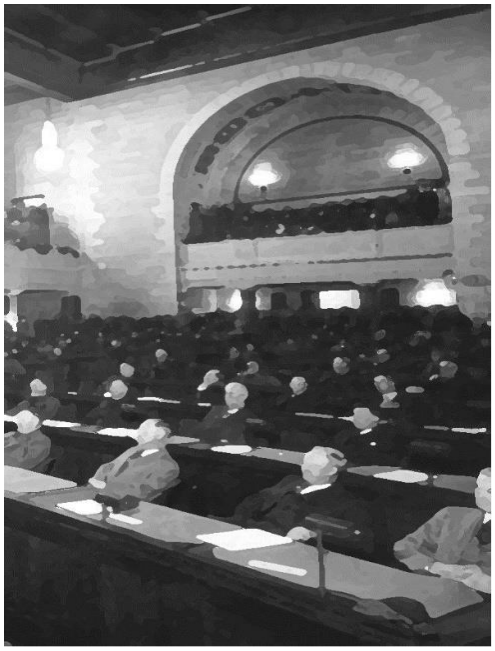
Appropriations Committee Preliminary Report

FY2017-18 / FY2018-19
Biennial Budget



Nebraska Unicameral Legislature
One Hundred Fifth Legislature, First Session
February 2017

Members of the Appropriations Committee

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Sen Kate Bolz (VC)
Sen Robert Clements
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SUMMARY

This preliminary budget is the first of several stages in the budget process. It provides a starting point for discussion of the various budget actions suggested at this point in time. Subsequent to the hearings, the Appropriations Committee will formulate its' formal recommendation to the Legislature at which time floor debate and amendment will take place, followed by Governor vetoes and legislative overrides if any.

GENERAL FUND FINANCIAL STATUS

At Sine Die of the 2016 session, the projected financial status for the FY18/FY19 biennium reflected a $234.5 million projected shortfall from the minimum reserve. At that point, FY18/FY19 was the "out year" in the five year financial status and there was no projection for FY20/FY21 biennium. Items which significantly contributed to this shortfall were the use of $99 million of one-time lapsed appropriations to balance the FY16/FY17 biennium and annualization 2016 session bills which cost $5.4 million in FY16-17 but $54.2 million in FY17-18 and $64.4 million in FY18-19.

At the July 2016 meeting of the Tax Rate Review Committee (TRR), the General Fund financial status declined to $352.7 million below the minimum reserve when FY2015-16 actual receipts were $120 million below forecast.

The financial status deteriorated significantly in November 2016 when the TRR committee again met. The shortfall from the minimum reserve increased from $352.7 million to $895.3 million due mostly to revenue forecasts. Original NEFAB forecasts for FY18 and FY19 were a combined $402.8 million below the previously used preliminary LFO revenue estimates. The NEFAB also reduced their FY16-17 forecast by $172.2 million largely reflecting the $120 million below forecast revenue the prior year. There was some offset with overall lower spending projections totaling $15.4 million over the three year period.

The Appropriations Committee Preliminary Budget as set forth here, reduces that $895 million "shortfall" to a $134.7 million level. Although not achieving a balanced budget at this point, the remaining shortfall is at a level that Cash Reserve Fund transfers which have not been incorporated at this point could be utilized to achieve a balanced budget. Going forward, the combination of these actions results in a $54 million structural balance in FY18-19 when comparing on-going revenues and obligations.

This $771 million swing was accomplished through a combination of $160 million of reductions in FY16-17 new and carryover appropriations (LB 22), $70.8 million from sales tax due to voluntary collection compliance by Amazon.com, and $124 million of transfers from several cash funds. On the appropriations side, the committee preliminary budget level was substantially below that estimated at the November Tax Rate Review Committee meeting including lower TEEOSA school aid ($98.1 million), University of Nebraska and State Colleges ($98.7), and DHHS provider rates ($106.5 million)

Note that even though the FY18/FY19 biennial budget is not "balanced" at this point, there is a $54 million structural balance when comparing on-going revenues and on-going appropriations at the end of FY18-19.

GENERAL FUND REVENUE GROWTH

Revenue estimates for FY2016-17, FY2017-18 and FY2018-19 are the October 2016 forecasts from the Nebraska Economic Forecast Advisory Board (NEFAB). Rate and base adjusted revenue growth implied by the forecasts for the FY18/FY19 biennium average 4.3% (4.0% in FY17-18 and 4.6% in FY18-19). When including the 3.4% growth in the FY16-17 forecast, there is an average growth of 4.0% over the three years that affect the financial status for the upcoming biennium. This reflects growth below the 4.9% historical 35 year average.

The Nebraska Economic Forecast Advisory Board (NEFAB) is scheduled to meet February 27, 2017 and again in late April 2017 to review their existing forecasts. Changes in those forecasts could have a significant impact on the projected status as shown in this report.

For the "following biennium", revenue growth is calculated at 6.0% per year using the historical average methodology. The target growth is the historical average of 4.9% but adjusted down to 4.75% to exclude growth

that is now negated by indexing of the income tax brackets. Because the revenue growth in the NEFAB forecasts is below average, the revenue growth needed to yield a 4.7% five year average is 6.0% in both FY19-20 and FY20-21. At this point, these calculated amounts very close to the unofficial estimates prepared by the Nebraska Dept. of Revenue (NDR) and Legislative Fiscal Office (LFO) using IHS Economics and Moody's forecasting information for FY2019-20 but higher than the FY2020-21 calculations.

GENERAL FUND SPENDING GROWTH

Budget growth in the Committee preliminary budget is 0.7% in FY18 and 1.8% in FY19 for a two year average of 1.3%. This is 0.4% per year above the Governor's recommendation but significantly less than the pre-session estimate which had projected growth of 4.5% in FY18 and 3.6% in FY19 for an average of 4.1% over the biennium. Much of the decline in the projected spending growth is attributed to funding levels for DHHS provider rates, University of Nebraska and State College state support, and TEEOSA state aid relative to estimates of current law funding levels.

	Pre Session Est.		Governor		Committee Preliminary	
	FY17-18	FY18-19	FY17-18	FY18-19	FY17-18	FY18-19
Operations	4.3%	3.1%	-.0.3%	2.0%	0.6%	1.5%
State Aid to Individuals	4.5%	3.2%	-2.5%	1.2%	-0.1%	1.5%
State Aid to Local Govt	4.1%	4.9%	2.4%	1.5%	1.6%	1.8%
Construction	42.8%	-2.5%	-2.2%	50.9%	-2.2%	50.9%
Annual % Change	4.5%	3.6%	-0.1%	1.9%	0.7%	1.8%
Two Yr Average		4.1%		0.9%		1.3%

COMPARISON TO GOVERNORS RECOMMENDATION

Over the two-year biennial budget, there is a $139.5 million difference between the variance from the minimum reserve under the Committee preliminary budget (-$134.7 million) and the Governor (+$5.5 million). Of this difference, about half is attributed to Cash Reserve Fund transfers. The Governors recommendation included a $92 million transfer to the General Fund in FY2016-17 to assist in balancing the budget and then a $17.5 million transfer back to the Cash Reserve Fund in FY2018-19. At this time the Appropriations Committee did not include any such transfer, subject to hearings and finalization of their recommendation in April.

The remaining difference is attributed to the Committee Preliminary budget being $71.7 million above the Governors recommendation. About 95% of the difference is shown in the table below. About 65% of the dollar amount above the Governors recommendation is attributed to DHHS aid programs where the Committee budget did not include many of the budget cuts recommended by the Governor including a deeper cut in provider rates. Another significant difference is that the Committee did not include the base reductions in the Supreme Court, Probation and Juvenile Justice, nor did they do base reductions in aid to Community Colleges. There also are two areas where the Committee was less than the Governor, TEEOSA school aid and DAS Accounting system project.

Committee vs Governor (Major Items)	FY2017-8	FY2018-19	Two Yr Total
Medicaid (other than FMAP)	13,701,003	15,391,854	29,092,857
Child Welfare aid (other than FMAP)	9,154,256	9,448,494	18,602,750
Base Reductions (Courts+Juvenile Justice)	6,176,814	6,176,814	12,353,628
Developmental Disability aid (other than FMAP)	4,728,457	6,245,506	10,973,963
Public Assistance (other than FMAP)	4,232,719	4,232,719	8,465,438
Community Colleges	3,024,849	3,024,849	6,049,698
Base Reductions not listed (State Agencies)	2,210,218	2,185,218	4,395,436
Behavioral health aid (other than FMAP)	1,930,751	2,530,001	4,460,752
IT Education Systems of Support (Education)	2,373,050	1,972,249	4,345,299
Salaries+Health Insurance (Agencies)	2,017,640	1,548,759	3,566,399
Storm Water Management grants	1,653,700	1,653,700	3,307,400
General Increase (University+Colleges)	4,600,063	(3,014,179)	1,585,884
TEEOSA Aid to Schools	(16,323,978)	(10,735,944)	(27,059,922)
Enterprise Resource Management Consolidation (DAS)	(5,149,000)	(6,900,000)	(12,049,000)
All Other	1,650,598.2	1,974,660.8	3,625,259
Total Difference, Committee vs Governor	35,981,140	35,734,701	71,715,841

CASH RESERVE FUND

The Cash Reserve Fund unobligated balance is projected at $553 million based on current forecasts, actions taken prior legislative sessions, and the Appropriations Committee Preliminary Budget. This is after utilizing $75 million of Cash Reserve Fund monies, a transfer to the Nebraska Capital Construction Fund to pay for the Department of Correctional Services Reception and Treatment Center (RTC) project but before any transfers to assist in balancing the budget.

