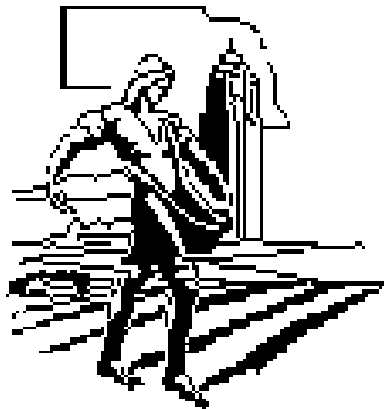


# **Appropriations Committee Budget Recommendations**



## **Mid-Biennium Budget Adjustments FY2015-16 and FY2016-17**

**March 2016**

Members of the Appropriations Committee

Sen Heath Mello (C)

Sen Robert Hilke (VC)

Sen Kate Bolz

Sen Ken Haar

Sen Bill Kintner

Sen John Kuehn

Sen Tanya Cook

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# HIGHLIGHTS

## General Fund Financial Status

The financial status since Sine Die of the 2015 Legislative Session has been a continuing ebb and flow of positives and negatives. On the surface, the financial status for the current biennium (FY16 / FY17) remains relatively unchanged as compared to Sine Die of the 2015 Legislative Session. At Sine Die, the variance from the minimum General Fund reserve (commonly referred to as the surplus or shortfall) was estimated to be \$2.3 million while the current financial status is \$10.1 million. However, there have been a large number changes, both positive and negative, to return to a comparable result.

The projected status went from a positive \$2.3 million to a negative \$110 million from the end of the 2015 session to the November meeting of the Tax Rate Review (TRR) Committee. The cause of this decline was a \$154 million reduction in revenue forecasts at the October meeting of the Nebraska Economic Forecast Advisory Board (NEFAB). This was partially offset by a \$45 million lapse of unexpended FY15 appropriations. At that time agency requests for midbiennium budget adjustments were incorporated into the status (\$22.2 million total) which was mostly offset by a lower estimate of FY16-17 TEEOSA school aid (\$19.3 million).

The projected status went from a negative \$110 million at the November meeting of the TRR Committee to the current positive \$10.1 million per the Appropriations Committee preliminary budget. In terms of dollar amounts, the committee budget for new General Fund appropriations is very close to the estimate at the November TRR committee. The lower TEEOSA estimate in November was short lived as the certified amount was back to the pre-November level. Reductions in Medicaid based on year to date estimates helped offset the higher TEEOSA. The positive financial status was then obtained with \$98.9 million of lapsed reappropriations in DHHS aid programs, an additional \$16 million of cash fund transfers, and a \$13 million net gain from the revised forecasts per the February meeting NEFAB.

The projected financial status for the following biennium shows a \$106 million shortfall. Revenue growth in the next biennium is projected at 4.7% per year average using the capped historical average methodology (see page 11). This methodology is used in the absence of an official forecast. Calculation of the projected budget for the following biennium is shown in Appendix C. The projected budget increases are based on historical increases for specific areas and existing law in particular the TEEOSA school aid formula. The net result of the item by item calculation is an overall spending growth of 3.9% in FY17-18, 4.2% in FY18-19 for a two year average of 4.1%. These calculations do not include the annualized impacts of 2016 budget actions which are shown separately on the financial status.

## General Fund Budget Adjustments

The Appropriations Committee proposed adjustments result in a net increase of General Fund new appropriations of \$4.2 million over the two year period. The committee also reduced reappropriation of prior year unexpended funds by \$98.9 million, all in Dept. of Health and Human Services (DHHS) aid programs.

A more complete listing of all General Fund items can be found in Table 7 on page 16 and a narrative description of these items starts on page 18

<b>Major General Fund Changes - Appropriations</b>	<b>FY2015-16</b>	<b>FY2016-17</b>	<b>2 Yr Total</b>
Dept. of Correctional Services operations	4,437,667	11,950,337	16,388,004
DHHS-Child Welfare aid, projected shortfall	0	15,000,000	15,000,000
DHHS-Developmental disability aid, waiver reimbursement	11,340,542	0	11,340,542
DHHS-Managed care enrollment broker	0	3,445,925	3,445,925
DHHS-State Ward Permanency Pilot, costs and waiver reimburse	1,373,812	500,000	1,873,812
Revenue-Homestead Exemption	600,000	1,200,000	1,800,000
Attorney Gen-Ongoing water litigation costs	307,900	921,500	1,229,400
DHHS-Alleviate court ordered wait list, Lincoln Regional Center	0	1,061,232	1,061,232
DHHS- Additional funds, fed qualified health centers (one-time)	0	1,000,000	1,000,000
Community Colleges- Additional aid (one-time)	0	1,000,000	1,000,000
DHHS-Medicaid, excess appropriation	(20,000,000)	(10,000,000)	(30,000,000)
DHHS-Public Assistance, excess appropriation	0	(5,000,000)	(5,000,000)
Education-TEEOSA state aid, to certified amount	0	(4,089,432)	(4,089,432)
DHHS-Higher FFY2017 federal Medicaid match rate (FMAP)	0	(4,674,690)	(4,674,690)
DHHS-Childrens Health Insurance, excess appropriation	(4,500,000)	0	(4,500,000)
Education-TEEOSA, insurance premium tax adjustment	(4,111,963)	0	(4,111,963)
All Other (net)	390,463	2,104,179	2,494,642
<b>Total Change – General Fund New Appropriations</b>	<b>(10,161,579)</b>	<b>14,419,051</b>	<b>4,257,472</b>
Reduce reappropriation of prior year unexpended funds			(98,921,816)
Change in Total Appropriations			(94,664,344)

<b>Major General Fund Changes – Transfers-Out</b>	<b>FY2015-16</b>	<b>FY2016-17</b>	<b>2 Yr Total</b>
Transfer to Site and Building Development Fund (LB 1091)	(4,000,000)	0	(4,000,000)
Transfer to Nebr Capital Construction Fund (DCS project)	(800,000)	0	(800,000)
Transfer to Cultural Preservation Endowment Fund (LB 715)	0	FY18	0
<b>Total Change in GF Transfers-Out</b>	<b>(4,800,000)</b>	<b>0</b>	<b>(4,800,000)</b>

## General Fund Revenue Forecasts

Revenue estimates for FY2015-16 and FY2016-17 are the February 2016 forecasts from the Nebraska Economic Forecast Advisory Board (NEFAB). These forecasts yield a projected adjusted revenue growth of 4.0% in FY15-16 and 4.0% in FY16-17, an average growth of 4.0%. This two year growth is slightly below the 5% historical average, the average growth for the three prior three years was 4.7%

For the following biennium or what's commonly referred to as the "out years", the preliminary estimates for FY2017-18 and FY2018-19 are prepared by the Legislative Fiscal Office (LFO) using the "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 (FY14 to FY19) roughly equal to the 34 year historical average (5.00%) less .25% which is the projected impact of indexing the tax brackets as enacted in 2014 (LB987). Under this method, revenue growth for the two years would average 4.7%.

## Cash Reserve Fund

The Appropriations Committee followed the concepts that (1) at this time a significant balance should be retained in the Cash Reserve Fund in light of the cyclical nature of variances from forecast and the dollar level of those variances cumulative over several years, and (2) any use of the Cash Reserve Fund should be for one-time items to match the one-time nature of the financing source. The projected unobligated ending balance under the committee proposal is \$634.2 million

The Appropriations Committee proposal includes three transfers. The first is a \$27.3 million transfer to the Nebraska Capital Construction Fund (NCCF) to cover the three year cost of adding capacity to the Lincoln Community Corrections Center in Lincoln. (see page 32)

The second transfer is a \$13.7 million transfer to the Military Installation Infrastructure fund related to the modification of two federal levee systems located in Sarpy County (see page 30)

And the third is a \$50 million transfer to a newly created Transportation Infrastructure Fund, as provided for in LB 960. A more detailed explanation of this proposal can be found on page 31.

## Bills Incorporated into the Committee Proposal

A total of 28 bills were assigned to the Appropriations Committee most of which contained an appropriation for a specific purpose. If the Committee approved all or part of the appropriation (or transfer) in these bills, the amounts were incorporated into the mainline budget adjustments in LB956 or LB957 rather than advancing multiple bills. The following is a listing of those instances.

Bills Incorporated into Committee Proposal	Fund	FY2015-16	FY2016-17
LB 381 Increase aid for housing services, substance abuse disorders	Cash	0	100,000
LB 713 Increase funding, Access College Early Scholarship Program	Gen	0	250,000
LB 733 Recruitment and retention, DCS staff	Gen	1,500,000	0
LB 789 Changes, administration of art in public buildings	Cash	50,000	50,000
LB 800 Adult education, job driven training and education	Gen	0	250,000
LB 810 Transfer Youth Conservation funds to Cowboy Trail	Cash	100,000	0
LB 852 Additional aid to community colleges (one-time)	Gen	0	1,000,000
LB 923 Appropriate funds for federally qualified health centers	Gen	0	1,000,000
LB 931 Increase aid for housing related assistance, mental illness	Cash	0	100,000
LB 960 Transportation Innovation Act, Cash Reserve Fund transfer	Cash	0	18,500,000
LB 1006 Appropriate funds to Attorney General, forensic accountants	Cash	0	175,000
LB 1074 Onetime aid, Expanded Learning Opportunity Grant Program	Gen	0	250,000
LB 755 Appropriate funds, three State College construction projects	Gen	0	Future Yrs
LB 858 Create the University of Nebraska Facilities Program of 2016	Gen	0	Future Yrs
LB 715 Gen Fund transfers, Nebr Cultural Preservation Endowment Fund	Gen		Starting FY18
LB 911 Fund transfers for behavioral health systems of care	Cash	--	--
LB 988 Increase transfer, Health Care Homes Medically Underserved Fund	Cash	--	--
LB 1091 Funding for Site and Building Development Fund	Gen	\$4M Transfer	--
LB 1093 Eliminate two cash funds, balances to Health Care Cash Fund	Cash		

## **Transportation Innovation Act – LB 960**

LB 960, as amended by the Appropriations Committee, creates three new programs funded by a \$50 million transfer from the Cash Reserve Fund, and the transfer of LB 610 (2015) fuel tax revenue through June, 2033, to a newly created Transportation Infrastructure Bank Fund. The three new programs are the Accelerated State Highway Capital Improvement Program, County Bridge Match Program, and Economic Opportunity Program. A more detailed explanation can be found on page 31.

## **Sarpy County / Offutt AFB Levee Project**

The Appropriations Committee recommendation includes the creation of the Critical Infrastructure Facilities Cash Fund, and financed with a \$13,700,000 transfer from the Cash Reserve Fund. The fund would be used to provide a grant to protect critical infrastructure facilities within an NRD which includes military installments, transportation routes and wastewater treatment facilities. In essence this would provide state funding assistance for modification of two federally constructed levee systems located in Sarpy County that impact on Offutt Air Force Base, potential funding of its runway resurfacing, and base realignment or closure considerations. A more detailed explanation can be found on page 30.

## **Department of Correctional Services Funding**

The Department of Correctional Services (DCS) submitted significant requests for additional funding for a variety of purposes including operating funds, continuation of the county jail program, and additional facilities at the Lincoln Community Corrections Center. The Governors recommendation funded the agency request, and the Appropriations Committee concurred. In addition, the committee added \$1.5 million one-time funds in FY2015-16 for staff recruitment and retention efforts. (See page 24 for a description of the operations funding items and page 32 for construction related items)

## **Reductions and Shifts – DHHS Aid Programs**

For the various aid programs under the Dept. of Health and Human Services (DHHS), an evaluation was made of current year expenditure levels based on year to date expenditures through January and estimates for the remaining five months. Based on this evaluation, the Committee recommendation includes reductions in several areas where excess appropriations are indicated and one instance where current funding is insufficient to cover estimated spending levels. This includes a \$98.9 million reduction in the amount of reappropriated prior year unexpended funds. (See page 22)

# General Fund Financial Status

FINANCIAL STATUS	Actual	Biennial Budget		Est for Following Biennium	
	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
<b>1 Beginning Balance</b>					
2 Beginning Cash Balance	\$673,683,437	\$732,273,130	\$345,856,544	\$278,081,813	\$221,713,090
3 Cash Reserve Fund transfer-automatic	(96,721,232)	(84,599,532)	(17,000,000)	0	0
4 Carryover obligations from FY14	0	(343,888,145)	0	0	0
5 LB 956 Lapse FY14 & FY15 reappropriated funds	0	98,921,816	0	0	0
6 Allocation for potential deficits	0	0	(5,000,000)	(5,000,000)	(5,000,000)
7 Unobligated Beginning Balance	576,962,205	402,707,269	323,856,544	273,081,813	216,713,090
<b>8 Estimated Receipts</b>					
9 Net Receipts (Oct1 2015 NEFAB+hist avg)	4,306,364,121	4,420,000,000	4,575,000,000	4,747,502,000	4,948,411,000
10 General Fund transfers-out (current law)	(188,350,000)	(217,600,000)	(217,100,000)	(216,300,000)	(216,300,000)
11 General Fund transfers-in (current law)	in forecast	0	0	0	0
12 Cash Reserve transfers (current law)	67,701,112	0	0	0	0
13 LB 957 Cash Reserve Fund transfers	0	0	0	0	0
14 LB 956 & LB957 General Fund transfers-out	0	(4,800,000)	0	(500,000)	(500,000)
15 LB 956 General Fund transfers-in	0	8,000,000	8,000,000	0	0
16 <b>Bills Enacted Into Law</b>	0	0	0	0	0
17 <b>Bills Passed</b>	0	0	0	0	0
18 General Fund Net Receipts	4,185,715,233	4,205,600,000	4,365,900,000	4,530,702,000	4,731,611,000
<b>19 Appropriations</b>					
20 Expenditures/Approp per 2013 Sessions	4,030,404,308	4,271,803,869	4,397,255,680	4,590,461,549	4,784,959,772
21 LB 956 Mainline Midbiennium adjustments	0	(10,161,579)	14,419,051	(8,390,826)	(8,163,204)
22 LB 981 State Claims	0	808,435	0	0	0
23 Select File amendments	0	0	0	0	0
24 Vetoes-Mainline bills	0	0	0	0	0
25 Veto overrides-Mainline bills	0	0	0	0	0
26 <b>Bills Enacted Into Law</b>	0	0	0	0	0
27 <b>Bills Passed</b>	0	0	0	0	0
28 General Fund Appropriations	4,030,404,308	4,262,450,725	4,411,674,731	4,582,070,723	4,776,796,568
<b>29 Ending Balance</b>					
30 \$ Ending balance (Financial Status as Shown)	732,273,130	345,856,544	278,081,813	221,713,090	171,527,522
31 \$ Ending balance (at Minimum Reserve)	--	--	268,024,474	--	277,875,577
32 Difference = Variance from Minimum Reserve	--	--	<b>10,057,339</b>	--	<b>(106,348,055)</b>
33 Biennial Reserve (%)	--	--	3.1%	--	1.8%
34 Annual Spending Growth (w/o deficits)	5.0%	4.0%	3.3%	3.9%	4.2%
35 Two Year Average Growth	5.3%	--	3.7%	--	4.1%
36 Est. Revenue Growth (rate/base adjusted)	6.2%	3.6%	4.1%	4.9%	4.8%

CASH RESERVE FUND	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
Beginning Balance	719,065,306	727,835,426	728,615,207	654,639,649	654,639,649
Transfer amounts above forecasts (line 3)	96,721,232	84,599,532	17,000,000	0	0
To/from Gen Fund per current law	(67,701,112)	0	0	0	0
To Nebr Capital Construction Fund (NCCF)	(14,500,000)	(75,819,751)	0	0	(20,436,714)
To Republican River Compact Litigation Contingency Fund	(5,500,000)	0	0	0	0
To Oral Health Training and Services Fund	0	(8,000,000)	0	0	0
LB 957 - To General Fund	0	0	0	0	0
LB 957 - To NCCF	0	0	(27,275,558)	0	0
LB 957 - To Military Installation Infrastructure	0	0	(13,700,000)	0	0
LB 960 - To Transportation Infrastructure Bank Fund	0	0	(50,000,000)	0	0
Projected Ending Balance	727,835,426	728,615,207	654,639,649	654,639,649	634,202,935



# Chronology of the General Fund Financial Status

(Shows impact of individual Items and then the subsequent variance from the minimum reserve)

Millions of Dollars	Current Biennium			Following Biennium		
	FY16	FY17	3 Yr Total	FY18	FY19	5 Yr Total
<b>Sine Die 2015 Session</b>			<b>2.3</b>			<b>(95.0)</b>
Carryover obligations from FY14-15	0.0	0.0	0.0	0.0	0.0	0.0
FY15 Actual vs Est General Fund Net Receipts	0.0	0.0	10.1	0.0	0.0	10.1
FY15 Actual vs Est CRF transfers-automatic	(10.1)	0.0	(10.1)	0.0	0.0	(10.1)
FY15 Actual vs Est Accounting adjustment	0.0	0.0	1.3	0.0	0.0	1.3
Assumed lapse, FY15 unexpended appropriations	25.0	0.0	25.0	0.0	0.0	25.0
Change in Minimum Reserve	0.0	(11.4)	(11.4)	0.0	10.6	(0.8)
<b>July 2015 Tax Rate Review Committee</b>			<b>17.2</b>			<b>(69.5)</b>
Revenue Forecasts (revised / original Oct 2015)	(70.9)	(83.4)	(154.3)	(48.0)	0.0	(202.3)
"Above certified" FY16 forecast to CRF	0.0	0.0	0.0	0.0	0.0	0.0
Lapse of FY15 unexpended above July TRR est	20.3	0.0	20.3	0.0	0.0	20.3
Exclude allocation for deficits	5.0	0.0	5.0	0.0	0.0	5.0
2016 Midbiennium Budget Requests (original)	(3.2)	(19.0)	(22.2)	(12.3)	(12.3)	(46.9)
TEEOSA School Aid revisions (Oct 2015 joint meeting)	0.0	19.3	19.3	39.6	44.2	103.1
Change in Minimum Reserve	0.0	4.5	4.5	0.0	0.7	5.2
<b>Nov 2015 Tax Rate Review Committee</b>			<b>(110.2)</b>			<b>(185.1)</b>
Change in FY15 carryover obligations	0.0	0.0	0.0	0.0	0.0	0.0
Committee Prelim vs Nov TRR (agency request)	(1.6)	15.5	13.9	8.9	8.9	31.7
Committee Prelim vs Nov TRR (TEEOSA)	0.0	(15.2)	(15.2)	(19.8)	(24.7)	(59.7)
Allocation for Post Hearing Adjustments	(3.0)	(12.0)	(15.0)	(12.0)	(12.0)	(39.0)
GF Transfers-in	8.0	8.0	16.0	0.0	0.0	16.0
Lapse FY14 and FY15 reappropriations	98.9	0.0	98.9	0.0	0.0	98.9
Est. State Claims	(0.4)	0.0	(0.4)	0.0	0.0	(0.4)
Cash Reserve Fund transfer (TEEOSA above Governor)	0.0	14.2	14.2	0.0	0.0	14.2
Change in Minimum Reserve	0.0	(0.9)	(0.9)	0.0	(2.4)	(3.3)
<b>Committee Preliminary Budget</b>	<b>0.0</b>	<b>0.0</b>	<b>1.4</b>	<b>0.0</b>	<b>0.0</b>	<b>(126.6)</b>
Revenue Forecasts (revised Feb 2016)	17.0	13.0	30.0	5.0	0.0	35.0
"Above certified" FY16 forecast to CRF	0.0	(17.0)	(17.0)	0.0	0.0	(17.0)
Change in Minimum Reserve	0.0	(0.4)	(0.4)	0.0	(0.1)	(0.5)
<b>After Feb 2016 NEFAB forecasts</b>			<b>14.1</b>			<b>(109.1)</b>
Remove Allocation for Post Hearing Adjustments	3.0	12.0	15.0	12.0	12.0	39.0
Correctional Services items	(4.4)	(12.0)	(16.4)	(7.3)	(7.3)	(31.1)
Medicaid & Public Assistance base reductions	20.0	15.0	35.0	15.0	15.0	65.0
Child Welfare shortfall	0.0	(15.0)	(15.0)	(15.0)	(15.0)	(45.0)
Funds for federally qualified health centers	0.0	(1.0)	(1.0)	0.0	0.0	(1.0)
Additional aid to community colleges (one-time)	0.0	(1.0)	(1.0)	0.0	0.0	(1.0)
All other appropriation changes	(0.7)	(1.1)	(1.7)	(0.6)	(0.6)	(2.9)
Higher State Claims	0.5	0.0	0.5	0.0	0.0	0.5
GF Transfer-Out – Site & Building Development Fund	(4.0)	0.0	(4.0)	0.0	0.0	(4.0)
GF Transfer-Out - NCCF and Cultural Trust	(0.8)	0.0	(0.8)	(0.5)	(0.5)	(1.8)
Cancel preliminary Cash Reserve Fund transfer	0.0	(14.2)	(14.2)	0.0	0.0	(14.2)
Change in Minimum Reserve	0.0	(0.3)	(0.3)	0.0	(0.4)	(0.7)
<b>Committee Budget to the Floor</b>			<b>10.1</b>			<b>(106.4)</b>

# 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 in statute 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 generally 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 is projected at \$634 million per the committee proposal.

