77.1)
Change in Minimum Reserve	0.0	0.0	(0.1)	(0.1)	0.0	0.5	0.5
End of 2009 Session (Sine Die)				2.9			(467.7)
FY09 Actual vs Est General Fund Net Receipts	(36.5)	0.0	0.0	(36.5)	0.0	0.0	(36.5)
FY09 Actual vs Est Accounting adjustment	(7.0)	0.0	0.0	(7.0)	0.0	0.0	(7.0)
Change in Minimum Reserve	0.0	0.0	(6.5)	(6.5)	0.0	7.6	1.2
July 2009 Tax Rate Review Committee				(47.1)			(510.0)
Revenue Forecasts (October 2009)	0.0	(125.3)	(172.0)	(297.3)	(177.0)	(180.0)	(654.3)
Change in prior year reappropriations	0.0	1.9	0.0	1.9	0.0	0.0	1.9
Change in Minimum Reserve	0.0	0.0	8.7	8.7	0.0	10.3	19.0
November 2009 Pre Special Session				(333.8)			(1,143.4)

(millions of \$) continued	Current Biennium				Following Biennium		
	FY09	FY10	FY11	3 Yr Total	FY12	FY13	5 Yr Total
FY10\FY11 budget reductions	(0.0)	55.7	148.5	204.2	111.7	66.2	382.1
Reduce reappropriation of unexpended FY09 funds	0.0	62.5	0.0	62.5	0.0	0.0	62.5
Fund transfers	0.0	37.4	22.4	59.8	0.0	0.0	59.8
Plus:Reallocate an existing Cash Reserve Fund transfer	0.0	10.0	0.0	10.0	0.0	0.0	10.0
Special Session costs	0.0	(0.1)	0.0	(0.1)	0.0	0.0	(0.1)
Change in Minimum Reserve	0.0	0.0	(2.1)	(2.1)	0.0	(7.9)	(9.9)
November 2009 Special Session				0.4			(639.1)
Revenue Forecasts (revised February 2010)	0.0	(40.3)	8.6	(31.7)	(20.8)	(20.0)	(72.4)
Homestead Exemption	0.0	(3.6)	0.0	(3.6)	0.0	0.0	(3.6)
TEEOSA aid	0.0	0.0	(15.2)	(15.2)	(9.5)	(14.5)	(39.2)
Medicaid Clawback	0.0	8.1	10.6	18.7	0.0	0.0	18.7
Costs for prenatal services to unborn children	0.0	1.5	5.3	6.9	6.4	6.4	19.6
Across the Board Cut	0.0	0.0	7.1	7.1	7.1	7.1	21.3
All other appropriations	0.0	(0.4)	0.9	0.5	0.8	0.8	2.1
Cash Fund transfers	0.0	0.3	16.5	16.7	0.0	0.0	16.7
Cash Reserve Fund transfer	0.0	0.0	3.0	3.0	0.0	0.0	3.0
Change in Minimum Reserve	0.0	0.0	0.9	0.9	0.0	1.7	2.6
Variance - Committee Proposed 2010 Session				3.7			(670.3)
Floor amendments-appropriations (Other)	0.0	0.0	(0.2)	(0.2)	(0.1)	(0.1)	(0.5)
Floor amendments-appropriations (TEEOSA)	0.0	0.0	(3.0)	(3.0)	(3.5)	(3.5)	(10.0)
Floor amendments-transfers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mainline vetoes-appropriation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revenue bills enacted (excluding LB867)	0.0	0.0	0.2	0.2	0.7	0.5	1.4
A Bills enacted	0.0	(0.1)	0.0	(0.1)	0.0	0.1	(0.0)
Lower "above forecast" CRF transfer	0.0	0.0	(0.3)	(0.3)	0.0	0.0	(0.3)
Less: Change in Minimum Reserve	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Variance – End of 2010 Session (Sine Die)				0.4			(679.3)

Table 2 Cumulative Summary of Budget Actions
2009 Session, 2009 Special Session and 2010 Session.

Items Increasing and Reducing the Shortfall	FY2008-09	FY2009-10	FY2010-11	3 Yr Total
Original Shortfall (Nov 2008)	0.0	0.0	0.0	(377.2)
Revenue Declines	(195.5)	(383.7)	(332.7)	(911.9)
Spending Increases (vs Nov 08 estimate)	4.7	(108.6)	(80.0)	(183.8)
Total Shortfall	(190.8)	(492.2)	(412.7)	(1,472.8)
Cash Fund transfers-in	0.0	73.0	72.1	145.1
Cash Reserve Fund transfers	0.0	105.0	154.0	259.0
Reduce reappropriation of prior year funds	65.9	62.5	0.0	128.3
ARRA (Education+General Stabilization, FMAP, child care)	66.0	282.2	250.6	598.8
Spending reductions	0.0	111.2	230.7	341.9
Total Budget Actions Taken to address the shortfall	131.9	633.9	707.4	1,473.2
Net Total Change	(58.9)	141.7	294.7	0.4

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.

The Cash Reserve Fund unobligated balance at the end of this biennium is projected at \$321.7 million. This is based on all existing statutory transfers and assumes repayment of \$8.5 million transferred to the Water Contingency Fund in FY2007-08.

Table 3 Cash Reserve Fund

	Estimated FY2008-09	Estimated FY2009-10	Estimated FY2010-11	Estimated FY2011-12	Estimated FY2012-13
Beginning Balance	545,545,797	578,191,863	455,191,863	321,742,863	321,742,863
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)	(105,000,000)	(151,000,000)	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/From 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)	0	0	0
To Governors Emergency Fund	(7,500,000)	0	0	0	0
To Visitors Promotion (Special Olympics)	0	(1,000,000)	0	0	0
2010 Session Transfers	0	0	(3,000,00)	0	0
Ending Balance	578,191,863	455,191,863	321,742,863	321,742,863	321,742,863

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 providing additional revenue support for various spending and tax cut proposals enacted in the 2006 Session.

In the 2009 Session, LB456 included \$246 million of transfers to the General Fund, \$190 million (\$95 million in each year of the biennium) as considered before the April 2009 forecast change and \$56 million after the April forecast changes.. Although not linked specifically, the original transfer amounts were 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).

In the 2009 Special Session the only use of Cash Reserve Fund monies was a reallocation of a 2008 enacted \$10 million transfer to the Roads Operations Cash Fund in FY11 and FY12, the purpose of which was to provide matching funds for congressional earmarks. This \$10 million (\$5 million each year) will instead be transferred to the General Fund during the current fiscal year.

<u>Transfers to/from the General Fund</u>	<u>FY2008-09</u>	<u>FY2009-10</u>	<u>FY2010-11</u>
To GF, offset retirement shortfall (LB427-2005)	(4,990,505)	0	0
To GF, (LB 1131-2006)	(50,000,000)	0	0
To GF, (LB 456-2009)	0	(95,000,000)	(151,000,000)
To GF, 2009 Special Session	0	(10,000,000)	0
Net Transfers to/From General Fund	(54,990,505)	(105,000,000)	(151,000,000)

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.

In the 2009 session, the Legislature enacted \$254.5 million of Cash Reserve Fund (CRF) transfers of which \$246 million was transferred to the General Fund. The other transfers included a \$7.5 million transfer to the Governors Emergency Fund in FY08-09 and a \$1,000,000 transfer to the Visitors Promotion Cash Fund in FY2009-10 to be used to assist Lincoln in the promotion and support of hosting the national Special Olympics in 2010.

In the 2009 Special Session, the Legislature eliminated the last two planned transfers from the Cash Reserve Fund to the Roads Operations Cash Fund in FY11 and FY12 as enacted in the 2008 Session. The \$5 million transfer from the Cash Reserve Fund to the Department of Roads that has already taken place this fiscal year is left untouched

2010 Session Transfers

The only use of the Cash Reserve Fund in the 2010 Session is a \$3 million transfer to the General Fund. This was proposed to assist in covering the costs of the certified TEEOSA state aid shortfall that was only known very late in the Appropriations Committee deliberations.

Table 4 Cash Reserve Fund – Historical Balances

Fiscal Yr	Beginning Balance	Direct Deposit and Interest	Legislative Transfers	Cash Flow	Automatic Transfers	Ending Balance	Balance % of revenues
FY1992-93	26,937,043	0	(9,500,000)	0	0	17,437,043	1.1%
FY1993-94	17,437,043	0	7,250,000	0	3,063,462	27,750,505	1.7%
FY1994-95	27,750,505	0	1,250,000	0	(8,518,701)	20,481,804	1.2%
FY1995-96	20,481,804	0	18,189,565	0	(20,481,804)	18,189,565	1.0%
FY1996-97	18,189,565	0	3,032,333	0	19,740,786	40,962,684	2.0%
FY1997-98	40,962,684	0	0	0	91,621,018	132,583,702	6.3%
FY1998-99	132,583,702	0	(98,500,000)	0	111,616,422	145,700,124	6.9%
FY1999-00	145,700,124	0	(24,500,000)	0	20,959,305	142,159,429	5.9%
FY2000-01	142,159,429	0	(49,500,000)	0	77,576,670	170,236,099	6.9%
FY2001-02	170,236,099	0	(60,170,000)	0	0	110,066,099	4.7%
FY2002-03	110,066,099	66,476,446	(87,400,000)	(30,000,000)	0	59,142,545	2.4%
FY2003-04	59,142,545	59,463,461	(61,577,669)	30,000,000	0	87,028,337	3.2%
FY2004-05	87,028,337	8,170,556	(26,758,180)	0	108,727,007	177,167,720	5.8%
FY2005-06	177,167,720	0	(165,266,227)	0	261,715,297	273,616,790	8.2%
FY2006-07	273,616,790	0	(17,458,523)	0	259,929,524	516,087,791	15.1%
FY2007-08	516,087,791	0	(161,978,767)	0	191,436,773	545,545,797	15.6%
FY2008-09	545,545,797	0	(84,330,505)	0	116,976,571	578,191,863	17.3%
FY2009-10 Est	578,191,863	0	(123,000,000)	0	0	455,191,863	13.7%
FY2010-11 Est	455,191,863	0	(133,449,000)	0	0	321,742,863	9.6%
FY2011-12 Est	321,742,863	0	0	0	0	321,742,863	8.8%
FY2012-13 Est	321,742,863	0	0	0	0	321,742,863	8.2%

Assumptions - Following Biennium

Revenues

The NEFAB does not make official forecasts for the following biennium or what's commonly referred to as the "out years", FY11-12 and FY12-13). Although different methodologies could be utilized. in the current financial status, the revenue estimates used for the following biennium are derived using a "capped" historical average methodology. This "smoothing" technique derives a revenue estimate for the "out years" by calculating the level of revenues that would yield a five year average growth (FY08 to FY13) roughly equal to the historical average from FY81 to FY09 (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.

The capped portion means that the derived number can't result in an average growth that's higher than the average of the "above average growth years" or lower than the average of the "below average growth years". Because an average growth of 13% per year would be required to achieve a five year average of 5.2%, the capped provision is invoked and the two out-years are capped at an average 7.2%. Even with this high growth, this yields a five year average of only 2.5% per year less than half the 28 year average of 5.2%. Other methods yield lower revenue estimates as described on page 21.

Average Adjusted General Fund Revenue Growth	
Above Average Years (19)	7.2%
Below Average Years (9)	1.4%
Historical Average (28 yrs)	5.2%

Spending

For the "following biennium" (FY2011-12 and FY2012-13), the 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. It is an estimate based on "current law", ie.. an estimate of future obligations with no change to underlying law that creates the obligation. While the actual funding needs in these areas will not be known until the biennial budget process starts again next session, some level of funding for these items must be acknowledged and shown as likely funding commitments for planning purposes. The following is a summary of the major items with a separate breakdown of the amounts necessary to replace the one-time use of ARRA funds.

Summary of Projected Increases	Biennial Budget Basis			% of Total
	FY2011-12	FY2012-13	2 Yr Total	
Replace ARRA related one-time funds	250,602,207	250,602,207	501,204,414	40.5%
TEEOSA School Aid (excluding ARRA impact)	72,026,271	181,895,158	253,921,429	20.5%
Medicaid (excluding ARRA impact)	44,490,546	93,101,099	137,591,645	11.1%
Salary and Health Insurance	39,806,740	81,739,602	121,546,341	9.8%
Retirement (Schools, Patrol, Judges)	56,215,154	56,566,154	112,781,308	9.1%
All Other	29,814,129	80,643,075	110,457,205	8.9%
Total General Fund increase (biennial basis)	492,955,048	744,547,295	1,237,502,342	100.0%
Annual Percent Change				
With replacement of ARRA funds	14.5%	6.5%	10.5%	
Without replacement of ARRA funds	7.1%	6.5%	7.0%	

Replacement of the ARRA funds is the single largest increase in the following biennium and accounts for 40% of the total increase in the budget. This includes \$140.3 million Education Stabilization funds (TEEOSA school aid), \$89.3 million of Medicaid federal matching rate (FMAP), and \$17 million of General Stabilization funds (used in Dept of Corrections). Table 5 shows the individual items and assumption used in arriving at a projected budget showing projected increases on an annual basis.

Table 5 Projected Budget Increases-Following Biennium*

Numbers are annual increases	Factor	Est for Following Biennium	
		FY2011-12	FY2012-13
<u>Aid to Local Govt</u>			
TEEOSA School Aid (excluding ARRA impact)	9.5%	72,026,271	109,868,887
Special Education	5.0%	9,244,692	9,706,927
Community Colleges	3.0%	2,697,123	2,778,036
Aid to County changes (net) LB218-2009	--	864,771	393,422
Homestead Exemption	3.0%	1,950,000	2,008,500
Aid to NRD's	--	3,000	0
Aid to ESU's	2.5%	397,189	407,119
Gov Emergency Fund (replace one-time reduction)	--	500,000	0
Aid to Learning Communities	--	(72,000)	(36,000)
<u>Aid to Individuals</u>			
Medicaid (excluding ARRA impact)	7.5%	44,490,546	48,610,552
Public Assistance (excluding ARRA impact)	8.5%	21,488,935	23,264,611
Developmental Disability aid	3.0%	2,751,242	2,833,779
Behavioral Health aid	3.0%	2,262,867	2,330,753
Childrens Health Insurance (CHIP)	8.8%	1,028,477	1,101,929
<u>Operations</u>			
Retirement (Schools, Patrol, Judges)	calculated	56,215,154	351,000
Employee Salaries (includes University & St Colleges)	2.5%	24,727,360	25,345,544
Health Insurance (includes University & St Colleges)	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
Child support enforcement, one time use of funds	calculated	1,800,000	0
Takeover county assessor	calculated	(616,540)	(616,540)
BSDC funding, assumed recertification (HHS)	calculated	(24,477,558)	0
Other (Oper)	calculated	366,661	301
Retirement (Schools, Patrol, Judges)	calculated	56,215,154	351,000
<u>Replace Use of Onetime ARRA Funds</u>			
ARRA Education Stabilization (TEEOSA)	--	140,287,176	0
ARRA General Stabilization (Corrections)	--	17,000,000	0
ARRA Enhanced FMAP (Medicaid)	--	73,682,483	0
ARRA Unemployment Bonus FMAP (Public Assistance)	--	15,600,000	0
ARRA Child Care, FFP (Public Assistance)	--	4,032,548	0
<u>Construction</u>			
-	reaffirm only	1,711,573	(1,504,100)
Annual \$ Increase		492,955,048	251,592,247
Annual % Increase		14.5%	6.5%

Aid to Local Governments

Special Education: Increases for FY2011-12 and FY2012-13 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 FY2011-12 and FY2012-13 are based on the same methodology utilized for the November 15 estimates required under current law for a proposed biennial budget but with Fiscal Office assumptions and should be considered Fiscal Office estimates. They are based on LB 545 as enacted in the 2009 Session and LB 5 enacted in the 2009 Special Session and reflect a growth in total TEEOSA school aid of 7.6% in FY11-12 and 10.8% in FY12-13. However, the growth in General Funds for TEEOSA amounts to 26.6% in FY12 reflecting the replacement of the \$140.3 million of ARRA Education Stabilization funds used in the FY11 budget. A detailed calculation sheet can be found on page 7.

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 basic 3% per year annual increase is included for the following biennium budget. 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 County (net change under LB218-2009) Prior to FY2011-12 there were 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. LB218 passed in the 2009 Session, eliminated these three programs starting July 1, 2011, and replaces them 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. The increase shown here is based on the difference between the existing aid amounts and an estimated amount per LB218.

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 excluding federal match rate changes and legislative changes. The growth in General Funds in FY12 is 27% reflecting the replacement of the \$89.3 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. The growth in General Funds however is closer to 9% as the General Fund covers all increases in this program due to the fixed nature of the \$5 million allocation from the Health Care Cash Fund.

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.

Behavioral Health Aid. This area includes substance abuse and mental health aid. The increases in the following biennium reflect a 3% increase to reflect some annual increase in provider rates.

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 to 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.

General Fund Revenues

General Fund Revenue Forecasts

The FY08-09 actual receipts of -4.4% reflected the lowest adjusted revenue growth since calculations were made back to 1982. The FY09 actual receipts were \$149 million below the prior year (FY2007-08), \$51 million below two years ago (FY2006-07) and only \$5 million higher than receipts three years ago (FY2005-06).

October 2009 The lower than projected FY08-09 receipts, the below forecast receipts in the first three months of FY09-10 and the lower estimates provided by the Dept of Revenue and Legislative Fiscal Office resulted in the Forecast Board reducing their revenue forecasts at their regularly scheduled October 2009 meeting by \$123 million in FY09-10 and \$172 million in FY10-11. These revised forecasts result in an adjusted growth of negative -1.3% in FY09-10 but rebounding to 4% (still below average) in FY10-11. Extending the lower revenue base into the out year estimates for FY11-12 and FY12-13 resulted in significantly lower revenue numbers for those two years as compared to the Sine Die planning numbers, \$177 million in FY2011-12 and \$180 million in FY2012-13.

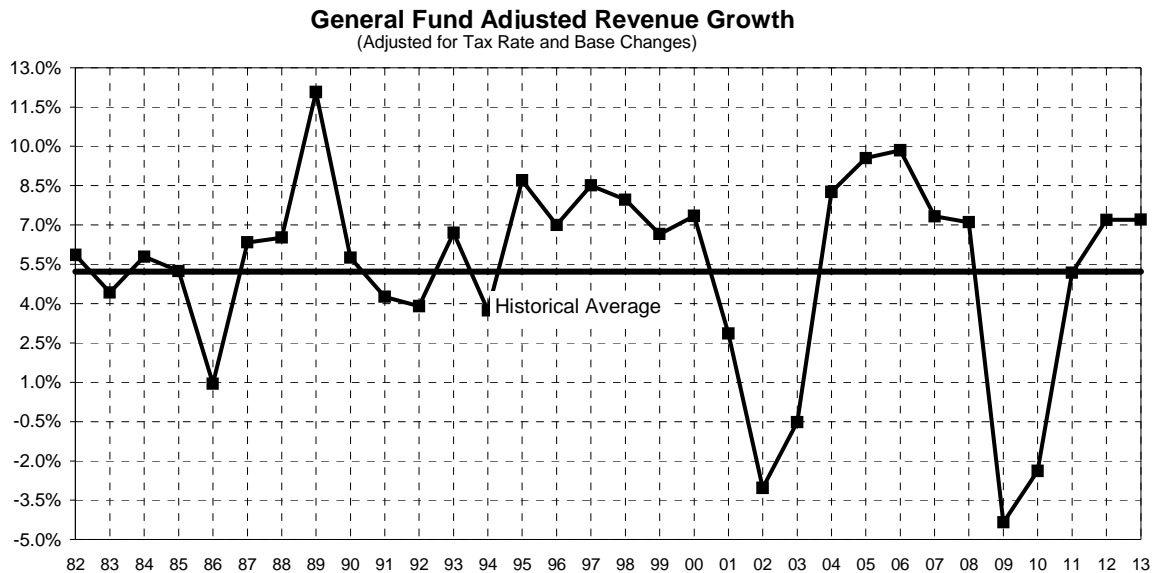
February 2010 In February 2010 the NEFAB met to review and possibly revise their forecasts. With lower estimates provided by the Dept of Revenue (NDE) and Legislative Fiscal Office (LFO) and FY09-10 year to date receipts being \$34 million below projected, the NEFAB lowered their FY2009-10 forecast by \$40.2 million. However for FY2010-11 both NDE and LFO forecasts were higher than the NEFAB October forecast. For this fiscal year the NEFAB increased the forecast by \$8.6 million resulting in a two year net reduction of \$31.7 million. The lower FY2009-10 forecast results in a negative adjusted "growth" of -2.4%. Adjusted growth calculated from the FY2010-11 forecast is +5.2%. This 5.2% growth is higher than the calculated growth rate in October, but is more the result of the \$40.2 million decline in the prior year (FY10) rather than the \$8.6 million increase in FY11.