The Governors recommendation also includes a $92 million transfer to the General Fund in FY16-17 to help balance the budget and then a $17.5 transfer from the General Fund back to the CRF in FY18-19. At this time the Appropriations Committee did not include any such transfers, subject to hearings and finalization of their recommendation in April.

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 Table 4 on page 10). Over the 30 year period the average negative variance is -4.3% 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.

Note that this discussion of the appropriate level of the Cash Reserve Fund is applicable to where the CRF should be ***at its peak*** *after that part of the cycle with positive revenue growth and positive variances from the forecast. As we turn into the negative part of this cycle, the question is how much of the CRF can or should be utilized to address the projected budget shortfall.*

A key to answering this question is whether the use the Cash Reserve Fund is only a bridge until a structural balance is achieved or a short term solution which covers up an on-going structural imbalance.

PROJECTED GENERAL FUND FINANCIAL STATUS

Table 1 shown below includes the projected General Fund Financial Status based on the Appropriations Committee Preliminary budget. Furthermore, for planning purposes, an estimated financial status is also constructed for the following biennium allowing the Legislature to see the future implications of budget actions already taken or being considered.

Table 1 – General Fund Financial Status per Committee Preliminary Budget

		Current Year	Biennial Budget		Following Biennium	
		FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
1	**BEGINNING BALANCE**					
2	Beginning Cash Balance	531,652,199	135,071,509	81,369,714	130,540,732	164,360,129
3	Cash Reserve transfers-automatic	0	(11,201,000)	0	0	0
4	Carryover obligations from FY16	(310,603,783)	0	0	0	0
5	Lapse FY16 reapproriations (LB 22)	72,170,032	0	0	0	0
6	Allocation for potential deficits	0	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)
7	Unobligated Beginning Balance	293,218,448	118,870,509	76,369,714	125,540,732	159,360,129
8	**REVENUES & TRANSFERS**					
9	Net Receipts (Oct 2016 NEFAB+hist avg)	4,395,000,000	4,538,000,000	4,730,000,000	5,030,000,000	5,330,000,000
9a	Incorporate Amazon.com (from Governor budget)	11,201,000	28,218,000	31,344,000	34,479,000	37,927,000
10	General Fund transfers-out	(217,100,000)	(234,970,000)	(234,970,000)	(232,500,000)	(232,500,000)
11	General Fund transfers-in	(50,000)	73,120,103	51,187,000	0	0
12	Cash Reserve transfers (current law)	0	0	0	0	0
13	Cash Reserve transfers (new)	0	0	0	0	0
14	2017 Revenue Bills	0	0	0	0	0
15	General Fund Net Revenues	4,189,051,000	4,404,368,103	4,577,561,000	4,831,979,000	5,135,427,000
16	**APPROPRIATIONS**					
17	Base Appropriations (2016 Session)	4,411,690,837	4,411,690,837	4,411,690,837	4,411,690,837	4,411,690,837
18	2017 Mainline Budget Actions - Preliminary	0	30,178,061	111,699,145	111,699,145	111,699,145
19	Projected budget increase, following biennium	--	0	0	269,769,621	457,245,870
20	2017 Regular deficits (LB 22)	23,554,965	0	0	0	0
21	2017 Deficit reductions (LB 22)	(88,442,716)	0	0	0	0
22	2017 State Claims (LB 171)	394,853	0	0	0	0
23	2017 "A" Bills	0	0	0	0	0
24	General Fund Appropriations	4,347,197,939	4,441,868,898	4,523,389,982	4,793,159,603	4,980,635,852
25	**ENDING BALANCE**					
26	Dollar ending balance (per Financial Status)	135,071,509	81,369,714	130,540,732	164,360,129	314,151,277
27	Dollar ending balance (at Minimum Reserve)			265,217,464		294,114,953
28	Excess (shortfall) from Minimum Reserve			**(134,676,732)**		**20,036,324**
29	Biennial Reserve (%)			1.5%		3.2%
	General Fund Appropriations					
30	Annual % Change - Appropriations (w/o deficits)	3.3%	0.7%	1.8%	6.0%	3.9%
31	Two Year Average	3.7%	--	1.3%	--	4.9%
	General Fund Revenues					
32	Est. Revenue Growth (rate/base adjusted)	3.4%	4.0%	4.6%	5.9%	6.0%
33	Two Year Average	1.9%	--	4.3%	--	6.0%
34	Five Year Average	4.3%	--	3.7%	--	4.7%
35	On-Going Revenues vs Appropriations	(158,146,939)	(37,500,795)	54,171,018	38,819,397	154,791,148

Chronology of the Financial Status

At Sine Die 2015, the projected financial status for the FY18/FY19 biennium reflected a $234.5 million projected shortfall from the minimum reserve. At that point, FY18/FY19 was the "out year" in the five year financial status and there was no projection for FY20/FY21 biennium. Items which significantly contributed to this shortfall was the use of $99 million of one-time lapsed appropriations to balance the FY16/FY17 biennium and annualization of the bills enacted in the 2016 session which cost $5.4 million in FY16-17 but $54.2 million in FY17-18 and $64.4 million in FY18-19.

At the July 2016 meeting of the Tax Rate Review Committee (TRR), the General Fund financial status declined to $352.7 million below the minimum reserve. FY2015-16 revenues were $120 million below forecast. This previous forecast was $17 million above the certified forecast so with forecasts well below the certified, the automatic transfer that had been assumed was negated.

	July 2016 TRR Committee			
Impact on Variance from Min Reserve (Millions of Dollars)	FY17	FY18	FY19	Total
FY16 Actual vs Est General Fund Net Receipts	0.0	0.0	0.0	(120.0)
FY16 Actual vs Est CRF transfers-automatic	17.0	0.0	0.0	17.0
FY16 Actual vs Est Accounting adjustment	0.0	0.0	0.0	(6.0)
NDR change in withholding, impact of (indexing	(12.9)	0.0	0.0	(12.9)
Assumed lapse, FY16 unexpended appropriations	0.0	0.0	0.0	0.0
Change in Minimum Reserve	3.5	0.0	(0.0)	3.5
Total Change – July 2016 TRR Committee	(118.3)	0	0	(118.3)

The financial status deteriorated significantly in November 2016 when the TRR committee again met. The shortfall from the minimum reserve increased from $352.7 million to $895.3 million due mostly to revenue forecasts. Original NEFAB forecasts for FY18 and FY19 were a combined $402.8 million below the previously used preliminary LFO revenue estimates. The NEFAB also reduced their FY16-17 forecast by $172.2 million largely reflecting the $120 million below forecast revenue the prior year.

There was some offset with overall lower spending projections. Those projected appropriation levels used the latest estimates for TEEOSA school aid and information from the agency budget request.

	November 2016 TRR Committee			
Impact on Variance from Min Reserve (Millions of Dollars)	FY17	FY18	FY19	Total
Revenue Forecasts (revised / original Oct 201)	(172.2)	(200.3)	(202.5)	(575.1)
Change in Minimum Reserve	0.0	0.0	17.1	17.1
Subtotal - Revenue	(172.2)	(200.3)	(185.4)	(557.9)
Deficit requests higher than $5M allocation	(13.4)	0.0	0.0	(13.4)
Retirement - defined benefit plans, actuarial contributions	0.0	(16.8)	(18.1)	(34.8)
DHHS – Higher federal FMAP	0.0	14.7	18.5	33.2
DHHS – aid programs, eligibility/utilization/specific items/rates	0.0	(7.9)	15.4	7.5
Revised estimate of budget increases, all other	0.0	8.7	14.2	22.9
Subtotal - Appropriations	(13.4)	(1.3)	30.1	15.4
Total Change – November TRR Committee	(185.6)	(201.6)	(155.3)	(542.5)

The Appropriations Committee Preliminary Budget as set forth here, reduces that $895 million "shortfall" to a $134.7 million level. Although not achieving a balanced budget at this point, the remaining shortfall is at a level that Cash Reserve Fund transfers which have not been incorporated at this point could be utilized to achieve a balanced budget. Going forward, the combination of these actions results in a $54 million structural balance in FY18-19 when comparing on-going revenues and spending.