Table 1 Cash Reserve Fund

	Actual FY2014-15	Estimated FY2015-16	Estimated FY2016-17	Estimated FY2017-18	Estimated FY2018-19
Beginning Balance	719,065,306	684,819,968	728,615,207	654,639,649	654,639,649
Excess of certified forecasts	96,721,233	84,599,532	17,000,000	0	0
To General Fund per current law	(67,701,112)	0	0	0	0
To Nebr Capital Construction Fund (NCCF)	(14,500,000)	(75,819,751)	0	0	(20,436,714)
To Republican River Litigation Fund	(5,500,000)	0	0	0	0
To Oral Health Services & Training	0	0	0	0	0
2016 - To General Fund	0	0	0	0	0
2016 - To NCCF	0	0	(27,275,558)	0	0
2016 - To Military Installation Infrastructure	0	0	(13,700,000)	0	0
2016 - To Transportation Infrastructure Bank	0	0	(50,000,000)	0	0
Ending Balance	727,835,426	728,615,207	654,639,649	654,639,649	634,202,935

When created, the initial purpose of Cash Reserve Fund (CRF) was to set aside money as a "safety net" for the General Fund, sustaining the ability of the General Fund to pay bills when balances would otherwise be insufficient for day to day cash flow. In addition to cash flow another major purpose of the CRF was added later; protection against forecast errors and periods of low year over year revenue growth. Monies are accumulated in the CRF when receipts exceed certified forecast levels and are then available to offset instances when receipts are below forecasts.

The level of "protection" or in other words the level of funds to retain in the Cash Reserve fund, can be derived by looking at historical variances derived by comparing forecasts at Sine Die of the legislative session when the budget was enacted and actual receipts which are known anywhere from 13 to 15 months later (see Appendix E). Over the 28 year period the average negative variance is -4.4% clustered in groups of 3 to 4 years.

For simplicity, using a 4% negative variance clustered for four consecutive years would require a balance equal to about 16% of annual net receipts. Applied to the average forecast from FY16 to FY19 the target balance would be \$746 million.

## Appropriations Committee Proposal

The Appropriations Committee followed the concepts that (1) at this time a significant balance should be retained in the Cash Reserve Fund in light of the cyclical nature of variances from forecast and the dollar level of those variances cumulative over several years, and (2) any other use of the Cash Reserve Fund should be for one-time items to match the one-time nature of the financing source. The projected unobligated ending balance under the committee proposal is \$634.2 million after three proposed transfers.

The first is a \$27.3 million transfer to the Nebraska Capital Construction Fund (NCCF) to cover the three year cost of adding capacity to the Lincoln Community Corrections Center in Lincoln. (see page 32)

The second transfer is a \$13.7 million transfer to the Military Installation Infrastructure fund. Monies in this fund are intended to provide state funding assistance to complete a project related to the modification of two federal levee systems located in Sarpy County providing protection of Offutt Air Force base and surrounding areas. This is critical because the base is currently seeking \$125,000,000 from the Department of Defense to resurface the Offutt runway. (See page 30)

And the third is a \$50 million transfer to a newly created Transportation Infrastructure Bank Fund.as provided for in LB 960. A more detailed explanation of this proposal can be found on page 31.

<u>Item</u>	<u>\$ Amount</u>
To the NCCF - Additional bed capacity, Lincoln Community Corrections	27,275,558
To the Military Installation Infrastructure fund – Sarpy Co./Offutt AFB levy	13,700,000
To the Transportation Infrastructure Bank Fund (LB 960)	50,000,000
Total Transfers from the Cash Reserve Fund	90,975,558

## Excess of Certified Forecasts

Shown on line 3 of the Financial Status, revenues in excess of "certified" forecasts are required by statute to be transferred from the General Fund to the Cash Reserve Fund. These would take place in July of the fiscal year following completion of that year. The \$96,721,233 million in FY2014-15 reflects the amount that the FY2013-14 actual receipts the certified level. The \$84,599,532 transfer in FY2015-16 reflects the amount the FY2014-15 actual receipts were above certified.

The \$17,000,000 transfer shown in FY2016-17 is not yet an actual number. It reflects the difference between the current FY2015-16 forecast, \$4,420,000,000 and the certified forecast of \$4,403,000,000

## Transfers-To & From General Fund

Unlike the automatic transfers that occur after the close of the fiscal year and are statutorily required, other transfers can take place as specifically enacted by the Legislature.

In 2014, the Legislature enacted a \$50.5 million transfer to the General Fund in LB130 to cover a series of one-time items as shown below.

<u>Related Item</u>	<u>\$ Amount</u>	<u>Transfer</u>
DCS- temporary housing, county jails	4,950,229	
Natural Resources-Resources Development Fund	10,492,793	
Water Sustainability Fund-(one-time portion)	10,000,000	
Game & Parks Improvement and Maintenance Fund	15,000,000	
Job Training Cash Fund	10,000,000	
<i>Total: 2014 Transfer to General Fund</i>	<u>50,443,022</u>	<u>50,500,000</u>

In the 2015 Session, \$17,701,112 was transferred to the General Fund to cover payment of IV-E disallowance penalties imposed on the Dept. of Health and Human Services,

## Transfers To & From Other Funds

In the 2013 session, LB 200 provided for a \$43,015,459 transfer from the Cash Reserve Fund to the Nebraska Capital Construction Fund (NCCF) sometime between July 1, 2013 and June 30, 2017 at the discretion of the Budget Administrator for construction of a new Central Nebraska Veterans Home to replace the existing facilities. Originally this transfer was shown in FY13-14, however it has been shifted to FY15-16 since the actual transfer has not yet been made.

In the 2014 session, LB 130 provided for a \$14.5 million transfer from the Cash Reserve Fund to the NCCF to cover the cost of the first three years of the State Capitol HVAC systems replacement project (\$11.7 million) and installation of four courtyard fountains in the State Capitol (\$2.5 million).

In the 2015 session, the enacted budget contained a total of \$83.9 million of Cash Reserve Fund monies. This includes: (1) \$5.5 million transfer to the Republican River Compact Litigation Contingency Cash Fund to pay a court ordered settlement related to the Kansas v. Nebraska Republican River Compact, (2) \$8 million to a new cash fund in the Coordinating Commission to contract for reduced-fee and charitable oral health services, oral health workforce development, and oral health services using telehealth, (3) \$25 million transfer to the Nebraska Capital Construction Fund for construction of the Global Center for Advanced Interprofessional Learning, and (4) \$28.2 million to the NCCF for the State Capitol HVAC project. This includes \$7,804,292 in FY2015-16, \$7,160,412 in FY2018-19, \$9,492,568 in FY2020-21, and \$3,783,734 in FY2022-23

<u>Transfers to NCCF, Related Project</u>	<u>FY2014-15</u>	<u>FY2015-16</u>	<u>FY2016-17</u>	<u>FY2017-18</u>	<u>Future Yrs</u>
Central Nebraska Veterans Home	0	43,015,459	0	0	0
State Capitol HVAC systems	12,000,000	7,804,292	0	0	20,436,714
State Capitol Fountains	2,500,000	0	0	0	0
Global Center Advanced Learning	0	25,000,000	0	0	0
Transfers to NCCF	<u>14,500,000</u>	<u>75,819,751</u>	<u>0</u>	<u>0</u>	<u>20,436,714</u>

Table 2 Cash Reserve Fund – Historical Balances

Fiscal Yr	Beginning Balance	Direct Deposit and Interest	Automatic Transfers	Legislative Transfers	Cash Flow	Ending Balance	Balance as % of revenues
FY1983-84	0	37,046,760	na	0	0	37,046,760	4.7%
FY1984-85	37,046,760	(1,472,551)	na	0	0	35,574,209	4.5%
FY1985-86	35,574,209	227,855	na	(13,500,000)	0	22,302,064	2.7%
FY1986-87	22,302,064	1,428,021	na	0	0	23,730,085	2.7%
FY1987-88	23,730,085	1,654,844	na	(7,700,000)	0	17,684,929	1.7%
FY1988-89	17,684,929	139,000	na	32,600,000	0	50,423,929	4.4%
FY1989-90	50,423,929	113,114	na	(10,500,000)	0	40,037,043	3.5%
FY1990-91	40,037,043	0	na	(8,100,000)	0	31,937,043	2.3%
FY1991-92	31,937,043	0	na	(5,000,000)	0	26,937,043	1.8%
FY1992-93	26,937,043	0	na	(9,500,000)	0	17,437,043	1.1%
FY1993-94	17,437,043	0	3,063,462	7,250,000	0	27,750,505	1.7%
FY1994-95	27,750,505	0	(8,518,701)	1,250,000	0	20,481,804	1.2%
FY1995-96	20,481,804	0	(20,481,804)	18,189,565	0	18,189,565	1.0%
FY1996-97	18,189,565	0	19,740,786	3,032,333	0	40,962,684	2.0%
FY1997-98	40,962,684	0	91,621,018	0	0	132,583,702	6.3%
FY1998-99	132,583,702	0	111,616,422	(98,500,000)	0	145,700,124	6.9%
FY1999-00	145,700,124	0	20,959,305	(24,500,000)	0	142,159,429	5.9%
FY2000-01	142,159,429	0	77,576,670	(49,500,000)	0	170,236,099	6.9%
FY2001-02	170,236,099	0	0	(60,170,000)	0	110,066,099	4.7%
FY2002-03	110,066,099	66,476,446	0	(87,400,000)	(30,000,000)	59,142,545	2.4%
FY2003-04	59,142,545	59,463,461	0	(61,577,669)	30,000,000	87,028,337	3.2%
FY2004-05	87,028,337	8,170,556	108,727,007	(26,758,180)	0	177,167,720	5.8%
FY2005-06	177,167,720	0	261,715,297	(165,266,227)	0	273,616,790	8.2%
FY2006-07	273,616,790	0	259,929,524	(17,458,523)	0	516,087,791	15.1%
FY2007-08	516,087,791	0	191,436,773	(161,978,767)	0	545,545,797	15.6%
FY2008-09	545,545,797	0	116,976,571	(84,330,505)	0	578,191,863	17.2%
FY2009-10	578,191,863	0	0	(110,990,237)	0	467,201,626	14.6%
FY2010-11	467,201,626	0	0	(154,000,000)	0	313,201,626	8.9%
FY2011-12	313,201,626	8,422,528	145,155,092	(33,439,198)	(4,461,676)	428,878,372	11.6%
FY2012-13	428,878,372	0	104,789,781	(154,008,427)	4,461,676	384,121,402	9.5%
FY2013-14	384,121,402	0	285,292,610	49,651,294	0	719,065,306	17.5%
FY2014-15	719,065,306	0	96,721,232	(87,951,112)	0	727,835,426	16.9%
FY2015-16 Est	727,835,426	0	84,599,532	(83,819,751)	0	728,615,207	16.3%
FY2016-17 Est	728,615,207	0	17,000,000	(90,975,558)	0	654,639,649	14.1%
FY2017-18 Est	654,639,649	0	0	0	0	654,639,649	13.7%
FY2018-19 Est	654,639,649	0	0	(20,436,714)	0	634,202,935	12.8%

# General Fund Revenues

## Revenue Forecasts

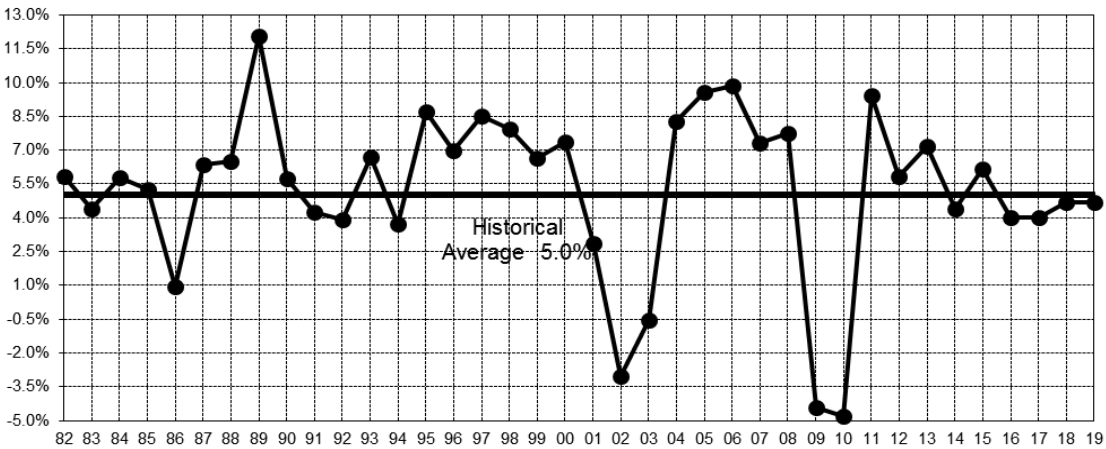
Revenue estimates for FY2015-16 and FY2016-17 are the February 2015 forecasts from the Nebraska Economic Forecast Advisory Board (NEFAB). These forecasts yield a projected adjusted revenue growth of 4.0% in FY15-16 and 4.0% in FY16-17, an average growth of 4.0%. This two year growth is slightly below the 5% historical average, the average growth for the three prior three years was 4.7%

For the following biennium or what's commonly referred to as the "out years", the preliminary estimates for FY2017-18 and FY2018-19 are prepared by the Legislative Fiscal Office (LFO) using the "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 (FY14 to FY19) roughly equal to the 34 year historical average (5.00%) less .25% which is the projected impact of indexing the tax brackets as enacted last session in LB987. Under this method, revenue growth for the two years would average 4.7%.

Table 3 - General Fund Revenue Forecasts

<i>Revenue Estimates Used in Financial Status</i>	Actual FY2014-15	NEFAB FY2015-16	NEFAB FY2016-17	LFO Prelim FY2017-18	LFO Prelim FY2018-19
<b>Actual/Forecast</b>					
Sales and Use Tax	1,535,419,516	1,555,000,000	1,610,000,000	1,698,147,000	1,788,091,000
Individual Income Tax	2,205,463,903	2,320,000,000	2,440,000,000	2,544,645,000	2,657,610,000
Corporate Income Tax	346,477,378	325,000,000	310,000,000	318,988,000	323,988,000
Miscellaneous receipts	217,738,529	220,000,000	215,000,000	185,722,000	178,722,000
Total Gen Fund Revenues	4,305,099,326	4,420,000,000	4,575,000,000	4,747,502,000	4,948,411,000
<b>Adjusted Growth</b>					
Total Gen Fund Revenues	6.2%	4.0%	4.0%	4.7%	4.7%
Five Yr Average	--	--	--	--	4.7%

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



### **Other "Out Year" Forecasts**

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 Department of Revenue (NDR) and Legislative Fiscal Office (LFO) have calculated revenue estimates for these two "out years" using the same models and input from IHS and Moody's, the national forecasting services 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 4<sup>th</sup> and 5<sup>th</sup> 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 (FY09 to FY13) roughly equal to the historical average from FY81 to FY11 (currently 5.0%).

As shown in Table 4, the preliminary estimates for the two "out years" arrived at using the historical average concept (as used in the Financial Status), are fairly similar to the IHS model averages although there is significant difference between the NDR and LFO IHS generated estimates. Forecasts using Moody's are significantly higher in both cases compared to the historical average method or IHS. Except for the NDR IHS number, the historical average methodology is now on the relatively low side of the forecast range.