Following Biennium – Historical Average Methodology 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, the 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".

Estimates for the following biennium, using the capped 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 2.6%, about half the 5.2% historical average.

Table 6 - General Fund Revenue Forecasts

<i>Revenue Estimates Used in Financial Status</i>	Actual FY2008-09	NEFAB FY2009-10	NEFAB FY2010-11	LFO Prelim FY2011-12	LFO Prelim FY2012-13
Actual/Forecast					
Sales and Use Tax	1,326,161,017	1,310,000,000	1,365,000,000	1,458,000,000	1,556,000,000
Individual Income Tax	1,600,418,236	1,561,100,000	1,630,000,000	1,806,000,000	1,981,000,000
Corporate Income Tax	198,483,786	159,000,000	185,000,000	213,000,000	238,000,000
Miscellaneous receipts	232,405,148	251,000,000	225,000,000	191,000,000	187,000,000
Total Gen Fund Revenues	3,357,468,187	3,281,100,000	3,405,000,000	3,668,000,000	3,962,000,000
Adjusted Growth					
Total Gen Fund Revenues	-4.4%	-2.4%	5.2%	7.2%	7.2%
Five Yr Average	--	--	--	--	2.4%



Following Biennium – Alternatives As noted above, other alternative methods are available for purposes of deriving revenue estimates for the following biennium. In addition to the historical average methodology used in the financial status, both the Nebraska Dept of Revenue (NDR) and Legislative Fiscal Office (LFO) have calculated revenue estimates for these two “out years” using the same models and input from Global Insight, the national forecasting service used as input into the tax forecast models. While these forecasts work well for the 1 to 3 year forecasts, when extended further they have a tendency to flatten out and follow the 3 year trend into the 4th and 5th year. In other words, they have difficulty picking up changes in the trend. The historical average methodology, the method used since 1991 and used in the current financial status, utilizes a smoothing technique which derives a revenue growth for the “out years” by calculating the level of revenues that would yield a five year average growth (FY04 to FY09) roughly equal to the historical average from FY81 to FY07 (currently 5.4%).

As shown in Table 6, the preliminary estimates for the two “out years” arrived at using the historical average concept (as used in the Financial Status), are significantly higher than the model estimates.

Forecasts using Global Insight input are much lower reflecting a continued much lower growth specifically in FY2009-10. The FAIR based forecasts are much higher than the Global Insight forecasts and in fact somewhat higher than the "historical average" based estimates.

Table 7 - Comparison of "Out Year" Forecasts

Based on February 2010 Revenue Forecasts	Current Status Hist Avg	Average (Global Insight)	Average (All Forecasts)	High Est LFO-Fair	Low Est LFO-Global
<u>Dollar Forecast (thousands of \$)</u>					
FY2008-09 Actual	3,357,468	3,357,468	3,357,468	3,357,468	3,357,468
FY2009-10 NEFAB	3,281,100	3,281,100	3,281,100	3,281,100	3,281,100
FY2010-11 NEFAB	3,405,000	3,405,000	3,405,000	3,405,000	3,405,000
FY2011-12 Prelim	3,668,000	3,582,560	3,644,154	3,711,044	3,553,261
FY2012-13 Prelim	3,962,000	3,752,843	3,850,711	3,968,119	3,712,183
<u>Calculated Growth (adjusted)</u>					
FY2008-09 NEFAB	-4.4%	-4.4%	-4.4%	-4.4%	-4.4%
FY2009-10 NEFAB	-2.4%	-2.4%	-2.4%	-2.4%	-2.4%
FY2010-11 NEFAB	5.2%	5.2%	5.2%	5.2%	5.2%
FY2011-12 Prelim	7.2%	4.9%	6.6%	8.3%	4.1%
FY2012-13 Prelim	7.2%	4.2%	5.1%	6.2%	4.0%
Two Year Average	7.2%	4.6%	5.8%	7.3%	4.0%
Five Year Average	2.5%	1.5%	2.0%	2.6%	1.3%
<u>\$ Difference from Status</u>					
FY2011-12	0	(85,440)	(23,847)	43,044	(114,739)
FY2012-13	0	(209,157)	(111,289)	6,119	(249,817)
Cumulative Total	0	(294,597)	(135,135)	49,163	(364,556)

Chronology of General Fund Revenue Forecasts

Table 8 provides a chronology of revenue forecasts for FY2008-09, FY2009-10 and FY2010-11 since the initial NEFAB forecast in October 2006 (FY08-09) and October 2008 (FY09-10 and FY10-11).

The table shows the actual forecast and the change from the prior forecast broken down by the cause of the change whether it is bills enacted, federal tax law changes, or revised economic assumptions ("base"). To date the cumulative decline over the three years is over \$800 million.

Table 8 Chronology of Revenue Forecats

	Sales/Use	Individual	Corporate	Misc	Total Forecast	Change in Forecast			
						Base	Fed Chnge	Bills	Total
FY2008-09									
Board Est-Oct 2006	1,365,000	1,800,000	236,000	185,000	3,586,000				
Board Est-Feb 2007	1,368,000	1,820,000	238,000	186,000	3,612,000	26,000	0	0	26,000
Board Est-April 2007	1,370,000	1,830,000	240,000	186,000	3,626,000	14,000	0	0	14,000
Sine Die-2007 Session	1,349,345	1,755,545	241,900	193,749	3,540,539	0	0	(85,461)	(85,461)
Board Est-Oct 2007	1,380,000	1,770,000	238,000	201,000	3,589,000	48,461	0	0	48,461
Board Est-Feb 2008	1,360,000	1,750,000	215,000	189,000	3,514,000	(75,000)	0	0	(75,000)
Sine Die-2008 Session	1,358,932	1,750,074	214,490	208,250	3,531,746	(0)	0	17,746	17,746
Board Est-Oct 2008	1,340,000	1,780,000	210,000	216,000	3,546,000	14,254	0	0	14,254
Board Est-Feb 2009	1,330,000	1,710,000	210,000	215,000	3,465,000	(81,000)	0	0	(81,000)
Board Est-April 2009	1,330,000	1,650,000	194,000	220,000	3,394,000	(67,773)	(3,227)	0	(71,000)
Sine Die-2009 Session	1,330,000	1,650,000	194,000	220,000	3,394,000	0	0	0	0
Actual Receipts FY2008-09	1,326,161	1,600,418	198,484	232,405	3,357,468	(36,532)	0	0	(36,532)
Change: First NEFAB to Actual	(38,839)	(199,582)	(37,516)	47,405	(228,532)	(157,590)	(3,227)	(67,715)	(228,532)
FY2009-10									
Board Est-Oct 2008	1,350,000	1,840,000	210,000	195,000	3,595,000				
Board Est-Feb 2009	1,340,000	1,720,000	195,000	190,000	3,445,000	(150,000)	0	0	(150,000)
Board Est-April 2009	1,345,000	1,675,000	170,000	185,000	3,375,000	(25,898)	(44,102)	0	(70,000)
Sine Die-2009 Session	1,343,558	1,675,000	169,814	220,942	3,409,314	0	0	34,314	34,314
Board Est-October 2009	1,320,000	1,585,000	165,000	214,000	3,284,000	(125,314)	0	0	(125,314)
Sine Die-2009 Special Session	1,320,000	1,585,000	165,000	251,360	3,321,360	0	0	37,360	37,360
Board Est-Feb 2010	1,310,000	1,561,100	159,000	251,000	3,281,100	(40,260)	0	0	(40,260)
Sine Die-2010 Session	1,310,000	1,561,100	159,000	251,250	3,281,350	0	0	250	250
Change: First NEFAB to Current	(40,000)	(278,900)	(51,000)	56,250	(313,650)	(341,472)	(44,102)	71,924	(313,650)
FY2010-11									
Board Est-Oct 2008	1,400,000	1,895,000	217,000	200,000	3,712,000				
Board Est-Feb 2009	1,395,000	1,805,000	201,000	180,000	3,581,000	(131,000)	0	0	(131,000)
Board Est-April 2009	1,410,000	1,760,000	170,000	175,000	3,515,000	(3,805)	(62,195)	0	(66,000)
Sine Die-2009 Session	1,407,292	1,760,000	169,451	209,210	3,545,953	0	0	30,953	30,953
Board Est-October 2009	1,365,000	1,630,000	177,000	202,000	3,374,000	(171,953)	0	0	(171,953)
Sine Die-2009 Special Session	1,365,000	1,630,000	177,000	224,406	3,396,406	0	0	22,406	22,406
Board Est-Feb 2010	1,365,000	1,630,000	185,000	225,000	3,405,000	8,594	0	0	8,594
Sine Die-2010 Session	1,365,000	1,630,000	185,000	242,247	3,422,247	0	0	17,247	17,247
Change: First NEFAB to Current	(35,000)	(265,000)	(32,000)	42,247	(289,753)	(298,164)	(62,195)	70,606	(289,753)

Historical General Fund Revenues

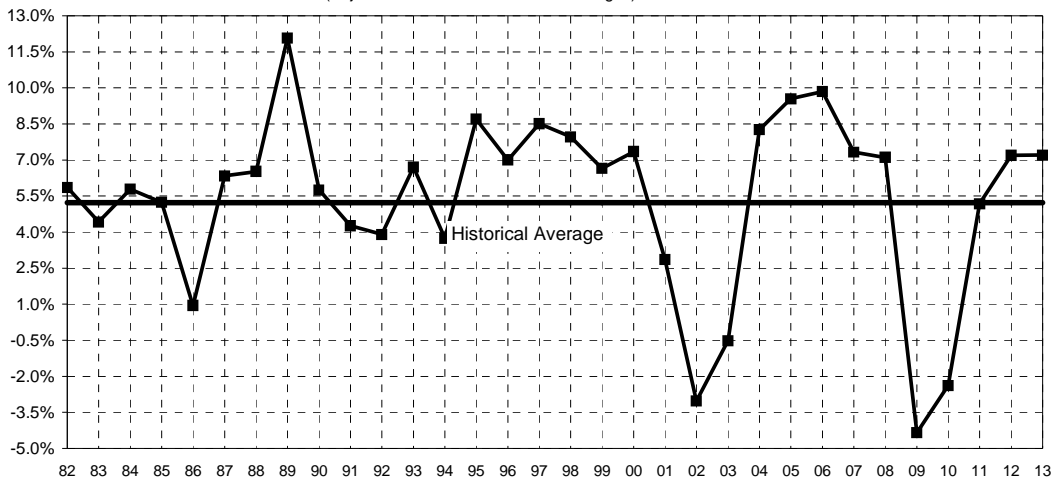
The table below shows the historical General Fund receipts since FY1990-91 and the adjusted revenue growth. For purposes here, revenue growth means the growth in revenues caused by economic activity and inflation as arrived at by adjusting for items such as tax base and rate changes, legislation enacted, and one-time extraordinary items. The objective is to measure underlying patterns of revenue growth ignoring such changes.

The average growth for the past five years of actual receipts (FY2002-03 to FY2005-06) is 6.9% per year, well above the 23-year historical average of 5.4%. This five year period started with the last of the "crisis" years at a -.5% growth and then four straight years of 7% to 10% growth.

Table 9 Historical General Fund Revenues

Fiscal Year	Sales and Use Tax	Individual Income Tax	Corporate Income Tax	Miscellaneous Taxes and Fees	Total Net Receipts	Adjusted Growth
FY 1981-82	224,072,706	274,913,728	48,498,195	104,207,906	651,692,535	5.9%
FY 1982-83	282,583,222	329,011,963	51,635,208	95,366,383	758,596,776	4.4%
FY 1983-84	271,499,058	340,307,418	66,908,824	103,538,474	782,253,774	5.8%
FY 1984-85	300,534,120	324,585,970	48,959,234	109,271,881	783,351,205	5.2%
FY 1985-86	310,390,975	357,181,477	54,558,727	112,104,988	834,236,167	0.9%
FY 1986-87	345,158,484	365,762,015	67,423,552	108,010,490	886,354,541	6.3%
FY 1987-88	393,148,700	437,741,927	73,781,732	111,426,183	1,016,098,542	6.5%
FY 1988-89	430,078,299	479,731,816	80,624,142	143,012,760	1,133,447,017	12.1%
FY 1989-90	444,231,183	501,134,237	71,948,124	135,396,459	1,152,710,003	5.8%
FY 1990-91	547,372,735	609,430,580	81,947,961	128,325,622	1,367,076,898	4.3%
FY 1991-92	592,441,836	658,634,300	103,617,106	135,716,137	1,490,409,379	3.9%
FY 1992-93	586,355,271	690,350,753	102,754,927	145,200,908	1,524,661,859	6.7%
FY 1993-94	648,846,708	722,360,866	113,142,771	169,401,912	1,653,752,257	3.7%
FY 1994-95	683,852,397	746,717,579	123,923,674	150,995,891	1,705,489,541	8.7%
FY 1995-96	711,008,684	846,550,249	126,801,468	152,380,385	1,836,740,786	7.0%
FY 1996-97	755,907,807	944,117,130	137,337,967	172,241,113	2,009,604,017	8.5%
FY 1997-98	803,805,374	981,643,795	142,150,133	177,852,119	2,105,451,422	8.0%
FY 1998-99	744,650,752	1,078,522,994	135,033,658	165,661,901	2,123,869,305	6.7%
FY 1999-00	900,427,469	1,180,363,301	140,021,942	183,111,959	2,403,924,670	7.4%
FY 2000-01	905,023,176	1,233,363,553	138,040,082	180,435,044	2,456,861,855	2.9%
FY 2001-02	918,889,782	1,159,810,647	107,628,074	179,180,246	2,365,508,749	-3.0%
FY 2002-03	1,028,931,065	1,129,421,651	111,597,405	186,449,714	2,456,399,835	-0.5%
FY 2003-04	1,114,374,321	1,249,890,025	167,429,431	187,033,230	2,718,727,007	8.3%
FY 2004-05	1,231,011,089	1,400,076,680	198,380,442	207,726,086	3,037,194,297	9.5%
FY 2005-06	1,263,678,691	1,545,338,061	262,295,456	280,875,316	3,352,187,524	9.9%
FY 2006-07	1,303,826,416	1,650,895,394	213,027,010	240,582,953	3,408,331,773	7.3%
FY 2007-08	1,321,867,139	1,726,145,405	232,851,654	225,298,373	3,506,162,571	7.1%
FY 2008-09	1,326,161,017	1,600,418,236	198,483,786	232,405,148	3,357,468,187	-4.4%
FY2009-10 NEFAB	1,310,000,000	1,561,100,000	159,000,000	251,250,000	3,281,350,000	-2.4%
FY2010-11 NEFAB	1,365,000,000	1,630,000,000	185,000,000	242,247,331	3,422,247,331	5.2%
FY2011-12 LFO Prelim	1,457,811,000	1,806,000,000	213,000,000	191,362,120	3,668,173,120	7.2%
FY2012-13 LFO Prelim	1,555,603,000	1,981,000,000	238,000,000	187,362,120	3,961,965,120	7.2%

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



General Fund Transfers-Out

This section 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 on the Financial Status. The amounts shown reflect the transfers-out as enacted during the 2009 legislative session and a projection into the next biennium based on either statute or intent. The property tax credits, are continued into the next biennium at the \$113 million level which when investment income is counted achieves a credit amount of \$115 million per year.

LB1063 enacted in the 2010 Session changes the statutory transfers from the General Fund to the Nebraska Cultural Preservation Endowment Fund. Under prior law, statute called for two more transfers to the Fund, \$1.5 million in both FY11-12 and FY12-13. LB1063 reduces those two transfers to \$500,000 but then extends the \$500,000 transfers for three more years, FY13-14, FY14-15, and FY15-16. The net result is an additional \$500,000 over the five year period.

Table 10 General Fund Transfers-Out

	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, plan	0	(100,000)	0	0	0
General Fund Transfers-Out (in Status)	(120,200,000)	(126,050,000)	(120,700,000)	(121,700,000)	(119,200,000)
LB 1063 - Cultural Preservation Endowment changess		0	0	1,000,000	1,000,000
Total-General Fund Transfers-Out	(120,200,000)	(126,050,000)	(120,700,000)	(120,700,000)	(118,200,000)

General Fund Transfers-In

Cash funds are funds which contain earmarked revenue sources and monies in those funds can only be used for the purposes authorized by statute. In many instances (since the 2009 special session) an authorized use of monies in a cash fund is transfers to the General Fund at the discretion of the Legislature. For accounting purposes, these are shown as "Transfers in" and are included as revenues. The transfers shown below, enacted in the 2009 regular and special sessions are already incorporated into the "Net Receipts" figures of the NEFAB forecasts.

Additional transfers enacted in the 2010 Sesison: \$12,500,000 from the Securities Act Cash Fund, \$2,500,000 from the Dept of Insurance Cash Fund, \$143,100 from the Clerk of the Legislature Cash Fund, and \$1,609,000 from the Affordable Housing Trust Fund.

Table 11 General Fund Transfers-In

	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13
Securities Act Cash Fund	19,000,000	24,000,000	25,000,000	0	0
Tobacco Products Admin Cash Fund	12,000,000	7,500,000	7,500,000	0	0
Dept of Insurance Cash Fund	3,000,000	9,000,000	9,000,000	0	0
Collection Agency Cash Fund	0	250,000	0	0	0
Charitable Gaming Oper Fund	0	806,734	366,817	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
Dept of Motor Vehicles Cash Fund	0	1,174,344	328,407	0	0
Waste Reduction and /Recycling Incentive	0	1,608,863	1,517,501	0	0
Workers Comp Cash Fund	0	1,000,000	1,000,000	0	0
Game & Parks Recreation Road Fund	0	378,306	1,064,006	0	0
HHS Professional & Occupational Credentialing	0	126,959	258,672	0	0
Education Innovation Fund	0	to University	0	0	0
Educational Savings Plan Administrative Fund	0	1,250,000	0	0	0
Enhanced Wireless 911 Fund	0	3,400,000	0	0	0
Health and Human Services Cash Fund	0	3,419,720	2,559,140	0	0
Nebraska Capital Construction Fund (NCCF)	0	4,574,466	0	0	0
Job Training Cash Fund	0	5,000,000	0	0	0
Property Assessment Division Cash Fund	0	1,250,000	1,000,000	0	0
State Patrol Carrier Enforcement Fund	0	446,890	459,035	0	0
Nebr Outdoor Recreation & Develop (NORDA)	0	378,307	1,064,007	0	0
Commercial Feed Administration Cash Fund	0	650,000	0	0	0
Motor Fuel Tax Enforcement and Collection	0	859,798	0	0	0
Supreme Court Automation Cash Fund	0	0	201,502	0	0
Probation Program Cash Fund	0	0	479,572	0	0
Dept of Natural Resources (7 different funds)	0	148,602	297,205	0	0
Secretary of State (5 cash funds)	0	122,217	221,415	0	0
Fire Marshal (3 cash funds)	0	440,995	85,144	0	0
DEQ Livestock Waste Management Cash Fund	0	200,000	100,000	0	0
Commission on Public Advocacy Cash Fund	0	230,000	230,000	0	0
Electrical Board Cash Fund	0	160,430	203,396	0	0
Engineers and Architects Regulation Fund	0	169,464	39,745	0	0
State Athletic Commissioner's Cash Fund	0	300,000	0	0	0
Other 2009 SS lapses (89 funds, 46 agencies)	0	2,013,905	2,680,436	0	0
Transfers Already in Revenue Forecast	34,000,000	72,760,000	55,656,000	0	0
Securities Act Cash Fund	0	250,000	12,250,000	0	0
Dept of Insurance Cash Fund	0	0	2,500,000	0	0
Affordable Housing Trust	0	0	1,609,000	0	0
Clerk of the Legislature Cash Fund	0	0	143,100	0	0
2010 Session Transfers	0	250,000	16,502,100	0	0
Total-General Fund Transfers-Out	34,000,000	73,010,000	72,158,100	0	0

Revenue Bills – 2010 Session

In light of the very limited available funds, a minimal amount of revenue bills were enacted in the 2010 Session although some have longer term implications. The following table lists the bills enacted followed by a narrative description of the major bills in numerical order.