This $771 million swing was accomplished through a combination of $160 million of reductions in FY16-17 new and carryover appropriations (LB 22), $70.8 million from sales tax due to voluntary collection compliance by Amazon.com, and $124 million of transfers from several cash funds. On the appropriations side, the committee preliminary budget level was substantially below that estimated at the November Tax Rate Review Committee

meeting including TEEOSA school aid ($98.1 million), University of Nebraska and State Colleges ($98.7), and DHHS provider rates ($106.5 million)

Impact on Variance from Min Reserve (Millions of Dollars)	Committee Prelim Budget FY17	FY18	FY19	Total
GF Transfers-in	(0.1)	73.1	51.2	124.3
GF Transfers-Out (change vs Nov TRR)	0.0	1.8	1.8	3.7
Assumed Amazon.com sales tax	11.2	28.2	31.3	70.8
"Above certified" forecast to CRF (Amazon sales tax)	0.0	(11.2)	0.0	(11.2)
Change in Minimum Reserve	0.0	0.0	(10.1)	(10.1)
Subtotal - Revenue	11.2	92.0	74.3	177.4
LB 22 - Specific & ATB cuts	88.4	0.0	0.0	88.4
LB 22 - Lapse FY16 / FY17 reapproriations	72.2	0.0	0.0	72.2
Deficits and Claims vs Nov TRR	(5.6)	0.0	0.0	(5.6)
DHHS provider rates (compared to Nov TRR 2% per yr)	0.0	41.7	64.8	106.5
University+State Colleges (lump sum vs Nov TRR)	0.0	35.7	63.0	98.7
TEEOSA School Aid (2.1% per yr vs Nov 2016 current law estimate	0.0	30.0	68.1	98.1
DHHS aid programs – eligibility, utilization, specific items	0.0	18.6	19.8	38.4
Retirement - Defined Benefit plans (current est vs Nov TRR)	0.0	15.5	13.2	28.7
All Agencies – Modification cuts (operations)	0.0	12.7	12.6	25.3
All Agencies – Salary & Health Insurance (vs Nov 2016 TRR)	0.0	6.7	16.5	23.2
Special Education (1% per yr vs Nov TRR estimate)	0.0	3.3	6.8	10.1
Corrections - Staffing & Security, annualize special salary increase	0.0	(4.7)	(9.5)	(14.2)
All Other appropriation changes (net)	(3.8)	9.9	(0.4)	13.4
Subtotal - Appropriations	158.9	169.5	254.8	583.2
Total Change – Appropriations Committee Prelim Budget	170.1	261.5	329.1	760.6

Table 2 Chronology of the Financial Status

(millions of dollars)	FY18 / FY19 Biennium	FY20 / FY21 Biennium
Sine Die 2016 Session (April 20, 2016)	**(234.5)**	**NA**
FY16 Actual vs Est General Fund Net Receipts	(120.0)	--
FY16 Actual vs Est CRF transfers-automatic	17.0	--
FY16 Actual vs Est Accounting adjustment	(6.0)	--
NDR change in withholding, impact of (indexing	(12.9)	--
Change in Minimum Reserve	3.5	--
July 2016 Tax Rate Review Committee	**(352.7)**	**NA**
Revenue Forecasts (revised / original Oct 2016)	(575.1)	--
Change in Minimum Reserve	17.1	--
Deficit requests vs $5M allocation	(13.4)	--
Retirement - defined benefit plans	(34.8)	--
DHHS - FMAP	33.2	--
DHHS aid programs, (eligibility, utilization, specific items, rates)	7.5	--
Revised estimate of budget increases, all other	22.9	--
Nov 2016 Tax Rate Review Committee	**(895.3)**	**(1,180.4)**
General Fund transfers-in (not in pre-session)	124.3	124.3
General Fund transfers-out (change from Nov TRR)	3.7	12.3
Assumed Amazon.com sales tax	70.8	143.2
"Above certified" forecast to CRF (Amazon sales tax)	(11.2)	(11.2)
Change in Minimum Reserve	(10.1)	(24.9)
Reduce carryover obligations from FY17	3.8	3.8
LB 22 - Lapse FY16 / FY17 reapproriations	72.2	72.2
LB 22 - Specific & ATB cuts	88.4	88.4
Deficits and Claims vs Nov TRR	(5.6)	(5.6)
DHHS - Provider Rates, cut vs 2% per yr	106.5	245.0
University+State Colleges (lump sum vs Nov TRR)	98.7	224.7
Education - TEEOSA at 2.1%/yr vs Fall 2016 estimate	98.1	81.8
DHHS aid programs – eligibility, utilization, specific items	38.4	81.3
Retirement - Defined Benefit plans (current est vs Nov TRR)	28.7	55.1
All Agencies - Modifications	25.3	50.5
All Agencies – Salary & Health Insurance (vs Nov 2016 TRR)	23.2	56.1
Education - Special Education vs Nov TRR estimate	10.1	24.2
Corrections - Staffing & Security	(14.2)	(33.2)
All Other Appropriations items	9.5	12.4
Committee Preliminary Budget	**(134.7)**	**20.0**

CASH RESERVE FUND

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

The Cash Reserve Fund unobligated balance is projected at $553 million based on current forecasts, actions taken prior legislative sessions, and the Appropriations Committee Preliminary Budget.

The ***Appropriations Committee Preliminary Budget*** utilizes $75 million of Cash Reserve Fund monies, a transfer to the Nebraska Capital Construction Fund to pay for the Department of Correctional Services Reception and Treatment Center (RTC) project. This project and transfer was also part of the Governors recommendation.

The Governors recommendation also includes a $92 million transfer to the General Fund in FY16-17 to help balance the budget and then a $17.5 transfer from the General Fund back to the CRF in FY18-19. At this time the Appropriations Committee did not include any such transfers, subject to hearings and finalization of their recommendation in April.

Table 3 - Cash Reserve Fund Cash Flow

	Actual FY2016-17	Estimated FY2017-18	Estimated FY2018-19	Estimated FY2019-20	Estimated FY2020-21
Beginning Balance	730,655,108	637,639,649	573,775,336	566,614,924	566,614,924
Excess of certified forecasts	0	11,201,000	0	0	0
To General Fund per current law	0	0	0	0	0
To Nebr Capital Construction Fund (NCCF)	(43,015,459)	0	(7,160,412)	0	(13,276,302)
To Transportation Infrastructure Fund	(50,000,000)	0	0	0	0
2017 - Excess from Oral Health Fund	0	150,000	0	0	0
2017 - To General Fund	0	(75,215,313)	0	0	0
2017 - To General Fund	0	0	0	0	0
Ending Balance	637,639,649	573,775,336	566,614,924	566,614,924	553,338,622

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 Table 4). Over the 30 year period the average negative variance is -4.3% 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.

Another factor to keep in mind is the need for supplemental funds during a budget down period. One recent illustration is the latest budget shortfall which occurred during the 2008 through -2011 legislative sessions. During that time a total of $986 million of one-time funds were utilized to balance the budget in addition to the various budget cuts that were made. The largest amount of these one-time funds, $653.8 million, came from

the federal government through several ARRA programs (FMAP, General and Education stabilization) followed by Cash Reserve Fund transfers ($259 million) and extraordinary cash fund lapses ($73.2 million). While this was a time of unprecedented revenue declines, it illustrates the cumulative impact of multiple year shortfalls.

Note that this discussion of the appropriate level of the Cash Reserve Fund is applicable to where the CRF should be ***at its peak*** *after that part of the cycle with positive revenue growth and positive variances from the forecast. As we turn into the negative part of this cycle, the question is how much of the CRF can or should be utilized to address the projected budget shortfall.*

A key to answering this question is whether the use the Cash Reserve Fund is only a bridge until a structural balance is achieved or a short term solution which covers up an on-going structural imbalance.

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.

FY2015-16 actual receipts were well below the certified forecast thus no transfers in FY2016-17. Also the current forecast for FY2016-17 is the current certified forecast.

However, the FY16-17 estimated revenues from Amazon.com which are not in the certified forecast would in fact be above the certified level and is shown as being transferred to the Cash Reserve Fund.

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.

No transfers to the General Fund are currently authorized for the five year status.

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 FY16-17 since the actual transfer has not yet been made.

In the 2015 session, the enacted budget called for a $28.2 million of transfers to the NCCF for the State Capitol HVAC project. This included $7,804,292 in FY2015-16, and future transfers of $7,160,412 in FY2018-19, $9,492,568 in FY2020-21, and $3,783,734 in FY2022-23

In the 2016 session, LB 960 provided for a $50 million transfer to a newly created Transportation Infrastructure Bank Fund

Table 4 Historical Variance, Projected vs Actual General Fund Receipts

Millions of $	Projected Sine Die	Actual Receipts	$ Variance	% Variance Negative	% Variance 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	4,117.40	96.7		2.4%
FY2014-15	4,220.5	4,305.1	84.6		2.0%
FY2015-16	4,481.9	4,308.0	(173.9)	-3.9%	
FY2016-17 est	4,580.1	4,395.0	(185.1)	-4.0%	
FY2017-18 est	4,738.3	4,538.0	(200.3)	-4.2%	
FY2018-19 est	4,932.5	4,730.0	(202.5)	-4.1%	
Avg Variance				-4.3%	4.5%