**Table 4 - Comparison of "Out Year" Forecasts**

<b>Based on Feb 2016 Revenue Forecasts</b>	<b>Current Status</b>	<b>Average IHS Econ</b>	<b>Average All Forecasts</b>	<b>High Est LFO-Moody's</b>	<b>Low Est NDR IHS Econ</b>
<b><u>Dollar Forecast (thousands)</u></b>					
FY2017-18 Prelim	4,747,502	4,764,447	4,823,652	4,915,028	4,729,457
FY2018-19 Prelim	4,948,411	4,978,551	5,060,820	5,193,519	4,934,090
<b><u>Calculated Growth (adjusted)</u></b>					
FY2017-18 Prelim	4.7%	5.4%	5.9%	6.2%	4.4%
FY2018-19 Prelim	4.7%	5.0%	5.3%	6.0%	4.8%
Two Year Avg (Prelim)	4.7%	5.2%	5.6%	6.1%	4.6%
Five Year Avg	4.7%	4.8%	5.2%	5.7%	4.7%
<b><u>\$ Difference from Status</u></b>					
FY2017-18	0	16,945	76,150	167,526	(18,045)
FY2018-19	0	30,140	112,409	245,108	(14,321)
Cumulative Total	0	47,084	188,558	412,634	(32,366)

# General Fund Transfers-Out

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

Table 5 General Fund Transfers-Out

Excludes CRF Transfers	Actual	Biennial Budget		Following Biennium	
	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
Property Tax Credit Fund	(138,000,000)	(202,000,000)	(202,000,000)	(202,000,000)	(202,000,000)
Water Resources Cash Fund	(3,300,000)	(3,300,000)	(3,300,000)	(3,300,000)	(3,300,000)
Cultural Preservation Endowment	(500,000)	(750,000)	(750,000)	0	0
Water Sustainability Fund	(21,000,000)	(11,000,000)	(11,000,000)	(11,000,000)	(11,000,000)
Victim's Compensation Fund	0	(50,000)	(50,000)	0	0
Clean-burning Motor Fuel (LB581-2015)	0	(500,000)	0	0	0
Game & Parks Improve & Maint.	(15,000,000)	0	0	0	0
Job Training Cash Fund	(10,000,000)	0	0	0	0
Legal Ed Pub Srvc/Rural Practice	(500,000)	0	0	0	0
High Growth Business Develop Fund	(50,000)	0	0	0	0
<i>General Fund Transfers-Out (current law)</i>	<i>(188,350,000)</i>	<i>(217,600,000)</i>	<i>(217,100,000)</i>	<i>(216,300,000)</i>	<i>(216,300,000)</i>
Site & Building Development Fund (LB 1091)	0	(4,000,000)	0	0	0
Cultural Preservation Endowment (LB 715)t	0	0	0	(500,000)	(500,000)
Nebraska Capital Construction Fund	0	(800,000)	0	0	0
<i>Total-General Fund Transfers-Out</i>	<i>(188,350,000)</i>	<i>(222,400,000)</i>	<i>(217,100,000)</i>	<i>(216,800,000)</i>	<i>(216,800,000)</i>

The Appropriations Committee proposal includes three additional transfers out.

1. The Appropriations Committee includes a one-time \$4,000,000 transfer from the General Fund to the Site and Building Development Fund in FY2015-16. LB1091 which was referred to the Appropriations Committee originally called for \$25 million. A more detailed description is found on page 33
2. The second item relates to transfers to the Cultural Preservation Endowment Fund. This fund was created in 1998 with an initial \$5 million transfer from the General Fund. In 2008 LB1165 provided another \$4 million. After multiple alterations of the fiscal year transfers, the final transfers, which averaged \$500,000 are scheduled to expire at the end of FY2016-17. The committee proposal incorporates the provisions of LB715 which extends the transfers at \$500,000 per year starting in FY2017-18 through FY2026-27.
3. The committee also includes an \$800,000 transfer to the Nebraska Capital Construction Fund. This amount plus a \$1 million transfer from the Cash Reserve Fund to the NCCF finances the \$1.8 million appropriation to the Dept. of Correctional Services for short term capacity and programming needs while the Lincoln Community Corrections Center project is under construction. (See page 32)



## 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 were enacted in the 2015 legislative session are already incorporated into the "Net Receipts" figures of the NEFAB forecasts.

The Appropriations Committee includes several additional transfers. The Governor had recommended the transfer of an additional \$6,000,000 each year from the Securities Act Cash and \$2,000,000 each year from the Dept. of Insurance Cash Fund. The Committee concurred with this recommendation.

Table 6 General Fund Transfers-In

	Actual	Current Biennial Budget		Following Biennium	
	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
Securities Act Cash Fund	21,000,000	24,000,000	24,000,000	0	0
Tobacco Products Admin Cash Fund	10,000,000	13,000,000	10,000,000	0	0
Dept of Insurance Cash Fund	6,000,000	6,250,000	6,250,000	0	0
Charitable Gaming Oper Fund	0	2,000,000	0	0	0
Dept of Motor Vehicles Ignition Interlock Fund	200,000	200,000	200,000	0	0
Collection Agency Cash Fund	0	200,000	0	0	0
Waste Reduction and /Recycling Incentive Fund	0	1,000,000	0	0	0
Resource Recovery Cash Fund	0	200,000	0	0	0
Metropolitan Class Development Fund	0	147,000	0	0	0
Primary Class Development Fund	0	98,000	0	0	0
Convention Center Support Fund	0	150,000	0	0	0
Severance Tax Admin Cash Fund	0	150,000	150,000	0	0
Job Training Cash Fund	0	250,000	250,000	0	0
Medicaid False Claims Cash Fund	6,800,000	0	0	0	0
<i>Transfers-In Already in forecast</i>	44,000,000	47,645,000	40,850,000	0	0
Securities Act Cash Fund	0	6,000,000	6,000,000	0	0
Dept of Insurance Cash Fund	0	2,000,000	2,000,000	0	0
<i>General Fund Transfers-In - 2016</i>	0	8,000,000	8,000,000	0	0
<i>Total General Fund Transfers-In</i>	44,000,000	55,645,000	48,850,000	0	0

# General Fund Appropriations

The financial status shown in this section includes the Appropriations Committee budget recommendations for current year deficits (FY2015-16) and adjustments for FY2016-17, the second year of the biennial budget. A listing of the most significant General Fund adjustments is shown in Table 8. The amount of mid-biennium budget adjustments in the Committee budget is a net \$4,257,472 increase over the two year period. This does not include the \$98.9 million reduction in reappropriation of prior year unexpended funds.

<b><i>FY2014-15</i></b>	Operations	State Aid	Construction	Total
<b>Total Per 2014 Session</b>	1,429,479,091	2,649,908,995	26,437,444	4,105,825,530
2015 Session Deficits	27,940,488	(18,926,264)	0	9,014,224
2015 Session State Claims	2,210,995	0	0	2,210,995
<b>Final Appropriation with deficits</b>	1,459,630,574	2,630,982,731	26,437,444	4,117,050,749
<b><i>FY2015-16</i></b>	Operations	State Aid	Construction	Total
<b>Total Per 2015 Session</b>	1,521,595,794	2,723,825,275	26,382,800	4,271,803,869
2016 Session-Committee Proposed	4,636,030	(14,797,609)	0	(10,161,579)
2016 Session-State Claims	0	0	0	0
2016 Session-Floor Actions	0	0	0	0
2016 Session-Governor Vetoes	0	0	0	0
2016 Session-Veto Overrides	0	0	0	0
2016 Session "A" bills	0	0	0	0
2016 Session - Deficits	4,636,030	(14,797,609)	0	(10,161,579)
<b>Final Appropriation with deficits</b>	1,526,231,824	2,709,027,666	26,382,800	4,261,642,290
Change over prior year (excluding deficits)				
Dollar	92,116,703	73,916,280	(54,644)	165,978,339
Percent	6.4%	2.8%	-0.2%	4.0%
<b><i>FY2016-17</i></b>	Operations	State Aid	Construction	Total
<b>Total Per 2015 Session</b>	1,560,037,578	2,814,979,102	22,239,000	4,397,255,680
2016 Session-Committee Proposed	19,086,019	(4,666,968)	0	14,419,051
2016 Session-Floor Actions	0	0	0	0
2016 Session-Mainline Governor Vetoes	0	0	0	0
2016 Session-Mainline Veto Overrides	0	0	0	0
2016 Session "A" bills	0	0	0	0
Post 2016 Session	0	0	0	0
2016 Session - Midbiennium Adjustments	19,086,019	(4,666,968)	0	14,419,051
<b>Total Per 2016 Session</b>	1,579,123,597	2,810,312,134	22,239,000	4,411,674,731
Change over prior year (excluding deficits)				
Dollar	57,527,803	86,486,859	(4,143,800)	139,870,862
Percent	3.8%	3.2%	-15.7%	3.3%
Two Year Avg Growth (excluding deficits)	5.1%	3.0%	-8.3%	3.7%

Table 7 General Fund Budget Adjustments – 2016 Session

	Appropriations Committee Proposed		
	FY2015-16	FY2016-17	2 Yr total
<b>SIGNIFICANT INCREASES:</b>			
1 DHHS-Child Welfare, projected shortfall, FY16 and on-going base	transfer	15,000,000	15,000,000
2 DHHS-Develop disability, rate methodology waiver reimbursement	11,340,542	0	11,340,542
3 Corrections-Continuation of inmate county jail program	479,892	4,607,147	5,087,039
4 Corrections-Operations costs and equipment	1,774,997	2,939,925	4,714,922
5 Corrections-Inmate health service costs	2,058,700	2,525,012	4,583,712
6 Corrections-Inmate per diem costs (non-medical)	1,878,000	2,278,000	4,156,000
7 DHHS-Managed care enrollment broker	0	3,445,925	3,445,925
8 Corrections-Utility costs	1,161,507	1,207,968	2,369,475
9 DHHS-State Ward Permanency Pilot, costs and waiver reimburse	1,373,812	500,000	1,873,812
10 Revenue-Homestead Exemption (at current law)	600,000	1,200,000	1,800,000
11 Corrections-Recruitment and retention, DCS staff (LB 733)	1,500,000	0	1,500,000
12 Attorney Gen-Ongoing water litigation costs	307,900	921,500	1,229,400
13 DHHS-Alleviate court ordered wait list, Lincoln Regional Center	0	1,061,232	1,061,232
14 DHHS- Additional funds, federally qualified health centers (LB 923)	0	1,000,000	1,000,000
15 Community Colleges- Additional aid, one-time (LB 852))	0	1,000,000	1,000,000
16 Defined benefit retirement plans	0	903,239	903,239
17 DHHS-AccessNebraska call center funding	0	600,000	600,000
18 Corrections-Program treatment costs, Parolees	0	600,000	600,000
19 DHHS-Develop Disability aid, waiting list, replace waiver reimburse	500,000	0	500,000
20 Education- Adult education, job driven training/education (LB 800)	0	250,000	250,000
21 Education- Expanded Learning Opportunity Grant, onetime (LB 1074)	0	250,000	250,000
22 Coord Comm- Increase, Access College Early Scholarship (LB 713)	0	250,000	250,000
23 Subtotal-Increases listed	22,975,350	40,539,948	63,515,298
<b>SIGNIFICANT REDUCTIONS:</b>			
24 DHHS-Medicaid, reduce excess appropriation	(20,000,000)	(10,000,000)	(30,000,000)
25 DHHS-Public Assistance, reduce excess appropriation	transfer	(5,000,000)	(5,000,000)
26 Education-TEEOSA state aid, to certified amount per current law	0	(4,089,432)	(4,089,432)
27 Corrections-Vacancy savings	(4,415,429)	(2,207,715)	(6,623,144)
28 DHHS-Higher FFY2017 federal FMAP	0	(4,674,690)	(4,674,690)
29 DHHS-Childrens Health Insurance, excess appropriation (one time)	(4,500,000)	0	(4,500,000)
30 Education-TEEOSA, insurance premium tax adjustment	(4,111,963)	0	(4,111,963)
23 Subtotal-Reductions listed	(33,027,392)	(25,971,837)	(58,999,229)
24 <b>ALL OTHER (Net)</b>	(109,537)	(149,060)	(258,597)
36 <b>GENERAL FUND NEW APPROPRIATIONS</b>	(10,161,579)	14,419,051	4,257,472

Table 8 Summary of FY2016-17 General Fund Budget

	w/o Deficits FY2014-15	w/o Deficits FY2015-16	FY2016-17			Change over Prior Yr		2 Yr Avg % Change	% of Total FY16-17
			Per 2015 FY2016-17	2016 Change FY2016-17	Revised Total FY2016-17	FY16-17 (w/o deficits) \$	%		
<b><u>Agency Operations</u></b>									
University/Colleges	592,212,914	614,763,452	635,472,980	0	635,472,980	20,709,528	3.4%	3.6%	14.4%
Health & Human Services System	235,054,760	250,901,024	256,756,287	5,035,915	261,792,202	10,891,178	4.3%	5.5%	5.9%
Correctional Services	181,813,346	201,754,397	192,864,541	11,950,337	204,814,878	3,060,481	1.5%	6.1%	4.6%
Courts	149,427,839	166,968,022	179,080,632	0	179,080,632	12,112,610	7.3%	9.5%	4.1%
State Patrol	56,576,821	58,537,010	60,095,811	0	60,095,811	1,558,801	2.7%	3.1%	1.4%
Revenue	26,428,021	26,805,142	27,256,828	0	27,256,828	451,686	1.7%	1.6%	0.6%
Retirement Board	46,645,251	47,477,438	46,400,000	903,239	47,303,239	(174,199)	-0.4%	0.7%	1.1%
Other 40 Agencies	141,320,139	154,389,309	162,110,499	1,196,528	163,307,027	8,917,718	5.8%	7.5%	3.7%
Total-GF Operations	1,429,479,091	1,521,595,794	1,560,037,578	19,086,019	1,579,123,597	57,527,803	3.8%	5.1%	35.8%
<b><u>State Aid to Individuals/Others</u></b>									
Medicaid	777,723,897	818,751,907	861,800,928	(11,296,584)	850,504,344	31,752,437	3.9%	4.6%	19.3%
Child Welfare Aid	137,778,999	142,549,735	145,248,431	14,945,187	160,193,618	17,643,883	12.4%	7.8%	3.6%
Public Assistance	110,319,888	111,909,169	113,094,067	(5,000,000)	108,094,067	(3,815,102)	-3.4%	-1.0%	2.5%
Developmental disabilities aid	137,040,195	145,556,246	150,660,905	7,076	150,667,981	5,111,735	3.5%	4.9%	3.4%
Behavioral Health aid	67,444,214	69,421,172	74,044,769	(200,000)	73,844,769	4,423,597	6.4%	4.6%	1.7%
Childrens Health Insurance (SCHIP)	27,560,027	12,408,257	6,646,762	(206,368)	6,440,394	(5,967,863)	-48.1%	-51.7%	0.1%
Aging Programs	9,463,465	9,868,712	10,449,701	0	10,449,701	580,989	5.9%	5.1%	0.2%
Higher Ed Student Aid programs	7,553,156	7,603,156	7,603,156	250,000	7,853,156	250,000	3.3%	2.0%	0.2%
Public Health Aid	6,437,612	7,077,612	6,917,612	0	6,917,612	(160,000)	-2.3%	3.7%	0.2%
Business Innovation Act	6,760,000	6,760,000	6,760,000	0	6,760,000	0	0.0%	0.0%	0.2%
Community health centers	4,308,060	5,708,060	5,783,060	1,000,000	6,783,060	1,075,000	18.8%	25.5%	0.2%
All Other Aid to Individuals/Other	12,512,373	11,230,853	11,256,968	0	11,256,968	26,115	0.2%	-5.1%	0.3%
Total-GF Aid to Individuals/Other	1,304,901,886	1,348,844,879	1,400,266,359	(500,689)	1,399,765,670	50,920,791	3.8%	3.6%	31.7%
<b><u>State Aid to Local Govts</u></b>									
State Aid to Schools (TEEOSA)	913,571,842	950,651,625	956,243,013	(4,089,432)	952,153,581	1,501,956	0.2%	2.1%	21.6%
Special Education	213,767,961	219,112,160	224,589,964	(2,526,847)	222,063,117	2,950,957	1.3%	1.9%	5.0%
Property Tax Credit	Transfer	Transfer	Transfer			--	--	--	--
Aid to Community Colleges	95,040,351	97,891,562	100,828,308	1,000,000	101,828,308	3,936,746	4.0%	3.5%	2.3%
Homestead Exemption	73,521,000	71,000,000	71,315,000	1,200,000	72,515,000	1,515,000	2.1%	-0.7%	1.6%
Personal Property Tax Relief Act	0	0	19,600,000	0	19,600,000	19,600,000	#DIV/0!	na	0.4%
Aid to ESU's	14,051,761	14,051,761	14,051,761	0	14,051,761	0	0.0%	0.0%	0.3%
Early Childhood programs	9,235,164	5,820,164	8,770,164	0	8,770,164	2,950,000	50.7%	-2.6%	0.2%
Community Based Juvenile Services	4,950,000	6,300,000	6,300,000	0	6,300,000	0	0.0%	12.8%	0.1%
Resources Development Fund	13,633,118	3,140,325	3,140,325	0	3,140,325	0	0.0%	-52.0%	0.1%
Other Aid to Local Govt	7,235,912	7,012,799	7,531,246	250,000	7,781,246	768,447	11.0%	3.7%	0.2%
Total-GF Aid to Local Govt	1,345,007,109	1,374,980,396	1,414,712,743	(4,166,279)	1,410,546,464	35,566,068	2.6%	2.4%	32.0%
<b><u>Capital Construction</u></b>									
	26,437,444	26,382,800	22,239,000	0	22,239,000	(4,143,800)	-15.7%	-8.3%	0.5%
<b><u>Total Appropriations</u></b>									
	4,105,825,530	4,271,803,869	4,397,255,680	14,419,051	4,411,674,731	139,870,862	3.3%	3.7%	100.0%

# Significant General Fund Items

## Water Litigation Funding (Attorney General)

The Appropriations Committee included an additional General Funds of \$307,900 for FY15-16 and \$921,500 for FY16-17 for the Attorney General's Interstate Water Litigation Program. This funding will be used to address ongoing water litigation issues and arbitration arising from the Republican River Compact. Also several new class action suits have been brought and funding must be available to answer these new cases as well as the ongoing cases. The current appropriation for this program is \$200,000 in FY15-16 and no funding for FY16-17.

## TEEOSA School Aid (Education)

The Appropriations Committee preliminary adjustments modifies the budgeted TEEOSA aid amount to the level called for under the existing law. In total this is \$1.4 million lower than estimate at Sine Die last year and was included in the budget enacted at that time. Taking into consideration changes in the Insurance Premium funds the overall changes in General Funds are a reduction of \$4,111,964 in FY2015-16 and \$4,089,432 in FY2016-17.

The following table shows the total amounts for TEEOSA aid (under current law), the key data elements important in determining the total, and the dollar and percent changes.

	Actual FY2014-15	Actual FY2015-16	Current Law FY2016-17	Estimated FY2017-18	Estimated FY2018-19
<b>Key Assumptions</b>					
School Disbursements	2.69%	3.48%	3.81%	3.35%	4.0%
Gen Fund Operating Expenditures (GFOE)	2.60%	4.16%	3.89%	3.35%	4.0%
Property Valuations (assessed)	8.5%	11.84%	10.4%	5.29%	4.0%
Property Valuations (used in formula)	2.8%	0.3%	0.2%	4.1%	4.0%
% of Valuation used in formula	84.87%	75.66%	68.70%	67.89%	67.89%
Cost Growth Factor	4.00%	5.00%	5.00%	5.00%	5.00%
Local Effort Rate	\$1.0000	\$1.000	\$1.000	\$1.000	\$1.000
<b>TEEOSA Total by Fund Source</b>					
General Funds	913,571,842	946,539,661	952,153,581	982,076,878	1,035,239,225
Insurance Premium Tax	19,400,000	26,496,964	27,159,388	24,838,373	28,534,332
Total TEEOSA state aid	932,971,842	973,036,625	979,312,969	1,006,915,251	1,063,773,557
<b>General Funds - Change over Prior Year</b>					
Dollar	28,683,525	32,967,820	5,613,919	29,923,297	53,162,347
Percent	3.2%	3.6%	0.6%	3.1%	5.4%
<b>All Funds - Change over Prior Year</b>					
Dollar	26,390,511	40,064,784	6,276,343	27,602,282	56,858,306
Percent	2.9%	4.3%	0.6%	2.8%	5.6%

The following table shows the chronology of the TEEOSA estimates since Sine Die 2015. The amounts shown are total TEEOSA aid including amounts financed with General Funds and Insurance Premium Tax. Since Sine Die 2015 the estimates for the formula data elements and subsequent aid amount, have now been replaced with actual data that is utilized to certify the

FY2016-17 TEEOSA state aid. This includes calculation of formula students, actual Annual Financial Report data which is the basis for calculating NEEDS and other receipts, and property valuations which is the basis for calculating yield from local effort rate.