Table 12 Revenue Bills – 2010 Session

	FY2009-10	FY2010-11	FY2011-12	FY2012-13
LB 563 Contractor Employee Classification Act	0	gain	gain	gain
LB 701 Change, ICF/MR Reimbursement Protection Fund	0	0	(300,000)	(300,000)
LB 779 Sports Arena Facility Financing Assistance Act	0	0	(189,000)	(320,000)
LB 861 Multiple changes & revisions, Liquor Control Act	0	171,720	171,720	171,720
LB 867 Change shipping license fees for alcohol	0	490,400	490,400	490,400
LB 918 NE Advantage Act, data center, technology services	0	0	0	(77,000)
LB 1109 Innovation and High Wage Employment Act	0	83,111	0	0
<i>2010 Revenue Bills (to be incorporated into forecast)</i>	0	745,231	173,120	(34,880)
LB 1165 Cultural Endowment (CRF transfer, interest loss) *	0	0	1,000,000	1,000,000
LB 1002 Comm. on Indian Affairs, state assistance*	0	(25,000)	0	0
<i>2010 Revenue Bills</i>	0	720,231	1,173,120	965,120

LB 563 adopts the Employee Classification Act. The Act provides a definition of contractor, criteria to determine whether an individual is an employee or an independent contractor, gives the Department of Labor oversight and investigatory responsibility, provides for fines and penalties, and requires posting of notice regarding proper classification.

LB 779 extends the use of the sales turnback mechanism for smaller sports arena facilities. Eligible sports arena is defined as any publicly owned, enclosed, and temperature-controlled building primarily used for sports or recreation with a seating capacity of at least 3,000 and no more than 7,000 seats in which initial occupancy occurs on or after July 1, 2010. Also eligible under the bill is any racetrack enclosure licensed by the state racing commission that is initially occupied on or after July 1, 2010.

The turnback would include all or part of state sales tax collected by all retailers located within 600 yards of the racetrack enclosure. Nearby retailer is defined as in Section 77-2701.32 and that is located within 600 yards of an eligible sports arena facility. New sales tax revenue is defined as all state sales tax revenue collected by nearby retailers that commence collecting sales taxes within the period of time beginning 24 months prior to occupancy of the eligible sports arena and ending 24 months after occupancy, plus any increase in state sales tax from retailers in existence before that period. The increase in sales tax revenue is measured over the base year, which is the year immediately preceding occupancy. Under the formula, 70 percent of turnback revenue can be used to retire bonded indebtedness on the qualifying facility under certain circumstances and 30 percent will be directed to the Local Civic, Cultural and Convention Center Financing Fund, which provides grants for rural community improvement projects.

The Department of Revenue indicates they assume the Act will be used for a number of projects including an indoor skating arena in Ralston and an additional \$25 million project in 2014 and 2015, and averaging one project every three years thereafter. The initial state revenue loss is estimated to be \$189,000 for FY2011-12 and \$320,000 in FY2012-13. By FY2016-17 the bill is expected to have an annual revenue loss impact in excess of \$4.1 million

LB 867 amends the Nebraska Liquor Control Act , Nebraska Revised Statutes Section 53-124, to increase the fee for a shipping license from \$200 to \$1,000.

LB918 revises provisions and definitions under the Nebraska Advantage Act. For purposes of a Tier 2 through Tier 5 project the bill redefines "qualified business" to include the "research, development, and maintenance of a data center." The term "data center" means "a group of computers, supporting equipment, and other organized assembly of hardware or software in one or more interrelated physical locations that is designed to centralize the storage, management, or dissemination of data and information". Also included as a "qualified business" are so-called "cloud computing" activities; specifically, sales of software development services, computer systems design, product testing services, and guidance or surveillance systems design services and the licensing of technology that is "delivered by providing the customer with software or access to software over the Internet or by other electronic means, regardless of whether the software or data accessed by customers is stored on a computer owned by the applicant, the customer, or a third party and regardless of whether the computer storing the software or data is located at the project,

Required levels of investment and employment and related tax incentives under the Nebraska Advantage Act are shown in the following table.

Tier	Investment Level	New Employees at the Project	State & Local Sales & Use Tax Refunds on Qualifying Project-Related Purchases	Wage Tax Credit	Investment Tax Credit	Property Tax Exemption For Qualified Personal Property
1	\$1 million	10	50% refund	3% to 6%	3%	None
2	\$3 million	30	100% refund	3% to 6%	10%	None
3	\$0	30	None	3% to 6%	None	None
4	\$10 million	100	100% refund	3% to 6%	10%	Yes
5	\$30 million	0	100% refund	None	None	None
6a	\$10 million	75	100% refund	10%	15%	Yes
6b	\$100 million	50	100% refund	10%	15%	Yes

The Department assumes that LB 918 would result in one additional Tier 1 and Tier 4 project every three years, and one additional Tier 2, 5, and 6 projects per year. By FY2019-20 the bill is expected to reduce General Fund revenue by approximately \$13 million per year.

General Fund Appropriations

Overview of the FY10 & FY11 General Fund Biennial Budget

This section provides a summary of current General Fund appropriations which reflect the cumulative impact of (1) the original budget as enacted in the 2009 Session, (2) changes made in the 2009 Special Session, and (3) changes made during the 2010 Session. Table 14 contains a listing of the FY10 and FY11 significant increases and reductions which account for about 99% of the total net change in General Fund appropriations over the two year period. Table 15 provides a more detailed breakdown of operations and state aid and provides a narrative description of major changes for each area.

While this report provides a narrative description of the major changes enacted during the 2010 Session, the reader should refer to the 2009 Biennial Budget Report and 2009 Special Session Budget Report for a more detailed description of the budget actions taken in those sessions for the initial enactment of the FY10 / FY11 biennial budget.

Table 13 General Fund Appropriations FY2009-10 and FY2010-11

<i>FY2008-09</i>	Operations	State Aid	Construction	Total
Total Per 2008 Special Session (w/o deficits)	1,221,557,978	2,251,864,442	8,238,322	3,481,660,742
<i>FY2009-10</i>	Operations	State Aid	Construction	Total
Total Per 2009 Session	1,251,181,021	2,114,511,089	15,172,233	3,380,864,343
2009 Special Session Actions	(40,653,033)	(13,914,606)	(1,000,000)	(55,567,639)
Total Per 2009 Special Session (excludes deficits)	1,210,527,988	2,100,596,483	14,172,233	3,325,296,704
2010 Session-Legislature	0	(6,018,574)	0	(6,018,574)
2010 Session-State Claims	370,870	0	0	370,870
2010 Session-Floor Actions	(2,000)	0	0	(2,000)
2010 Session "A" bills	48,000	100,000	0	148,000
2010 Session - Deficits	416,870	(5,918,574)	0	(5,501,704)
Final Appropriation with deficits	1,210,944,858	2,094,677,909	14,172,233	3,319,795,000
Change over prior year (excluding deficits)				
Dollar	(11,029,990)	(151,267,959)	5,933,911	(156,364,038)
Percent	-0.9%	-6.7%	72.0%	-4.5%
<i>FY2010-11</i>	Operations	State Aid	Construction	Total
Total Per 2009 Session	1,314,986,683	2,229,491,973	14,652,233	3,559,130,889
2009 Special Session Actions	(55,585,666)	(91,891,010)	(1,000,000)	(148,476,676)
Total Per 2009 Special Session	1,259,401,017	2,137,600,963	13,652,233	3,410,654,213
2010 Session-Committee Proposed	(5,973,151)	(2,956,727)	150,000	(8,779,878)
2010 Session-Floor Actions	46,352	3,174,959	0	3,221,311
2010 Session "A" bills	77,646	(72,000)	0	5,646
2010 Session - Midbiennium Adjustments	(5,849,153)	146,232	150,000	(5,552,921)
Total Per 2010 Session	1,253,551,864	2,137,747,195	13,802,233	3,405,101,292
Change over prior year (excluding deficits)				
Dollar	43,023,876	37,150,712	(370,000)	79,804,588
Percent	3.6%	1.8%	-2.6%	2.4%
Two Year Avg Growth (excluding deficits)	1.3%	-2.6%	29.4%	-1.1%

Excluding deficits, FY09-10 reflects a \$-156.4 million (-4.5%) reduction over FY08-09, while FY10-11 includes an additional \$79.8 million (2.4%) increase over FY09-10 but still \$76.6 million below the FY08-09 base year appropriation. Cumulatively, there was a \$233 million lower General Fund appropriation over the two year period compared to the FY08-09 level. This 4.6% average growth is significantly lower than the prior biennium (average growth of 7.4%), and the average General Fund spending growth over the past 20 years (6.8%)

The following table highlights the major changes in the FY09-10 and FY10-11 General Fund budget as compared to the FY08-09 base year appropriation. The items listed account for about 99% of the total net change in appropriations over the two year period. All items shown reflect the cumulative impact of actions taken in the 2007 Session and subsequently modified in the 2008 Session.

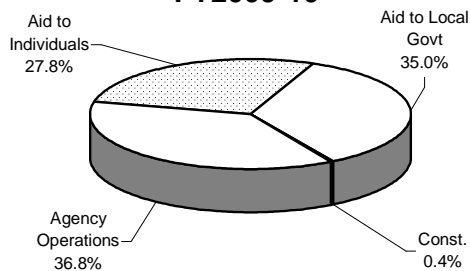
Table 14 Major Changes, FY2009-10 and FY2010-11 (as revised)

<u>Excludes FY10 deficits</u>	<u>\$ Change over FY09 Base Year</u>		<u>Sum Total for the Biennium</u>
	<u>FY2009-10</u>	<u>FY2010-11</u>	
TEEOSA Aid to Schools (without ARRA Stabilization)	95,101,666	113,494,493	208,596,159
Salaries & Health Insurance (agencies only)	20,003,831	38,401,151	58,404,982
BSDC contingency, termination of federal funding	15,000,000	24,477,558	39,477,558
Retirement, K-12 School/Judges/Patrol/Cash Balance	6,121,275	8,183,121	14,304,396
Developmental Disability(rate equity+transition+BSDC+waiting list)	12,102,833	19,407,115	31,509,948
University & State Colleges (1.5% per yr increase)	8,062,489	16,245,915	24,308,404
Public Assistance (w/o ARRA FFP and Child Care change)	3,352,342	9,375,203	12,727,545
BSDC, action plan & "rightsizing" (HHS)	7,500,000	7,500,000	15,000,000
Capital Construction	5,933,911	5,563,911	11,497,822
ARRA Federal Funds, offset Gen Funds	(274,103,642)	(250,602,207)	(524,705,849)
Agency operations, base and across the board reductions	(27,800,122)	(51,461,625)	(79,261,747)
Homestead Exemption (net)	(13,870,104)	(11,120,104)	(24,990,208)
Medicaid (w/o ARRA FMAP changes)	(8,844,979)	(9,970,143)	(18,815,122)
All Other	(4,923,538)	3,946,162	(977,376)
Total (combined 2007 and 2008 Session actions)	(156,364,038)	(76,559,450)	(232,923,488)
<u>By Session:</u>			
2009 Session	(100,796,399)	77,470,147	(23,326,252)
2009 Special Session	(55,567,639)	(148,476,676)	(204,044,315)
2010 Session	deficits	(5,552,921)	(5,552,921)
Total	(156,364,038)	(76,559,450)	(232,923,488)

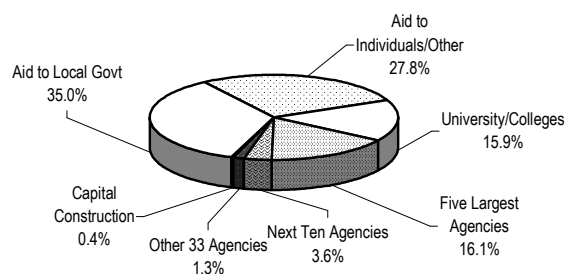
Table 15 Summary of FY2010-11 General Fund Budget by Major Area

	w/o Deficits FY2009-10	2010 Session FY2010-11	Change over Prior Yr FY2009-10 (w/o deficits)		Change over Prior Yr FY2010-11 (w/o deficits)		2 Yr Avg Change	5 Yr Avg Change	% of Total FY10-11
			\$	%	\$	%			
<u>AGENCY OPERATIONS</u>									
University/Colleges	527,816,350	540,090,076	(9,682,888)	-1.8%	12,273,726	2.3%	0.2%	3.0%	15.9%
Health & Human Services System	244,381,736	252,915,827	19,513,844	8.7%	8,534,091	3.5%	6.1%	4.6%	7.4%
Correctional Services	120,145,021	142,575,132	(28,315,667)	-19.1%	22,430,111	18.7%	-2.0%	0.9%	4.2%
Courts	69,386,261	70,264,041	1,450,897	2.1%	877,780	1.3%	1.7%	3.5%	2.1%
State Patrol	54,313,186	55,891,491	1,386,552	2.6%	1,578,305	2.9%	2.8%	4.7%	1.6%
Revenue	28,801,138	27,071,402	(844,965)	-2.9%	(1,729,736)	-6.0%	-4.4%	0.6%	0.8%
Retirement Board	25,589,490	27,420,010	6,121,275	31.4%	1,830,520	7.2%	18.7%	9.0%	0.8%
Other 39 Agencies	140,094,806	137,323,885	(659,038)	-0.5%	(2,770,921)	-2.0%	-1.2%	1.4%	4.0%
Total-GF Operations	1,210,527,988	1,253,551,864	(11,029,990)	-0.9%	43,023,876	3.6%	1.3%	3.0%	36.8%
<u>STATE AID TO INDIVIDUALS</u>									
Medicaid	445,306,457	489,426,763	(145,652,156)	-24.6%	44,120,306	9.9%	-9.0%	-0.7%	14.4%
Public Assistance	236,346,958	248,124,986	(5,275,373)	-2.2%	11,778,028	5.0%	1.3%	3.6%	7.3%
Developmental disabilities aid	83,269,149	90,573,431	12,102,833	17.0%	7,304,282	8.8%	12.8%	9.2%	2.7%
Behavioral Health aid	74,225,354	74,721,481	4,952,348	7.1%	496,127	0.7%	3.9%	13.3%	2.2%
Childrens Health Insurance (CHIP)	9,125,708	11,634,438	(2,636,184)	-22.4%	2,508,730	27.5%	-0.5%	0.1%	0.3%
Aging Programs	7,918,808	7,999,438	201,615	2.6%	80,630	1.0%	1.8%	6.4%	0.2%
Higher Ed Student Aid programs	6,908,351	6,863,406	76,036	1.1%	(44,945)	-0.7%	0.2%	-0.3%	0.2%
Public Health Aid	4,786,648	4,807,372	661,872	16.0%	20,724	0.4%	8.0%	9.5%	0.1%
Community health centers	3,806,575	3,867,394	281,575	8.0%	60,819	1.6%	4.7%	54.6%	0.1%
All Other Aid to Individuals/Other	8,562,935	8,691,977	(271,255)	-3.1%	129,042	1.5%	-0.8%	-1.4%	0.3%
Total-GF Aid to Individuals/Other	880,256,943	946,710,686	(135,558,689)	-13.3%	66,453,743	7.5%	-3.5%	2.2%	27.8%
<u>STATE AID TO LOCAL GOVT</u>									
State Aid to Schools (TEEOSA)	824,960,159	796,734,560	1,432,916	0.2%	(28,225,599)	-3.4%	-1.6%	3.1%	23.4%
Special Education	184,893,842	184,893,842	0	0.0%	0	0.0%	0.0%	1.8%	5.4%
Aid to Community Colleges	86,966,256	86,758,025	(300,220)	-0.3%	(208,231)	-0.2%	-0.3%	5.8%	2.5%
Homestead Exemption	62,250,000	65,000,000	(13,870,104)	-18.2%	2,750,000	4.4%	-7.6%	4.2%	1.9%
Aid to ESU's	15,887,570	14,791,327	(202,000)	-1.3%	(1,096,243)	-6.9%	-4.1%	6.7%	0.4%
Aid to Cities	11,482,763	10,964,566	225,570	2.0%	(518,197)	-4.5%	-1.3%	-0.5%	0.3%
Aid to Counties	4,841,719	4,623,222	(124,147)	-2.5%	(218,497)	-4.5%	-3.5%	-1.4%	0.1%
County jail cost reimbursement	3,812,250	3,640,210	(97,750)	-2.5%	(172,040)	-4.5%	-3.5%	0.8%	0.1%
Early Childhood programs	3,604,328	3,365,962	(11,098)	-0.3%	(238,366)	-6.6%	-3.5%	-1.8%	0.1%
Other Aid to Local Govt	21,640,653	20,264,795	(2,762,437)	-11.3%	(1,375,858)	-6.4%	-8.9%	8.8%	0.6%
Total-GF Aid to Local Govt	1,220,339,540	1,191,036,509	(15,709,270)	-1.3%	(29,303,031)	-2.4%	-1.8%	3.2%	35.0%
<u>CAPITAL CONSTRUCTION</u>									
	14,172,233	13,802,233	5,933,911	72.0%	(370,000)	-2.6%	29.4%	-10.0%	0.4%
<u>TOTAL GENERAL FUNDS</u>									
	3,325,296,704	3,405,101,292	(156,364,038)	-4.5%	79,804,588	2.4%	-1.1%	2.8%	100.0%

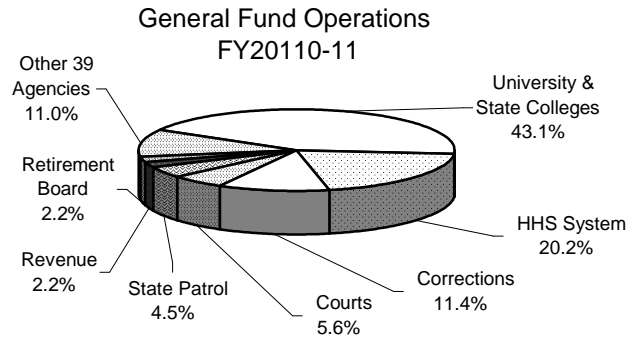
By Major Category
FY2009-10



By Relative Size
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 FY10-11, 37% of all General Fund appropriations are for agency operations. Although there are 49 state agencies that receive General Fund appropriations, higher education (University of Nebraska and State Colleges) and the five largest agencies (Health and Human Services System, Corrections, Courts, State Patrol, and Revenue) account for 87% of state operations.



General Funds for agency operations shows a \$11 million *reduction* (-.9%) in FY09-10 and a \$43.0 million increase (4.0%) in FY10-11.

Major increases include salary and health insurance for state agencies (\$20.0 million FY09-10 and an additional \$18.4 million in FY10-11), a 1.5% per year basic increase in overall state support for the University of

Nebraska and State Colleges (\$8.1 million FY09-10 and an additional \$8.2 million in FY10-11), \$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 loss of certification and federal funding.

These increases were largely offset by agency base and across the board reductions (\$27.8 million FY09-10 and additional \$23.7 million in FY10-11), and 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 (\$35 million in FY09-10, \$17 million in FY10-11).