Table 5 Cash Reserve Fund – Historical Balances

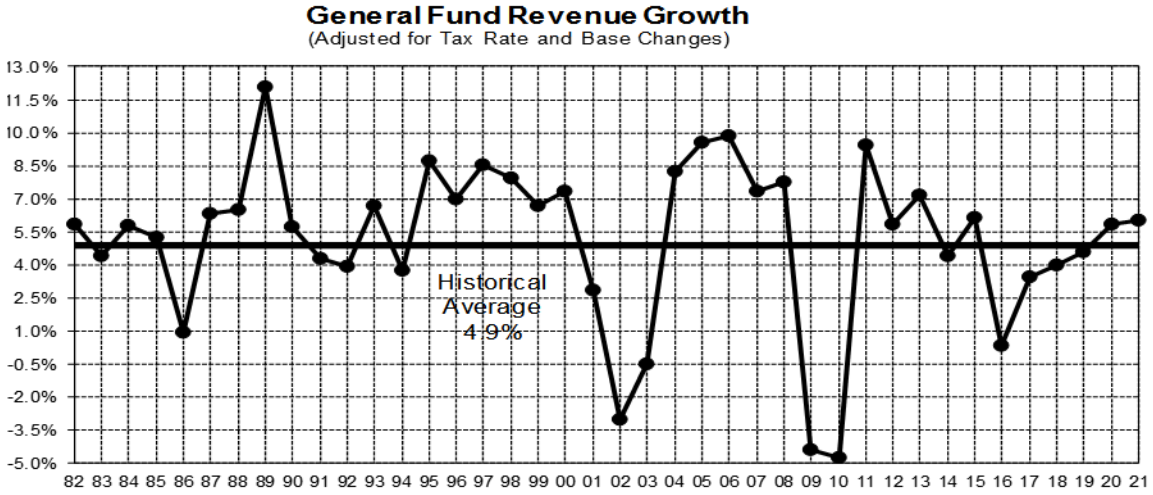
Fiscal Yr	Beginning Balance	Direct Deposit and Interest	Automatic Transfers	Legislative Transfers	Cash Flow	Ending Balance	Balance as % of revenue
FY1983-84	0	37,046,760	na	0	0	37,046,760	4.7%
FY1984-85	37,046,760	(1,472,551)	na	0	0	35,574,209	4.5%
FY1985-86	35,574,209	227,855	na	(13,500,000)	0	22,302,064	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	727,835,426	0	84,599,532	(81,779,850)	0	730,655,108	17.0%
FY2016-17 Est	730,655,108	0	0	(93,015,459)	0	637,639,649	14.5%
FY2017-18 Est	637,639,649	150,000	11,201,000	(75,215,313)	0	573,775,336	12.6%
FY2018-19 Est	573,775,336	0	0	(7,160,412)	0	566,614,924	12.0%
FY2019-20 Est	566,614,924	0	0	0	0	566,614,924	11.3%
FY2020-21 Est	566,614,924	0	0	(13,276,302)	0	553,338,622	10.4%

GENERAL FUND REVENUES

General Fund Revenue Forecasts

Table 6 General Fund Revenue Forecasts

	NEFAB FY2016-17	NEFAB FY2017-18	NEFAB FY2018-19	LFO Prelim FY2019-20	LFO Prelim FY2020-21
Actual/Forecast					
Sales and Use Tax	1,585,000,000	1,640,000,000	1,700,000,000	1,790,000,000	1,890,000,000
Individual Income Tax	2,345,000,000	2,445,000,000	2,575,000,000	2,740,000,000	2,915,000,000
Corporate Income Tax	245,000,000	270,000,000	280,000,000	305,000,000	340,000,000
Miscellaneous receipts	220,000,000	183,000,000	175,000,000	195,000,000	185,000,000
Total s	4,395,000,000	4,538,000,000	4,730,000,000	5,030,000,000	5,330,000,000
Adjusted Growth					
Sales and Use Tax	4.1%	3.4%	3.5%	4.9%	5.2%
Individual Income Tax	6.5%	4.1%	5.7%	6.4%	6.4%
Corporate Income Tax	-17.6%	9.8%	3.6%	8.2%	10.5%
Miscellaneous receipts	-1.6%	-0.2%	2.7%	4.0%	1.5%
Total	3.4%	4.0%	4.6%	5.9%	6.0%
Five Yr Average	4.3%	--	3.7%	--	4.7%



Revenue Forecasts - Current Biennium (FY17, FY18 and FY19)

Revenue estimates for FY2016-17, FY2017-18 and FY2018-19 are the October 2016 forecasts from the Nebraska Economic Forecast Advisory Board (NEFAB). Rate and base adjusted revenue growth implied by the forecasts for the FY18/FY19 biennium average 4.3% (4.0% in FY17-18 and 4.6% in FY18-19). When including the 3.4% growth in the FY16-17 forecast, there is an average growth of 4.0% over the three years that affect the financial status for the upcoming biennium. This reflects growth below the 4.9% historical 35 year average.

THE FORECAST BOARD WILL MEET ON MONDAY FEBRUARY 27, 2017 AND AGAIN IN LATE APRIL 2017 TO REVIEW THE CURRENT FORECASTS. CHANGES TO THESE FORECASTS WILL RESULT IN CHANGES TO THE PROJECTED FINANCIAL STATUS AS NOTED IN THIS REPORT

Revenue Forecasts - Following Biennium (FY18 and FY19)

The NEFAB does not make official forecasts for the following biennium or what's commonly referred to as the "out years". Although different methodologies could be utilized, the revenue estimates used for the following biennium (FY19-20 and FY20-21) are derived by the Legislative Fiscal Office (LFO) using a "capped" historical average methodology. This "smoothing" technique derives "out year" revenue estimates by calculating the level of revenues that would yield a five year average growth (FY17 to FY21) roughly equal to the 34 year historical average (4.9%) less .25% which is the projected impact of indexing the tax brackets as enacted in 20104 (LB987).. Inherent in this methodology is the concept that within any five-year period, below average revenue growth in some years will be offset by above average growth in others and is visually seen in the line graph of historical adjusted revenue growth.

The "capped" provision of this methodology means that the derived growth needed in the out-years to achieve the historical average cannot be higher than the "above average" growth years nor lower than the "below average" growth years. Over the past 35 years, there were 12 years in which revenue growth was "below average" (1.0% average) and 23 years in which revenue growth was above average (7.3% average).

Because the revenue growth in the NEFAB forecasts is below average, the revenue growth needed to yield a 4.7% five year average is 6.0% in both FY19-20 and FY20-21.

Alternative methods are also available for purposes of deriving revenue estimates for the following biennium. In addition to the historical average methodology used in the financial status, both the Nebraska Dept of Revenue (NDR) and Legislative Fiscal Office (LFO) have calculated revenue estimates for these two "out years" using the same models and input from HIS Economics (previously Global Insight) 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 4th and 5th year. In other words, they have difficulty picking up changes in the trend. The historical average methodology has been used since 1991 and the "smoothing" technique used for the most part relies on the trend changes

As shown in Table 7, the preliminary estimates for the two "out years" arrived at using the historical average concept (as used in the Financial Status) are very close in FY2019-20 but higher in FY2020-21.

Table 7 Comparison of "Out Year" Forecasts

Based on Oct 2016 Revenue Forecasts	Current Status	Average IHS Economics	Average All Forecasts	High Est LFO-Moodys	Low Est NDR IHS
Dollar Forecast (thousands)					
FY2019-20 Prelim	5,030,000	5,010,215	5,024,408	5,038,601	5,010,215
FY2020-21 Prelim	5,330,000	5,237,047	5,242,442	5,247,837	5,237,047
Calculated Growth (adjusted)					
FY2019-20 Prelim	5.9%	4.3%	4.3%	4.3%	4.3%
FY2020-21 Prelim	6.0%	4.7%	4.5%	4.3%	4.7%
Two Year Average	6.0%	4.7%	4.8%	4.9%	4.7%
Five Year Average	**4.8%**	**4.4%**	**4.4%**	**4.5%**	**4.4%**
$ Difference from Status					
FY2019-20 Prelim	0	(19,785)	(5,592)	8,601	(19,785)
FY2020-21 Prelim	0	(92,953)	(87,558)	(82,163)	(92,953)
Cumulative Total	0	(112,738)	(93,150)	(73,562)	(112,738)

General Fund Transfers-Out

This area tabulates funds that are transferred from the General Fund to another fund within the state treasury. These items have the same effect as an appropriation but are not expended as such and thus are shown under the revenue category (see line 10 on the Financial Status).

Table 8 - General Fund Transfers Out

Excludes CRF Transfers	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
Property Tax Credit Fund	(202,000,000)	(221,000,000)	(221,000,000)	(221,000,000)	(221,000,000)
Water Resources Cash Fund	(3,300,000)	(3,300,000)	(3,300,000)	0	0
Cultural Preservation Endowment Fund	(750,000)	0	0	(500,000)	(500,000)
Water Sustainability Fund	(11,000,000)	(10,670,000)	(10,670,000)	(11,000,000)	(11,000,000)
Victim's Compensation Fund	(50,000)	0	0	0	0
Total-General Fund Transfers-Out	(217,100,000)	(234,970,000)	(234,970,000)	(232,500,000)	(232,500,000)

Property Tax Credit Cash Fund

Under this program transfers are made to the Property Tax Credit Cash Fund at the discretion of the Legislature. Based on the amount of funds available, monies are then allocated to counties by the ratio of the real property valuation in the county to the real property valuation in the state. Counties then allocate funds as credit to each tax payer again based on their proportionate value. Enacted in 2007, the amount available for credits was $105 million in FY07-08, and $115 million in FY08-09 through FY13-14. During the 2014 session, the FY14-15 amount was increased to $140 million. In the 2015 session, the credit was increased by $64 million increase to a total of $204 million.

In the 2016 session, LB 958 made several changes dealing with the Property Tax Credit Act. Previously the property tax credit was distributed based on 100% of the taxable value of real property. Under LB 958, the credit is distributed using “credit allocation valuation” which is 120% of agricultural and horticultural land taxable value and 100% for all other real property except agricultural and horticultural land. This change would shift $20 million of the property tax credit amounts from residential, commercial and industrial, and public service sectors to agriculture so to hold these other sectors harmless, LB958 provided language that the credit amount should be increased by $20 million to a total of $224 million.

Note that the General Fund transfer amounts shown are all $3 million less than the credit amount. This is because the credit amount is funded through these General Fund transfers plus an estimated $3 million from any interest that will be earned on the fund balance from the time of transfer to the time of reimbursement payments to the counties, and credits calculated but unpaid relating to properties receiving homestead exemptions.