There were two revisions in the TEEOSA number. The first revision was made at the statutory joint meeting where the Department of Education (NDE), the Property Tax Administrator, the Legislative Fiscal Analyst, and the budget division of DAS are to provide an estimate for the upcoming year. This was the estimate used in the Governors recommendation.

The second changes occurred with the development of the NDE calculation of aid under the current law in January 2016.

	All Funds FY2013-14	All Funds FY2014-15	All Funds FY2015-16	All Funds FY2016-17
<b>Sine Die 2015 (also Feb 2015 Certified)</b>	<b>973,036,625</b>	<b>980,687,639</b>	<b>1,026,924,781</b>	<b>1,080,485,899</b>
Valuation, 2015 from 9.02% to 10.43% DPAT certified	0	(14,048,976)	(13,506,727)	(14,046,676)
Valuation; 2016 (4.0% to 5.29% DPAT est)	0	0	(5,919,889)	(6,141,627)
Spending growth: FY16 4.0% to 3.35% (first budget to budget)	0	0	(15,915,062)	(16,551,664)
Student Growth Adjustment	0	(8,026,888)	(8,347,964)	(8,681,883)
New School Adjustment	0	5,398,066	5,613,989	5,838,548
Formula NEEDS Stabilization	0	900,563	(1,274,811)	(1,325,803)
Change in LC gain / loss as part of reallocation	0	(768,045)	(1,054,953)	(1,054,953)
Non Equalized Min Levy Adjust	0	0	569,701	569,701
Change - Oct 2015 Joint Meeting	0	(16,545,280)	(39,835,716)	(41,394,357)
<b>Oct 2015 Joint Meeting</b>	<b>973,036,625</b>	<b>964,142,359</b>	<b>987,089,065</b>	<b>1,039,091,542</b>
Actual FY15 AFR, Higher GFOE	0	21,896,390	22,629,919	23,535,115
Actual FY15 AFR, Lower other GFOE adjustments	0	(999,285)	(1,032,761)	(1,074,072)
Change in NEEDS gained or lost in basic funding calculation	0	(4,056,088)	(1,497,285)	(1,557,176)
Revised Student Growth Adjustment	0	2,528,364	2,613,064	2,717,587
Averaging Adjustment	0	1,613,368	4,576,974	4,760,053
Formula NEEDS Stabilization	0	3,556,644	1,334,456	1,387,834
All Other NEEDS changes	0	1,004,174	1,037,816	1,079,330
Lower effective Yield from Local Effort Rate	0	88,822,603	88,998,851	92,558,758
Higher Minimum Levy Adjustment	0	(98,197,132)	(98,197,132)	(98,197,133)
Actual FY15 AFR, higher Other Receipts	0	(844,717)	(446,526)	(337,092)
Change in LC gain / loss as part of reallocation	0	273,191	506,711	506,711
Non Equalized Min Levy Adjust	0	(426,902)	(697,901)	(697,901)
Total Change - NDE Jan 15, 2016	0	15,170,610	19,826,186	24,682,014
<b>NDE Feb 2016 Certified</b>	<b>973,036,625</b>	<b>979,312,969</b>	<b>1,006,915,251</b>	<b>1,063,773,556</b>
<u>Change Since Sine Die 2015</u>				
Oct 2015 Joint Meeting	0	(16,545,280)	(39,835,716)	(41,394,357)
NDE Feb 2016 Certified	0	15,170,610	19,826,186	24,682,014
Change in TEEOSA (all Funds)	0	(1,374,670)	(20,009,530)	(16,712,343)
Change in Insurance Premium Tax	(4,111,964)	(2,714,763)	217,368	(2,852,198)
Change in TEEOSA (General Funds)	(4,111,964)	(4,089,433)	(19,792,162)	(19,564,541)

## Adult education, job driven training & education (Education)

The committee recommendation includes a one-time appropriation of \$250,000 of General Funds in FY2016-17 to the adult education program in the State Department of Education to

implement job-driven training and education components of the federal Workforce Innovation and Opportunity Act, including but not limited to, college and career readiness initiatives and curriculum alignment, support of partnerships with American Job Centers, staff development, instructional capacity, outreach and technology. This item was contained in LB 800 but at a \$1.5 million on-going level.

## **Expanded Learning Opportunity Grants (Education)**

The recommendation includes a one-time appropriation of \$250,000 of General Funds in FY2016-17 to the State Department of Education as state aid for expanded learning opportunity programs. The Expanded Learning Opportunity Grant Program was established in 2015. Lottery funds are to be allocated for these programs beginning in FY2016-17. It is estimated about \$162,000 of lottery funds will be available in FY17. The general fund appropriation will supplement lottery funds to provide grants for such programs. This item was contained in LB 1074 but at a \$1 million on-going level.

## **Homestead Exemption (Revenue)**

In the 2015 legislative session, funding for homestead exemption reimbursement was estimated and budgeted at \$71.0 million for FY2015-16 and \$71.3 million for FY2016-17. Actual tax losses certified by the counties for the current fiscal year (FY2015-16) total \$71,588,956 requiring additional funding of \$600,000. Because the FY2015-16 amount was increased, the Department of Revenue has increased their FY2016-17 estimate of funding needs by \$1,200,000.

## **Developmental Disability aid, waiver reimbursement (DHHS)**

The Centers for Medicare & Medicaid Services (CMS) did not approve the state's request to amend the waiver for services for adults with developmental disabilities until July 7, 2015. The amendment allows a new rate methodology to go into effect. DHHS paid the new higher methodology rates beginning in FY2014-15. Since the federal government did not approve the waiver until FY2015-2016, the state will have to pay the federal government back its share of funds that were reimbursed for services which amounts to about \$13.8 million in FY15 and \$5.8 million in FY16. Existing general funds cover some of the payback, but an additional \$11.3 million of general funds is needed to cover all current year obligations for developmental disability services.

This amount was funded by both the Governor and Appropriations Committee but in a different manner. The Governor funded this by shifting reappropriations from Medicaid to the Developmental Disability program while the Committee lapsed the \$11.3 million reappropriation and then directly funded the \$11.3 million deficit with new appropriations.

## **Managed care enrollment broker (DHHS)**

The managed care enrollment broker contract will provide services to Medicaid members enrolling in a managed care plan. The broker provides a web application and offers a call center to assist Medicaid members in plan selection, primary care provider selection and assists members with disenrollment and changing of plans. The enrollment broker provides real time data exchange with the Medicaid eligibility system and the managed care companies. The

enrollment broker is responsible for providing counseling services, auto-enrolling members if a plan is not selected, capitation payment work and providing information on managed care plans and health care providers.

Managed care enrollment services are a federal requirement. Recent policy changes have necessitated the need for increased automation and online services around this function. The information system components match rates range from 75% to 90%. The ongoing operations is reimbursable at 50% match rate. Currently, only 33% of Medicaid members are selecting a managed health care plan utilizing the current enrollment broker contract. Enrollment support services are provided by telephone only. The new contract will provide additional methods to enroll such as online.

## **Court Ordered Wait List, Lincoln Regional Center (DHHS)**

The Appropriations Committee includes \$1,061,232 General Funds in FY2016-17 to address the waiting list of persons ordered by the court to be committed to the Lincoln Regional Center (LRC). Individuals are court-ordered to LRC for competency evaluations, competency restoration and when found Not Responsible by Reason of Insanity.

The court ordered wait list for commitments to the LRC began increasing in calendar year 2014. DHHS met with the Court Administrator to identify strategies to decrease the court ordered wait list which reached 24 individuals. Though the efforts of both agencies the wait list has been reduced to as low as two people and six persons were waiting as of the first Monday in December. In order to accommodate court orders, DHHS has had to limit mental health board commitments and has shifted some patients and staff from the forensic building to the other two buildings providing psychiatric inpatient treatment or sex offender treatment for males and one building providing treatment for female adolescents.

The shift of twenty persons and staff into the other buildings allowed DHHS to remodel a floor of the forensic building. The floor is now ready to open if the additional staff (11.0 Mental Health Security Specialists, 3.0 Registered Nurses) are funded pursuant to this request. The request increases the number of beds at the LRC that are staffed from 220 to 240.

## **State Ward Permanency Pilot, costs and waiver (DHHS)**

The Legislature included \$3 million (\$1.5 million GF, \$1.5 million FF) beginning in FY2014-15 for a State Ward Permanency Pilot Project to provide developmental disability services to state wards in order to provide supports which promote permanency. The funding was continued in each year of the current biennium.

Individuals in the State Ward Permanency Pilot Project were administratively enrolled into the Medicaid DD children's waiver. The enrollment of these individuals, who were not on the waiting list for services, inadvertently created a prioritized class that is not in compliance with the waiver. Noncompliance with the waiver means the state will have to reimburse \$965,928 of federal funds paid for services per this project.

The Division of Developmental Disabilities also needs an additional \$450,000 of general funds to cover the cost of services to individuals currently being served through the State Ward Permanency Pilot Project. Forty youth have participated in the project since its inception on



July 1, 2014. Twenty youth are still active in the project. The other twenty have achieved permanency by reaching the age of majority (7), reunification with their family (7), guardianship (4) or transfer to another agency (2 - probation). The Governor and committee recommended \$1.37 million in FY16 to reimburse federal funds and to continue the pilot project as a state-only program. The recommendation for an additional \$500,000 in FY17 increases the base appropriation for the project to \$2 million. This assumes federal funds will be claimed for the project in FY17.

## Reduced Medicaid Match Rate (DHHS)

The current biennial budget enacted last session, was based on a federal medical assistance percentage (FMAP) of 51.16% rate for FFY2016 and an estimated FMAP of 51.57% starting October 2016 (FFY2017). It is now known that the FFY2017 FMAP will be 51.85% or .28% higher than estimated last session. These higher federal match rates result in a lower state match and reduced General Fund appropriations. The FMAP affects multiple program as shown below.

Program	Type	FY2015-16	FY2016-17
33 Developmental disability service coordination	Oper	0	(27,953)
344 Childrens Health Insurance (SCHIP)	Aid		(206,368)
348 Medicaid	Aid	0	(3,823,431)
354 Child Welfare	Aid	0	(54,813)
365 Mental Health operations	Oper	0	(6,506)
421 Beatrice State Develop Center (BSDC)	Oper	0	(62,695)
424 Developmental disability aid	Aid	0	(492,924)
Total GF impact of FMAP change		0	(4,674,690)

## Reductions and Shifts – DHHS Aid Programs

For the various aid programs under DHHS, an evaluation was made of current year expenditure levels based on year to date expenditures through January and estimates for the remaining five months. Based on this evaluation, the Committee recommendation includes reductions in several areas where excess appropriations are indicated and one instance where current funding is insufficient to cover estimated spending levels.

In the behavioral health program, funds were reappropriated in anticipation that the state would be assessed a penalty because funds were transferred to the Medicaid program from the behavioral health program beginning in FY2014-15 to provide a match for the Medicaid Rehabilitation Option. The agency was able to provide proof of material compliance to the federal partner by including behavioral health expenditure data that was spent from the Medicaid program and the federal government will not assess a maintenance of effort penalty, thus the reappropriations were reduced as shown in the table below.

For Medicaid, and Children’s Health Insurance (SCHIP) program, the unexpended balances from the prior biennium were reappropriated to FY2015-16 as a contingency against higher expenditures. With four months left in this fiscal year it was determined that expenditure patterns did not warrant retention of all the reappropriated balances resulting in the lapse amounts shown in the table below.

Also for Public Assistance, Medicaid and Children’s Health Insurance (SCHIP), an evaluation of current year expenditure levels based on year to date expenditures and an estimate of the remaining five months, shows an excess when compared to the new appropriations. For Medicaid, this allows for a reduction in the current year as well as a base reduction for FY2016-17. For SCHIP, this allows for a reduction in the current year but only a one-time reduction and no change in the FY2016-17 level. For Public Assistance, the committee did not reduce the FY2015-16 base level but authorized the transfer of up to \$10 million to Child Welfare as needed. The committee did include a \$5 million base reduction in the FY2016-17 appropriation.

The outlook in the Child Welfare program is the opposite of the other programs. FY2015-16 spending is estimated at \$162.6 million with only \$156.1 million of available funds (\$142.5 million of new appropriations plus \$13.5 million of reappropriated prior year unexpended funds). Allowing for encumbrances, the program is short \$10 million in FY2015-16. In FY2016-17 the new appropriation amount is \$144 million with no reappropriations anticipated to be available. If expenditure levels continue at the \$162 million level, another significant shortfall would occur. To address the FY15-16 shortfall, the committee recommendation includes the authority to transfer up to \$10 million from the Public Assistance program. In FY16-17, the committee provides an additional \$15 million, again basically a shift of excess amounts from Public Assistance and Medicaid. While these adjustments help resolve the short term problems of this program, more review and analysis is necessary as the next biennial budget is developed.

	Reduce Reappropriations	Reduce FY16 New Approp.	Reduce FY17 New Approp.	Total
<b><u>Lapse Reappropriation</u></b>				
Behavioral Health aid (Prog 38)	(3,000,000)	0	0	(3,000,000)
Childrens Health Insurance (Prog 344)	(11,146,819)	0	0	(11,146,819)
Medicaid (Prog 348)	(84,774,997)	0	0	(84,774,997)
Total - Lapse Reappropriations	(98,921,816)	0	0	(98,921,816)
<b><u>Reduce New Appropriation</u></b>				
Childrens Health Insurance (Prog 344)	0	(4,500,000)	0	(4,500,000)
Public Assistance aid (Prog 347)	0	**	(5,000,000)	(5,000,000)
Medicaid (Prog 348)	0	(20,000,000)	(10,000,000)	(30,000,000)
Total - Reduce New Appropriations	0	(24,500,000)	(15,000,000)	(39,500,000)
<b><u>Increased New Appropriation</u></b>				
Child Welfare (Prog 354)	0	**	15,000,000	15,000,000
<b><u>Net Change</u></b>	<b>(98,921,816)</b>	<b>(24,500,000)</b>	<b>0</b>	<b>(123,421,816)</b>

\*\* Authority to transfer up to \$10 million from Public Assistance to Child Welfare.

## **Increased aid, federally qualified health center (DHHS)**

The committee included an additional one-time appropriation of \$1 million in FY 2016-17 for Federally Qualified Health Clinics (FQHCs). The funds will be distributed equally to the seven FQHCs. Each will receive \$142,857. LB923 referred to the Appropriations Committee had called for a \$5 million increase.

## Department of Correctional Services Operations Items

The Department of Correctional Services (DCS) submitted significant requests for additional funding for a variety of purposes. The Governors recommendation funded the agency request, the only difference is that for the three construction related projects, the Governor funded those items through the Nebraska Capital Construction Fund (NCCF) financed with a Cash Reserve Fund transfer to the NCCF. The committee proposed budget adjustments

Dept of Correctional Services Operations Items	FY2015-16	FY2016-17	Total
Inmate health service costs	2,058,700	2,525,012	4,583,712
Inmate per diem costs (non-medical)	1,878,000	2,278,000	4,156,000
Operations costs and equipment	1,774,997	2,939,925	4,714,922
Utility costs	1,161,507	1,207,968	2,369,475
Program treatment costs, Parolees	0	600,000	600,000
Vacancy savings	(4,415,429)	(2,207,715)	(6,623,144)
Continuation of inmate county jail program	479,892	4,607,147	5,087,039
Staff recruitment and retention (LB733)	1,500,000	0	1,500,000
Tecumseh Correctional Institution, repair and restoration	NCCF	0	0
New 160 bed unit - Community Corrections Center-Lincoln	NCCF	0	0
Program Statement - Reception and Treatment Center	NCCF	0	0
Total General Funds – DCS Operations Items	4,437,667	11,950,337	16,388,004

### ***Inmate health service costs***

DCS has also experienced rising medical costs. While part of the increased costs are attributable to the increase in the number of inmates during this time period, the cost of medical care has significantly increased as well including drug costs, specifically hepatitis C treatment. A significant increase in funding was provided last session, largely driven by the hepatitis C issue, the amount funded was only 60% of the requested level.

### ***Inmate per diem costs (non-medical)***

DCS states that the number of inmates incarcerated has increased. With an increased inmate population, certain expenses are directly impacted, such as food, institutional supplies, laundry, and inmate property. Not only have costs increased due to the inmate population, the cost of these goods have increased as well; the average cost per inmate has increased from \$2,363 in FY13-14 to \$3,293 in FY2014-15. Increases were provided during the 2015 legislative session, \$1,061,343 in FY16 and an additional \$491,301 in FY17, but at an inadequate level.

### ***Operations costs and equipment***

DCS requested funding for communications and information services expense, equipment replacement, electronic monitoring of community inmates, and training as shown below:

- Communications and information services expense: \$1,710,747 in both FY16 and FY17. This item is for expenses related to communications, printing, data processing, and contractual services for the OCIO related to application development and programming. DCS states that it relies on technology for staff to carry out their job responsibilities.
- Equipment replacement: \$1,064,928 in FY17. DCS states that the current equipment replacement budget of \$1.25 million for 10 facilities is insufficient to replace equipment, such as kitchen equipment, security equipment, computers, and printers.

- Electronic monitoring of community inmates: \$64,250 in both FY16 and FY17. DCS provides for electronic monitoring of community inmates who are unable to pay for this expense. Currently, there is not a budget for this item.
- Training: \$100,000 in FY17. Justice Reinvestment and Laws 2015, LB605, requires parole staff to be trained. Although parole staff will be trained on other items, the request relates to the cost for Effective Practices in Community Supervision (EPICS) training. At this time, DCS is planning to contract for EPICS training. This was recommended by the Council of State Governments after implementation of the risk/needs tool. DCS will train staff to be trainers who in turn will train parole staff. This cost will occur during FY17.

### ***Utility Costs***

DCS is requesting funding for the estimated utility expenses that will exceed the budget. DCS estimated the shortfall by using actual expenses for July through September and then annualizing the costs through the fiscal year. In the 2015 Session, DCS received deficit funding of \$1,262,875 for utilities but annualized into FY15-16 and FY16-17 at a much lower level, \$213,242 in FY16 and \$223,904 in FY17.

### ***Program treatment costs, Parolees***

DCS is requesting funds to provide services to parolees with substance use disorder needs. In July 2015 DCS was notified that Probation Administration would no longer provide parolees with any services unless DCS paid for these services directly. Services previously provided by State Probation included substance abuse supervision (SSAS) and access to Probation's Day Reporting Centers. This includes parolees participating in cognitive behavioral classes on a variety of issues to include criminal thinking/attitudes, parenting, relationships, domestic violence, and continuous alcohol monitoring (CAM). The estimated cost to provide these services to DCS parolees is \$600,000 in FY2016-17. Last year, the Supreme Court had requested funds to continue to provide these services to parolees but the request was not funded.