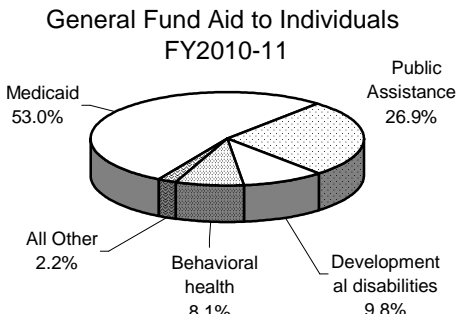
Spending growth in FY2010-11 is higher mostly due to a lower use of ARRA general stabilization funds in Corrections (\$17 million vs \$35 million in FY10), and restoration of General Funds after a one-time use of \$10 million lottery funds to offset University of Nebraska General Funds in FY09-10.

Agency Operations (change over FY09 base year)	FY2009-10	FY2010-11	Two Yr Total
Salaries & Health Insurance (excludes University/Colleges)	20,003,831	38,401,151	58,404,982
BSDC contingency, termination of federal funding	15,000,000	24,477,558	39,477,558
University & State Colleges (1.5% per yr increase)	8,062,489	16,245,915	24,308,404
BSDC, action plan & "rightsizing" (HHS)	7,500,000	7,500,000	15,000,000
Retirement, K-12 School/Judges/Patrol	6,121,275	8,183,121	14,304,396
LB 603 Safe Haven, Behavioral Health Ed Center	2,400,160	3,263,993	5,664,153
Inmate per diem costs (Corrections)	1,925,000	2,520,000	4,445,000
Public safety communications system (operations)	1,292,861	1,331,944	2,624,805
Utilities and equipment (Corrections)	983,520	1,218,388	2,201,908
Norfolk College of Nursing operations (University)	425,000	1,460,724	1,885,724
Substance abuse treatment (Corrections)	586,830	615,363	1,202,193
Agency / base / across the board reductions	(27,800,122)	(51,461,625)	(79,261,747)
ARRA General Stabilization, offset Gen Funds (DCS)	(35,000,000)	(17,000,000)	(52,000,000)
Onetime reallocation of Ed Innovation Fund (University)	(10,000,000)	0	(10,000,000)
Regional Center savings to behavioral health aid (HHS)	(3,500,000)	(3,500,000)	(7,000,000)
BSDC, adjustment to reflect declining census at BSDC	0	(3,325,001)	(3,325,001)
All Other	969,166	2,062,355	3,031,521
Total - Operations	(11,029,990)	31,993,886	20,963,896

Aid to Individuals utilizes about 28% of all General Fund appropriations in FY2010-11 and includes programs such as Medicaid, Aid to Families with Dependent Children (ADC) (aka TANF Temporary Assistance to Needy Families), student scholarships, etc.. This area also includes aid to quasi-government units that are local entities 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 \$136 million (-13.3%) reduction in FY2009-10. A \$66.5 million (+7.5%) 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 \$145.4 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 was significantly higher than was actually 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.

The increase in FY2010-11 relative to the low FY09-10 level is due to a lower amount of available ARRA funds (\$93.3 million vs \$145.4 million) and fixed level amount of the base reductions.

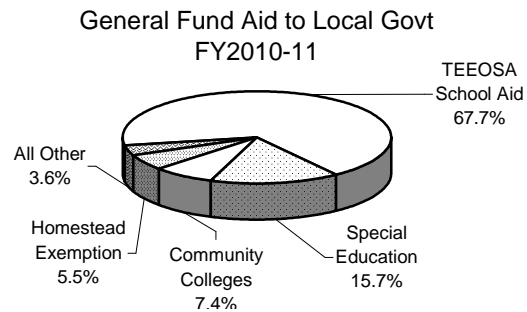
Aid to Individuals (change over FY09 base year)	FY2009-10	FY2010-11	Two Yr Total
Developmental Disability-rate equity+transition+BSDC+waiting list	12,102,833	19,407,115	31,509,948
Public Assistance (w/o ARRA FFP and Child Care change)	3,352,342	9,375,203	12,727,545
Behavioral health aid - reallocate regional center savings	3,500,000	3,500,000	7,000,000
Behavioral health aid (exclude reg cntr shifts)	1,318,061	1,764,005	3,082,066
Public Health Aid	943,447	1,024,990	1,968,437
Aging programs	201,615	282,245	483,860
Higher Ed Student aid programs	76,036	162,074	238,110
ARRA enhanced FMAP, FFP, child care	(145,434,892)	(93,315,031)	(238,749,923)
Medicaid (w/o ARRA FMAP changes)	(8,844,979)	(9,970,143)	(18,815,122)
ARRA Child Care funds, offset GF increase	(7,000,000)	(3,200,000)	(10,200,000)
Childrens Health Insurance (SCHIP) (net)	(2,636,184)	(202,877)	(2,839,061)
All Other	(136,968)	(1,132,527)	(1,269,495)
Total - Aid to Individuals	(135,558,689)	(69,104,946)	(204,663,635)

Aid to Local Governments accounts for aid payments to local governments and utilizes about 35.5% 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 \$15.7 million (-1.3%) reduction in FY09-10 and an additional \$29.3 million reduction (-1.8%) in FY2010-11.

Homestead exemption reimbursement shows a net reduction of \$13.9 million in FY09-10 and \$11.1 million in FY10-11 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 or declining in FY09-10 and FY10-11. Aid to cities, counties, and county jail reimbursement experienced 2.5% cut in FY09-10 with an additional 4.5% in FY11-12. Special Education reimbursement was frozen at the FY09 level both years. Even with formula changes enacted in the 2009 regular and special sessions, TEEOSA state aid to schools has an overall increase of \$94.5 million (11.3%) in FY09-10 and an additional \$16.3 million (1.8%) in FY10-11. However, these increases are funded with a combination of allocated Insurance Premium Tax monies and ARRA Education Stabilization funds. After use of the ARRA funds, General Fund appropriations for TEEOSA show a slight increase in FY09-10 and a \$28 million reduction in FY10-11

Aid to Local Governments (change over FY09 base year)	FY2009-10	FY2010-11	Two Yr Total
TEEOSA Aid to Schools (without ARRA Stabilization)	95,101,666	113,494,493	208,596,159
ARRA Education Stabilization.offset TEEOSA Gen Funds	(93,668,750)	(140,287,176)	(233,955,926)
Homestead Exemption (net)	(13,870,104)	(11,120,104)	(24,990,208)
Riparian Vegetation grants (sunset June 09)	(2,000,000)	(2,000,000)	(4,000,000)
Aid to ESU's	(202,000)	(1,298,243)	(1,500,243)
Community Colleges	(300,220)	(508,451)	(808,671)
All Other	(769,862)	(3,292,820)	(4,062,682)
Total - Aid to Local Govt	(15,709,270)	(45,012,301)	(60,721,571)

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

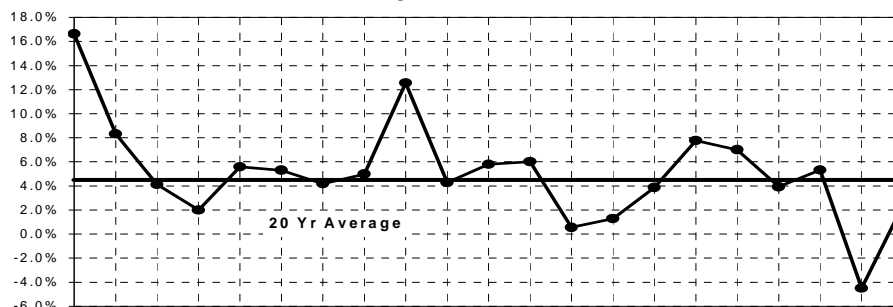
Historical General Fund Appropriations

<i>Excludes Deficits</i>	Agency Operations	Aid to Ind/Other	Aid to Local Govt	Construction	Total	% Change
FY1989-90 Approp	544,560,284	221,182,663	422,495,453	25,001,066	1,213,239,466	24.4%
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 Approp	1,210,527,988	880,256,943	1,220,339,540	14,172,233	3,325,296,704	-4.5%
FY2010-11 Approp	1,253,551,864	946,710,686	1,191,036,509	13,802,233	3,405,101,292	2.4%

Average Annual Growth

FY90 / FY91 Biennium	14.4%	12.0%	32.8%	76.1%	20.4%
FY92 / FY93 Biennium	2.6%	15.5%	8.1%	-55.8%	6.2%
FY94 / FY95 Biennium	2.5%	9.6%	2.0%	9.4%	3.8%
FY96 / FY97 Biennium	3.9%	7.0%	3.3%	82.6%	4.7%
FY98 / FY98 Biennium	4.4%	5.4%	12.9%	75.3%	8.7%
FY00 / FY01 Biennium	6.5%	10.6%	1.5%	-12.7%	5.0%
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	1.3%	-3.5%	-1.8%	29.4%	-1.1%
Avg FY91 to FY01 (10 yr)	4.0%	9.5%	5.5%	6.2%	5.7%
Avg FY01 to FY11 (10 yr)	3.0%	4.7%	3.0%	-11.4%	3.3%
Avg FY91 to FY11 (20 yr)	3.5%	7.1%	4.2%	-3.0%	4.5%

General Fund Budget Growth - Past 20 Years



2010 Session Budget Actions

A summary listing of 2010 General Fund budget adjustments is contained Table 16 as shown below. These mid-biennium budget adjustments reduce FY09-10 and FY10-11 General Fund new appropriations by a net total of \$11 million over the two year period. This equals .2% of the original two-year appropriation.

Most of the FY2007-08 deficits can be attributed to two items; an increase of \$3.6 million for homestead exemption reimbursement and a \$8.1 million reduction to apply the ARRA enhanced Medicaid match rate to the state's clawback provisions.

The net reduction in FY2010-11 appropriations amounts to only \$5,549,923. Virtually all of this change occurs in four areas: increased TEEOSA aid to schools under the previous formula (\$18,205,088) and reductions for the application of ARRA match rate to clawback provision (\$10,600,000), 2% across the board cut in selected operations and aid programs (\$7,096,867) and deletion of prenatal care services for coverage as unborn children.

Table 16 General Fund Budget Adjustments – 2010 Session

	Enacted – 2010 Session		
	FY2009-10	FY2010-11	Two Yr total
<u>INCREASES:</u>			
TEEOSA Aid to Schools-to certified aid level	0	18,205,088	18,205,088
Homestead exemption	3,609,000	0	3,609,000
State Claims	370,870	0	370,870
Replace onetime use of cash, Rural Health Professional Incentives	0	300,000	300,000
2010 A Billss	148,000	5,646	153,646
Defined benefit retirement plans	0	48,674	48,674
Additional funds, 2011 redistricting	0	43,100	43,100
Subtotal-Increases	4,127,870	18,602,508	22,730,378
<u>REDUCTIONS:</u>			
ARRA clawback payment reduction (Medicaid)	(8,100,000)	(10,600,000)	(18,700,000)
Recapture, costs for prenatal services to unborn children (Medicaid)	(1,527,574)	(5,338,013)	(6,865,587)
2% Across the Board Cut – Operations and State Aid	0	(7,096,865)	(7,096,867)
LB 1106 Medicaid, school-based health centers and new match	0	(1,037,551)	(1,037,551)
Salary savings, court system	0	(80,000)	(80,000)
State Treasurer health insurance adjustment	0	(2,000)	(3,000)
Subtotal-Reductions	(9,627,574)	(24,155,429)	(33,785,003)
<i>GENERAL FUND NEW APPROPRIATIONS</i>	(5,501,704)	(5,552,921)	(11,054,625)

TEEOSA School Aid

The 2010 changes included an additional \$18.2 million General Funds to fully fund the FY2010-11 aid certification. Overall aid for FY2010-11 amounts to \$950.2 million which is a \$13.3 million or 1.4% increase over the prior year. Excluding the amount funded with Insurance Premium Tax (\$13.2 million) and ARRA Education Stabilization Funds (\$140.3 million) the FY2010-11 General Funded amount is \$796.7 million which is a \$28 million, -3.4% reduction. This reduction is due to the ARRA funds going from \$93.7 million in FY10 to the \$140.3 million level in FY11.

For information purposes, the following three tables provide a chronology of TEEOSA estimates since Sine Die 2009, details of the various components that go into the TEEOSA aid calculation, and lastly historical amounts for TEEOSA aid since the implementation LB1059 in FY90-91.

Chronology of TEEOSA Estimates	Actual FY2009-10	3/5/10 Actual FY2010-11	Estimated FY2011-12	Estimated FY2012-13
<i>Sine Die 2009</i>	<i>933,850,727</i>	<i>981,275,343</i>	<i>1,061,194,392</i>	<i>1,121,009,214</i>
Spending growth, FY09 to 6.49%, FY10 to 4.4%	0	10,407,756	(6,074,232)	(6,377,944)
2009 valuation from 3.5% to 5.71%	0	(37,155,858)	(38,456,313)	(40,571,410)
Valuation; 2010 (3.5% to 2.5%), 2011 (5.5% to 3.5%)	0	0	14,435,781	44,823,100
Change factor, yield from LER used in formula	0	11,405,245	11,690,376	12,099,539
Revise system averaging adjustment	0	(203,412)	(212,362)	(222,980)
Revise student growth adjustment	0	1,461,662	1,525,975	1,602,274
Revise new school adjustment	0	2,908,774	4,200,000	4,410,000
Revise formula NEEDS stabilization	0	(11,811,220)	(12,330,914)	(12,947,459)
New learning community transport adjustment	0	1,500,000	1,566,000	1,644,300
Change in NEEDS lost in basic funding calculation	0	4,400,000	4,593,600	4,823,280
Other misc changes/adjustments	0	1,012,417	777,512	835,486
Total Change	0	(16,074,636)	(18,284,577)	10,118,186
<i>October 2009 Joint Meeting</i>	<i>933,850,727</i>	<i>965,200,707</i>	<i>1,042,909,815</i>	<i>1,131,127,400</i>
LB 5 Cost Growth Factor, FY11 allowable growth to .25%	0	(15,706,275)	(17,165,661)	0
LB 5 Teacher Education to allowance rather than adjustment	0	(16,224,906)	(16,224,906)	(16,288,447)
LB 5 Reduce Income tax by \$20 million, FY11 aid only	0	(1,252,878)	0	0
Total Change	0	(33,184,059)	(33,390,567)	(16,288,447)
<i>November 2009 Special Session</i>	<i>933,850,727</i>	<i>932,016,648</i>	<i>1,009,519,248</i>	<i>1,114,838,953</i>
Actual FY09 AFR, lower disbursement growth (5.6% vs 6.5%)	0	(23,669,656)	(24,711,121)	(25,946,677)
Actual FY09 AFR, lower adjustments to achieve GFOE	0	4,862,086	2,088,832	2,193,273
Higher NEEDS stabilization	0	14,182,345	14,806,368	14,806,368
Lower poverty/LEP corrections	0	4,916,264	5,132,580	5,389,209
Lower Local Choice adjustment	0	3,893,708	4,065,032	4,268,283
Lower new school adjustment	0	(1,280,764)	0	0
Higher System Averaging adjustment	0	2,858,062	2,983,817	2,983,817
Actual FY09 AFR, lower "Other Receipts"	0	10,823,174	6,096,214	11,622,742
Lower yield from local effort rate	0	4,295,903	4,402,869	4,556,969
Higher Minimum levy adjustment	0	(3,815,178)	(3,815,178)	(3,815,178)
All Other	0	1,139,144	2,009,346	1,887,385
Total Change	0	15,186,428	9,532,004	14,459,475
<i>March 5, 2010 (FY11 aid certification)</i>	<i>933,850,727</i>	<i>947,203,076</i>	<i>1,019,051,252</i>	<i>1,129,298,428</i>

TEEOSA AID ESTIMATES	Certified FY2008-09	Certified FY2009-10	Certified FY2010-11	Est Aid FY2011-12	Est Aid FY2012-13
AFR Data Year	Actual 06-07	Actual 07-08	Actual 08-09	Est 09-10	Est 10-11
Property Valuation Year	2007 actual	2008 actual	2009 actual	2010 est	2011 est
Key Assumptions					
School Disbursements	6.01%	5.42%	5.63%	4.40%	5.00%
Gen Fund Operating Expenditures (GFOE)	5.2%	5.2%	5.6%	4.4%	5.0%
Property Valuations (assessed)	5.5%	5.8%	5.7%	2.50%	3.5%
Cost Growth Factor	6.00%	5.50%	3.75%	3.25%	4.50%
Local Effort Rate	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
Total Adjusted GF Operating Expenditures	2,084,314,436	2,105,833,612	2,152,618,365	2,241,980,766	2,399,329,902
Lost to Basic Funding Calculation	(12,460,342)	(17,529,066)	(15,110,877)	(15,775,756)	(16,564,543)
Basic Funding	2,071,854,094	2,088,304,546	2,137,507,488	2,226,205,010	2,382,765,359
Transportation Allowance	41,935,001	51,141,071	55,706,376	56,755,202	59,592,962
Special Education Allowance	177,329,966	180,911,697	188,305,700	189,733,751	189,703,052
Distance Ed & Telecomm Allowance	3,785,994	6,051,679	5,899,838	6,159,431	6,467,402
Poverty Allowance	63,043,393	75,804,111	85,641,661	89,409,894	93,880,389
Limited English Proficiency Allowance	34,705,494	37,421,837	40,158,230	41,925,192	44,021,452
Elementary Class Size Allowance	63,902,060	100,536,264	105,380,143	110,016,869	115,517,713
Elementary Site Allowance	12,615,237	7,040,043	6,852,064	7,153,555	7,511,233
Summer School Allowance	6,566,914	11,867,466	14,324,734	14,955,022	15,702,773
Teacher Education Allowance	0	0	24,995,151	26,094,938	27,399,685
Instructional time allowance	0	29,497,036	25,659,633	26,788,657	28,128,090
System Averaging Adjustment	32,621,579	80,008,551	81,858,062	85,459,817	74,959,817
Teacher Education Adjustment	23,960,540	23,991,065	to Allowance	0	0
Local Choice Adjustment	(10,064,809)	(7,027,681)	(3,590,069)	(3,748,032)	(3,935,434)
New learning community transport adjustment	0	0	1,482,000	1,547,208	1,624,568
Student growth adjustment	0	8,896,539	11,139,136	11,629,258	12,210,721
New school adjustment	0	6,582,451	8,119,236	9,000,000	9,450,000
NEED stabilization provisions	1,134,266	10,281,942	26,182,345	27,334,368	27,334,368
Poverty / LEP Corrections	na	(5,264,655)	(690,067)	(720,430)	(756,451)
Total Formula Need	2,523,389,730	2,706,043,962	2,814,931,661	2,925,699,710	3,091,577,698
Effective Yield from Local Effort Rate	1,272,897,946	1,358,880,880	1,426,395,769	1,460,841,511	1,513,856,606
Net Option Funding	60,282,834	60,280,316	61,924,329	64,648,999	67,881,449
Allocated Income Tax	22,006,982	42,009,501	20,365,488	37,640,818	34,408,368
Other Actual Receipts	412,053,352	413,898,102	424,433,932	429,290,141	431,945,896
Minimum Levy Adjustment	6,200,414	8,741,245	12,556,423	12,556,423	12,556,423
Retirement Aid	na	15,000,000	15,000,000	15,000,000	15,000,000
Total Formula Resources	1,773,441,528	1,898,810,043	1,960,675,941	2,019,977,892	2,075,648,742
Calculated Equalization Aid	749,948,202	807,233,919	854,255,719	905,721,818	1,015,928,955
Net Option Funding	60,282,834	60,280,316	61,924,329	64,648,999	67,881,449
Allocated Income Tax	22,006,982	42,009,501	20,365,488	37,640,818	34,408,368
Stabilization Factor	6,573,376	9,893,804	0	0	0
Non Equalized Levy Adjustment	(227,356)	(566,813)	(433,628)	(433,628)	(433,628)
Reorganization Incentive payments	834,516	0	0	0	0
Prior yr deficiencies/negative balances/other	(27,973)	25,291	(890,173)	0	0
Retirement Aid	na	15,000,000	15,000,000	15,000,000	15,000,000
TEEOSA State Aid	839,390,581	933,876,018	950,221,736	1,022,578,007	1,132,785,144
State General Funds	825,056,857	824,960,159	796,734,560	1,009,048,007	1,118,916,894
Insurance Premium Tax (w/o deficit)	14,333,724	15,247,109	13,200,000	13,530,000	13,868,250
ARRA Stabilization Funds	0	93,668,750	140,287,176	0	0
Total TEEOSA Aid	839,390,581	933,876,018	950,221,736	1,022,578,007	1,132,785,144
Dollar Change from prior year	70,776,608	94,485,437	16,345,718	72,356,271	110,207,137
Percent Change from prior year	9.2%	11.3%	1.8%	7.6%	10.8%
State General Fund Aid					
TEEOSA (General Funds)	825,056,857	824,960,159	796,734,560	1,009,048,007	1,118,916,894
Dollar Change from prior year	71,501,309	(96,698)	(28,225,599)	212,313,447	109,868,887
Percent Change from prior year	9.5%	0.0%	-3.4%	26.6%	10.9%