Water Resources Cash Fund

These transfers were originally enacted by LB 701 (2007) for the purpose of (1) aiding compliance efforts regarding the reduction of consumptive uses of water dealing with those natural resources districts which are deemed over or fully appropriated or are bound by an interstate compact or decree; and (2) for a statewide assessment of short- and long-term water management activities and funding needs that are statutorily required. The bill included transfers of $2.7 million in both FY07-08 and FY08-09 and intent language for a $2,700,000 General Fund transfer to occur annually from FY2009-10 through FY2018-19. LB229 enacted during the 2011 Session increased this transfer amount from $2.7 million to $3.3 million per year with no change in the FY2018-19 sunset. Under this current language the transfers are deleted starting in FY2019-20.

Nebraska Cultural Preservation Endowment Fund

The Cultural Preservation Endowment Fund was originally created in 1998 with a transfer of $5 million from the General Fund. LB 1165 (2008) provided for an additional $5 million for the endowment fund through a $1 million transfer from the Cash Reserve Fund and another $4 million from the General Fund provided over a series of

years. After multiple alterations of the fiscal year transfers, the final transfers, which averaged $500,000 were scheduled to expire at the end of FY2016-17. LB957 (2016) extends the transfers at $500,000 per year starting in FY2017-18 through FY2026-27.

The Appropriations Committee Preliminary Budget proposes to not do the transfers for the two years of the current biennium, but extend the transfers another two years through FY2028-29.

Water Sustainability Fund

This fund was created through LB906 passed in the 2014 session. Monies for the fund came from General Fund transfers; $21,000,000 in FY2014-15. Of this transfer, $10,000,000 is considered one-time as it was financed by a like transfer from the Cash Reserve Fund to the General Fund. Intent language was include that $11,000,000 General Funds be transferred to the Water Sustainability Fund in each fiscal year beginning in FY2015-16.

The Appropriations Committee Preliminary Budget includes the transfer at $10,670,000 for FY18 and FY19, a 3% reduction as included in the Governors recommendation.

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 in Table 9 for FY2016-17 were enacted in the 2015 and 2016 legislative sessions and are already incorporated into the “Net Receipts” figures of the NEFAB forecasts

All the transfers shown for FY2017-18 and FY2018-19 are new transfers included in the Appropriations Committee Preliminary Budget.

For the most part all these transfers were included in the Governors recommendation. The difference was in the Governors recommendation, $21,559,103 of transfers were in FY2016-17 as part of the early deficit adjustments. The committee delayed these transfers and added them to the FY2017-18 amounts.

Table 9 General Fund Transfers In

	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
Securities Act Cash Fund	30,000,000	30,000,000	30,000,000	0	0
Tobacco Products Admin Cash Fund	10,000,000	10,000,000	10,000,000	0	0
Dept of Insurance Cash Fund	8,250,000	8,250,000	8,250,000	0	0
Severance Tax Admin Cash Fund (2)	100,000	0	0	0	0
Job Training Cash Fund	250,000	0	0	0	0
Medicaid False Claims Cash Fund	0	0	0	0	0
Supreme Court Attorney Services Cash Fund	0	200,000	0	0	0
Medicaid Fraud Control Unit Cash Fund	0	500,000	0	0	0
Records Management Cash Fund	0	530,000	356,000	0	0
Treasury Management Cash Fund	0	150,000	0	0	0
Life Insurance Demutualization Trust Fund	0	400,000	0	0	0
Charitable Gaming Operations Fund	0	2,800,000	800,000	0	0
State Athletic Commissioner's Cash Fund	0	200,000	0	0	0
Tobacco Products Administration Cash Fund	0	1,000,000	0	0	0
Energy Conservation Improvement Fund	0	12,730	0	0	0
Marijuana & Controlled Substances Tax Fund	0	25,000	0	0	0
Department of Motor Vehicles Cash Fund	0	1,000,000	0	0	0
Dept of Motor Vehicles Ignition Interlock Fund	200,000	400,000	150,000	0	0
DHHS Cash Fund (Wholesale Drug Distributors)	0	3,700,000	0	0	0
DHHS Cash Fund (Cancer Research Fund)	0	7,000,000	0	0	0

	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
DHHS Cash (False Medicaid Claims Act)	0	1,200,000	0	0	0
Veteran Cemetery Construction Fund	0	97,000	0	0	0
Nebraska Snowmobile Trail Cash Fund	0	79,121	0	0	0
Racing Commission's Cash Fund	0	150,000	0	0	0
Nebr Motor Vehicle Industry Licensing Fund (3)	0	700,000	0	0	0
State Real Estate Commission's Fund (3)	0	200,000	0	0	0
Metropolitan Class Development Fund	0	22,427	0	0	0
Primary Class Development Fund	0	14,825	0	0	0
Building Renewal Allocation Fund (3)	0	637,000	273,000	0	0
State Building Renewal Assessment Fund	0	602,000	258,000	0	0
Clean-burning Motor Fuel Development Fund	0	200,000	0	0	0
Waste Reduction and /Recycling Incentive Fund	0	900,000	400,000	0	0
Nebr Litter Reduction & Recycling Cash Fund (3)	0	700,000	200,000	0	0
Petroleum Release Remedial Action Cash Fund	0	1,200,000	500,000	0	0
Comm. on Public Advocacy Operations Cash Fund	0	250,000	0	0	0
Total General Fund Transfers-In	48,000,000	73,120,103	51,187,000	0	0

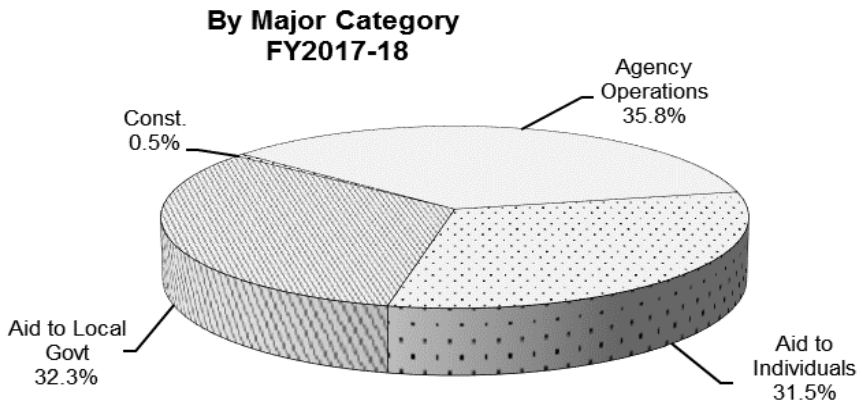
GENERAL FUND APPROPRIATIONS

Table 10 shows a summary of the current FY2016-17 General Fund appropriations (excluding deficits) and the Committee Preliminary Recommendation for FY2017-18 and FY2018-19

Table 11 (page 21) provides a one-page summary of the most significant increases and reductions while Table 12 and Table 13 (starting on page 22) contain a listing of proposed appropriations by agency and individual aid programs. A complete listing of individual issues starts on Page 27