### ***Vacancy savings***

Vacancy savings basically reflects the salary and benefits of a budgeted position from the time a position becomes vacant until a new hire completes pre-service training and is assigned to his/her post at the institution. DCS states that it has 2,421 authorized FTE, of which 1,423 are custody/unit management staff, and a turnover rate of 23% in FY15. Vacancy savings amounts for Program 200 has averaged \$4.2 million over the last five years.

Historically, vacancy savings have been used to manage expenditures exceeding the budget in the areas where DCS is requesting a deficit this year, such as health services, information services and communications, utility expenses, inmate per diem, and other operational costs. Vacancy savings have also been used to address critical security and infrastructure projects that an institution's budget could not manage, such as emergency generators, security systems, sewer lines, and security fencing

For the current fiscal year (FY15-16) DCS estimates vacancy savings to be approximately \$4.4 million and is available to offset the other issues as noted above.

In order to reduce mandatory overtime for custody and unit staff, DCS has implemented targeted recruitment strategies focusing on entry-level correctional positions in the institutions. Based on these efforts, DCS estimates vacancy savings to decrease to \$2.2 million for FY17.

### ***Continuation of inmate county jail program***

The County Jail Program started in 2014 when DCS received \$723,604 in FY13-14, and \$4,226,625 in FY14-15. Last year, DCS received a deficit of \$263,315 for FY15, bringing the total for FY14-15 to \$4,489,940. Also in the 2015 session, DCS received \$5,000,000 in FY15-16 for this program. No funding was provided for FY16-17 but intent language was included that DCS may request FY16-17 funding if the need to contract with county jail facilities to house department facilities inmates still exists.

During FY2014-15 DCS housed an average of 160 inmates in county jails. This represents inmates who otherwise would be housed in DCS facilities, including the Diagnostic and Evaluation Center (D&E) and is the equivalent of another housing unit. As of October 19, 2015, DCS was at 158% of design capacity, and D&E was at 237% of design capacity; these percentages exclude inmates housed in county jails. Without the county jail program, DCS would be at 163.4% of design capacity. DCS currently houses inmates at the following county jails: Hall, Platte, Phelps, Dawson, Buffalo, Saline, and Lincoln.

DCS requested a deficit appropriation of \$479,892 for FY15-16 related to the higher inmate rate charged by the Hall County jail compared to other county jails bringing the total program cost up to \$5,479,892.

DCS also requested \$4,607,147 to continue the program through FY2016-17. The lower amount in FY17 is based upon projections in LB605 intended to reduce incarcerations. DCS is currently analyzing and reviewing other options but states that a minimum of one year continued funding for this program is required to safely manage its prisons.

### ***Staff recruitment and retention (LB733)***

The Appropriations Committee included a portion of LB733 in its recommendation, \$1.5 million General Funds (FY2015-16 only) to be used for strategies to retain quality staff. At least \$150,000 of this appropriation shall be used in the retention of staff within the Division of Health Services. DCS shall provide quarterly reports to the Governor and the Legislature regarding use of the appropriation that include how the funds are being utilized, the impact of the use of the funds on retention of quality staff, staff vacancy and turnover data, and plans for the future use of the funds. The second quarterly report shall include a plan by the department for the use of a similar appropriation in future fiscal years.

## **University of Nebraska and State College Construction Projects**

LB605, enacted in 2006, provided for a series of General Fund appropriations beginning with FY2006-07 and continuing through FY2019-20 subject to reaffirmation by the Legislature each biennium to support various deferred maintenance, repair, renovation, and facility replacement construction projects for the University of Nebraska and the Nebraska State College System. LB605 [2006] also provided for University and State College institutional matching funds derived

from tuition and fee revenue to supplement the General Fund appropriations for the projects over the time period. The annual General Fund appropriations amounted to \$1,125,000 for the State Colleges and \$11,000,000 for the University of Nebraska (after the first several years at \$5,500,000). As noted, these annual appropriations are scheduled to expire at the end of FY2019-20.

New bills were introduced this session related to University and State College capital construction. LB858 proposed to extend and double the annual General Fund amount currently allocated to the University of Nebraska under the provisions of LB605 (2006). LB755 appropriated funds for three State College projects.

In lieu of either LB858 or LB755, the Appropriation Committee recommendation, as reflected in amendments to LB957, would extend the current LB605 related series of General Fund appropriations (\$1,125,000 for the State Colleges and \$11,000,000 for the University of Nebraska) beyond FY2019-20 through FY2029-30 in order to facilitate additional University of Nebraska and Nebraska State College System deferred maintenance, repair, renovation and facility replacement projects. Provisions for University and State College institutional matching funds from tuition and fee revenue to supplement General Fund appropriations would be extended to FY2029-30 as well. These projects include:

University of Nebraska: Deferred maintenance, repair, renovation and facility replacement projects relating to:

- UNL - Scott Engineering Center
- UNL - Nebraska Hall
- UNL - Mabel Lee Hall/Henzlik Hall
- UNMC - Wittson Hall – Phase I
- UNMC - Joseph D. & Millie E. Williams Science Hall (College of Pharmacy)
- UNO - Renovation of a privately funded acquisition
- UNO - Strauss Performing Arts Center
- UNO - Arts and Sciences Hall
- UNK - Otto C. Olsen Building

Nebraska State College System:

- Chadron - Replacement of or deferred maintenance, repair & renovation of the stadium
- Peru - Addition to & deferred maintenance, repair, & renovation of Theatre/Event Center
- Wayne - Construct facility to replace Benthack Hall applied technology program space

## **Veterinary Diagnostic Center, Lower Cost (University of Nebraska),**

In the 2012 session, funding was provided for the design and construction of a Veterinary Diagnostic Center at the University of Nebraska Institute of Agriculture and Natural Resources to be financed with annual payments from FY2013-14 through FY2023-24. A favorable construction bid allows for a General Fund savings in future years' totaling \$17.7 million as shown below:

	Budgeted	Current Est	Savings
2013-14	5,101,000	5,101,000	0
2014-15	5,101,000	5,101,000	0
2015-16	0	0	0
2016-17	5,101,000	5,101,000	0
2017-18	5,101,000	5,101,000	0
2018-19	5,101,000	5,101,000	0
2019-20	5,101,000	5,101,000	0
2020-21	5,101,000	2,734,000	(2,367,000)
2021-22	5,101,000	0	(5,101,000)
2022-23	5,101,000	0	(5,101,000)
2023-24	5,101,000	0	(5,101,000)
Total	40,808,000	23,138,000	(17,670,000)

## **Increase in aid, one-time (Community Colleges)**

LB852, referred to the Appropriations Committee, proposed to increase the FY2016-17 General Fund appropriation for Aid to Community Colleges by \$6,000,000. The existing 2016-17 General Fund appropriation for the related state aid program is \$100,828,308. The Appropriations Committee proposal would increase this funding level by \$1,000,000. However, this additional \$1,000,000 is to represent a one-time appropriation not to be incorporated into the 2016-17 base level appropriation for purposes of considering the 2017-19 biennium community college aid request.

# Total Appropriations – All Funds

Table 9 shows the total appropriation from all fund sources as enacted in the 2015 legislative session with the Appropriations Committee proposal for budget adjustments in the 2016 session.

Table 9 Total Appropriations - All Funds

<b>FY2014-15</b>	General	Cash	Federal	Rev/Other	Total
<b>Adjusted Per 2014 Session</b>	4,105,825,530	2,146,231,964	2,920,649,443	845,665,312	10,018,372,249
2015 Session Deficits	9,014,224	10,032,059	(25,000,000)	180,000	(5,773,717)
2015 Session State Claims	2,210,995	190,000	0	303,750	2,704,745
2015 Session "A" bills	0	0	0	0	0
<b>Final Total - 2015 Session</b>	<b>4,117,050,749</b>	<b>2,156,454,023</b>	<b>2,895,649,443</b>	<b>846,149,062</b>	<b>10,015,303,277</b>
<b>FY2015-16</b>	General	Cash	Federal	Rev/Other	Total
<b>Total Per 2015 Session</b>	4,271,803,869	2,293,125,964	2,974,745,612	871,770,089	10,411,445,534
2016 Session-Committee Proposed	(10,161,579)	19,272,028	0	3,545,215	12,655,664
2016 Session State Claims	0	0	0	0	0
2016 Session Floor Actions	0	0	0	0	0
2016 Session Vetoes	0	0	0	0	0
2016 Session Overrides	0	0	0	0	0
2016 Session "A" bills	0	0	0	0	0
<i>2016 Deficits</i>	<i>(10,161,579)</i>	<i>19,272,028</i>	<i>0</i>	<i>3,545,215</i>	<i>12,655,664</i>
<b>Final Total - 2016 Session</b>	<b>4,261,642,290</b>	<b>2,312,397,992</b>	<b>2,974,745,612</b>	<b>875,315,304</b>	<b>10,424,101,198</b>
Change over prior year (without deficits)					
Dollar	165,978,339	146,894,000	54,096,169	26,104,777	393,073,285
Percent	4.0%	6.8%	1.9%	3.1%	3.9%
<b>FY2016-17</b>	General	Cash	Federal	Rev/Other	Total
<b>Total Per 2015 Session</b>	4,397,255,680	2,256,953,781	3,029,560,219	861,057,632	10,544,827,312
2016 Session-Committee Proposed	14,419,051	20,846,703	(3,312,718)	7,898,022	39,851,058
2016 Session Floor Actions	0	0	0	0	0
2016 Session Vetoes	0	0	0	0	0
2016 Session Overrides	0	0	0	0	0
2016 Session "A" bills	0	0	0	0	0
Post 2016 Session	0	0	0	0	0
<i>2016 Session Midbiennium Actions</i>	<i>14,419,051</i>	<i>20,846,703</i>	<i>(3,312,718)</i>	<i>7,898,022</i>	<i>39,851,058</i>
<b>Total Per 2016 Session</b>	<b>4,411,674,731</b>	<b>2,277,800,484</b>	<b>3,026,247,501</b>	<b>868,955,654</b>	<b>10,584,678,370</b>
Change over prior year (without deficits)					
Dollar	139,870,862	(15,325,480)	51,501,889	(2,814,435)	173,232,836
Percent	3.3%	-0.7%	1.7%	-0.3%	1.7%

While a complete listing of all items is contained in Appendix A, the major cash and federal items are shown in Table 10 below. For the largest cash fund item and the NCCF items a narrative description follows Table 10



**Table 10 Significant Non-General Fund Budget Adjustments – 2016 Session**

Major Items - Cash Funds	FY2015-16	FY2016-17	2 Yr Total
Roads-LB 960 Transportation Innovation Act, Cash Reserve Fund transfer	0	18,500,000	18,500,000
Natural Resources-Sarpy Co. / Offutt AFB levee project	13,700,000	0	13,700,000
DED-Cash fund authority, Site and Building Development Fund transfer	0	4,000,000	4,000,000
Sec of State-On-line revenue pass-through funds, technology grants	396,460	396,460	792,920
Education-Use of additional Excellence in Teaching Act (ETA) funds	375,000	375,000	750,000
DHHS-Professional Licensure Unit, new database software	0	500,000	500,000
PSC-Wireless E911 Staffing	38,051	267,833	305,884
Tourism Commission-Increased operating expenditure authority (net)	297,400	0	297,400
DHHS-Medical student assistance program increase	100,000	100,000	200,000
Attorney General-Funding for forensic accountants (LB 1006)	0	175,000	175,000
Game & Parks-Shift Youth Conservation funds to Cowboy Trail (LB 810)	100,000	0	100,000
DHHS-Increase appropriation authority, Child Abuse Prevention Program	0	150,000	150,000
DHHS-Behavioral Health aid, housing assistance, mental illness (LB 931)	0	100,000	100,000
DHHS-Behavioral Health aid, housing services, substance abuse (LB 381)	0	100,000	100,000
Arts Council-Changes, administration of art in public buildings (LB 789)	50,000	50,000	100,000
All Other	215,117	132,410	347,527
<b>TOTAL CASH FUNDS</b>	<b>19,272,028</b>	<b>20,846,703</b>	<b>40,118,731</b>

Major Items - Federal Funds	FY2015-16	FY2016-17	2 Yr Total
DHHS-Higher FFY2017 Medicaid FMAP	0	4,674,690	4,674,690
DHHS-Managed care enrollment broker	0	3,445,925	3,445,925
DHHS-AccessNebraska call center funding	0	(600,000)	(600,000)
DHHS-Medicaid, excess appropriation	0	(10,833,333)	(10,833,333)
Other	0	0	0
<b>TOTAL FEDERAL FUNDS</b>	<b>0</b>	<b>(3,312,718)</b>	<b>(3,312,718)</b>

Major Items – NCCF / Revolving	FY2015-16	FY2016-17	2 Yr Total
Corrections-New 160 bed female unit - Lincoln Community Corrections	53,000	5,306,519	5,359,519
Corrections-Tecumseh Correctional Institution, repair and restoration	1,192,215	2,022,503	3,214,718
Corrections-Program Statement - Reception and Treatment Center	0	69,000	69,000
DAS-Enterprise security information event system	500,000	500,000	1,000,000
All Other (Revolving)	0	0	0
<b>TOTAL NCCF / REVOLVING FUNDS</b>	<b>1,745,215</b>	<b>7,898,022</b>	<b>9,643,237</b>

**Sarpy County / Offutt AFB Levee Project (Natural Resources)**

The Appropriations Committee recommendation includes the creation of the Critical Infrastructure Facilities Cash Fund in the Department of Natural Resources, and a transfer of \$13,700,000 into the fund from the Cash Reserve Fund. A corresponding \$13,700,000 Cash Fund appropriation in FY15-16 to the Department of Natural Resources would be used for state aid to provide a grant to a natural resources district to offset costs related to soil and water improvements intended to protect critical infrastructure facilities within a natural resources

district which includes military installments, transportation routes and wastewater treatment facilities.

The grant would provide state funding assistance to complete a project related to the modification of two levee systems originally built by the federal government located in Sarpy County. The urban levee systems are approximately 18.6 miles in total length and protect over 6,700 acres including the following critical infrastructure facilities: 1) Offutt Air Force Base; 2) the Papillion Creek Wastewater Treatment Plant; 3) U.S. Highways 75 and 34; 4) Union Pacific and Burlington-Northern Santa Fe Railroads; and 5) City of Bellevue and Sarpy County development sites.

Modifications to the levee system are necessary to meet FEMA accreditation requirements and all current design and floodplain management standards. Costs offset by state funding assistance would include professional services to develop the site plan and facilitate land purchase, the acquisition of land rights, and construction of modifications to the levee system.

Without the modifications to the levee system, the Offutt Air Force base and surrounding areas would be deemed at risk for future flooding by FEMA. The protection of the base from flooding threats is especially critical because the base is currently seeking \$125,000,000 from the Department of Defense to resurface the Offutt runway, in addition to other capital projects. It is doubtful the Department of Defense would choose to make capital improvements if the base was at risk or perceived to be at risk of flooding. Without the capital improvements to protect the facility, Offutt could be subject to base realignment or closure considerations.

## **Transportation Innovation Act – LB 960 (Roads)**

LB 960, as amended by the Appropriations Committee, creates three new programs funded by a \$50 million transfer from the Cash Reserve Fund in FY2016-17, plus more than \$400 million of additional fuel tax revenue generated by LB 610 (2015) from July 2016 through June 2033. The Transportation Infrastructure Bank Fund is created to receive both the Cash Reserve Fund money and the additional revenue from LB 610. The three new programs are as follows:

Accelerated State Highway Capital Improvement Program – The purpose of this program is to accelerate capital improvement projects. Eligible projects will be chosen by the department and include the expressway system, federally designated high priority corridors, and needs-driven capacity improvements. This program terminates on June 30, 2033.

County Bridge Match Program – The purpose of this program is to promote innovative solutions and provide additional funding to accelerate the repair and replacement of county bridges. The program will be designed and administered by the department. This program terminates on June 30, 2023. No more than \$40 million may be spent on this program.

Economic Opportunity Program – The purpose of this program is to finance transportation improvements to attract and support new businesses and business expansions. The program will be developed and administered by the Department of Roads in partnership with the Department of Economic Development. This program terminates on June 30, 2033. No more than \$20 million may be spent on this program.

LB 960 also gives the Department of Roads the authority to solicit and execute design-build contracts and construction manager-general contractor contracts. The use of these alternative contracting methods is estimated by the department to save 2-4 years on project delivery time on large or complex projects.

## **Tecumseh Correctional Institution, repair/restoration (Correctional Services)**

On May 10, 2015, the Tecumseh State Correctional Institution (TSCI) experienced a very serious disturbance that resulted in the deaths of two inmates and staff assaults. Significant damage throughout the institution occurred and required extensive repairs and restoration. Included in this request are expenses incurred that are not covered by insurance. As of November 2015, insurance has paid \$1,009,000.

Additionally, the critical incident review process of this event identified a number of action items, which included a camera and door integration system. That project alone is estimated at \$214,313 for planning and design in FY15-16, with the \$1.7 million cost of the project to occur in FY16-17. Replacement of equipment and supplies destroyed in the incident are estimated at \$442,000 for FY15-16 and \$308,000 for FY16-17. Other expenses are for replacing the housing unit walls, doors, and window grilles estimated at almost \$536,000.

## **Lincoln Community Corrections Center, 160 bed unit (Correctional Services) -**

In their budget request letter, the Dept. of Correctional Services (DCS) stated that in reviewing the current incarcerated inmate population, as well as the projected inmate population, DCS' immediate need was for community custody beds. The Appropriations Committee began addressing that need by including funds for construction of a 160-bed female unit, as well as a separate building for food service and preparation, canteen, and classroom/program space at the Community Corrections Center-Lincoln. Construction of a female unit provides better segregation at the same time freeing up beds for the adult male population. The committee also included \$1,800,000 in FY2015-16 which will be available to address capacity and programming needs within the Department of Correctional Services while the Lincoln Community Corrections Center project is being completed.

All funding is provided by a Cash Reserve Fund transfer to the Nebraska Capital Construction Fund (NCCF)

Item	FY2015-16	FY2016-17	FY2017-18	FY2018-19	Total
Short term capacity & program	1,800,000	0	0	0	1,800,000
Revise Program Statement	53,000	0	0	0	53,000
Planning & Design	0	3,411,334	0	0	3,411,334
Construction	0	1,895,185	11,371,112	9,475,927	22,742,224
Total	1,853,000	5,306,519	11,371,112	9,475,927	28,006,558

## **Reception & Treatment Center-Program Statement (Correctional Services)**

A project that addresses the most immediate needs at the Diagnostic and Evaluation Center and the Lincoln Correctional Center is termed the Reception and Treatment Center (RTC). This project consists of four components: facility consolidation, medical and mental health, intake and food service with an estimated cost of \$75.2 million.

The Dept. of Correctional Services (DCS) requested funds to update the program statement for this project and the Appropriations Committee recommendation includes \$69,000 for that purpose. Like the Community Corrections Center project, this item is funded through a Cash Reserve Fund transfer to the Nebraska Capital Construction Fund (NCCF)

DCS indicated that depending on the results of the RTC Program Statement and status of LB605 reform measures, if the RTC is needed, planning and design is estimated to begin in FY2018.