Historical TEEOSA Aid (All Funds)

	TEEOSA (all Funds)	\$ Change	%Change	
FY1989-90	133,720,830	4,730	0.0%	
FY1990-91	First year of LB1059-TEEOSA, not fully implemented until FY92	311,462,100	177,741,270	132.9%
FY1991-92	Aid equaled \$133M plus est revenue from tax increase	357,283,727	45,821,627	14.7%
FY1992-93		370,668,616	13,384,889	3.7%
FY1993-94		383,069,609	12,400,993	3.3%
FY1994-95		400,230,135	17,160,526	4.5%
FY1995-96		414,933,814	14,703,679	3.7%
FY1996-97	First year insurance premium included as part of TEEOSA (\$12.4M)	447,243,594	32,309,780	7.8%
FY1997-98		465,944,483	18,700,889	4.2%
FY1998-99	Levy limit \$1.10, prior yr avg = \$1.3045, fixed local effort rate	591,240,235	125,295,752	26.9%
FY1999-00		594,042,250	2,802,015	0.5%
FY2000-01	Valuation growth 9%, large increase MV tax	561,326,416	(32,715,834)	-5.5%
FY2001-02	Levy limit, to \$1.00	645,080,733	83,754,317	14.9%
FY2002-03	Aid adjustment factor added	661,928,207	16,847,474	2.6%
FY2003-04	Levy limit, to \$1.05	640,701,878	(21,226,329)	-3.2%
FY2004-05	Full impact, 0% allowable growth/cost growth factor	634,317,276	(6,384,602)	-1.0%
FY2005-06	Start restoration of cost growth factor	700,594,282	66,277,006	10.4%
FY2006-07	Property valuations grew 2% more than spending base	718,467,329	17,873,047	2.6%
FY2007-08	Early childhood, ag land to 75%	768,613,973	50,146,644	7.0%
FY2008-09	Aid adjust factor expires, cost growth, inflate allowances, summer school	839,390,581	70,776,608	9.2%
FY2009-10	Annualize LB988, onetime apportionment expires, high averaging adjustment	933,850,727	94,460,146	11.3%
FY2010-11	LB545-2009 and LB5-2009 Spec Session changes	950,221,736	16,371,009	1.8%
FY2011-12*	State resources flat (0% SPED) spending at 4.4% but 2.5% valuation	1,022,578,007	72,356,271	7.6%
FY2012-13*	Valuation growth 2.5%, spending growth 5.5%	1,132,785,144	110,207,137	10.8%

Avg Annual % Change:

FY91-92 to FY00-01 (9 years from first full yr of LB1059)	5.1%
FY00-01 to FY10-11 (10 years)	5.4%
Average annual growth since LB1059 fully implemented, through FY10-11 certified (19 years)	5.3%

* Estimated

Homestead Exemption (Dept of Revenue)

Based upon data received from counties, the actual amount of homestead exemption reimbursement required for FY2009-10 is \$65.8 million which is \$3.6 million higher than the current FY2009-10 appropriation. This \$65.8 million level is a 7.5% increase compared to the prior year. Although the total number of applications increased by only 50, the number of *qualified* applications increased by nearly 700. The Dept of Revenue estimates homestead exemption reimbursement using a linear regression model with data from 1996 through 2009. The variables used in the model to explain homestead reimbursement are: 1) homestead reimbursement for the prior year, 2) capital gains reported on Nebraska resident income tax returns, 3) medical expenses reported by homestead applicants, and 4) a time trend variable. Because most of the spending in the Homestead Exemption program is to assist low-income elderly homeowners, income is the major determining factor in the number of qualified applicants. The model suggests that the decrease in income in 2008 was responsible for the need for an increased appropriation for FY2009-10.

Notwithstanding the FY2009-10 deficit, because of the uncertainty and fluctuation in reimbursement amounts over the past several years, both the Governor and Legislature left the FY2010-11 appropriation unchanged. This leaves the FY2010-11 appropriation at the same level of FY2009-10 with this deficit and will be reviewed next January when actual data is available from counties.

Homestead Exemption	FY08/FY09 Biennial Budget			Current Biennial Budget	
	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11
Base Year appropriation	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	(14,870,104)	(14,870,104)
Cost/Client increases	7,634,900	6,689,960	12,579,104	1,000,000	3,750,000
LB968 (2006) Change max values/exemptions	0	6,894,000	7,068,000	0	0
Total General Funds (without deficits)	56,473,000	70,056,960	76,120,104	62,250,000	65,000,000
Deficit	260,000	(7,000,000)	(14,870,104)	3,609,000	?
Total General Funds (with deficits)	56,733,000	63,056,960	61,250,000	65,859,000	65,000,000
\$ Change (including deficits)	2,906,000	6,323,960	(1,806,960)	4,609,000	(859,000)
% Change (including deficits)	5.4%	11.1%	-2.9%	7.5%	-1.3%

Enhanced Treatment Group Home Room & Board Fund Shift (HHS)

As part of its review of the Managed Care Waiver, the federal Centers for Medicare and Medicaid Services (CMS) informed the state Division of Medicaid and Long Term Care that it can not use Medicaid funds to pay for room and board expenditures for services such as Enhanced Treatment Group Homes. As a result, the state Division of Children and Family Services (CFS) must start paying room and board expenditures for all state wards residing in Enhanced Treatment Group Homes effective July 1, 2009. Because CFS has not historically paid these expenditures, they are not built into the current CFS budget. The only situation in which the Division of Medicaid and Long Term Care can pay for housing costs associated with services is when the facility is an approved 24-hour Psychiatric Residential Treatment Facility (PRTF) with oversight by a physician.

The budget changes include a transfer of funding from Program 348 (Medicaid) to Program 347 to pay for room and board in Enhanced Treatment Group Homes. The fund source for the federal funds will change from Medicaid to TANF Block Grant funds. No increase in spending authority is being requested. The agency proposed using the unused balance in TANF to cover these costs as Aid to Dependent Children Program costs have been flat and with other actions being taken by the department, these funds should be available into the future. Also, some of these facilities may qualify as psychiatric residential treatment facilities which would qualify them for a Medicaid match for room and board.

Medicaid – Federal Clawback (HHS)

Under the Medicare Part D Prescription Drug Program, states are required to make payments to the federal government for a portion of the cost of providing prescription drug coverage to the dual-eligible population (low income elderly or disabled individuals who are enrolled in both Medicare and Medicaid). These payments are commonly referred to as "clawback". When the American Recovery and Reinvestment Act of 2009 (ARRA) increased state Medicaid FMAPs the law did not address whether the increased FMAPs would apply to the calculation of the clawback. In fact last April, the Centers for Medicare & Medicaid Services (CMS) indicated that the increase in the FMAP would not apply to the clawback provisions. However in February 2010, the federal HHS announced a change in this interpretation and notified states it would apply the ARRA FMAPs to clawback payments retroactive to October 1, 2008. Application of the higher FMAP results in lower clawback payments resulting in General Fund savings of \$8,100,000 in FY2009-10 and \$10,600,000 in FY2010-11.

Medicaid – Prenatal Care for Unborn Children (HHS)

Per a directive of the Centers for Medicare and Medicaid Services, HHS is required to stop coverage of unborn children under the Medicaid Program. Title XIX – Medicaid does not allow coverage of the unborn. Although the Medicaid Program does not have an eligibility category for unborn children, most of the cases that were classified as unborn cases have been by switched by HHS to coverage for pregnant women. Those women who will not qualify for coverage are primarily undocumented or U. S. citizens with sanctions. The general fund appropriations for the services and recipients no longer covered are \$1,527,574 in FY09-10 and \$5,338,013 in FY10-11. These amounts have been reduced from the Medicaid budget.

LB 1106 Medicaid, school-based health centers, new match (HHS)

This bill would allow school-based health centers to be Medicaid providers. School-based health services may include medical health, behavioral and mental health, preventative health and oral health. A service provided through a school-based center would not require prior consultation or referral by the patient's primary care physician to be covered by Medicaid. The bill also requires the Department of Health and Human Services (HHS) to seek a state plan amendment in the Children's Health Insurance Program and Medicaid to cover legal non-residents, as authorized in Public Law 111-3. The bill requires school-based health clinics sponsored by a federally qualified health clinic to be reimbursed at their clinic rate.

Computer changes are estimated to cost \$25,000 (\$6,250 GF and \$18,750 FF) in FY 11. Currently school-based clinics outside of the ten-county Medicaid managed care area can be reimbursed by Medicaid. The bill requires HHS to seek federal approval to reimburse school-based clinics in the ten-county managed care area. There are plans to open six school-based clinics in the Omaha area. The estimated number of patient visits ranges between 7,100 and 7,300. Of these visits, approximately 37% to 50% would be paid for by Medicaid (estimates here assume that 50% of the visits would be Medicaid covered). The costs would be \$495,225 (\$176,201 General and \$319,024 Federal funds) in FY 11 and \$509,175 (\$211,613 General and \$297,562 Federal) in FY 12.

Currently medical services for legal non-residents who meet the requirements of the Medicaid or CHIP Program are covered under a state-only program for the first five years the covered individual is lawfully in this country. After five years, they qualify for Medicaid or CHIP. The Children's Health Insurance Reauthorization Act allows states to cover children and pregnant women under CHIP and Medicaid without the delay of five years. By amending the state plan to cover children and pregnant women who are legal nonresidents, the state can reduce general funds by the amount of federal match that the state will receive under Medicaid and CHIP. In CHIP, the projected amount of federal funds that can be accessed to cover children who are legal permanent residents is projected to be \$187,192 in FY 11 and \$192,204 in FY 12. In Medicaid the amounts are \$1,032,810 in FY 11 and \$954,688 in FY 12.

Program Statement for Replacement of the Grand Island Veterans Home Facilities (HHS)

The Governor recommended, and the Legislature concurred, that \$150,000 of general funds be reallocated from the operating budget for the veterans' homes to develop a program statement for the replacement of the Grand Island Veterans Home. The funds would be transferred from this program to a

capital construction program for expenditure.. This also includes an additional appropriation of \$150,000 of cash funds for 2010-11 to replace the reallocation of general funds.

Members needing skilled nursing care are currently housed in two buildings which were constructed in 1968 and 1973. Assisted living services are provided in a building erected in 1923 and persons with Alzheimer's disease and other dementias receive services in a building constructed in 1965. The replacement of the veterans home is being considered due to the age of the current facilities. Many doorways are too narrow for larger wheelchairs, elevators and doorways do not accommodate some newer medical equipment, and only 52% of the rooms are private. Privacy is important if members have behaviors or contagious conditions. A federal match of 65% would be available if the project is approved for funding by the federal government

Across the Board Cuts

The budget changes as enacted include a 2% across the board cut applied to the same operations and aid programs to which the 5% cut was applied in the 2009 Special Session. A complete listing of the programs and the amount of across the board cuts is included in Appendix D.

Certain state appropriations were exempted from across the board reductions including TEEOSA school aid, Special Education, Medicaid, Kids Connection, Homestead Exemption, Behavioral Health Aid, Developmental Disability Aid, Health Aid, Aid to Aging Programs, Health and Human Services care and treatment facilities, State Patrol, Corrections, Juvenile Services Aid, HHS protection and safety, and the State Emergency Fund and Public Safety Communications.

The across the board reductions were not applied to higher education which includes the University of Nebraska, State Colleges and Community Colleges due to maintenance of effort requirements attached to Nebraska's use of Stabilization funds received under the American Recovery and Reinvestment Act (ARRA).

These priority and entitlement programs that were excluded amount to 89.3% of the budget meaning that the across the board cut is applied to only 10.7% of the total budget.

Total Appropriations All Funds

Total Appropriations – All Funds

Table 17 shows the total appropriation from all fund sources as originally enacted in the 2009 legislative session, revised in the 2009 Special Session, and revised again in the 2010 session.

While this report provides a narrative description of the major changes enacted during the 2010 Session, the reader should refer to the 2009 Biennial Budget Report and 2009 Special Session Budget Report for a more detailed description of the budget actions taken in those sessions for the initial enactment of the FY10 / FY11 biennial budget.

Table 17 Total Appropriations - All Funds

FY2008-09	General	Cash	Federal	Rev/Other	Total
Adjusted Per 2008 Session	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
Final Total - 2009 Session	3,350,960,291	1,756,316,749	2,292,496,070	712,600,877	8,112,373,987
FY2009-10	General	Cash	Federal	Rev/Other	Total
Total - 2009 Session	3,380,864,343	1,762,003,199	2,554,199,664	716,159,796	8,413,227,002
2009 Special Session Actions	(55,567,639)	(6,192,789)	0	(2,091,240)	(63,851,668)
Total Per 2009 Special Session	3,325,296,704	1,755,810,410	2,554,199,664	714,068,556	8,349,375,334
2010 Session Deficits as passed	(6,020,574)	4,033,704	(3,324,948)	2,017,771	(3,294,047)
2010 Session State Claims	370,870	32,974	0	119,000	522,844
2010 Session Vetoes	0	0	0	0	0
2010 Session Overrides	0	0	0	0	0
2010 Session "A" bills	148,000	(15,198)	0	0	132,802
<i>2010 Deficits</i>	<i>(5,501,704)</i>	<i>4,051,480</i>	<i>(3,324,948)</i>	<i>2,136,771</i>	<i>(2,638,401)</i>
Final Total - 2010 Session	3,319,795,000	1,759,861,890	2,550,874,716	716,205,327	8,346,736,933
Change over prior year (with deficits)					
Dollar	(31,165,291)	3,545,141	258,378,646	3,604,450	234,362,946
Percent	-0.9%	0.2%	11.3%	0.5%	2.9%
Change over prior year (without deficits)					
Dollar	(156,364,038)	18,211,927	259,798,685	1,750,443	123,397,017
Percent	-4.5%	1.0%	11.3%	0.2%	1.5%
FY2010-11	General	Cash	Federal	Rev/Other	Total
Total Per 2009 Special Session	3,410,654,213	1,746,379,102	2,584,681,790	729,699,785	8,471,414,890
2010 Session Mainline Changes as passed	(5,558,567)	103,000	(8,107,059)	2,019,056	(11,543,570)
2010 Session Vetoes	0	0	0	0	0
2010 Session Overrides	0	0	0	0	0
2010 Session "A" bills	5,646	1,525,674	64,949	0	1,596,269
<i>2010 Session Midbiennium Actions</i>	<i>(5,552,921)</i>	<i>1,628,674</i>	<i>(8,042,110)</i>	<i>2,019,056</i>	<i>(9,947,301)</i>
Total Per 2010 Session	3,405,101,292	1,748,007,776	2,576,639,680	731,718,841	8,461,467,589
Change over prior year (without deficits)					
Dollar	79,804,588	(7,802,634)	22,440,016	17,650,285	112,092,255
Percent	2.4%	-0.4%	0.9%	2.5%	1.3%

Table 18 Listing 2010 Session "A" Bills

Description	Fund	FY09-10	FY10-11	FY11-12	FY12-13
LB 190 DNA samples, individuals convicted of a felony	Cash	0	260,500	84,500	84,500
LB 507 Domestic assault penalties, prenatal care	General	100,000	0	0	0
LB 510 Fees & inmate wages, work camp and victims comp	Cash	0	166,831	172,000	172,000
LB 510 Fees & inmate wages, work camp and victims comp	Federal	0	64,949	77,400	77,400
LB 563 Contractor Employee Classification Act	Cash	0	98,963	98,963	98,963
LB 650 Authorize operation of minitrucks on public highways	Cash	0	18,000	0	0
LB 779 Sports Arena Facility Financing Assistance Act	Cash	0	79,300	42,900	42,900
LB 800 Early intervention for children at risk	General	0	3,556	0	0
LB 800 Early intervention for children at risk	Cash	0	350,000	0	0
LB 880 Change provisions relating to fireworks	Cash	0	9,140	8,547	8,547
LB 888 Nebr Uniform Limited Liability Company Act	Cash	0	16,440	0	0
LB 910 Changes, Commercial Dog & Cat Operator Inspection	Cash	0	185,000	185,000	185,000
LB 918 NE Advantage Act, data center, technology services	General	0	32,100	52,200	53,400
LB 937 Eliminate per diem payments, learning community	General	0	(72,000)	(144,000)	(180,000)
LB 951 Changes relating to early voting at elections	Cash	0	80,000	0	0
LB 987 Lead-Based Paint Hazard Control Program	Cash	(15,198)	200,000	0	0
LB 1002 Comm. on Indian Affairs, state assistance	General	0	41,990	41,990	41,990
LB 1002 Comm. on Indian Affairs, state assistance	Cash	0	25,000	0	0
LB 1048 Approval/taxation, wind power generation	Cash	0	35,000	35,000	35,000
LB 1094 Adopt the Nonrecourse Civil Litigation Act	Cash	0	1,500	1,500	1,500
LB 1109 Innovation and High Wage Employment Act	General	48,000	0	0	0
LB 1106 Medicaid, school-based health cntrs & new match	General	Already included In mainline totals			
General		148,000	5,646	(49,810)	(84,610)
Cash		(15,198)	1,525,674	628,410	628,410
Federal		0	64,949	77,400	77,400
Revolving		0	0	0	0
Total		132,802	1,596,269	656,000	621,200

A complete listing of all items is contained in Appendix A. Most of the changes in cash, federal, and revolving funds are related to a General Fund issue and are described in the General Fund section of this report. There are three significant stand-alone items.

Convention Center Support Fund

Under the Convention Center Facility Financing Assistance Act provides that sales tax revenue collected by retailers and operators doing business at a approved convention and meeting center facility, sports arena facility, or associated hotel be allocated to the Convention Center Support Fund. Of this amount, 70% goes back to the relevant political subdivision and 30% goes to the the Local Civic, Cultural, and Convention Center Financing Fund. A total of \$4,344,719 was certified to be credited to the Convention

Center Support Fund of which \$3,041,304 is remitted back to Omaha and \$1,303,416 transferred to the Local Civic, Cultural, and Convention Center Financing Fund.

Help America Vote Act (HAVA) Funds

\$435,760 in additional Cash Fund authority is being provided to the Secretary of State to accommodate new funds available through the Help America Vote Act (HAVA). These dollars are the total of \$413,972 in federal funds and \$21,783 in state cash funds which are being transferred from the Corporation Cash Fund to the Election Administration Fund. These dollars will be utilized for general ongoing administration of the program.

ARRA – Energy Office

Although ARRA dollars for the Nebraska Energy Office (NEO) are not appropriated, LB935 included intent language directing the NEO to seek a approval from the US Department of Energy to revise the submitted plan for State Energy Plan expenditures. Under the revised plan, \$500,000 of the \$2.1 million set aside for administrative costs will be directed toward a grant program for K-12 public school districts to fund energy efficiency building improvements, audits, and certifications.