Table 10 - Committee Preliminary Budget – General Funds

		Committee Preliminary		Change over Prior Yr		Change over Prior Yr		
	w/o Deficits	Prelim	Prelim	FY17-18 (w/o deficits)		FY18-19 (w/o deficits)		2 Yr Avg
	FY2016-17	FY2017-18	FY2018-19	$	%	$	%	% Change
Agency Operations								
University & State /Colleges	635,472,980	628,404,248	628,404,248	(7,068,732)	-1.1%	0	0.0%	-0.6%
Health & Human Services System	262,140,415	265,839,444	270,614,961	3,699,029	1.4%	4,775,517	1.8%	1.6%
Correctional Services	204,158,501	210,232,155	218,128,328	6,073,654	3.0%	7,896,173	3.8%	3.4%
Courts	179,806,832	185,985,781	190,520,542	6,178,949	3.4%	4,534,761	2.4%	2.9%
State Patrol	60,113,441	61,353,850	61,849,342	1,240,409	2.1%	495,492	0.8%	1.4%
Revenue	27,551,068	27,342,886	27,581,419	(208,182)	-0.8%	238,533	0.9%	0.1%
Retirement Board	47,303,239	48,588,600	52,179,000	1,285,361	2.7%	3,590,400	7.4%	5.0%
Other 40 Agencies	164,113,227	161,880,903	163,655,573	(2,232,324)	-1.4%	1,774,670	1.1%	-0.1%
Total-GF Operations	1,580,659,703	1,589,627,867	1,612,933,413	8,968,164	0.6%	23,305,546	1.5%	1.0%
State Aid to Individuals/Others								
Medicaid	850,259,344	849,788,118	866,857,184	(471,226)	-0.1%	17,069,066	2.0%	1.0%
Child Welfare Aid	160,193,618	160,484,943	160,779,181	291,325	0.2%	294,238	0.2%	0.2%
Public Assistance	108,094,067	108,094,067	108,094,067	0	0.0%	0	0.0%	0.0%
Developmental disabilities aid	150,667,981	151,917,262	154,564,373	1,249,281	0.8%	2,647,111	1.7%	1.3%
Behavioral Health aid	73,844,769	74,173,991	74,773,241	329,222	0.4%	599,250	0.8%	0.6%
Childrens Health Insurance (SCHIP)	6,440,394	6,163,940	6,208,871	(276,454)	-4.3%	44,931	0.7%	-1.8%
Aging Programs	10,449,701	10,449,701	10,449,701	0	0.0%	0	0.0%	0.0%
Higher Ed Student Aid programs	7,853,156	7,853,156	7,853,156	0	0.0%	0	0.0%	0.0%
Public Health Aid	6,917,612	6,200,171	6,200,171	(717,441)	-10.4%	0	0.0%	-5.3%
Business Innovation Act	6,760,000	6,221,200	6,221,200	(538,800)	-8.0%	0	0.0%	-4.1%
Community health centers	5,783,060	5,783,060	5,783,060	0	0.0%	0	0.0%	0.0%
All Other Aid to Individuals/Other	11,256,968	10,521,398	10,561,588	(735,570)	-6.5%	40,190	0.4%	-3.1%
Total-GF Aid to Individuals/Other	1,398,520,670	1,397,651,007	1,418,345,793	(869,663)	-0.1%	20,694,786	1.5%	0.7%
State Aid to Local Govts								
State Aid to Schools (TEEOSA)	952,153,581	972,148,806	992,563,931	19,995,225	2.1%	20,415,125	2.1%	2.1%
Special Education	222,063,117	224,283,748	226,526,585	2,220,631	1.0%	2,242,837	1.0%	1.0%
Property Tax Credit	Transfer			--	--	--	--	--
Aid to Community Colleges	100,828,308	100,828,308	100,828,308	0	0.0%	0	0.0%	0.0%
Homestead Exemption	72,515,000	78,200,000	81,000,000	5,685,000	7.8%	2,800,000	3.6%	5.7%
Personal Property Tax Relief Act	19,600,000	15,200,000	16,200,000	(4,400,000)	--	1,000,000	100.0%	-9.1%
Aid to ESU's	14,051,761	14,051,761	14,051,761	0	0.0%	0	0.0%	0.0%
High ability learner programs	2,342,962	2,342,962	2,342,962	0	0.0%	0	0.0%	0.0%
Early Childhood programs	8,770,164	8,770,164	8,770,164	0	0.0%	0	0.0%	0.0%
Community Based Juvenile Services	6,300,000	6,300,000	6,300,000	0	0.0%	0	0.0%	0.0%
Resources Development Fund	3,140,325	3,140,325	3,140,325	0	0.0%	0	0.0%	0.0%
Other Aid to Local Govt	8,506,246	7,584,950	7,584,950	(921,296)	-10.8%	0	0.0%	-5.6%
Total-GF Aid to Local Govt	1,410,271,464	1,432,851,024	1,459,308,986	22,579,560	1.6%	26,457,962	1.8%	1.7%
Capital Construction	22,239,000	21,739,000	32,801,790	(500,000)	-2.2%	11,062,790	50.9%	21.4%
Total Appropriations	4,411,690,837	4,441,868,898	4,523,389,982	30,178,061	0.7%	81,521,084	1.8%	1.3%

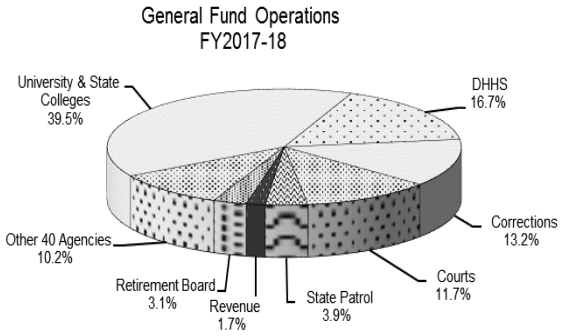


The numbers in the Committee Preliminary Budget are the net result of over 300 individual issues which reflect both increases to and reductions from the current year appropriation.

A complete listing of individual issues starts on page 27. The following highlights some major changes in each category.

Agency Operations

This area accounts for the costs of actually operating state agencies including costs such as employee salaries and benefits, data processing, utilities, vehicle and equipment purchases, fuel and oil, etc... In the FY2017-18 proposed budget, 35.8% of all General Fund appropriations are for agency operations. Although there are 47 state agencies that receive General Fund appropriations, higher education (University of Nebraska and State Colleges) and the six largest agencies (Health and Human Services, Corrections, Courts, State Patrol, Revenue, and Retirement Board) account for 90% of state operations. Note that all of the General Funds for the Retirement Board are actually state contributions for the K-12 School employee retirement plan. They are not shown under aid to local governments as the monies are placed directly into the retirement fund and are not actually paid to a school district.



General Funds for agency operations shows a net $8.9 million increase (0.6%) in FY17-18 and a $23.3 million increase (1.5%) in FY18-19. The most significant increases in operations in FY17-18 are $6.1 million for additional staffing and programming in the Dept. of Correctional Services, $4.2 million for additional probation funding as called for in LB605-Justice Reinvestment Act, $3.2 million to provide on-going base funding for the special pay adjustments certain Correctional Services staff in December 2016, and $5.8 million for two DHHS computer system projects. The budget also includes, $6.4 million for a 1.0% salary increase for state employees, and $4.8 million for a 5.75% increase in health insurance for state employees

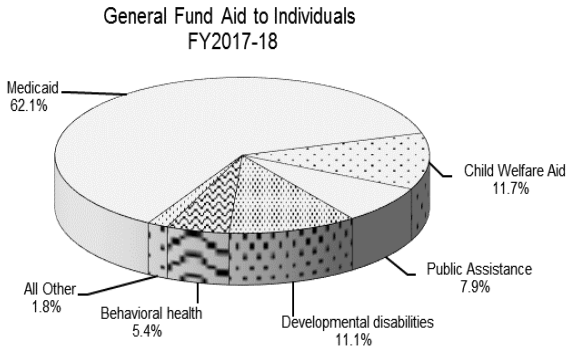
These increases were offset by several reductions including $10 million of individual modification reductions in 31 different agencies, a $7.1 million reduction in support for the University of Nebraska, and a $2.9 million reduction in base funding needs for the Beatrice State Development (BSDC). Other major operations items include a $4.2 million reduction in the Dept. of Correctional Services to remove the funding for housing inmates in county jails considered one-time pending longer term solutions to the overcrowding issue.

The larger increase in FY18-19 reflects the fact that budget reductions in the FY18 base remain at the same level while additional increases are provided for second year salary and health insurance costs ($4.0 million and $5.1 million respectively, Correctional Services staffing and programming (additional $4.8 million), and continued phase-in of LB605-Justice Reinvestment Act (additional $2.9 million.

State Aid to Individuals / Others

This area has the lowest overall growth in the budget and remains virtually the same as FY17 with a small net reduction of $.9 million (-0.1%) in FY2017-18. Increases in eligibility and utilization in DHHS aid programs ($18.9 million) are mostly offset by $15.4 million savings due to an increase in the Federal Medical Assistance Percentage (FMAP)

DHHS provider rates show an $8.2 million reduction in FY2017-18. Rate changes vary by provider with some decreasing, some increasing and others held flat. In the Medicaid Program, nursing facilities and home health providers are increased by 1% each year. Hospitals and reimbursements for items such as durable medical equipment, hearing and prosthetics are cut by 3%percent in FY18. All other providers are held flat. Child welfare providers of congregate care, drug testing and family support services are increased by 1% each year; all others are held flat. Similarly, providers of developmental disabilities services and the behavioral health regions are increased by 1% each year.

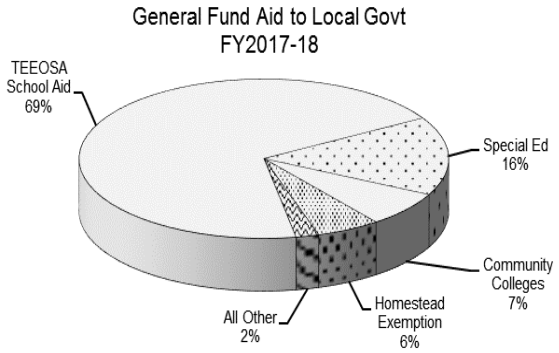


Other significant increases include annualizing two Medicaid deficits for Medicare Part B premiums ($5.7 million) and federal clawback provisions ($10.4 million). These are partially offset by two reductions in Medicaid related to managed care savings on avoidable episodes of care (-$6.1 million) and increased drug rebates (-$2.3 million).

State Aid to Local Governments

Aid to local governments receives a $22.6 million (1.6%) increase in FY2017-18 and another $26.5 million (1.8%) increase in FY2018-19.

Because TEEOSA school aid accounts for 69% of all aid to local governments, TEEOSA also significantly influences the growth rate in this category. The Appropriations Committee preliminary budget funds TEEOSA aid at a 2.1% per year increase, $20 million in FY17-18 and an additional $20 million in FY18-19. This level of funding would require a statutory change as the latest estimates based on current law would call for an increase of $67.6 million (6.9%) in FY17-18 and an additional $55.4 million (5.3%) in FY18-19. The FY17-18 amount is based on the Dept. of Education pre-certification estimate provided in January 2017. The FY18-19 amount is also based on current law but is a Legislative Fiscal Office estimate based on assumptions in valuation and spending growth as arrived at in the October joint meeting of the Fiscal Office, DAS Budget Office, Dept. of Education and Dept. of Revenue, Property Tax division.



The preliminary budget also provides for a 1% per year increase in Special Education ($2.2 million each year). Funding for Community College aid was held flat for each of the next two years.