## **Site & Building Development Fund Transfer (Economic Development)**

The Appropriations Committee recommends that a one-time \$4,000,000 transfer from the General Fund to the Site and Building Development Fund be carried out in FY15-16. The Site and Building Development Fund, administered by the Department of Economic Development, was created in 2011 for the purpose of providing financial assistance for industrial site and building development. The following activities are eligible: land and building acquisition; building construction or rehabilitation; site preparation; infrastructure development and improvements; engineering and design costs; technical assistance and planning; and other pre-approved costs necessary for the development of industrial-ready sites and buildings. The fund receives approximately \$2,300,000 in annual revenue from a 25 cent allocation from documentary stamp tax proceeds and is currently fully committed to eligible projects. Additionally, project applications exceed the amount of funding available for allocation on an annual basis. Based upon the interest in and usage of the fund, a one-time General Fund allocation is recommended to help facilitate the funding of additional projects.

The cash fund appropriation gives the department the authority to expend the transferred funds.

## **Forensic accountants (Attorney General)**

The Committee's recommendation includes \$175,000 of Cash Funds in fiscal year 2016-17 for the Attorney General's Office to address the need for forensic accountants, either hire or contract for this work. Forensic accountants will enable the Attorney General's Office to better investigate cases of financial exploitation of vulnerable adults. This item was originally contained in LB 1006.

## **Behavioral Health aid, increased cash funds (DHHS)**

The Appropriations Committee proposal includes two bills that related to behavioral health aid cash funds.

LB 931 - The recommendation includes an increase of \$100,000 of cash funds from the Behavioral Health Services Fund to provide housing-related assistance for very low-income adults with serious mental illness. The current appropriation level for housing assistance aid is \$2.9 million of cash funds. The recommendation increases the amount of aid to \$3 million in FY2016-17.

LB 381 - The recommendation provides a one-time appropriation of \$100,000 of cash funds in FY2016-17 from the Health Care Cash Fund to be used for housing services to support persons recovering from substance abuse disorders. Intent language is included in the bill providing for the funds to be used for persons recovering from substance abuse disorders in the following manner: to support evidence-based practices that conform to nationally recognized standards for residential treatment; to increase access to residential treatment in areas of the state with demonstrable need; and, to support the administrative need of providing housing services.

## **Vehicle Title & Registration Replacement and Maintenance Cash Fund**

The Committee and the Governor recommended the transfer of \$5,325,000 of cash funds from the Department of Motor Vehicles Cash Fund to the Vehicle Title and Registration Replacement and Maintenance Cash Fund in FY2016-17. The funds will be used in the future to replace and provide on-going maintenance for a new Vehicle Title and Registration System which is currently being developed by the Department of Motor Vehicles

## Appendix A

### Detailed Listing of All Budget Adjustments

		Current Biennium		Est for Following Biennium	
		FY2015-16	FY2016-17	FY2017-18	FY2018-19
Fund					
<b><u>#9-Secretary of State</u></b>					
86	Increase in on-line revenue pass-through funds, technology grants	Cash	396,460	396,460	396,460
<b><u>#10-State Auditor</u></b>					
10	Unused health insurance	Gen	(21,000)	0	0
506	Retiree vacation and sick leave payout	Gen	46,100	0	0
<b><u>#11-Attorney General</u></b>					
496	Ongoing water litigation costs	Gen	307,900	921,500	921,500
507	Appropriate funds, forensic accountants (LB 1006)	Cash	0	175,000	175,000
<b><u>#13-Dept of Education</u></b>					
25	Adult education, job driven training and education (LB 800)	Gen	0	250,000	0
158	TEEOSA, insurance premium tax adjustment	Gen	(4,111,963)	0	0
158	TEEOSA state aid, to NDE calculated per current law	Gen	0	(4,089,432)	(19,792,162)
158	Shift GF from Spec Ed to Medicaid, LB276	Gen	0	(2,526,847)	(2,526,847)
158	One-time GF aid, Expanded Learning Opportunity Grant (LB 1074)	Gen	0	250,000	0
161	ACT Study, Coord. Comm. for Postsecondary Education	Cash	22,616	0	0
161	Use of additional Excellence in Teaching Act (ETA) funds	Cash	375,000	375,000	375,000
614	Professional Practice Commission, retirement payout	Cash	42,067	0	0
614	Professional Practices Commission, staff transition cost	Cash	2,351	2,410	2,410
<b><u>#14-Public Service Commission</u></b>					
0	Retirements and Separations	Gen	18,010	0	0
0	Retirements and Separations	Cash	10,083	0	0

	Fund	Current Biennium		Est for Following Biennium	
		FY2015-16	FY2016-17	FY2017-18	FY2018-19
14 Reduce Commissioner's salary/benefits, offset travel expenses	Gen	(4,280)	(8,718)	(8,718)	(8,718)
16 Commissioner's Expenses	Gen	4,280	8,718	8,718	8,718
54 Video Equipment	Gen	15,830	0	0	0
583 GIS Software IT Consulting	Cash	50,000	0	0	0
583 Wireless E911 Staffing	Cash	38,051	267,833	267,833	267,833
686 Broadband License	Cash	30,000	30,000	30,000	30,000

### **#16-Dept of Revenue**

108 Homestead Exemption, to actual level under current law	Gen	600,000	1,200,000	1,200,000	1,200,000
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### **#25-Dept. of Health and Human Services (DHHS)**

33 AccessNebraska call center funding	Gen	0	600,000	600,000	600,000
33 AccessNebraska call center funding	Fed	0	(600,000)	(600,000)	(600,000)
33 Higher FFY2017 FMAP - Develop disability service coordination	Gen	0	(27,953)	(27,953)	(27,953)
33 Higher FFY2017 FMAP - Develop disability service coordination	Fed	0	27,953	27,953	27,953
33 Managed care enrollment broker	Gen	0	3,445,925	3,445,925	3,445,925
33 Managed care enrollment broker	Fed	0	3,445,925	3,445,925	3,445,925
33 Behavioral health "system of care"	Gen	42,546	125,912	125,912	125,912
33 Behavioral health systems of care plan, shift funds from aid (LB 911)	Gen	0	200,000	200,000	0
38 Reduce GF reappropriation (\$3,000,000) - Behavioral Health aid	Gen	0	0	0	0
38 Behavioral health systems of care plan, shift funds from aid (LB 911)	Gen	0	(200,000)	(200,000)	0
38 Increase aid for housing related assistance, mental illness (LB 931)	Cash	0	100,000	100,000	100,000
38 Increase aid for housing services, substance abuse disorders (LB 381)	Cash	0	100,000	100,000	100,000
175 Medical student assistance program increase	Cash	100,000	100,000	100,000	100,000
178 Professional Licensure Unit, new database software	Cash	0	500,000	0	0
344 Higher FFY2017 FMAP - Childrens Health Insurance (SCHIP)	Gen	0	(206,368)	(206,368)	(206,368)
344 Higher FFY2017 FMAP - Childrens Health Insurance (SCHIP)	Fed	0	206,368	206,368	206,368
344 One time reduction based on spending estimate	Gen	(4,500,000)	0	0	0
344 Reduce GF reapprop (\$11,146,819) - Childrens Health Insurance (SCHIP)	Gen	0	0	0	0
347 Excess GF new appropriation – Public Assistance	Gen	Transfer to 354	(5,000,000)	(5,000,000)	(5,000,000)

	Fund	Current Biennium		Est for Following Biennium	
		FY2015-16	FY2016-17	FY2017-18	FY2018-19
348 Shift GF from Spec Ed to Medicaid, LB276	Gen	0	2,526,847	2,526,847	2,526,847
348 Higher FFY2017 FMAP - Medicaid	Gen	0	(3,823,431)	(3,823,431)	(3,823,431)
348 Higher FFY2017 FMAP - Medicaid	Fed	0	3,823,431	3,823,431	3,823,431
348 Reduce GF reappropriation (\$84,774,997) - Medicaid	Gen	0	0	0	0
348 Excess GF new appropriation - Medicaid	Gen	(20,000,000)	(10,000,000)	(10,000,000)	(10,000,000)
348 Excess GF new appropriation - Medicaid	Gen	0	(10,833,333)	(10,833,333)	(10,833,333)
350 Additional appropriation authority, Child Abuse Prevention Program	Cash	0	150,000	150,000	150,000
354 Higher FFY2017 FMAP - Child Welfare aid	Gen	0	(54,813)	(54,813)	(54,813)
354 Higher FFY2017 FMAP - Child Welfare aid	Fed	0	54,813	54,813	54,813
354 FY16 deficit, structural shortfall – Child Welfare	Gen	Transfer from 347	15,000,000	15,000,000	15,000,000
365 Alleviate court ordered wait list, Lincoln Regional Center	Gen	0	1,061,232	1,061,232	1,061,232
365 Higher FFY2017 FMAP - Mental Health operations	Gen	0	(6,506)	(6,506)	(6,506)
365 Higher FFY2017 FMAP - Mental Health operations	Fed	0	6,506	6,506	6,506
421 Higher FFY2017 FMAP - Beatrice State Develop Center (BSDC)	Gen	0	(62,695)	(62,695)	(62,695)
421 Higher FFY2017 FMAP - Beatrice State Develop Center (BSDC)	Fed	0	62,695	62,695	62,695
421 Base reduction- Beatrice State Develop Center (BSDC)	Gen	(300,000)	(300,000)	(300,000)	(300,000)
424 Higher FFY2017 FMAP - Developmental disability aid	Gen	0	(492,924)	(492,924)	(492,924)
424 Higher FFY2017 FMAP - Developmental disability aid	Fed	0	492,924	492,924	492,924
424 State Ward Permanency Pilot Project, costs and waiver reimburse	Gen	1,373,812	500,000	500,000	500,000
424 Developmental disability aid, rate methodology waiver reimbursement	Gen	11,340,542	0	0	0
424 Increase aid for waiting list, replace waiver reimbursement monies	Gen	500,000	0	0	0
502 Additional funds for federally qualified health centers (LB 923)	Gen	0	1,000,000	0	0

**#27-Dept of Roads**

569 LB 960 Transportation Innovation Act, Cash Reserve Fund transfer	Cash	0	18,500,000	27,800,000	33,200,000
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**#29-Dept of Natural Resources**

313 Water Sustainability Fund project cap	Gen	YES	0	0	0
312 Critical Infrastructure Facilities (Sarpy Co./Offutt AFB levee)	Cash		13,700,000	0	0



	Fund	Current Biennium		Est for Following Biennium	
		FY2015-16	FY2016-17	FY2017-18	FY2018-19
<b><u>#33-Game and Parks Commission</u></b>					
337	Gen	137,703	137,703	137,703	137,703
337	Cash	(137,703)	(137,703)	(137,703)	(137,703)
549	Gen	(262,912)	(262,912)	(262,912)	(262,912)
549	Cash	262,912	262,912	262,912	262,912
550	Gen	125,209	125,209	125,209	125,209
550	Cash	(125,209)	(125,209)	(125,209)	(125,209)
338	Cash	33,000	0	0	0
<b><u>#36-Racing Commission</u></b>					
74	Cash	25,000	25,000	25,000	25,000
<b><u>#46-Dept of Correctional Services</u></b>					
200	Gen	2,058,700	2,525,012	2,525,012	2,525,012
200	Gen	479,892	4,607,147	0	0
200	Gen	1,878,000	2,278,000	2,278,000	2,278,000
200	Gen	0	600,000	600,000	600,000
200	Gen	1,774,997	2,939,925	2,939,925	2,939,925
200	Gen	1,161,507	1,207,968	1,207,968	1,207,968
200	Gen	(4,415,429)	(2,207,715)	(2,207,715)	(2,207,715)
200	Gen	1,500,000	0	0	0
<b><u>#48-Postsecondary Coordinating Commission</u></b>					
691	Gen	0	250,000	250,000	250,000
<b><u>#51-University of Nebraska</u></b>					
515	Gen	0	0	0	0
515	Gen	0	0	0	0

	Fund	Current Biennium		Est for Following Biennium	
		FY2015-16	FY2016-17	FY2017-18	FY2018-19
<b><u>#54-Historical Society</u></b>					
648 Relocation of SpaceSaver storage equipment	Gen	85,000	0	0	0
<b><u>#58-Engineers &amp; Architects</u></b>					
82 Replace Licensee Database Software	Cash	0	75,000	0	0
82 Per Diem for board members	Cash	0	PSL	PSL	PSL
<b><u>#63-Public Accountancy</u></b>					
84 Retiree Leave Payout (\$18,708 PSL only)	PSL	0	0	0	0
<b><u>#65-Administrative Services</u></b>					
172 Enterprise security information event system	Rev	500,000	500,000	0	0
591 Adjust Tort Claims transfers	Cash	0	0	0	0
<b><u>#69-Arts Council</u></b>					
326 LB 789 Changes, administration of art in public buildings	Cash	50,000	50,000	50,000	50,000
<b><u>#71-Nebraska Energy Office</u></b>					
106 Use of Clean-burning Motor Fuel Development Fund for admin costs	Cash	YES	YES	0	0
<b><u>#72-Dept of Economic Development</u></b>					
603 Cash fund authority, Site and Building Development Fund transfer	Cash	4,000,000	0	0	0
<b><u>#76-Nebraska Indian Commission</u></b>					
584 Insurance costs, change to full family coverage	Gen	3,977	25,028	25,028	25,028

		Current Biennium		Est for Following Biennium		
		Fund	FY2015-16	FY2016-17	FY2017-18	FY2018-19
<b><u>#78-Crime Commission</u></b>						
198	PSL, IT manager salary adjustment (\$5,445 FY16, \$5,575 FY17)	PSL	YES	YES	0	0
199	PSL, Training Center, instructor salary (\$15,473 FY16, \$21,125 FY17)	PSL	YES	YES	0	0
199	PSL, Training Center, employee retirement (\$17,372 FY16)	PSL	YES	YES	0	0
215	PSL, IT manager salary adjustment (\$5,445 FY16, \$5,575 FY17)	PSL	YES	YES	0	0
<b><u>#83-Community Colleges</u></b>						
151	LB 852 Additional aid to community colleges (one-time)	Gen	0	1,000,000	0	0
<b><u>#85-Public Employees Retirement Board</u></b>						
515	Statutory Contribution - School 2%	Gen	0	1,280,383	1,280,383	1,280,383
515	Statutory Contribution - OPS service annuity	Gen	0	97,118	97,118	97,118
515	Actuarially required contribution - State Patrol plan	Gen	0	(474,262)	(474,262)	(474,262)
<b><u>#91-Nebraska Tourism Commission</u></b>						
618	Increased operating expenditure authority	Cash	750,000	0	0	0
618	Reduce state aid earmark, allow shift to operations	Cash	(452,600)	0	0	0
<b><u>Capital Construction Projects</u></b>						
900	Game and Parks - Youth Conservation funds to Cowboy Trail (LB 810)	Cash	100,000	0	0	0
900	Corrections - Tecumseh Correctional Institution, repair and restoration	NCCF	1,192,215	2,022,503	2,022,503	2,022,503
900	Corrections - New 160 bed unit. Lincoln Community Corrections Center	NCCF	1,853,000	5,306,519	11,371,112	9,475,927
900	Corrections - Program Statement - Reception and Treatment Center	NCCF	0	69,000	0	0
900	State Colleges - Appropriate funds, construction projects (LB 755)	Gen	0	0	0	Future Yrs
900	University - University of Nebraska Facilities Program of 2016 (LB 858)	Gen	0	0	0	Future Yrs
939	University - Vet Diagnostic Center, reduce FUTURE by \$17,670,400	Gen	0	0	0	Future Yrs
900	DAS – Authorize land acquisition, State Capitol HVAC project	NCCF	YES	0	0	0

	Fund	Current Biennium		Est for Following Biennium	
		FY2015-16	FY2016-17	FY2017-18	FY2018-19
<b><u>Fund Transfers</u></b>					
-- Securities Act Cash fund to Gen Fund (\$6 million each FY)	Gen	YES	YES	0	0
-- Dept of Insurance Cash Fund to Gen Fund (\$2 million each FY)	Gen	YES	YES	0	0
-- Gen Fund to Site and Building Development Fund (\$4,000,000 FY16)	Gen	YES	0	0	0
-- Gen Fund to Military Installation Infrastructure (\$13,700,000 FY16)	Gen	YES	0	0	0
-- Gen Fund to NCCF (DCS short term housing (\$800,000 FY16)	Gen	YES	0	0	0
-- MV Ignitoin Interlock Fund to VTR Replacement Fund (\$175,000 FY17)	Cash	0	YES	0	0
-- DMV Cash Fund to VTR Replacement Fund (\$5,325,000 FY17)	Cash	0	YES	0	0
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General Funds		(10,161,579)	14,419,051	(8,390,826)	(8,163,204)
Cash Funds		19,272,028	20,846,703	29,571,703	34,971,703
Federal Funds		0	(3,312,718)	(3,312,718)	(3,312,718)
Revolving Funds		500,000	500,000	0	0
Nebraska Capital Construction Fund (NCCF)		3,045,215	7,398,022	11,371,112	9,475,927
Total		12,655,664	39,851,058	29,239,271	32,971,708