Temporary Employment Services Program (SOS)

The Temporary Employment Services Program (SOS) under DAS provides a pool of temporary employees that state agencies can utilize and operates as a revolving fund enterprise. LB935 includes increased revolving fund appropriation authority of \$2,017,771 in FY09-10 and \$2,019,056 in FY10-11 due to increased utilization of the program.

Southwest Power Pool, representation

The Legislature included \$250,000 of Cash Funds for the Power Review Board (PRB) beginning in fiscal year 2010-11. This funding will enable the PRB to hire a consultant who will represent the state's interests in the Southwest Power Pool. The PRB was unable to adequately represent the state's interests in the pool due to a lack of in-house expertise on technical issues and the PRB's lack of available staff time to properly devote time to the issues at hand. This funding is expected to be of an ongoing nature, however the required level of funding to secure high level representation is unknown. It is possible that the inclusion of this \$250,000 per year will be either too little or, perhaps, too much funding. Once a contract is in place and the work load is stabilized beyond the initial start-up phase, the PRB will be able to adjust their required funding needs.

LB 190 DNA samples, individuals convicted of a felony

LB 190 provides that DNA samples be collected from any person who is convicted of a felony offense after the effective date of the act, who does not have a DNA sample available for use in the State DNA sample base. The bill also provides that a DNA sample be collected from any individual serving a term of confinement for a felony offense before his or her release. The bill also includes provisions providing that persons convicted of a felony after the effective date of this act which requires a DNA sample be taken. The bill also requires newly admitted inmates and probationers to pay for the DNA sample kit however existing inmates and probationers will not be required to pay for this kit. These costs are projected to be covered with monies from the State Settlement Cash funds under the Attorney General.

LB 510 Fees & inmate wages, work camp and victims comp

This bill provides for a \$1 court assessment for each conviction of any misdemeanor or felony. Also the bill provides that the Department of Correctional Services (DCS) shall withhold up to 5% of a work release inmate's net wages (work release wages). After collection costs, revenues from these two sources are distributed 75% to the Victim's Compensation Fund and 25% to the Reentry Cash Fund. The Victims Compensation Fund is already in law and as the name implies provides for crime victim compensation. The Reentry Cash Fund is created by LB510 and is to be used by DCS for tuition, fees, and other costs associated with programs offered to offenders in the incarceration work camp.

LB 800 Early intervention for children at risk

This bill changes various provisions relating to juveniles. It authorizes a pilot project to implement civil citations, and it requires school districts to report data to the Department of Education. The bill will establish the Truancy Intervention Task Force consisting of the Commissioner of Education, the Probation Administrator and the Chief Executive Officer of HHS. The task force will evaluate the data that is sent to the department, including excessive absence, suspension, expulsion, referrals for excessive absence and contact with law enforcement. The task force will develop recommendations on how to reduce truancy and report to the Legislature on or before July 1, 2011. The bill will authorize the use of videoconferencing in certain juvenile proceedings, and it outright repeals sec. 43-287.01 to sec. 43-287.06, which relate to the juvenile review panels. The amended bill will add language to provide that in distributing funds provided under the County Juvenile Services Aid Program, counties shall prioritize programs and services that will reduce the juvenile detention population. The amended bill will provide a process for juvenile records to be sealed. Sealing a record means that the record will not be available to the public except upon order of a court for good cause shown.

The amended bill will transfer \$350,000 from the Probation Program Cash Fund to the Violence Prevention Cash Fund. The Office of Violence Prevention shall distribute the funds through a grant process to organizations and governmental entities for the reduction of street and gang violence and the reduction of homicides and injuries caused by firearms

Appendix A

Detailed Listing of All 2010 Mid-Biennium Budget Adjustments

		Current Biennium		Est for Following Biennium		
		Fund	FY2009-10	FY2010-11	FY2011-12	FY2012-13
<u>#03-Legislative Council</u>						
All	Reduce reapprop, one furlough day (\$51,103) and limitation on out of state travel (\$40,000)	Gen	0	0	0	0
122	LB 987 Lead-Based Paint Hazard Control Program	Cash	(15,198)	0	0	0
122	LB 1109 Innovation and High Wage Employment Act	Gen	48,000	0	0	0
126	Additional funds, 2011 redistricting	Gen	0	43,100	0	0
<u>#05-Supreme Court</u>						
--	Reappropriate unexpended balance in judges salary programs, allow reallocate	Gen	YES	YES	0	0
52	Salary savings, court system	Gen	0	(80,000)	(80,000)	(80,000)
52	Strike aid earmark, program shifted to #78	--	0	YES	0	0
52	Correct intent language, retainer fees	--	0	YES	0	0
52	LB 510 Fees & inmate wages, work camp and victims comp	Cash	0	7,500	0	0
<u>#9-Secretary of State</u>						
22	LB 1094 Adopt the Nonrecourse Civil Litigation Act	Cash	0	1,500	1,500	1,500
45	LB 951 Changes relating to early voting at elections	Cash	0	80,000	0	0
51	Additional Help America Vote Act (HAVA) funding	Cash	435,760	0	0	0
51	LB 888 Nebr Uniform Limited Liability Company Act	Cash	0	16,440	0	0
<u>#12-State Treasurer</u>						
12	State Treasurer health insurance	Gen	0	0	3,000	3,000
12	State Treasurer health insurance	Cash	2,000	2,000	0	0
24	Reduction to offset Treasurer health insurance deficit	Gen	(2,000)	(3,000)	(3,000)	(3,000)
505	Investment Council assessment increase	Cash	87,134	0	0	0
665	Convention Center Support Fund	Cash	3,041,303	0	0	0

	Fund	Current Biennium		Est for Following Biennium	
		FY2009-10	FY2010-11	FY2011-12	FY2012-13
<u>#13-Dept of Education</u>					
25	PSL	0	YES	0	0
25	Gen	0	3,556	0	0
158	Gen	0	18,205,088	13,058,760	17,946,191
158	Gen	0	(72,000)	(144,000)	(180,000)
614	PSL	YES	0	0	0
614	PSL	0	YES	0	0
351	Cash	90,000	0	0	0
<u>#15-Parole Board</u>					
320	PSL	YES	0	0	0
<u>#16-Dept of Revenue</u>					
102	Gen	0	32,100	52,200	53,400
102	Cash	0	79,300	42,900	42,900
108	Gen	3,609,000	0	0	0
<u>#17-Dept of Aeronautics</u>					
26	PSL	YES	YES	0	0
<u>#18-Dept of Agriculture</u>					
78	Cash	0	185,000	185,000	185,000
<u>#21-Fire Marshal</u>					
193	Cash	0	9,140	8,547	8,547 1
<u>#23-Dept of Labor</u>					
194	Cash	0	98,963	98,963	98,963
<u>#24-Dept of Motor Vehicles</u>					
70	--	YES	0	0	0
70	Cash	0	18,000	0	0

		Current Biennium		Est for Following Biennium		
		Fund	FY2009-10	FY2010-11	FY2011-12	FY2012-13
#25-HHS System						
33	LB 1106 Medicaid, school-based health centers and new match	Gen	0	6,250	6,250	6,250
33	LB 1106 Medicaid, school-based health centers and new match	Fed	0	18,750	18,750	18,750
33	LB 507 Domestic assault penalties, prenatal care	Gen	100,000	0	0	0
175	Replace onetime use of cash, Rural Health Professionl Incentives	Gen	0	300,000	300,000	300,000
175	Replace onetime use of cash, Rural Health Professionl Incentives	Cash	0	(300,000)	(300,000)	(300,000)
344	LB 1106 Medicaid, school-based health centers and new match	Gen	0	75,423	78,850	78,850
344	LB 1106 Medicaid, school-based health centers and new match	Fed	0	187,192	192,204	192,204
347	Enhanced treatment group home room & board (Public Assistance)	Gen	1,160,000	1,160,000	1,160,000	1,160,000
347	Enhanced treatment group home room & board (Public Assistance)	Fed	1,740,000	1,740,000	1,740,000	1,740,000
348	Enhanced treatment group home room & board (Medicaid)	Gen	(1,160,000)	(1,160,000)	(1,160,000)	(1,160,000)
348	Enhanced treatment group home room & board (Medicaid)	Fed	(1,740,000)	(1,740,000)	(1,740,000)	(1,740,000)
348	ARRA clawback payment reduction (Medicaid)	Gen	(8,100,000)	(10,600,000)	0	0
348	Recapture, costs for prenatal services to unborn children (Medicaid)	Gen	(1,527,574)	(5,338,013)	(6,361,042)	(6,361,042)
348	Recapture, costs for prenatal services to unborn children (Medicaid)	Fed	(3,324,948)	(9,664,835)	(8,944,641)	(8,944,641)
348	LB 1106 Medicaid, school-based health centers and new match	Gen	0	(1,119,224)	(1,020,379)	(1,020,379)
348	LB 1106 Medicaid, school-based health centers and new match	Fed	0	1,351,834	1,252,249	1,252,249
519	Shift operations funds for program statement (GI Vets Home)	Gen	0	(150,000)	0	0
519	Available cash funds to offset GF reduction (Veterans Homes)	Cash	0	150,000	0	0
900	Program statement for the GI Vets Home	Gen	0	150,000	0	0
#33-Game and Parks Commission						
549	Salary limit for food service operations at Mahoney SP (FY11 \$665,808)	PSL	0	YES	0	0
#46-Dept of Correctional Services						
200	LB 190 DNA samples, individuals convicted of a felony	Cash	0	122,800	50,000	50,000
200	LB 510 Fees & inmate wages, work camp and victims comp	Cash	0	51,083	43,000	43,000
#47-Nebr Educational Telecommunications						
900	Allow excess KLNE transmitter replacement funds to be used for radio towers	--	0	YES	0	0
900	Cash fund match, replacement radio towers	Cash	197,507	0	0	0
900	Allow use of Corp for Public Broadcasting funds for replacement of radio towers	Cash	180,000	0	0	0

	Fund	Current Biennium		Est for Following Biennium	
		FY2009-10	FY2010-11	FY2011-12	FY2012-13
<u>#65-Administrative Services</u>					
591 State Claims (included in Claims Bill)	Gen	370,870	0	0	0
591 State Claims (included in Claims Bill)	Cash	32,974	0	0	0
591 State Claims (included in Claims Bill)	Rev	119,000	0	0	0
605 Temporary Services Program (SOS), additional utilization	Rev	2,017,771	2,019,056	2,019,056	2,019,056
<u>#69-Arts Council</u>					
326 Increase PSL and FTE by .25 (\$7,862 FY10, \$8,059 FY11)	PSL	YES	YES	0	0
<u>#74-Power Review Board</u>					
72 Power pool representation, consultant	Cash	0	250,000	250,000	250,000
72 LB 1002 Comm. on Indian Affairs, state assistance	Cash	0	35,000	35,000	35,000
<u>#76-Nebraska Indian Commission</u>					
584 LB 1002 Comm. on Indian Affairs, state assistance	Gen	0	41,990	41,990	41,990
<u>#78-Crime Commission</u>					
202 LB 510 Fees & inmate wages, work camp and victims comp	Cash	0	108,248	129,000	129,000
202 LB 510 Fees & inmate wages, work camp and victims comp	Fed	0	64,949	77,400	77,400
204 LB 800 Early intervention for children at risk	Cash	0	350,000	0	0
210 Intent language, Byrne grant funding	--	0	YES	0	0
<u>#85-Public Employees Retirement Board</u>					
515 Adjust appropriation, State Patrol retirement plan	Gen	0	105,610	105,610	105,610
515 Adjust appropriation, K-12 school retirement plan	Gen	0	(56,936)	(56,936)	(56,936)
<u>Across the Board Cut</u>					
-- 2% Across the Board Cut - Operations	Gen	0	(5,791,825)	(5,791,825)	(5,791,825)
-- 2% Across the Board Cut - State Aid	Gen	0	(1,305,042)	(1,305,042)	(1,305,042)

	Fund	Current Biennium		Est for Following Biennium	
		FY2009-10	FY2010-11	FY2011-12	FY2012-13
General Funds		(5,501,704)	(5,552,921)	(1,115,562)	3,737,069
Cash Funds		4,051,480	1,628,674	578,410	578,410
Federal Funds		(3,324,948)	(8,042,110)	(7,404,038)	(7,404,038)
Revolving Funds		2,136,771	2,019,056	2,019,056	2,019,056
Total		(2,638,401)	(9,947,301)	(5,922,134)	(1,069,503)

Appendix B

General Fund Appropriations by Agency

		FY2008-09				FY2009-10			FY2010-11			Change over Prior Year (excludes deficits)			
		w/o deficits	2009 Sp Sess	20010 Deficits	Revised	2009 Sp Sess	2010 Changes	Revised	FY10 vs Prior Yr		FY11 vs Prior Yr				
#03 Legislative Council	Oper	17,680,147	17,556,699	48,000	17,604,699	17,851,829	(301,276)	17,550,553	(123,448)	-0.7%	(6,146)	0.0%			
#03 Legislative Council	Total	17,680,147	17,556,699	48,000	17,604,699	17,851,829	(301,276)	17,550,553	(123,448)	-0.7%	(6,146)	0.0%			
#05 Supreme Court	Oper	67,935,364	69,386,261	0	69,386,261	71,328,393	(1,064,352)	70,264,041	1,450,897	2.1%	877,780	1.3%			
#05 Supreme Court	Total	67,935,364	69,386,261	0	69,386,261	71,328,393	(1,064,352)	70,264,041	1,450,897	2.1%	877,780	1.3%			
#07 Governor	Oper	1,742,569	1,704,487	0	1,704,487	1,666,523	(30,474)	1,636,049	(38,082)	-2.2%	(68,438)	-4.0%			
#07 Governor	Total	1,742,569	1,704,487	0	1,704,487	1,666,523	(30,474)	1,636,049	(38,082)	-2.2%	(68,438)	-4.0%			
#08 Lt. Governor	Oper	143,839	142,877	0	142,877	143,990	(705)	143,285	(962)	-0.7%	408	0.3%			
#08 Lt. Governor	Total	143,839	142,877	0	142,877	143,990	(705)	143,285	(962)	-0.7%	408	0.3%			
#09 Secretary of State	Oper	734,475	458,578	0	458,578	455,227	(6,859)	448,368	(275,897)	-37.6%	(10,210)	-2.2%			
#09 Secretary of State	Total	734,475	458,578	0	458,578	455,227	(6,859)	448,368	(275,897)	-37.6%	(10,210)	-2.2%			
#10 State Auditor	Oper	2,557,746	2,446,480	0	2,446,480	2,388,514	(45,416)	2,343,098	(111,266)	-4.4%	(103,382)	-4.2%			
#10 State Auditor	Total	2,557,746	2,446,480	0	2,446,480	2,388,514	(45,416)	2,343,098	(111,266)	-4.4%	(103,382)	-4.2%			
#11 Attorney General	Oper	6,154,481	6,626,266	0	6,626,266	6,061,706	(118,636)	5,943,070	471,785	7.7%	(683,196)	-10.3%			
#11 Attorney General	Total	6,154,481	6,626,266	0	6,626,266	6,061,706	(118,636)	5,943,070	471,785	7.7%	(683,196)	-10.3%			
#12 State Treasurer	Aid	17,768,561	17,828,421	0	17,828,421	17,371,283	(347,426)	17,023,857	59,860	0.3%	(804,564)	-4.5%			
#12 State Treasurer	Oper	1,646,026	1,554,161	(2,000)	1,552,161	1,545,349	(31,567)	1,513,782	(91,865)	-5.6%	(40,379)	-2.6%			
#12 State Treasurer	Total	19,414,587	19,382,582	(2,000)	19,380,582	18,916,632	(378,993)	18,537,639	(32,005)	-0.2%	(844,943)	-4.4%			
#13 Education	Aid	1,034,925,763	1,036,218,501	0	1,036,218,501	988,666,323	17,676,772	1,006,343,095	1,292,738	0.1%	(29,875,406)	-2.9%			
#13 Education	Oper	16,513,039	17,263,206	0	17,263,206	17,889,477	(226,484)	17,662,993	750,167	4.5%	399,787	2.3%			
#13 Education	Total	1,051,438,802	1,053,481,707	0	1,053,481,707	1,006,555,800	17,450,288	1,024,006,088	2,042,905	0.2%	(29,475,619)	-2.8%			
#14 Public Service Comm	Oper	2,659,081	2,552,234	0	2,552,234	2,549,983	(40,904)	2,509,079	(106,847)	-4.0%	(43,155)	-1.7%			
#14 Public Service Comm	Total	2,659,081	2,552,234	0	2,552,234	2,549,983	(40,904)	2,509,079	(106,847)	-4.0%	(43,155)	-1.7%			
#15 Parole Board	Oper	800,540	801,278	0	801,278	805,336	(6,148)	799,188	738	0.1%	(2,090)	-0.3%			
#15 Parole Board	Total	800,540	801,278	0	801,278	805,336	(6,148)	799,188	738	0.1%	(2,090)	-0.3%			
#16 Revenue	Aid	77,620,104	63,750,000	3,609,000	67,359,000	66,425,000	(28,500)	66,396,500	(13,870,104)	-17.9%	2,646,500	4.2%			
#16 Revenue	Oper	29,646,103	28,801,138	0	28,801,138	27,587,352	(515,950)	27,071,402	(844,965)	-2.9%	(1,729,736)	-6.0%			
#16 Revenue	Total	107,266,207	92,551,138	3,609,000	96,160,138	94,012,352	(544,450)	93,467,902	(14,715,069)	-13.7%	916,764	1.0%			
#18 Agriculture	Aid	2,000,000	58,500	0	58,500	114,000	(2,280)	111,720	(1,941,500)	-97.1%	53,220	91.0%			
#18 Agriculture	Oper	6,506,350	6,222,625	0	6,222,625	6,139,496	(122,790)	6,016,706	(283,725)	-4.4%	(205,919)	-3.3%			
#18 Agriculture	Total	8,506,350	6,281,125	0	6,281,125	6,253,496	(125,070)	6,128,426	(2,225,225)	-26.2%	(152,699)	-2.4%			