Homestead Exemption reimbursement and the Personal Property Tax Relief act are both based on estimated funding required under current law taking into consideration actual FY16-17 funding needs inflated into the next two. This results in a $5.7 million increase in Homestead exemption reimbursements and a $4.4 million reduction in funding for the Personal Property Tax Relief act.

Capital Construction

All of the General Funds included in the committee preliminary budget for capital construction are to cover the dollar amounts needed to complete funding of projects approved in previous sessions, commonly referred to as reaffirmations. There is virtually no change in FY2017-18 relative to the FY2016-17 base budget. The $10.6 million increase in FY2018-19 is attributed to the State Capitol HVAC project.

With respect to new construction, the Governor and Appropriation Committee included funding for Phase 1 of the Reception and Treatment Center (RTC) project under the Dept. of Correctional Services. This $75 million project, financed with a Cash Reserve Fund transfer to the Nebraska Capital Construction Fund, will combine the Diagnostic and Evaluation Center (DEC) and the Lincoln Correctional Center (LCC) into one facility currently known as the Reception and Treatment Center (RTC).

Phase One will expand and/or renovate core support function portions of DEC and LCC to better meet the operational requirements of an inmate population of 1371. It will add 124,236 gross square feet for the following areas: Public Lobby, Administration, Staff Support, Custody Operations, Visitation, Intake and Release, Outpatient Medical/Mental Health (Health Clinic), Medical and Mental Health Housing, and Food Service. The RTC also prepares the secure perimeter and infrastructure to be scaled up for future growth needs.

In Phase One, 64 additional medical and behavior health housing beds will be built. The most critical health care bed needs are for skilled nursing and acuity-related medical beds, including isolation, hospice and skilled nursing for chronically, seriously ill inmates who cannot be treated at a lower level of care, and secure behavior health.

Table 11 Significant Increases and Reductions
(numbers are $ changes compared to the FY17 Base)

	Amounts shown are $ change from FY17 base year	Committee Preliminary FY2017-18	FY2018-19	Two Yr total
1	***SIGNIFICANT INCREASES:***			
2	TEEOSA Aid to Schools (General Funds only)	19,995,225	40,410,350	60,405,575
3	Medicaid (other than FMAP)	12,245,158	32,874,430	45,119,588
4	Salaries+Health Insurance (Agencies)	11,295,308	20,425,214	31,720,522
5	Staffing, programs, equipment (Corrections)	9,290,122	14,107,641	23,397,763
6	Homestead Exemption	5,685,000	8,485,000	14,170,000
7	Information technology projects (DHHS)	5,816,448	7,816,448	13,632,896
8	Justice Reinvestment Act (Courts)	4,240,517	7,126,150	11,366,667
9	Developmental Disability aid (other than FMAP)	3,501,305	6,795,872	10,297,177
10	Capital Construction	(500,000)	10,562,790	10,062,790
11	Special Education	2,220,631	4,463,468	6,684,099
12	Retirement, K-12 School / Judges / Patrol	1,285,361	4,875,761	6,161,122
13	IT Education Systems of Support (Education)	2,373,050	1,972,249	4,345,299
14	YRTC staffing (DHHS)	1,417,624	1,446,528	2,864,152
15	Alleviate court ordered wait list, Lincoln Reg Cntr (DHHS)	683,638	1,022,261	1,705,899
16	Behavioral health aid (other than FMAP)	329,222	928,472	1,257,694
17	Child Welfare aid (other than FMAP)	291,325	585,563	876,888
18	Childrens Health Insurance (other than FMAP)	168,342	339,098	507,440
19	Subtotal-Increases Listed	80,338,276	164,237,295	244,575,571
20	***SIGNIFICANT REDUCTIONS:***			
21	Federal Medicaid Match rate (op & aid)	(15,413,204)	(19,746,691)	(35,159,895)
22	Modifications not specifically listed (State Agencies)	(10,054,042)	(10,464,033)	(20,518,075)
23	General Increase (University+Colleges)	(7,068,030)	(7,068,030)	(14,136,060)
24	Use of county jail housing (Corrections)	(4,607,147)	(4,607,147)	(9,214,294)
25	Personal Property Tax Relief Act	(4,400,000)	(3,400,000)	(7,800,000)
26	Unexpended appropriation (DHHS, BSDC)	(2,927,063)	(2,927,063)	(5,854,126)
27	Interstate Water Litigation (Attorney General)	(921,500)	(921,500)	(1,843,000)
28	Funds shifts (DHHS)	(800,000)	(800,000)	(1,600,000)
29	Public/Community Health Aid	(717,441)	(717,441)	(1,434,882)
30	Base Reductions not specifically listed (State Agencies)	(371,191)	(371,191)	(742,382)
31	Storm Water Management grants	(171,296)	(171,296)	(342,592)
32	Subtotal-Reductions Listed	(47,450,914)	(51,194,392)	(98,645,306)
33	***OTHER NOT LISTED (NET)***	(2,709,301)	(1,343,758)	(4,053,059)
34	***TOTAL GENERAL FUND CHANGE***	30,178,061	111,699,145	141,877,206

Table 12 General Fund Appropriations by Agency
Appropriations Committee Preliminary Budget

Agency	Type	w/o deficits FY2016-17	Committee Preliminary Budget: Preliminary FY2017-18	Committee Preliminary Budget: Preliminary FY2018-19	Change over Prior Year: FY2017-18 $	FY2017-18 %	FY2018-19 $	FY2018-19 %	2 Yr Avg % Chng
#03 Legislative Council	Oper	20,930,311	20,923,169	21,195,007	(7,142)	0.0%	271,838	1.3%	0.6%
#03 Legislative Council	Total	20,930,311	20,923,169	21,195,007	(7,142)	0.0%	271,838	1.3%	0.6%
#05 Supreme Court	Aid	300,000	300,000	300,000	0	0.0%	0	0.0%	0.0%
#05 Supreme Court	Oper	179,806,832	185,985,781	190,520,542	6,178,949	3.4%	4,534,761	2.4%	2.9%
#05 Supreme Court	Total	180,106,832	186,285,781	190,820,542	6,178,949	3.4%	4,534,761	2.4%	2.9%
#07 Governor	Oper	2,280,286	2,178,103	2,205,430	(102,183)	-4.5%	27,327	1.3%	-1.7%
#07 Governor	Total	2,280,286	2,178,103	2,205,430	(102,183)	-4.5%	27,327	1.3%	-1.7%
#08 Lt. Governor	Oper	149,486	149,357	151,197	(129)	-0.1%	1,840	1.2%	0.6%
#08 Lt. Governor	Total	149,486	149,357	151,197	(129)	-0.1%	1,840	1.2%	0.6%
#09 Secretary of State	Oper	2,021,019	2,485,769	2,317,307	464,750	23.0%	(168,462)	-6.8%	7.1%
#09 Secretary of State	Total	2,021,019	2,485,769	2,317,307	464,750	23.0%	(168,462)	-6.8%	7.1%
#10 State Auditor	Oper	2,609,327	2,658,316	2,687,136	48,989	1.9%	28,820	1.1%	1.5%
#10 State Auditor	Total	2,609,327	2,658,316	2,687,136	48,989	1.9%	28,820	1.1%	1.5%
#11 Attorney General	Oper	7,266,457	6,423,153	6,491,018	(843,304)	-11.6%	67,865	1.1%	-5.5%
#11 Attorney General	Total	7,266,457	6,423,153	6,491,018	(843,304)	-11.6%	67,865	1.1%	-5.5%
#12 State Treasurer	Aid	0	0	0	0	na	0	na	na
#12 State Treasurer	Oper	1,303,949	1,290,755	1,266,309	(13,194)	-1.0%	(24,446)	-1.9%	-1.5%
#12 State Treasurer	Total	1,303,949	1,290,755	1,266,309	(13,194)	-1.0%	(24,446)	-1.9%	-1.5%
#13 Education	Aid	1,203,433,823	1,225,658,778	1,248,356,930	22,224,955	1.8%	22,698,152	1.9%	1.8%
#13 Education	Oper	25,498,938	28,223,769	28,365,212	2,724,831	10.7%	141,443	0.5%	5.5%
#13 Education	Total	1,228,932,761	1,253,882,547	1,276,722,142	24,949,786	2.0%	22,839,595	1.8%	1.9%
#14 Public Service Comm	Oper	2,540,808	2,340,162	2,364,672	(200,646)	-7.9%	24,510	1.0%	-3.5%
#14 Public Service Comm	Total	2,540,808	2,340,162	2,364,672	(200,646)	-7.9%	24,510	1.0%	-3.5%
#15 Parole Board	Oper	7,098,862	7,250,653	7,713,251	151,791	2.1%	462,598	6.4%	4.2%
#15 Parole Board	Total	7,098,862	7,250,653	7,713,251	151,791	2.1%	462,598	6.4%	4.2%
#16 Revenue	Aid	92,115,000	93,400,000	97,200,000	1,285,000	1.4%	3,800,000	4.1%	2.7%
#16 Revenue	Oper	27,551,068	27,342,886	27,581,419	(208,182)	-0.8%	238,533	0.9%	0.1%
#16 Revenue	Total	119,666,068	120,742,886	124,781,419	1,076,818	0.9%	4,038,533	3.3%	2.1%
#18 Agriculture	Aid	975,000	475,000	475,000	(500,000)	-51.3%	0	0.0%	-30.2%
#18 Agriculture	Oper	6,242,820	5,662,109	5,723,024	(580,711)	-9.3%	60,915	1.1%	-4.3%
#18 Agriculture	Total	7,217,820	6,137,109	6,198,024	(1,080,711)	-15.0%	60,915	1.0%	-7.3%
#21 Fire Marshal	Oper	4,356,727	4,087,473	4,107,782	(269,254)	-6.2%	20,309	0.5%	-2.9%
#21 Fire Marshal	Total	4,356,727	4,087,473	4,107,782	(269,254)	-6.2%	20,309	0.5%	-2.9%
#23 Labor	Oper	690,814	636,886	634,675	(53,928)	-7.8%	(2,211)	-0.3%	-4.1%
#23 Labor	Total	690,814	636,886	634,675	(53,928)	-7.8%	(2,211)	-0.3%	-4.1%
#25 DHHS System	Aid	1,373,437,632	1,373,764,339	1,394,418,935	326,707	0.0%	20,654,596	1.5%	0.8%
#25 DHHS System	Oper	262,140,415	265,839,444	270,614,961	3,699,029	1.4%	4,775,517	1.8%	1.6%
#25 DHHS System	Total	1,635,578,047	1,639,603,783	1,665,033,896	4,025,736	0.2%	25,430,113	1.6%	0.9%
#28 Veterans Affairs	Oper	1,428,314	1,155,381	1,349,119	(272,933)	-19.1%	193,738	16.8%	-2.8%
#28 Veterans Affairs	Total	1,428,314	1,155,381	1,349,119	(272,933)	-19.1%	193,738	16.8%	-2.8%
#29 Natural Resources	Aid	5,458,361	5,021,692	5,021,692	(436,669)	-8.0%	0	0.0%	-4.1%
#29 Natural Resources	Oper	11,286,789	10,275,032	10,377,285	(1,011,757)	-9.0%	102,253	1.0%	-4.1%
#29 Natural Resources	Total	16,745,150	15,296,724	15,398,977	(1,448,426)	-8.6%	102,253	0.7%	-4.1%
#31 Military Dept	Aid	858,775	608,775	608,775	(250,000)	-29.1%	0	0.0%	-15.8%
#31 Military Dept	Oper	4,485,933	4,363,028	4,386,894	(122,905)	-2.7%	23,866	0.5%	-1.1%
#31 Military Dept	Total	5,344,708	4,971,803	4,995,669	(372,905)	-7.0%	23,866	0.5%	-3.3%