## Appendix B

### General Fund Appropriations by Agency

		FY2014-15	FY2015-16			FY2016-17			Change over Prior Year (excludes deficits)				
			Without deficits	Per 2015 Session	2015 Deficits	Revised Per 2015 Session	Per 2015 Session	2016 Changes	Revised Per 2016 Session	FY16 \$	FY16 %	FY17 \$	FY17 %
#03	Legislative Council	Oper	19,095,539	20,288,117	0	20,288,117	20,855,311	0	20,855,311	1,192,578	6.2%	567,194	2.8%
#03	Legislative Council	Total	19,095,539	20,288,117	0	20,288,117	20,855,311	0	20,855,311	1,192,578	6.2%	567,194	2.8%
#05	Supreme Court	Aid	200,000	300,000	0	300,000	300,000	0	300,000	100,000	50.0%	0	0.0%
#05	Supreme Court	Oper	149,427,839	166,968,022	0	166,968,022	179,080,632	0	179,080,632	17,540,183	11.7%	12,112,610	7.3%
#05	Supreme Court	Total	149,627,839	167,268,022	0	167,268,022	179,380,632	0	179,380,632	17,640,183	11.8%	12,112,610	7.2%
#07	Governor	Oper	1,879,549	2,238,705	0	2,238,705	2,280,286	0	2,280,286	359,156	19.1%	41,581	1.9%
#07	Governor	Total	1,879,549	2,238,705	0	2,238,705	2,280,286	0	2,280,286	359,156	19.1%	41,581	1.9%
#08	Lt. Governor	Oper	144,051	147,735	0	147,735	149,486	0	149,486	3,684	2.6%	1,751	1.2%
#08	Lt. Governor	Total	144,051	147,735	0	147,735	149,486	0	149,486	3,684	2.6%	1,751	1.2%
#09	Secretary of State	Oper	1,496,302	1,533,199	0	1,533,199	1,943,347	0	1,943,347	36,897	2.5%	410,148	26.8%
#09	Secretary of State	Total	1,496,302	1,533,199	0	1,533,199	1,943,347	0	1,943,347	36,897	2.5%	410,148	26.8%
#10	State Auditor	Oper	2,295,617	2,540,804	25,100	2,565,904	2,609,327	0	2,609,327	245,187	10.7%	68,523	2.7%
#10	State Auditor	Total	2,295,617	2,540,804	25,100	2,565,904	2,609,327	0	2,609,327	245,187	10.7%	68,523	2.7%
#11	Attorney General	Oper	5,638,473	6,420,860	307,900	6,728,760	6,344,957	921,500	7,266,457	782,387	13.9%	845,597	13.2%
#11	Attorney General	Total	5,638,473	6,420,860	307,900	6,728,760	6,344,957	921,500	7,266,457	782,387	13.9%	845,597	13.2%
#12	State Treasurer	Aid	0	0	0	0	0	0	0	0	na	0	na
#12	State Treasurer	Oper	1,301,283	1,284,247	0	1,284,247	1,303,949	0	1,303,949	(17,036)	-1.3%	19,702	1.5%
#12	State Treasurer	Total	1,301,283	1,284,247	0	1,284,247	1,303,949	0	1,303,949	(17,036)	-1.3%	19,702	1.5%
#13	Education	Aid	1,156,384,882	1,193,669,501	(4,111,963)	1,189,557,538	1,210,050,102	(6,366,279)	1,203,683,823	37,284,619	3.2%	10,014,322	0.8%
#13	Education	Oper	20,643,004	25,054,407	0	25,054,407	25,498,938	250,000	25,748,938	4,411,403	21.4%	694,531	2.8%
#13	Education	Total	1,177,027,886	1,218,723,908	(4,111,963)	1,214,611,945	1,235,549,040	(6,116,279)	1,229,432,761	41,696,022	3.5%	10,708,853	0.9%
#14	Public Service Comm	Oper	2,429,539	2,498,741	33,840	2,532,581	2,540,808	0	2,540,808	69,202	2.8%	42,067	1.7%
#14	Public Service Comm	Total	2,429,539	2,498,741	33,840	2,532,581	2,540,808	0	2,540,808	69,202	2.8%	42,067	1.7%
#15	Parole Board	Oper	850,640	1,339,778	0	1,339,778	6,398,862	0	6,398,862	489,138	57.5%	5,059,084	377.6%
#15	Parole Board	Total	850,640	1,339,778	0	1,339,778	6,398,862	0	6,398,862	489,138	57.5%	5,059,084	377.6%
#16	Revenue	Aid	73,521,000	71,000,000	600,000	71,600,000	90,915,000	1,200,000	92,115,000	(2,521,000)	-3.4%	21,115,000	29.7%
#16	Revenue	Oper	26,428,021	26,805,142	0	26,805,142	27,256,828	0	27,256,828	377,121	1.4%	451,686	1.7%
#16	Revenue	Total	99,949,021	97,805,142	600,000	98,405,142	118,171,828	1,200,000	119,371,828	(2,143,879)	-2.1%	21,566,686	22.1%

		FY2014-15	FY2015-16			FY2016-17			Change over Prior Year (excludes deficits)				
			Without deficits	Per 2015 Session	2015 Deficits	Revised Per 2015 Session	Per 2015 Session	2016 Changes	Revised Per 2016 Session	FY16	FY16	FY17	FY17
										\$	%	\$	%
									Change	Change	Change	Change	
#18	Agriculture	Oper	5,922,021	6,162,817	0	6,162,817	6,217,820	0	6,217,820	240,796	4.1%	55,003	0.9%
#18	Agriculture	Total	5,922,021	6,162,817	0	6,162,817	6,217,820	0	6,217,820	240,796	4.1%	55,003	0.9%
#21	Fire Marshal	Oper	4,093,785	4,238,438	0	4,238,438	4,356,727	0	4,356,727	144,653	3.5%	118,289	2.8%
#21	Fire Marshal	Total	4,093,785	4,238,438	0	4,238,438	4,356,727	0	4,356,727	144,653	3.5%	118,289	2.8%
#23	Labor	Oper	663,563	679,089	0	679,089	690,814	0	690,814	15,526	2.3%	11,725	1.7%
#23	Labor	Total	663,563	679,089	0	679,089	690,814	0	690,814	15,526	2.3%	11,725	1.7%
#25	DHHS System	Aid	1,278,863,443	1,324,037,956	(11,285,646)	1,312,752,310	1,375,433,321	(750,689)	1,374,682,632	45,174,513	3.5%	50,644,676	3.8%
#25	DHHS System	Oper	235,054,760	250,901,024	(257,454)	250,643,570	256,756,287	5,035,915	261,792,202	15,846,264	6.7%	10,891,178	4.3%
#25	DHHS System	Total	1,513,918,203	1,574,938,980	(11,543,100)	1,563,395,880	1,632,189,608	4,285,226	1,636,474,834	61,020,777	4.0%	61,535,854	3.9%
#28	Veterans Affairs	Oper	1,228,082	1,248,920	0	1,248,920	1,280,986	0	1,280,986	20,838	1.7%	32,066	2.6%
#28	Veterans Affairs	Total	1,228,082	1,248,920	0	1,248,920	1,280,986	0	1,280,986	20,838	1.7%	32,066	2.6%
#29	Natural Resources	Aid	16,301,154	5,458,361	0	5,458,361	5,458,361	0	5,458,361	(10,842,793)	-66.5%	0	0.0%
#29	Natural Resources	Oper	10,849,418	11,086,574	0	11,086,574	11,286,789	0	11,286,789	237,156	2.2%	200,215	1.8%
#29	Natural Resources	Total	27,150,572	16,544,935	0	16,544,935	16,745,150	0	16,745,150	(10,605,637)	-39.1%	200,215	1.2%
#31	Military Dept	Aid	988,775	858,775	0	858,775	858,775	0	858,775	(130,000)	-13.1%	0	0.0%
#31	Military Dept	Oper	4,276,279	4,406,319	0	4,406,319	4,485,933	0	4,485,933	130,040	3.0%	79,614	1.8%
#31	Military Dept	Total	5,265,054	5,265,094	0	5,265,094	5,344,708	0	5,344,708	40	0.0%	79,614	1.5%
#32	Ed Lands & Funds	Oper	321,217	328,604	0	328,604	335,359	0	335,359	7,387	2.3%	6,755	2.1%
#32	Ed Lands & Funds	Total	321,217	328,604	0	328,604	335,359	0	335,359	7,387	2.3%	6,755	2.1%
#33	Game & Parks	Aid	42,011	42,011	0	42,011	42,011	0	42,011	0	0.0%	0	0.0%
#33	Game & Parks	Oper	11,148,845	11,841,970	0	11,841,970	12,031,872	0	12,031,872	693,125	6.2%	189,902	1.6%
#33	Game & Parks	Total	11,190,856	11,883,981	0	11,883,981	12,073,883	0	12,073,883	693,125	6.2%	189,902	1.6%
#34	Library Commission	Aid	1,209,240	1,271,970	0	1,271,970	1,295,085	0	1,295,085	62,730	5.2%	23,115	1.8%
#34	Library Commission	Oper	2,569,572	2,691,538	0	2,691,538	2,790,888	0	2,790,888	121,966	4.7%	99,350	3.7%
#34	Library Commission	Total	3,778,812	3,963,508	0	3,963,508	4,085,973	0	4,085,973	184,696	4.9%	122,465	3.1%
#35	Liquor Control	Oper	1,046,759	1,285,358	0	1,285,358	1,298,648	0	1,298,648	238,599	22.8%	13,290	1.0%
#35	Liquor Control	Total	1,046,759	1,285,358	0	1,285,358	1,298,648	0	1,298,648	238,599	22.8%	13,290	1.0%
#46	Correctional Services	Aid	3,500,000	3,500,000	0	3,500,000	3,500,000	0	3,500,000	0	0.0%	0	0.0%
#46	Correctional Services	Oper	181,813,346	201,754,397	4,437,667	206,192,064	192,864,541	11,950,337	204,814,878	19,941,051	11.0%	3,060,481	1.5%
#46	Correctional Services	Total	185,313,346	205,254,397	4,437,667	209,692,064	196,364,541	11,950,337	208,314,878	19,941,051	10.8%	3,060,481	1.5%
#47	NETC	Oper	9,840,715	10,173,789	0	10,173,789	10,329,068	0	10,329,068	333,074	3.4%	155,279	1.5%
#47	NETC	Total	9,840,715	10,173,789	0	10,173,789	10,329,068	0	10,329,068	333,074	3.4%	155,279	1.5%

		FY2014-15	FY2015-16			FY2016-17			Change over Prior Year (excludes deficits)				
			Without deficits	Per 2015 Session	2015 Deficits	Revised Per 2015 Session	Per 2015 Session	2016 Changes	Revised Per 2016 Session	FY16	FY16	FY17	FY17
										\$	%	\$	%
									Change	Change	Change	Change	
#48	Coordinating Comm	Aid	7,553,156	7,603,156	0	7,603,156	7,603,156	250,000	7,853,156	50,000	0.7%	250,000	3.3%
#48	Coordinating Comm	Oper	1,321,637	1,384,210	0	1,384,210	1,403,607	0	1,403,607	62,573	4.7%	19,397	1.4%
#48	Coordinating Comm	Total	8,874,793	8,987,366	0	8,987,366	9,006,763	250,000	9,256,763	112,573	1.3%	269,397	3.0%
#50	State Colleges	Oper	49,396,030	50,877,911	0	50,877,911	52,404,248	0	52,404,248	1,481,881	3.0%	1,526,337	3.0%
#50	State Colleges	Total	49,396,030	50,877,911	0	50,877,911	52,404,248	0	52,404,248	1,481,881	3.0%	1,526,337	3.0%
#51	University of Nebraska	Oper	542,816,884	563,885,541	0	563,885,541	583,068,732	0	583,068,732	21,068,657	3.9%	19,183,191	3.4%
#51	University of Nebraska	Total	542,816,884	563,885,541	0	563,885,541	583,068,732	0	583,068,732	21,068,657	3.9%	19,183,191	3.4%
#54	Historical Society	Oper	4,932,223	5,110,695	85,000	5,195,695	4,652,409	0	4,652,409	178,472	3.6%	(458,286)	-9.0%
#54	Historical Society	Total	4,932,223	5,110,695	85,000	5,195,695	4,652,409	0	4,652,409	178,472	3.6%	(458,286)	-9.0%
#64	State Patrol	Oper	56,576,821	58,537,010	0	58,537,010	60,095,811	0	60,095,811	1,960,189	3.5%	1,558,801	2.7%
#64	State Patrol	Total	56,576,821	58,537,010	0	58,537,010	60,095,811	0	60,095,811	1,960,189	3.5%	1,558,801	2.7%
#65	Admin Services (DAS)	Oper	7,821,743	8,580,996	0	8,580,996	8,880,092	0	8,880,092	759,253	9.7%	299,096	3.5%
#65	Admin Services (DAS)	Total	7,821,743	8,580,996	0	8,580,996	8,880,092	0	8,880,092	759,253	9.7%	299,096	3.5%
#67	Equal Opportunity	Oper	1,186,439	1,186,572	0	1,186,572	1,262,802	0	1,262,802	133	0.0%	76,230	6.4%
#67	Equal Opportunity	Total	1,186,439	1,186,572	0	1,186,572	1,262,802	0	1,262,802	133	0.0%	76,230	6.4%
#68	Latino American Comm.	Oper	190,981	202,917	0	202,917	207,834	0	207,834	11,936	6.2%	4,917	2.4%
#68	Latino American Comm.	Total	190,981	202,917	0	202,917	207,834	0	207,834	11,936	6.2%	4,917	2.4%
#69	Arts Council	Aid	903,069	940,069	0	940,069	943,069	0	943,069	37,000	4.1%	3,000	0.3%
#69	Arts Council	Oper	604,088	600,001	0	600,001	618,415	0	618,415	(4,087)	-0.7%	18,414	3.1%
#69	Arts Council	Total	1,507,157	1,540,070	0	1,540,070	1,561,484	0	1,561,484	32,913	2.2%	21,414	1.4%
#70	Foster Care Review	Oper	1,616,119	2,020,653	0	2,020,653	1,865,446	0	1,865,446	404,534	25.0%	(155,207)	-7.7%
#70	Foster Care Review	Total	1,616,119	2,020,653	0	2,020,653	1,865,446	0	1,865,446	404,534	25.0%	(155,207)	-7.7%
#71	State Energy Office	Oper	0	411,750	0	411,750	218,472	0	218,472	411,750	na	(193,278)	-46.9%
#71	State Energy Office	Total	0	411,750	0	411,750	218,472	0	218,472	411,750	na	(193,278)	-46.9%
#72	Economic Development	Aid	6,860,000	7,360,000	0	7,360,000	7,360,000	0	7,360,000	500,000	7.3%	0	0.0%
#72	Economic Development	Oper	4,899,875	5,272,259	0	5,272,259	5,351,328	0	5,351,328	372,384	7.6%	79,069	1.5%
#72	Economic Development	Total	11,759,875	12,632,259	0	12,632,259	12,711,328	0	12,711,328	872,384	7.4%	79,069	0.6%
#74	Power Review Board	Oper	200,000	0	0	0	0	0	0	(200,000)	-100%	0	na
#74	Power Review Board	Total	200,000	0	0	0	0	0	0	(200,000)	-100%	0	na
#76	Indian Commission	Oper	208,175	215,260	3,977	219,237	220,673	25,028	245,701	7,085	3.4%	30,441	14.1%
#76	Indian Commission	Total	208,175	215,260	3,977	219,237	220,673	25,028	245,701	7,085	3.4%	30,441	14.1%
#77	Industrial Relations	Oper	313,047	320,351	0	320,351	325,660	0	325,660	7,304	2.3%	5,309	1.7%
#77	Industrial Relations	Total	313,047	320,351	0	320,351	325,660	0	325,660	7,304	2.3%	5,309	1.7%

		FY2014-15	FY2015-16			FY2016-17			Change over Prior Year (excludes deficits)				
			Without deficits	Per 2015 Session	2015 Deficits	Revised Per 2015 Session	Per 2015 Session	2016 Changes	Revised Per 2016 Session	FY16	FY16	FY17	FY17
										\$	%	\$	%
								Change	Change	Change	Change		
#78	Crime Commission	Aid	5,973,828	7,323,828	0	7,323,828	7,823,828	0	7,823,828	1,350,000	22.6%	500,000	6.8%
#78	Crime Commission	Oper	3,706,000	4,632,365	0	4,632,365	4,827,995	0	4,827,995	926,365	25.0%	195,630	4.2%
#78	Crime Commission	Total	9,679,828	11,956,193	0	11,956,193	12,651,823	0	12,651,823	2,276,365	23.5%	695,630	5.8%
#81	Blind & Visually Impaired	Aid	176,890	176,890	0	176,890	176,890	0	176,890	0	0.0%	0	0.0%
#81	Blind & Visually Impaired	Oper	869,100	953,655	0	953,655	971,637	0	971,637	84,555	9.7%	17,982	1.9%
#81	Blind & Visually Impaired	Total	1,045,990	1,130,545	0	1,130,545	1,148,527	0	1,148,527	84,555	8.1%	17,982	1.6%
#82	Deaf & Hard of Hearing	Oper	874,808	1,011,990	0	1,011,990	1,016,914	0	1,016,914	137,182	15.7%	4,924	0.5%
#82	Deaf & Hard of Hearing	Total	874,808	1,011,990	0	1,011,990	1,016,914	0	1,016,914	137,182	15.7%	4,924	0.5%
#83	Community Colleges	Aid	95,040,351	97,891,562	0	97,891,562	100,828,308	1,000,000	101,828,308	2,851,211	3.0%	3,936,746	4.0%
#83	Community Colleges	Total	95,040,351	97,891,562	0	97,891,562	100,828,308	1,000,000	101,828,308	2,851,211	3.0%	3,936,746	4.0%
#84	Environmental Quality	Aid	2,141,196	2,141,196	0	2,141,196	2,141,196	0	2,141,196	0	0.0%	0	0.0%
#84	Environmental Quality	Oper	3,393,198	3,694,600	0	3,694,600	3,922,413	0	3,922,413	301,402	8.9%	227,813	6.2%
#84	Environmental Quality	Total	5,534,394	5,835,796	0	5,835,796	6,063,609	0	6,063,609	301,402	5.4%	227,813	3.9%
#85	Retirement Board	Oper	46,645,251	47,477,438	0	47,477,438	46,400,000	903,239	47,303,239	832,187	1.8%	(174,199)	-0.4%
#85	Retirement Board	Total	46,645,251	47,477,438	0	47,477,438	46,400,000	903,239	47,303,239	832,187	1.8%	(174,199)	-0.4%
#87	Account/Disclosure	Oper	468,402	484,947	0	484,947	497,268	0	497,268	16,545	3.5%	12,321	2.5%
#87	Account/Disclosure	Total	468,402	484,947	0	484,947	497,268	0	497,268	16,545	3.5%	12,321	2.5%
#91	Tourism Commission	Aid	250,000	250,000	0	250,000	250,000	0	250,000	0	0.0%	0	0.0%
#91	Tourism Commission	Oper	250,000	0	0	0	0	0	0	(250,000)	-100.0%	0	na
#91	Tourism Commission	Total	500,000	250,000	0	250,000	250,000	0	250,000	(250,000)	-50.0%	0	0.0%
#93	Tax Equal/Review	Oper	730,051	816,079	0	816,079	837,359	0	837,359	86,028	11.8%	21,280	2.6%
#93	Tax Equal/Review	Total	730,051	816,079	0	816,079	837,359	0	837,359	86,028	11.8%	21,280	2.6%
	Construction Total	Total	26,437,444	26,382,800	0	26,382,800	22,239,000	0	22,239,000	(54,644)	-0.2%	(4,143,800)	-15.7%
OPERATIONS			1,429,479,091	1,521,595,794	4,636,030	1,526,231,824	1,560,037,578	19,086,019	1,579,123,597	92,116,703	6.4%	57,527,803	3.8%
STATE AID			2,649,908,995	2,723,825,275	(14,797,609)	2,709,027,666	2,814,979,102	(4,666,968)	2,810,312,134	73,916,280	2.8%	86,486,859	3.2%
CONSTRUCTION			26,437,444	26,382,800	0	26,382,800	22,239,000	0	22,239,000	(54,644)	-0.2%	(4,143,800)	-15.7%
TOTAL GENERAL FUNDS			4,105,825,530	4,271,803,869	(10,161,579)	4,261,642,290	4,397,255,680	14,419,051	4,411,674,731	165,978,339	4.0%	139,870,862	3.3%