		FY2008-09	FY2009-10			FY2010-11			Change over Prior Year (excludes deficits)			
		w/o deficits	2009 Sp Sess	2010 Deficits	Revised	2009 Sp Sess	2010 Changes	Revised	FY10 vs Prior Yr		FY11 vs Prior Yr	
#21 Fire Marshal	Oper	4,334,612	4,369,109	0	4,369,109	4,373,640	(80,186)	4,293,454	34,497	0.8%	(75,655)	-1.7%
#21 Fire Marshal	Total	4,334,612	4,369,109	0	4,369,109	4,373,640	(80,186)	4,293,454	34,497	0.8%	(75,655)	-1.7%
#23 Labor	Oper	636,831	552,868	0	552,868	553,135	(11,063)	542,072	(83,963)	-13.2%	(10,796)	-2.0%
#23 Labor	Total	636,831	552,868	0	552,868	553,135	(11,063)	542,072	(83,963)	-13.2%	(10,796)	-2.0%
#25 HHS System	Aid	1,000,667,731	865,138,673	(9,527,574)	855,611,099	948,481,082	(16,688,693)	931,792,389	(135,529,058)	-13.5%	66,653,716	7.7%
#25 HHS System	Oper	224,867,892	244,381,736	0	244,381,736	254,721,769	(1,805,942)	252,915,827	19,513,844	8.7%	8,534,091	3.5%
#25 HHS System	Total	1,225,535,623	1,109,520,409	(9,527,574)	1,099,992,835	1,203,202,851	(18,494,635)	1,184,708,216	(116,015,214)	-9.5%	75,187,807	6.8%
#27 Roads	Oper	18,184	2,545	0	2,545	2,479	(50)	2,429	(15,639)	-86.0%	(116)	-4.6%
#27 Roads	Total	18,184	2,545	0	2,545	2,479	(50)	2,429	(15,639)	-86.0%	(116)	-4.6%
#28 Veterans Affairs	Oper	1,032,894	935,408	0	935,408	1,138,532	(22,771)	1,115,761	(97,486)	-9.4%	180,353	19.3%
#28 Veterans Affairs	Total	1,032,894	935,408	0	935,408	1,138,532	(22,771)	1,115,761	(97,486)	-9.4%	180,353	19.3%
#29 Natural Resources	Aid	8,474,374	7,971,361	0	7,971,361	7,766,967	(155,339)	7,611,628	(503,013)	-5.9%	(359,733)	-4.5%
#29 Natural Resources	Oper	9,417,678	9,473,223	0	9,473,223	9,494,300	(189,886)	9,304,414	55,545	0.6%	(168,809)	-1.8%
#29 Natural Resources	Total	17,892,052	17,444,584	0	17,444,584	17,261,267	(345,225)	16,916,042	(447,468)	-2.5%	(528,542)	-3.0%
#31 Military Dept	Aid	1,024,166	1,511,875	0	1,511,875	998,750	(9,975)	988,775	487,709	47.6%	(523,100)	-34.6%
#31 Military Dept	Oper	3,748,283	3,789,772	0	3,789,772	3,771,090	(75,422)	3,695,668	41,489	1.1%	(94,104)	-2.5%
#31 Military Dept	Total	4,772,449	5,301,647	0	5,301,647	4,769,840	(85,397)	4,684,443	529,198	11.1%	(617,204)	-11.6%
#32 Ed Lands & Funds	Oper	414,455	339,756	0	339,756	342,153	(6,843)	335,310	(74,699)	-18.0%	(4,446)	-1.3%
#32 Ed Lands & Funds	Total	414,455	339,756	0	339,756	342,153	(6,843)	335,310	(74,699)	-18.0%	(4,446)	-1.3%
#33 Game & Parks	Aid	50,000	46,312	0	46,312	45,125	(903)	44,222	(3,688)	-7.4%	(2,090)	-4.5%
#33 Game & Parks	Oper	11,288,991	11,460,477	0	11,460,477	11,737,640	(230,548)	11,507,092	171,486	1.5%	46,615	0.4%
#33 Game & Parks	Total	11,338,991	11,506,789	0	11,506,789	11,782,765	(231,451)	11,551,314	167,798	1.5%	44,525	0.4%
#34 Library Commission	Aid	1,220,998	1,187,723	0	1,187,723	1,154,467	(23,089)	1,131,378	(33,275)	-2.7%	(56,345)	-4.7%
#34 Library Commission	Oper	2,667,938	2,603,990	0	2,603,990	2,540,023	(50,800)	2,489,223	(63,948)	-2.4%	(114,767)	-4.4%
#34 Library Commission	Total	3,888,936	3,791,713	0	3,791,713	3,694,490	(73,889)	3,620,601	(97,223)	-2.5%	(171,112)	-4.5%
#35 Liquor Control	Oper	982,122	973,688	0	973,688	977,316	(19,546)	957,770	(8,434)	-0.9%	(15,918)	-1.6%
#35 Liquor Control	Total	982,122	973,688	0	973,688	977,316	(19,546)	957,770	(8,434)	-0.9%	(15,918)	-1.6%
#46 Correctional Services	Aid	3,910,000	3,812,250	0	3,812,250	3,714,500	(74,290)	3,640,210	(97,750)	-2.5%	(172,040)	-4.5%
#46 Correctional Services	Oper	148,460,688	120,145,021	0	120,145,021	142,575,132	0	142,575,132	(28,315,667)	-19.1%	22,430,111	18.7%
#46 Correctional Services	Total	152,370,688	123,957,271	0	123,957,271	146,289,632	(74,290)	146,215,342	(28,413,417)	-18.6%	22,258,071	18.0%
#47 NETC	Oper	10,136,091	9,718,823	0	9,718,823	9,692,602	(193,852)	9,498,750	(417,268)	-4.1%	(220,073)	-2.3%
#47 NETC	Total	10,136,091	9,718,823	0	9,718,823	9,692,602	(193,852)	9,498,750	(417,268)	-4.1%	(220,073)	-2.3%

		FY2008-09 w/o deficits	FY2009-10			FY2010-11			Change over Prior Year (excludes deficits)			
			2009 Sp Sess	2010 Deficits	Revised	2009 Sp Sess	2010 Changes	Revised	FY10 vs Prior Yr	FY11 vs Prior Yr		
#48 Coordinating Comm	Aid	6,832,315	6,908,351	0	6,908,351	6,994,389	(130,983)	6,863,406	76,036	1.1%	(44,945)	-0.7%
#48 Coordinating Comm	Oper	1,303,819	1,271,224	0	1,271,224	1,238,628	(24,773)	1,213,855	(32,595)	-2.5%	(57,369)	-4.5%
#48 Coordinating Comm	Total	8,136,134	8,179,575	0	8,179,575	8,233,017	(155,756)	8,077,261	43,441	0.5%	(102,314)	-1.3%
#50 State Colleges	Oper	45,393,201	45,335,219	0	45,335,219	45,369,972	0	45,369,972	(57,982)	-0.1%	34,753	0.1%
#50 State Colleges	Total	45,393,201	45,335,219	0	45,335,219	45,369,972	0	45,369,972	(57,982)	-0.1%	34,753	0.1%
#51 University of Nebraska	Oper	492,106,037	482,481,131	0	482,481,131	494,720,104	0	494,720,104	(9,624,906)	-2.0%	12,238,973	2.5%
#51 University of Nebraska	Total	492,106,037	482,481,131	0	482,481,131	494,720,104	0	494,720,104	(9,624,906)	-2.0%	12,238,973	2.5%
#54 Historical Society	Oper	4,514,311	4,393,168	0	4,393,168	4,280,522	(85,610)	4,194,912	(121,143)	-2.7%	(198,256)	-4.5%
#54 Historical Society	Total	4,514,311	4,393,168	0	4,393,168	4,280,522	(85,610)	4,194,912	(121,143)	-2.7%	(198,256)	-4.5%
#64 State Patrol	Oper	52,926,634	54,313,186	0	54,313,186	55,899,726	(8,235)	55,891,491	1,386,552	2.6%	1,578,305	2.9%
#64 State Patrol	Total	52,926,634	54,313,186	0	54,313,186	55,899,726	(8,235)	55,891,491	1,386,552	2.6%	1,578,305	2.9%
#65 Admin Services (DAS)	Oper	9,128,050	8,799,858	370,870	9,170,728	8,174,893	(154,472)	8,020,421	(328,192)	-3.6%	(779,437)	-8.9%
#65 Admin Services (DAS)	Total	9,128,050	8,799,858	370,870	9,170,728	8,174,893	(154,472)	8,020,421	(328,192)	-3.6%	(779,437)	-8.9%
#67 Equal Opportunity	Oper	1,373,311	1,293,175	0	1,293,175	1,302,156	(26,043)	1,276,113	(80,136)	-5.8%	(17,062)	-1.3%
#67 Equal Opportunity	Total	1,373,311	1,293,175	0	1,293,175	1,302,156	(26,043)	1,276,113	(80,136)	-5.8%	(17,062)	-1.3%
#68 Latino American Comm.	Oper	215,312	195,449	0	195,449	199,834	(3,997)	195,837	(19,863)	-9.2%	388	0.2%
#68 Latino American Comm.	Total	215,312	195,449	0	195,449	199,834	(3,997)	195,837	(19,863)	-9.2%	388	0.2%
#69 Arts Council	Aid	861,654	856,654	0	856,654	851,654	(3,800)	847,854	(5,000)	-0.6%	(8,800)	-1.0%
#69 Arts Council	Oper	618,060	615,311	0	615,311	596,972	(11,939)	585,033	(2,749)	-0.4%	(30,278)	-4.9%
#69 Arts Council	Total	1,479,714	1,471,965	0	1,471,965	1,448,626	(15,739)	1,432,887	(7,749)	-0.5%	(39,078)	-2.7%
#70 Foster Care Review	Oper	1,336,371	1,386,358	0	1,386,358	1,385,402	(27,708)	1,357,694	49,987	3.7%	(28,664)	-2.1%
#70 Foster Care Review	Total	1,336,371	1,386,358	0	1,386,358	1,385,402	(27,708)	1,357,694	49,987	3.7%	(28,664)	-2.1%
#72 Economic Development	Aid	2,225,000	1,593,750	0	1,593,750	1,560,125	(14,203)	1,545,922	(631,250)	-28.4%	(47,828)	-3.0%
#72 Economic Development	Oper	4,441,717	4,711,617	0	4,711,617	4,840,892	(86,818)	4,754,074	269,900	6.1%	42,457	0.9%
#72 Economic Development	Total	6,666,717	6,305,367	0	6,305,367	6,401,017	(101,021)	6,299,996	(361,350)	-5.4%	(5,371)	-0.1%
#76 Indian Commission	Oper	198,763	190,125	0	190,125	185,250	38,285	223,535	(8,638)	-4.3%	33,410	17.6%
#76 Indian Commission	Total	198,763	190,125	0	190,125	185,250	38,285	223,535	(8,638)	-4.3%	33,410	17.6%
#77 Industrial Relations	Oper	335,155	324,631	0	324,631	316,307	(6,326)	309,981	(10,524)	-3.1%	(14,650)	-4.5%
#77 Industrial Relations	Total	335,155	324,631	0	324,631	316,307	(6,326)	309,981	(10,524)	-3.1%	(14,650)	-4.5%
#78 Crime Commission	Aid	2,166,328	2,166,328	0	2,166,328	2,166,328	0	2,166,328	0	0.0%	0	0.0%
#78 Crime Commission	Oper	8,980,494	8,996,818	0	8,996,818	8,898,070	(175,961)	8,722,109	16,324	0.2%	(274,709)	-3.1%
#78 Crime Commission	Total	11,146,822	11,163,146	0	11,163,146	11,064,398	(175,961)	10,888,437	16,324	0.1%	(274,709)	-2.5%

		FY2008-09	FY2009-10			FY2010-11			Change over Prior Year (excludes deficits)			
		w/o deficits	2009 Sp Sess	2010 Deficits	Revised	2009 Sp Sess	2010 Changes	Revised	FY10 vs Prior Yr		FY11 vs Prior Yr	
#81 Blind & Visually Impaired	Aid	190,000	185,250	0	185,250	180,500	(3,610)	176,890	(4,750)	-2.5%	(8,360)	-4.5%
#81 Blind & Visually Impaired	Oper	779,684	842,943	0	842,943	852,342	(17,047)	835,295	63,259	8.1%	(7,648)	-0.9%
#81 Blind & Visually Impaired	Total	969,684	1,028,193	0	1,028,193	1,032,842	(20,657)	1,012,185	58,509	6.0%	(16,008)	-1.6%
#82 Deaf & Hard of Hearing	Oper	874,210	853,429	0	853,429	853,179	(17,064)	836,115	(20,781)	-2.4%	(17,314)	-2.0%
#82 Deaf & Hard of Hearing	Total	874,210	853,429	0	853,429	853,179	(17,064)	836,115	(20,781)	-2.4%	(17,314)	-2.0%
#83 Community Colleges	Aid	87,266,476	86,966,256	0	86,966,256	86,758,025	0	86,758,025	(300,220)	-0.3%	(208,231)	-0.2%
#83 Community Colleges	Total	87,266,476	86,966,256	0	86,966,256	86,758,025	0	86,758,025	(300,220)	-0.3%	(208,231)	-0.2%
#84 Environmental Quality	Aid	4,660,972	4,396,278	0	4,396,278	4,352,445	(47,449)	4,304,996	(264,694)	-5.7%	(91,282)	-2.1%
#84 Environmental Quality	Oper	3,532,038	3,402,811	0	3,402,811	3,331,450	(66,629)	3,264,821	(129,227)	-3.7%	(137,990)	-4.1%
#84 Environmental Quality	Total	8,193,010	7,799,089	0	7,799,089	7,683,895	(114,078)	7,569,817	(393,921)	-4.8%	(229,272)	-2.9%
#85 Retirement Board	Oper	19,468,215	25,589,490	0	25,589,490	27,371,336	48,674	27,420,010	6,121,275	31.4%	1,830,520	7.2%
#85 Retirement Board	Total	19,468,215	25,589,490	0	25,589,490	27,371,336	48,674	27,420,010	6,121,275	31.4%	1,830,520	7.2%
#87 Account/Disclosure	Oper	430,726	415,774	0	415,774	419,318	(8,386)	410,932	(14,952)	-3.5%	(4,842)	-1.2%
#87 Account/Disclosure	Total	430,726	415,774	0	415,774	419,318	(8,386)	410,932	(14,952)	-3.5%	(4,842)	-1.2%
#93 Tax Equal/Review Comm	Oper	875,451	853,565	0	853,565	831,678	(16,634)	815,044	(21,886)	-2.5%	(38,521)	-4.5%
#93 Tax Equal/Review Comm	Total	875,451	853,565	0	853,565	831,678	(16,634)	815,044	(21,886)	-2.5%	(38,521)	-4.5%
Capital Construction	Const	8,238,322	14,172,233	0	14,172,233	13,652,233	150,000	13,802,233	5,933,911	72.0%	(370,000)	-2.6%
OPERATIONS		1,221,557,978	1,210,527,988	416,870	1,210,944,858	1,259,401,017	(5,849,153)	1,253,551,864	(11,029,990)	-0.9%	43,023,876	3.6%
STATE AID		2,251,864,442	2,100,596,483	(5,918,574)	2,094,677,909	2,137,600,963	146,232	2,137,747,195	(151,267,959)	-6.7%	37,150,712	1.8%
CONSTRUCTION		8,238,322	14,172,233	0	14,172,233	13,652,233	150,000	13,802,233	5,933,911	72.0%	(370,000)	-2.6%
TOTAL GENERAL FUNDS		3,481,660,742	3,325,296,704	(5,501,704)	3,319,795,000	3,410,654,213	(5,552,921)	3,405,101,292	(156,364,038)	-4.5%	79,804,588	2.4%

Appendix C

General Fund Appropriations by State Aid Program

		FY2008-09 w/o Deficits	FY2009-10			FY2010-11			Change over Prior Year (exclude deficits)			
			2009 Sp Sess	2010 Deficits	Revised	2009 Sp Sess	2010 Change	Revised	FY10 vs Prior Yr		FY11 vs Prior Yr	
Treasurer	Aid to NRD's	1,545,502	1,503,939	0	1,503,939	1,465,377	(29,308)	1,436,069	(41,563)	-2.7%	(67,870)	-4.5%
Treasurer	Aid to Cities	11,257,193	11,482,763	0	11,482,763	11,188,333	(223,767)	10,964,566	225,570	2.0%	(518,197)	-4.5%
Treasurer	Aid to Counties	4,965,866	4,841,719	0	4,841,719	4,717,573	(94,351)	4,623,222	(124,147)	-2.5%	(218,497)	-4.5%
Education	State Aid to Education (TEEOSA)	823,527,243	824,960,159	0	824,960,159	778,529,472	18,205,088	796,734,560	1,432,916	0.2%	(28,225,599)	-3.4%
Education	Special Education	184,893,842	184,893,842	0	184,893,842	184,893,842	0	184,893,842	0	0.0%	0	0.0%
Education	Aid to ESU's	16,089,570	15,887,570	0	15,887,570	15,093,191	(301,864)	14,791,327	(202,000)	-1.3%	(1,096,243)	-6.9%
Education	High ability learner programs	2,336,921	2,336,921	0	2,336,921	2,220,075	(44,402)	2,175,673	0	0.0%	(161,248)	-6.9%
Education	Early Childhood program	3,615,426	3,604,328	0	3,604,328	3,434,655	(68,693)	3,365,962	(11,098)	-0.3%	(238,366)	-6.6%
Education	School Lunch	421,087	410,560	0	410,560	400,033	(8,001)	392,032	(10,527)	-2.5%	(18,528)	-4.5%
Education	Textbook loan program	450,000	487,500	0	487,500	475,000	(9,500)	465,500	37,500	8.3%	(22,000)	-4.5%
Education	School Breakfast reimbursement	411,100	412,811	0	412,811	427,260	0	427,260	1,711	0.4%	14,449	3.5%
Education	Adult Education	230,574	224,810	0	224,810	219,045	(4,381)	214,664	(5,764)	-2.5%	(10,146)	-4.5%
Education	Vocational Education	450,000	0	0	0	0	0	0	(450,000)	-100.0%	0	na
Education	Learning Communities Aid	500,000	1,000,000	0	1,000,000	973,750	(91,475)	882,275	500,000	100.0%	(117,725)	-11.8%
Education	Vocational Rehabilitation	2,000,000	2,000,000	0	2,000,000	2,000,000	0	2,000,000	0	0.0%	0	0.0%
Revenue	County Property Tax Relief	1,500,000	1,500,000	0	1,500,000	1,425,000	(28,500)	1,396,500	0	0.0%	(103,500)	-6.9%
Revenue	Homestead Exemption	76,120,104	62,250,000	3,609,000	65,859,000	65,000,000	0	65,000,000	(13,870,104)	-18.2%	2,750,000	4.4%
Agriculture	Riparian Vegetation grants	2,000,000	0	0	0	0	0	0	(2,000,000)	-100.0%	0	na
Agriculture	Food Supply Animal Vet Incentivess	0	58,500	0	58,500	114,000	(2,280)	111,720	58,500	na	53,220	91.0%
HHS System	Behavioral Health Aid	69,273,006	74,225,354	0	74,225,354	74,721,481	0	74,721,481	4,952,348	7.1%	496,127	0.7%
HHS System	Medical student assistance/RHOP	362,068	353,016	0	353,016	343,965	293,121	637,086	(9,052)	-2.5%	284,070	80.5%
HHS System	Juvenile predisposition detention	156,536	0	0	0	0	0	0	(156,536)	-100.0%	0	na
HHS System	Childrens Health Insurance	11,761,892	9,125,708	0	9,125,708	11,559,015	75,423	11,634,438	(2,636,184)	-22.4%	2,508,730	27.5%
HHS System	Public Assistance	241,622,331	236,346,958	1,160,000	237,506,958	246,964,986	1,160,000	248,124,986	(5,275,373)	-2.2%	11,778,028	5.0%
HHS System	Medicaid	590,958,613	445,306,457	(10,687,574)	434,618,883	507,644,000	(18,217,237)	489,426,763	(145,652,156)	-24.6%	44,120,306	9.9%
HHS System	Community developmental disabilities	71,166,316	83,269,149	0	83,269,149	90,573,431	0	90,573,431	12,102,833	17.0%	7,304,282	8.8%
HHS System	Community health centers	3,525,000	3,806,575	0	3,806,575	3,867,394	0	3,867,394	281,575	8.0%	60,819	1.6%
HHS System	Public Health Aid	4,124,776	4,786,648	0	4,786,648	4,807,372	0	4,807,372	661,872	16.0%	20,724	0.4%
HHS System	Care Management	1,993,340	2,023,239	0	2,023,239	2,033,123	0	2,033,123	29,899	1.5%	9,884	0.5%
HHS System	Area agencies on aging	5,723,853	5,895,569	0	5,895,569	5,966,315	0	5,966,315	171,716	3.0%	70,746	1.2%

		FY2008-09 w/o Deficits	FY2009-10			FY2010-11			Change over Prior Year (exclude deficits)			
			2009 Sp Sess	2010 Deficits	Revised	2009 Sp Sess	2010 Change	Revised	FY10 vs Prior Yr		FY11 vs Prior Yr	
Nat Resources	Nebr Water Conservation Fund	2,688,454	2,427,589	0	2,427,589	2,365,343	(47,307)	2,318,036	(260,865)	-9.7%	(109,553)	-4.5%
Nat Resources	Resources Development Fund	3,373,066	3,288,739	0	3,288,739	3,204,413	(64,088)	3,140,325	(84,327)	-2.5%	(148,414)	-4.5%
Nat Resources	NRD Water Management grants	2,412,854	2,255,033	0	2,255,033	2,197,211	(43,944)	2,153,267	(157,821)	-6.5%	(101,766)	-4.5%
Military Dept	Governors Emergency Fund	499,166	1,000,000	0	1,000,000	500,000	0	500,000	500,834	100.3%	(500,000)	-50.0%
Military Dept	Guard tuition assistance	525,000	511,875	0	511,875	498,750	(9,975)	488,775	(13,125)	-2.5%	(23,100)	-4.5%
Game & Parks	Niobrara Council	50,000	46,312	0	46,312	45,125	(903)	44,222	(3,688)	-7.4%	(2,090)	-4.5%
Library Comm	Local libraries	1,220,998	1,187,723	0	1,187,723	1,154,467	(23,089)	1,131,378	(33,275)	-2.7%	(56,345)	-4.7%
Corrections	County jail cost reimbursement	3,910,000	3,812,250	0	3,812,250	3,714,500	(74,290)	3,640,210	(97,750)	-2.5%	(172,040)	-4.5%
Coord. Comm	Nebr Scholarship Program	6,717,065	6,633,101	0	6,633,101	6,549,139	(130,983)	6,418,156	(83,964)	-1.3%	(214,945)	-3.2%
Coord. Comm	Access College Early Scholarship	115,250	275,250	0	275,250	445,250	0	445,250	160,000	138.8%	170,000	61.8%
Arts Council	Aid to arts programs	661,654	661,654	0	661,654	661,654	0	661,654	0	0.0%	0	0.0%
Arts Council	Council on Humanities	200,000	195,000	0	195,000	190,000	(3,800)	186,200	(5,000)	-2.5%	(8,800)	-4.5%
Econ Develop	Managing Mainstreet	100,000	100,000	0	100,000	95,000	(1,900)	93,100	0	0.0%	(6,900)	-6.9%
Econ Develop	Microenterprise Development Act	497,500	497,500	0	497,500	472,625	(9,453)	463,172	0	0.0%	(34,328)	-6.9%
Econ Develop	Ag Opportunities/Value-Added grants	850,000	850,000	0	850,000	850,000	0	850,000	0	0.0%	0	0.0%
Econ Develop	Building Entrepreneurial Communities	277,500	146,250	0	146,250	142,500	(2,850)	139,650	(131,250)	-47.3%	(6,600)	-4.5%
Econ Develop	Tourism matching grant program	500,000	0	0	0	0	0	0	(500,000)	-100.0%	0	na
Crime Comm	Juvenile services grants	587,812	587,812	0	587,812	587,812	0	587,812	0	0.0%	0	0.0%
Crime Comm	County Juvenile Services aid	1,492,500	1,492,500	0	1,492,500	1,492,500	0	1,492,500	0	0.0%	0	0.0%
Crime Comm	Crimestoppers program	13,457	13,457	0	13,457	13,457	0	13,457	0	0.0%	0	0.0%
Crime Comm	Victim Witness assistance	52,559	52,559	0	52,559	52,559	0	52,559	0	0.0%	0	0.0%
Crime Comm	Crime Victims reparations	20,000	20,000	0	20,000	20,000	0	20,000	0	0.0%	0	0.0%
Blind & Vis Imp	Blind rehabilitation	190,000	185,250	0	185,250	180,500	(3,610)	176,890	(4,750)	-2.5%	(8,360)	-4.5%
Comm Colleges	Aid to Community Colleges	87,266,476	86,966,256	0	86,966,256	86,758,025	0	86,758,025	(300,220)	-0.3%	(208,231)	-0.2%
Environ Cntrl	Superfund cleanup	2,173,000	1,961,400	0	1,961,400	1,980,000	0	1,980,000	(211,600)	-9.7%	18,600	0.9%
Environ Cntrl	Storm Water Management grants	2,487,972	2,434,878	0	2,434,878	2,372,445	(47,449)	2,324,996	(53,094)	-2.1%	(109,882)	-4.5%
	Individuals/Other	1,015,815.63	880,256,943	(9,527,574)	870,729,369	963,621,326	(16,910,640)	946,710,686	(135,558,689)	-13.3%	66,453,743	7.5%
	Local Government	1,236,048.81	1,220,339.54	3,609,000	1,223,948.54	1,173,979.63	17,056,872	1,191,036.50	(15,709,270)	-1.3%	(29,303,031)	-2.4%
	Total General Fund State Aid	2,251,864,442	2,100,596,483	(5,918,574)	2,094,677,909	2,137,600,963	146,232	2,137,747,195	(151,267,959)	-6.7%	37,150,712	1.8%

Appendix D

Across the Board Cuts by Program - General Funds

Agency	Program	Type	FY2010-11 GF Appropriation (2009 Spec Session)	FY2010-11 Across the Board Cut		
3	Legislative Council	1	Salaries-State Senators	Oper	632,982	0
3	Legislative Council	122	Legislative Services	Oper	8,376,992	(167,540)
3	Legislative Council	123	Clerk of the Legislature	Oper	3,127,314	(62,546)
3	Legislative Council	126	Legislative Research Services	Oper	956,361	(19,127)
3	Legislative Council	127	Revisor of Statutes	Oper	1,451,637	(29,033)
3	Legislative Council	129	Legislative Audit	Oper	437,414	(8,748)
3	Legislative Council	501	Intergovernmental Cooperation	Oper	424,670	(8,493)
3	Legislative Council	504	Office of Public Counsel	Oper	1,004,047	(20,081)
3	Legislative Council	638	Fiscal and Program analysis	Oper	1,440,412	(28,808)
5	Supreme Court	3	Salaries-Supreme Court judges	Oper	1,172,985	0
5	Supreme Court	4	Salaries-Appeals Court judges	Oper	966,623	0
5	Supreme Court	5	Salaries-Retired judges	Oper	110,255	0
5	Supreme Court	6	Salaries-District Court judges	Oper	10,158,124	0
5	Supreme Court	7	Salaries-County Court judges	Oper	8,737,099	0
5	Supreme Court	52	Court operations	Oper	28,339,749	(566,795)
5	Supreme Court	67	Probation	Oper	20,877,838	(417,557)
5	Supreme Court	435	Community Corrections	Oper	965,720	0
7	Governor	2	Salary-Governor	Oper	142,849	0
7	Governor	18	Policy Research Office	Oper	534,395	(10,688)
7	Governor	21	Office of the governor	Oper	989,279	(19,786)
8	Lt. Governor	8	Salary-Lieutenant Governor	Oper	108,716	0
8	Lt. Governor	124	Office of the Lieutenant Gover	Oper	35,274	(705)
9	Sec of State	9	Salary-Secretary of State	Oper	112,282	0
9	Sec of State	22	Departmental administration	Oper	194,584	(3,892)
9	Sec of State	86	Records management	Oper	148,361	(2,967)
10	Auditor	10	Salary-State Auditor	Oper	117,694	0
10	Auditor	506	State audits	Oper	2,270,820	(45,416)
11	Attorney General	11	Salary-Attorney General	Oper	129,913	0
11	Attorney General	496	Water Litigation	Oper	0	0
11	Attorney General	507	Interpret & application of law	Oper	5,931,793	(118,636)
12	Treasurer	12	Salary-State Treasurer	Oper	117,018	0
12	Treasurer	24	State Disbursement Unit	Oper	1,328,245	(26,565)
12	Treasurer	659	Long Term Care Savings Plan	Oper	100,086	(2,002)
13	Education	25	Departmental administration	Oper	11,502,001	(230,040)
13	Education	351	Vocational rehabilitation	Oper	2,580,383	0
13	Education	401	Services for Deaf & Hard of Hearing	Oper	1,970,686	0
13	Education	402	School for the Visually Impaired	Oper	1,836,407	0
14	Public Service Com.	14	Salaries-PSC commissioners	Oper	504,807	0
14	Public Service Com.	16	Expenses-PSC commissioners	Oper	54,150	(1,083)
14	Public Service Com.	54	Enf of stds-common carriers	Oper	1,991,026	(39,821)
15	Parole Board	320	Parole Board salaries	Oper	497,925	0
15	Parole Board	358	Board of Parole	Oper	307,411	(6,148)
16	Revenue	13	Salary-Tax Commissioner	Oper	184,825	0
16	Revenue	102	Revenue administration	Oper	23,447,867	(468,957)
16	Revenue	112	Revenue Property Assessment Division	Oper	3,954,660	(79,093)

Agency	Program	Type	FY2010-11 GF Appropriation (2009 Spec Session)	FY2010-11 Across the Board Cut		
18	Agriculture	27	Departmental administration	Oper	1,647,740	(32,955)
18	Agriculture	56	Weights and Measures	Oper	781,340	(15,627)
18	Agriculture	57	Bureau of Daires and Foods	Oper	785,980	(15,720)
18	Agriculture	61	Agricultural laboratories	Oper	639,207	(12,784)
18	Agriculture	63	Bureau of Animal Industry	Oper	2,101,706	(42,034)
18	Agriculture	333	Bureau of Plant Industry	Oper	183,523	(3,670)
21	Fire Marshal	193	Protection of people and prope	Oper	3,122,489	(62,450)
21	Fire Marshal	340	Nebr Fire Service	Oper	874,481	(17,490)
21	Fire Marshal	415	Volunteer Recruitment/Retention	Oper	12,312	(246)
21	Fire Marshal	845	Nebr Public Safety Communication System	Oper	364,358	0
23	Labor	194	Protection of people and prope	Oper	553,135	(11,063)
25	HHS System	32	Prescription Drug Cost Savings Act	Oper	1,270,541	0
25	HHS System	33	Administration	Oper	99,398,994	(1,639,592)
25	HHS System	178	Bureau of Examining Boards	Oper	71,639	(1,433)
25	HHS System	179	Public Health Administration	Oper	1,058,364	(21,167)
25	HHS System	250	Juvenile Services	Oper	24,961,927	0
25	HHS System	365	Mental Health/Regional Centers	Oper	35,583,007	0
25	HHS System	421	Developmental Disability/BSDC	Oper	25,082,959	0
25	HHS System	422	BSDC Contingency Appropriation	Oper	24,477,558	0
25	HHS System	519	Nebraska Veterans Homes	Oper	27,995,258	0
25	HHS System	870	Norfolk Sex Offender Treatment	Oper	14,821,522	0
27	Roads	113	Branch Rail Revitalization	Oper	2,479	(50)
28	Veterans Affairs	36	Departmental administration	Oper	871,640	(17,433)
28	Veterans Affairs	37	Veterans Cemetary	Oper	266,892	(5,338)
29	Natural Resources	334	Soil & water conservation	Oper	9,494,300	(189,886)
31	Military Dept	544	Natl & state guard	Oper	2,831,548	(56,631)
31	Military Dept	545	Civil defense & emerg planning	Oper	939,542	(18,791)
32	Ed Lands & Funds	529	Land surveyors	Oper	342,153	(6,843)
33	Game and Parks	336	Wildlife conservation	Oper	1,424,767	(28,495)
33	Game and Parks	337	Administration	Oper	762,189	(15,244)
33	Game and Parks	549	Parks--admin & operations	Oper	6,961,563	(139,231)
33	Game and Parks	550	Planning and federal aid	Oper	172,836	0
33	Game and Parks	617	Engineering & area maintenance	Oper	2,378,901	(47,578)
33	Game and Parks	846	Nebr Public Safety Communication System	Oper	37,384	0
34	Library Commission	252	Library services	Oper	2,470,075	(49,401)
34	Library Commission	302	Library Development	Oper	69,948	(1,399)
35	Liquor Commission	73	Enforcement and regulation	Oper	977,316	(19,546)
46	Correctional Services	200	Adult Services	Oper	142,503,217	0
46	Correctional Services	725	Depreciation surcharge	Oper	71,915	0
47	Educational Telecomm.	533	Educational television	Oper	9,204,912	(184,098)
47	Educational Telecomm.	566	Public radio	Oper	487,690	(9,754)
48	Postsecondary Coord.	640	Administration	Oper	1,238,628	(24,773)
50	State Colleges	48	All Campuses	Oper	45,369,972	0
51	University of Nebr.	515	All Campuses	Oper	494,720,104	0
54	Historical Society	648	Historical Society	Oper	4,280,522	(85,610)
64	State Patrol	100	Public protection	Oper	54,048,732	0
64	State Patrol	630	Capital Security	Oper	411,758	(8,235)
64	State Patrol	850	Nebr Public Safety Communication System	Oper	1,439,236	0

Agency	Program	Type	FY2010-11 GF Appropriation (2009 Spec Session)	FY2010-11 Across the Board Cut
65	Admin Services 101	Chief Information Officer	Oper 402,224	(8,044)
65	Admin Services 169	Washington consultant	Oper 7,787	(156)
65	Admin Services 509	Budget administration	Oper 1,151,425	(23,028)
65	Admin Services 535	State claims administration	Oper 80,628	(1,613)
65	Admin Services 560	Building Division	Oper 277,019	(5,540)
65	Admin Services 591	Tort claims	Oper 210,000	0
65	Admin Services 592	Indemnification Claims	Oper 241,250	0
65	Admin Services 605	Personnel Division	Oper 1,467,350	(29,347)
65	Admin Services 608	Employee Relations Division	Oper 369,489	(7,390)
65	Admin Services 685	Capital Commission	Oper 3,967,721	(79,354)
67	Equal Opportunity Comm. 59	Enf stds-equal employment/hous	Oper 1,302,156	(26,043)
68	Mexican-American Comm. 537	Mexican American Commission	Oper 199,834	(3,997)
69	Arts Council 326	Promotion/development	Oper 596,972	(11,939)
70	Foster Care Review 116	Foster care review	Oper 1,385,402	(27,708)
72	Economic Development 134	Rural Development Commission	Oper 156,528	(3,131)
72	Economic Development 600	Administration	Oper 1,193,949	(23,879)
72	Economic Development 601	Community Affairs	Oper 238,749	(4,775)
72	Economic Development 603	Industry Recruitment	Oper 2,751,666	(55,033)
72	Economic Development 618	Tourism Promotion	Oper 500,000	0
76	Indian Affairs 584	Commission on Indian Affairs	Oper 185,250	(3,705)
77	Industrial Relations 490	Commissioner Expenses	Oper 100,485	(2,010)
77	Industrial Relations 531	Commission of Industrial Relat	Oper 215,822	(4,316)
78	Crime Commission 150	Juvenile justice aid	Oper 113,861	(2,277)
78	Crime Commission 198	State & local planning	Oper 542,203	(10,844)
78	Crime Commission 199	Law Enforcement Training Cente	Oper 2,100,018	(42,000)
78	Crime Commission 201	Victim Witness Assistance	Oper 3,899	(78)
78	Crime Commission 202	Crime victims reparations	Oper 7,997	(160)
78	Crime Commission 203	Jail standards	Oper 292,101	(5,842)
78	Crime Commission 204	Office of Violence Prevention	Oper 100,000	0
78	Crime Commission 215	Criminal Justice Info Sstem CJIS	Oper 143,559	(2,871)
78	Crime Commission 220	Community Corrections Act	Oper 5,594,432	(111,889)
81	Blind & Visually Impaired 357	Blind/Visually Impaired	Oper 852,342	(17,047)
82	Hearing Impaired 578	Hearing impaired	Oper 853,179	(17,064)
84	Environmental Quality 513	Administration	Oper 3,331,450	(66,629)
85	Retirement Board 515	Public employees retirement	Oper 27,371,336	0
87	Account/Disclosure 94	Accountability & disclosure	Oper 419,318	(8,386)
93	Tax Equal/Review 115	Tax Equalization and Review	Oper 831,678	(16,634)
AGENCY OPERATIONS			1,259,401,017	(5,791,823)
12	Treasurer 119	Aid to NRD's	Aid 1,465,377	(29,308)
12	Treasurer 120	Aid to Cities	Aid 11,188,333	(223,767)
12	Treasurer 149	Aid to Counties	Aid 4,717,573	(94,351)
13	Education 158	State Aid to Education (TEEOSA)	Aid 778,529,472	0
13	Education 158	Special Education	Aid 184,893,842	0
13	Education 158	Aid to ESU's	Aid 15,093,191	(301,864)
13	Education 158	High ability learner programs	Aid 2,220,075	(44,402)
13	Education 158	Early Childhood program	Aid 3,434,655	(68,693)
13	Education 158	School Lunch	Aid 400,033	(8,001)

Agency	Program	Type	FY2010-11 GF Appropriation (2009 Spec Session)	FY2010-11 Across the Board Cut	
13	Education	158 Textbook loan program	Aid	475,000	(9,500)
13	Education	158 School Breakfast reimbursement	Aid	427,260	0
13	Education	158 Adult Education	Aid	219,045	(4,381)
13	Education	158 Learning Communities Aid	Aid	973,750	(19,475)
13	Education	351 Vocational Rehabilitation	Aid	2,000,000	0
16	Revenue	104 County Property Tax Relief	Aid	1,425,000	(28,500)
16	Revenue	108 Homestead Exemption	Aid	65,000,000	0
18	Agriculture	333 Food Supply Animal Vet Incentives	Aid	114,000	(2,280)
25	HHS System	38 Behavioral Health Aid	Aid	74,721,481	0
25	HHS System	175 Medical student assistance/RHOP	Aid	343,965	(6,879)
25	HHS System	344 Childrens Health Insurance (SCHIP)	Aid	11,559,015	0
25	HHS System	347 Public Assistance	Aid	246,964,986	0
25	HHS System	348 Medicaid	Aid	507,644,000	0
25	HHS System	424 Community developmental disabilities	Aid	90,573,431	0
25	HHS System	502 Community health centers	Aid	3,867,394	0
25	HHS System	514 Public Health Aid	Aid	4,807,372	0
25	HHS System	559 Care Management	Aid	2,033,123	0
25	HHS System	571 Area agencies on aging	Aid	5,966,315	0
29	Nat Resources	304 Nebr Water Conservation Fund	Aid	2,365,343	(47,307)
29	Nat Resources	307 Resources Development Fund	Aid	3,204,413	(64,088)
29	Nat Resources	311 NRD Water Management grants	Aid	2,197,211	(43,944)
31	Military Dept	192 Governors Emergency Fund	Aid	500,000	0
31	Military Dept	548 Guard tuition assistance	Aid	498,750	(9,975)
33	Game & Parks	338 Niobrara Council	Aid	45,125	(903)
34	Library Comm	302 Aid libraries	Aid	1,154,467	(23,089)
46	Corrections	750 County jail cost reimbursement	Aid	3,714,500	(74,290)
48	Coord. Comm	690 Nebr Scholarship Program	Aid	6,549,139	(130,983)
48	Coord. Comm	691 Access College Early Scholarship	Aid	445,250	0
69	Arts Council	327 Aid to arts programs	Aid	661,654	0
69	Arts Council	328 Council on Humanities	Aid	190,000	(3,800)
72	Econ Develop	600 Managing Mainstreet	Aid	95,000	(1,900)
72	Econ Develop	601 Microenterprise Development Act	Aid	472,625	(9,453)
72	Econ Develop	134 Ag Opportunities/Value-Added grants	Aid	850,000	0
72	Econ Develop	603 Building Entrepreneurial Communities	Aid	142,500	(2,850)
78	Crime Comm	150 Juvenile services grants	Aid	1,492,500	0
78	Crime Comm	155 County Juvenile Services aid	Aid	587,812	0
78	Crime Comm	198 Crimestoppers program	Aid	13,457	0
78	Crime Comm	201 Victim Witness assistance	Aid	52,559	0
78	Crime Comm	202 Crime Victims reparations	Aid	20,000	0
81	Blind & Vis Imp	357 Blind rehabilitation	Aid	180,500	(3,610)
83	Comm Colleges	151 Aid to Community Colleges	Aid	86,758,025	0
84	Environ Cntrl	513 Superfund cleanup	Aid	1,980,000	0
84	Environ Cntrl	513 Storm Water Management grants	Aid	2,372,445	(47,449)
<i>STATE AID</i>				<i>2,137,600,963</i>	<i>(1,305,042)</i>
<i>CAPITAL CONSTRUCTION</i>				<i>13,652,233</i>	<i>0</i>
<i>TOTAL GENERAL FUNDS</i>				<i>3,410,654,213</i>	<i>(7,096,865)</i>