## Appendix C

### General Fund Appropriations by State Aid Program

		FY2014-15 w/o Deficits	FY2015-16			FY2014-15			Change over Prior Year (exclude deficits)			
			Per 2015 Session	2016 Deficits	Revised 2016 Session	Per 2015 Session	2016 Change	Revised 2016 Session	FY16 \$ Change	FY16 % Change	FY17 \$ Change	FY17 % Change
Courts	Court Appointed Special Advocate	200,000	300,000	0	300,000	300,000	0	300,000	100,000	50.0%	0	0.0%
Education	TEEOSA State Aid to Education	913,571,842	950,651,625	(4,111,963)	946,539,662	956,243,013	(4,089,432)	952,153,581	37,079,783	4.1%	1,501,956	0.2%
Education	Special Education	213,767,961	219,112,160	0	219,112,160	224,589,964	(2,526,847)	222,063,117	5,344,199	2.5%	2,950,957	1.3%
Education	Aid to ESU's	14,051,761	14,051,761	0	14,051,761	14,051,761	0	14,051,761	0	0.0%	0	0.0%
Education	High ability learner programs	0	0	0	0	2,342,962	0	2,342,962	0	na	2,342,962	na
Education	Early Childhood grant program	5,235,164	1,820,164	0	1,820,164	3,770,164	0	3,770,164	(3,415,000)	-65.2%	1,950,000	107.1%
Education	Early Childhood Endowment	4,000,000	4,000,000	0	4,000,000	5,000,000	0	5,000,000	0	0.0%	1,000,000	25.0%
Education	Nurturing Healthy Behaviors	400,000	400,000	0	400,000	400,000	0	400,000	0	0.0%	0	0.0%
Education	School Lunch	392,032	392,032	0	392,032	392,032	0	392,032	0	0.0%	0	0.0%
Education	Textbook loan program	465,500	465,500	0	465,500	465,500	0	465,500	0	0.0%	0	0.0%
Education	School Breakfast reimbursement	453,008	542,595	0	542,595	561,042	0	561,042	89,587	19.8%	18,447	3.4%
Education	Adult Education	214,664	214,664	0	214,664	214,664	0	214,664	0	0.0%	0	0.0%
Education	Learning Communities Aid	725,000	500,000	0	500,000	500,000	0	500,000	(225,000)	-31.0%	0	0.0%
Education	Summer Food Service grants	130,000	130,000	0	130,000	130,000	0	130,000	0	0.0%	0	0.0%
Education	High School Equivalency Assistance	750,000	750,000	0	750,000	750,000	0	750,000	0	0.0%	0	0.0%
Education	Step Up Quality Child Care–Scholarship	100,000	100,000	0	100,000	100,000	0	100,000	0	0.0%	0	0.0%
Education	Step Up Quality Child Care–Bonus	26,700	69,000	0	69,000	69,000	0	69,000	42,300	158.4%	0	0.0%
Education	Master Teacher Program	0	470,000	0	470,000	470,000	0	470,000	470,000	na	0	0.0%
Education	Expanded Learning Opportunity Grant	0	0	0	0	0	250,000	250,000	0	na	250,000	na
Education	Vocational Rehabilitation	2,101,250	0	0	0	0	0	0	(2,101,250)	-100.0%	0	na
Revenue	Homestead Exemption	73,521,000	71,000,000	600,000	71,600,000	71,315,000	1,200,000	72,515,000	(2,521,000)	-3.4%	1,515,000	2.1%
Revenue	Personal Property Tax Relief Act	0	0	0	0	19,600,000	0	19,600,000	0	na	19,600,000	na
DHHS	Behavioral Health Aid	67,444,214	69,421,172	0	69,421,172	74,044,769	(200,000)	73,844,769	1,976,958	2.9%	4,423,597	6.4%
DHHS	ACA Contingency	0	0	0	0	0	0	0	0	na	0	na
DHHS	Medical student assistance/RHOP	787,086	787,086	0	787,086	787,086	0	787,086	0	0.0%	0	0.0%
DHHS	Children's Health Insurance	27,560,027	12,408,257	(4,500,000)	7,908,257	6,646,762	(206,368)	6,440,394	(15,151,770)	-55.0%	(5,967,863)	-48.1%
DHHS	Public Assistance	110,319,888	111,909,169	transfer	101,909,169	113,094,067	(5,000,000)	108,094,067	1,589,281	1.4%	(3,815,102)	-3.4%
DHHS	Medicaid	777,723,897	818,751,907	(20,000,000)	798,751,907	861,800,928	(11,296,584)	850,504,344	41,028,010	5.3%	31,752,437	3.9%
DHHS	Child Welfare aid	137,778,999	142,549,735	transfer	152,549,735	145,248,431	14,945,187	160,193,618	4,770,736	3.5%	17,643,883	12.4%
DHHS	Developmental disabilities aid	137,040,195	145,556,246	13,214,354	158,770,600	150,660,905	7,076	150,667,981	8,516,051	6.2%	5,111,735	3.5%
DHHS	Community health centers	4,308,060	5,708,060	0	5,708,060	5,783,060	1,000,000	6,783,060	1,400,000	32.5%	1,075,000	18.8%
DHHS	Health Aid	6,437,612	7,077,612	0	7,077,612	6,917,612	0	6,917,612	640,000	9.9%	(160,000)	-2.3%
DHHS	Care Management	2,225,644	2,270,157	0	2,270,157	2,315,560	0	2,315,560	44,513	2.0%	45,403	2.0%
DHHS	Area agencies on aging	7,237,821	7,598,555	0	7,598,555	8,134,141	0	8,134,141	360,734	5.0%	535,586	7.0%

		FY2014-15 w/o Deficits	FY2015-16			FY2014-15			Change over Prior Year (exclude deficits)			
			Per 2015 Session	2016 Deficits	Revised 2016 Session	Per 2015 Session	2016 Change	Revised 2016 Session	FY16 \$ Change	FY16 % Change	FY17 \$ Change	FY17 % Change
Nat Resources	Nebr Water Conservation Fund	2,318,036	2,318,036	0	2,318,036	2,318,036	0	2,318,036	0	0.0%	0	0.0%
Nat Resources	Resources Development Fund	13,633,118	3,140,325	0	3,140,325	3,140,325	0	3,140,325	(10,492,793)	-77.0%	0	0.0%
Nat Resources	NRD Water Management grants	350,000	0	0	0	0	0	0	(350,000)	-100.0%	0	na
Military Dept	Governors Emergency Program	500,000	250,000	0	250,000	250,000	0	250,000	(250,000)	-50.0%	0	0.0%
Military Dept	Guard tuition assistance	488,775	608,775	0	608,775	608,775	0	608,775	120,000	24.6%	0	0.0%
Game & Parks	Niobrara Council	42,011	42,011	0	42,011	42,011	0	42,011	0	0.0%	0	0.0%
Library Comm	Local libraries	1,209,240	1,271,970	0	1,271,970	1,295,085	0	1,295,085	62,730	5.2%	23,115	1.8%
Corrections	Vocational and Life Skills Program	3,500,000	3,500,000	0	3,500,000	3,500,000	0	3,500,000	0	0.0%	0	0.0%
Coord. Comm	Nebr Opportunity Grant Program	6,868,156	6,868,156	0	6,868,156	6,868,156	0	6,868,156	0	0.0%	0	0.0%
Coord. Comm	Access College Early Scholarship	685,000	735,000	0	735,000	735,000	250,000	985,000	50,000	7.3%	250,000	34.0%
Arts Council	Aid to arts programs	903,069	940,069	0	940,069	943,069	0	943,069	37,000	4.1%	3,000	0.3%
Econ Develop	State aid to development districts	0	500,000	0	500,000	500,000	0	500,000	500,000	na	0	0.0%
Econ Develop	Business Innovation Act	6,760,000	6,760,000	0	6,760,000	6,760,000	0	6,760,000	0	0.0%	0	0.0%
Econ Develop	Grow Nebraska	100,000	100,000	0	100,000	100,000	0	100,000	0	0.0%	0	0.0%
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	Community Based Juvenile Services	4,950,000	6,300,000	0	6,300,000	6,300,000	0	6,300,000	1,350,000	27.3%	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	County Justice Reinvestment Grants	0	0	0	0	500,000	0	500,000	0	na	500,000	na
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	Violence Prevention Grants	350,000	350,000	0	350,000	350,000	0	350,000	0	0.0%	0	0.0%
Comm Colleges	Blind rehabilitation	176,890	176,890	0	176,890	176,890	0	176,890	0	0.0%	0	0.0%
Environ Qlty	Aid to Community Colleges	95,040,351	97,891,562	0	97,891,562	100,828,308	1,000,000	101,828,308	2,851,211	3.0%	3,936,746	4.0%
Environ Qlty	Superfund cleanup	316,200	316,200	0	316,200	316,200	0	316,200	0	0.0%	0	0.0%
Tourism Comm	Storm Water Management grants	1,824,996	1,824,996	0	1,824,996	1,824,996	0	1,824,996	0	0.0%	0	0.0%
	Individuals/Other	1,304,901,886	1,348,844,879	(11,285,646)	1,337,559,233	1,400,266,359	(500,689)	1,399,765,670	43,942,993	3.4%	50,920,791	3.8%
	Local Government	1,345,007,109	1,374,980,396	(3,511,963)	1,371,468,433	1,414,712,743	(4,166,279)	1,410,546,464	29,973,287	2.2%	35,566,068	2.6%
	Total General Fund State Aid	2,649,908,995	2,723,825,275	(14,797,609)	2,709,027,666	2,814,979,102	(4,666,968)	2,810,312,134	73,916,280	2.8%	86,486,859	3.2%

## Appendix D

### General Fund Spending Assumptions-Following Biennium

For the “following biennium” (FY17-18 and FY18-19), the mainline budget numbers reflect the annualized impact of the current budget actions plus an estimate of future year increases in entitlement programs, salary and health insurance increases, and other funding requirements that are normally not optional. 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.

***Note that the itemized listing below and subsequent narrative descriptions do not reflect the annualized impacts of 2016 budget actions which are shown separately on the financial status. For example the TEEOSA figures shown below do not reflect the 2016 budget adjustments.***

<i>Dollar Changes from FY17 Base Year</i>	Annual % Change			Projected Increases	
	FY18	FY19	2 Yr Avg	FY2017-18	FY2018-19
<b>FY2016-17 Base Appropriation</b>				<b>4,397,255,680</b>	<b>4,397,255,680</b>
TEEOSA School Aid (Sine Die 2015 estimate)	4.8%	5.3%	5.0%	45,626,027	98,560,752
Special Education	2.5%	2.5%	2.5%	5,614,749	11,369,867
Community Colleges	3.5%	3.5%	3.5%	3,490,067	7,102,285
Homestead Exemption	3.0%	3.0%	3.0%	2,139,450	4,343,084
Aid to ESU's	2.5%	2.5%	2.5%	351,294	711,370
Medicaid	5.5%	5.5%	5.5%	47,399,051	97,405,050
Public Assistance	6.0%	6.0%	6.0%	6,785,644	13,978,427
Children's Health Insurance (CHIP)	9.6%	9.3%	9.5%	640,572	1,316,375
Child Welfare Aid	6.0%	6.0%	6.0%	7,981,697	15,643,203
Developmental Disability aid	4.0%	4.0%	4.0%	6,026,436	12,293,930
Behavioral Health aid	2.5%	2.5%	2.5%	1,851,119	3,748,516
Employee Salaries	2.5%	2.5%	2.5%	26,259,026	53,174,527
Employee Health Insurance	10.0%	10.0%	10.0%	16,432,488	34,508,225
Operations increase	2.0%	2.0%	2.0%	5,790,778	11,697,373
Justice Reinvestment Act (LB605-2015)	--	--	--	4,536,736	7,850,305
Inmate per diem costs	3.0%	3.0%	3.0%	1,866,698	3,789,397
Juvenile Services reform	5.5%	5.0%	5.2%	703,176	1,427,447
Corrections, temporary housing, county jails	--	--	--	0	0
Construction	--	--	reaffirm only	9,529,333	8,727,526
All Other			na	181,528	56,434
Total General Fund Increases (Biennial Basis)	4.4%	4.2%	4.3%	193,205,869	387,704,092
<b>Projected Appropriation per Financial Status</b>				<b>4,590,461,549</b>	<b>4,784,959,772</b>

## Aid to Local Governments

**TEEOSA State Aid to Schools (*Sine Die 2015 estimate*)** - The numbers shown here for FY18 and FY19 are Legislative Fiscal Office estimates used at Sine Die 2015. They are derived based on the same methodology utilized for the fall meeting required under current law for the proposed biennial budget. They are based on the existing TEEOSA aid formula. The estimates reflect a growth in overall school aid of 4.8% in FY18 and 5.3% in FY19

**Special Education** - Increases for FY18 and FY19 reflect a 2.5% per year increase. Although statute allows for a growth up to 10% the 2.5% is equal to the basic allowable growth rate under the K-12 school spending limitation and TEEOSA calculations.

**Aid to Community Colleges** - A 3.5% per year annual increase is included for the following biennium budget reflecting increased state aid to support operations budget increases. This increase amounts to about a \$3.5 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 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 K-12 school spending limitation (2.5% per year).

## Aid to Individuals

**Medicaid** - For the following biennium, the average growth is 5.5% per year. This reflects projected growth of 3.0% per year for population client eligibility and utilization and 2.5% per year for provider rates. This estimate also assumes no change from the FFY16 FMAP of 51.16%.

**Public Assistance and Child Welfare** - A basic growth rate of 6.0% per year is utilized for the various Public Assistance programs for the following biennium. This reflects projected growth of 3% per year for population client eligibility and utilization and 2.5% per year for provider rates, and 6% for child care rates.

**Children's Health Insurance (CHIP)** - For the following biennium, a 9% per year increase is used. The large increase reflects a base growth of 5.5% (the same as Medicaid) plus additional General Funds to pick up the 5.5% percent increase in the fixed \$5 million amount allocated from the Health Care Cash Fund. The large percent growth but relatively modest dollar amount is due to the fact that the General Fund base is very low due to the expanded federal match rate (23%) from the Affordable Care Act and.

**Developmental Disability Aid** - A 4% per year increase is included. This provides the equivalent of 2.5% per year for rate equity similar to the employee salary assumption and 1.5% 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 2.5% 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. Because rates have been flat for the past several years due to coverage and program changes and drawing down fund balances, this higher growth is utilized to anticipate a potential hike in rates.

**Operations Inflation** - Included in the projected status is a general 2% increase in agency non-personnel operating costs. Although not provided as an across the board increase, this amount historically covers increases in utility costs at state and higher education facilities as well as food and other inflationary cost increases at 24/7 state facilities such as veterans homes, BSDC, and correctional facilities

**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 3% per year increase is included to reflect both inflationary costs and an increase in the number of inmates.

**Justice Reinvestment Act (LB605-2015)** - In the 2015 session, the Legislature enacted LB 605 to begin addressing overcrowding in the correctional system. LB 605 expands the use of probation in lieu of incarceration, ensures that more people receive supervision upon release from prison, and bolsters parole supervision practices to reduce recidivism. Costs are projected to increase over the following two years as more offenders are applicable to the bill provisions.

<u>Estimated GF Costs – LB 605</u>	<u>FY2015-16</u>	<u>FY2016-17</u>	<u>FY2017-18</u>	<u>FY2018-19</u>
Probation (Field)	475,592	2,959,038	4,544,636	5,501,962
Probation (Reporting Centers)	769,373	1,785,628	2,521,759	2,997,807
Probation (Administration)	427,435	1,053,813	1,531,990	1,735,210
Probation (Offender Program Expenses)	664,500	3,721,740	5,162,351	6,411,390
Court Administration	308,328	422,651	718,870	1,146,806
Subtotal - Courts	2,645,228	9,942,870	14,479,606	17,793,175
Corrections (net)*	(882,182)	(5,603,284)	(5,603,284)	(5,603,284)
Crime Commission	0	600,109	600,109	600,109
Total General Funds	1,763,046	4,939,695	9,476,431	12,790,000

**Defined Benefit Retirement Plans** - The preliminary budget assumes a slight reduction additional state contribution amounts for the Judges and Patrol plans offsets an increase in the 2% of pay contribution in the school plan. This is based on the Fall 2014 actuarial reports.

**Capital Construction** - General Fund dollars included in the projected budget for the following biennium for capital construction reflect reaffirmations only based on the proposed FY16/FY17 biennial budget. These are dollar amounts needed to complete funding of previously approved projects. The \$9 million increase reflects new funding for the State Capitol HVAC system replacement. A large appropriation in FY14-15 carried forward to cover costs for the current biennium.

## Appendix E

### Historical Variance, Projected vs Actual General Fund Receipts

Millions of \$	Projected Sine Die	Actual Receipts	\$ Variance	% Variance	
				Negative	Positive
FY 1986-87	878.0	886.4	8.4		1.0%
FY 1987-88	924.3	1,016.3	92.0		10.0%
FY 1988-89	988.4	1,133.5	145.1		14.7%
FY 1989-90	1,110.9	1,152.7	41.8		3.8%
FY 1990-91	1,334.6	1,367.1	32.5		2.4%
FY 1991-92	1,493.2	1,490.4	(2.8)	-0.2%	
FY 1992-93	1,537.3	1,524.7	(12.6)	-0.8%	
FY 1993-94	1,662.5	1,653.7	(8.8)	-0.5%	
FY 1994-95	1,729.9	1,706.0	(23.9)	-1.4%	
FY 1995-96	1,834.3	1,836.7	2.4		0.1%
FY 1996-97	1,918.0	2,009.6	91.6		4.8%
FY 1997-98	1,993.8	2,105.4	111.6		5.6%
FY 1998-99	2,102.9	2,123.9	21.0		1.0%
FY 1999-00	2,326.3	2,403.9	77.6		3.3%
FY 2000-01	2,484.3	2,456.8	(27.5)	-1.1%	
FY 2001-02	2,646.0	2,365.5	(280.5)	-10.6%	
FY 2002-03	2,725.7	2,456.4	(269.3)	-9.9%	
FY 2003-04	2,732.0	2,718.7	(13.3)	-0.5%	
FY 2004-05	2,775.5	3,037.2	261.7		9.4%
FY 2005-06	3,092.3	3,352.2	259.9		8.4%
FY 2006-07	3,217.0	3,408.3	191.4		5.9%
FY 2007-08	3,389.2	3,506.1	116.9		3.5%
FY2008-09	3,531.7	3,357.5	(174.3)	-4.9%	
FY2009-10	3,446.7	3,204.7	(242.0)	-7.0%	
FY2010-11	3,422.2	3,499.7	77.4		2.3%
FY2011-12	3,591.1	3,695.9	104.8		2.9%
FY2012-13	3,767.1	4,052.4	285.3		7.6%
FY2013-14	4,020.7	4,117.4	96.7		2.4%
FY2014-15	4,220.5	4,305.1	84.6		2.0%
FY2015-16 est	4,473.9	4,420.0	(53.9)	-1.2%	
FY2016-17 est	4,645.4	4,575.0	(70.4)	-1.5%	
FY2017-18 est	4,790.5	4,747.5	(43.0)	-.9%	
FY2018-19 est	4,948.4	4,948.4	0.0		
Average Variance				-4.4%	4.7%

In the "Actual Receipts" column, the numbers for FY2015-16 through FY2018-19 are the most current estimates used in the Financial Status.