Agency	Type	w/o deficits FY2016-17	Committee Preliminary Budget: Preliminary FY2017-18	Committee Preliminary Budget: Preliminary FY2018-19	Change over Prior Year: FY2017-18 $	FY2017-18 %	FY2018-19 $	FY2018-19 %	2 Yr Avg % Chng
#32 Ed Lands & Funds	Oper	335,359	343,230	347,738	7,871	2.3%	4,508	1.3%	1.8%
#32 Ed Lands & Funds	Total	335,359	343,230	347,738	7,871	2.3%	4,508	1.3%	1.8%
#33 Game & Parks	Aid	42,011	42,011	42,011	0	0.0%	0	0.0%	0.0%
#33 Game & Parks	Oper	12,031,872	11,808,156	11,903,049	(223,716)	-1.9%	94,893	0.8%	-0.5%
#33 Game & Parks	Total	12,073,883	11,850,167	11,945,060	(223,716)	-1.9%	94,893	0.8%	-0.5%
#34 Library Commission	Aid	1,295,085	1,295,085	1,295,085	0	0.0%	0	0.0%	0.0%
#34 Library Commission	Oper	2,790,888	2,563,369	2,619,011	(227,519)	-8.2%	55,642	2.2%	-3.1%
#34 Library Commission	Total	4,085,973	3,858,454	3,914,096	(227,519)	-5.6%	55,642	1.4%	-2.1%
#35 Liquor Control	Oper	1,298,648	1,270,750	1,285,414	(27,898)	-2.1%	14,664	1.2%	-0.5%
#35 Liquor Control	Total	1,298,648	1,270,750	1,285,414	(27,898)	-2.1%	14,664	1.2%	-0.5%
#46 Correctional Services	Aid	3,500,000	3,500,000	3,500,000	0	0.0%	0	0.0%	0.0%
#46 Correctional Services	Oper	204,158,501	210,232,155	218,128,328	6,073,654	3.0%	7,896,173	3.8%	3.4%
#46 Correctional Services	Total	207,658,501	213,732,155	221,628,328	6,073,654	2.9%	7,896,173	3.7%	3.3%
#47 NETC	Oper	10,329,068	10,144,075	10,219,668	(184,993)	-1.8%	75,593	0.7%	-0.5%
#47 NETC	Total	10,329,068	10,144,075	10,219,668	(184,993)	-1.8%	75,593	0.7%	-0.5%
#48 Coordinating Comm	Aid	7,853,156	7,853,156	7,853,156	0	0.0%	0	0.0%	0.0%
#48 Coordinating Comm	Oper	1,403,607	1,239,762	1,261,222	(163,845)	-11.7%	21,460	1.7%	-5.2%
#48 Coordinating Comm	Total	9,256,763	9,092,918	9,114,378	(163,845)	-1.8%	21,460	0.2%	-0.8%
#50 State Colleges	Oper	52,404,248	52,404,248	52,404,248	0	0.0%	0	0.0%	0.0%
#50 State Colleges	Total	52,404,248	52,404,248	52,404,248	0	0.0%	0	0.0%	0.0%
#51 University of Nebraska	Oper	583,068,732	576,000,000	576,000,000	(7,068,732)	-1.2%	0	0.0%	-0.6%
#51 University of Nebraska	Total	583,068,732	576,000,000	576,000,000	(7,068,732)	-1.2%	0	0.0%	-0.6%
#54 Historical Society	Oper	4,652,409	4,323,966	4,310,113	(328,443)	-7.1%	(13,853)	-0.3%	-3.7%
#54 Historical Society	Total	4,652,409	4,323,966	4,310,113	(328,443)	-7.1%	(13,853)	-0.3%	-3.7%
#64 State Patrol	Oper	60,113,441	61,353,850	61,849,342	1,240,409	2.1%	495,492	0.8%	1.4%
#64 State Patrol	Total	60,113,441	61,353,850	61,849,342	1,240,409	2.1%	495,492	0.8%	1.4%
#65 Admin Services (DAS)	Oper	8,880,092	8,657,614	8,728,397	(222,478)	-2.5%	70,783	0.8%	-0.9%
#65 Admin Services (DAS)	Total	8,880,092	8,657,614	8,728,397	(222,478)	-2.5%	70,783	0.8%	-0.9%
#67 Equal Opportunity	Oper	1,262,802	1,278,319	1,292,541	15,517	1.2%	14,222	1.1%	1.2%
#67 Equal Opportunity	Total	1,262,802	1,278,319	1,292,541	15,517	1.2%	14,222	1.1%	1.2%
#68 Latino American Comm.	Oper	207,834	208,717	212,083	883	0.4%	3,366	1.6%	1.0%
#68 Latino American Comm.	Total	207,834	208,717	212,083	883	0.4%	3,366	1.6%	1.0%
#69 Arts Council	Aid	943,069	943,069	943,069	0	0.0%	0	0.0%	0.0%
#69 Arts Council	Oper	618,415	588,201	582,841	(30,214)	-4.9%	(5,360)	-0.9%	-2.9%
#69 Arts Council	Total	1,561,484	1,531,270	1,525,910	(30,214)	-1.9%	(5,360)	-0.4%	-1.1%
#70 Foster Care Review	Oper	1,865,446	2,064,369	2,090,489	198,923	10.7%	26,120	1.3%	5.9%
#70 Foster Care Review	Total	1,865,446	2,064,369	2,090,489	198,923	10.7%	26,120	1.3%	5.9%
#71 State Energy Office	Oper	218,472	0	0	(218,472)	-100.0%	0	na	-100%
#71 State Energy Office	Total	218,472	0	0	(218,472)	-100.0%	0	na	-100%
#72 Economic Development	Aid	7,360,000	6,821,200	6,821,200	(538,800)	-7.3%	0	0.0%	-3.7%
#72 Economic Development	Oper	5,351,328	4,893,419	4,949,395	(457,909)	-8.6%	55,976	1.1%	-3.8%
#72 Economic Development	Total	12,711,328	11,714,619	11,770,595	(996,709)	-7.8%	55,976	0.5%	-3.8%
#76 Indian Affairs Comm	Oper	245,701	225,825	230,128	(19,876)	-8.1%	4,303	1.9%	-3.2%
#76 Indian Affairs Comm	Total	245,701	225,825	230,128	(19,876)	-8.1%	4,303	1.9%	-3.2%
#77 Industrial Relations	Oper	325,660	325,272	328,782	(388)	-0.1%	3,510	1.1%	0.5%
#77 Industrial Relations	Total	325,660	325,272	328,782	(388)	-0.1%	3,510	1.1%	0.5%
#78 Crime Commission	Aid	7,823,828	7,823,828	7,823,828	0	0.0%	0	0.0%	0.0%
#78 Crime Commission	Oper	4,857,995	4,889,445	4,918,211	31,450	0.6%	28,766	0.6%	0.6%
#78 Crime Commission	Total	12,681,823	12,713,273	12,742,039	31,450	0.2%	28,766	0.2%	0.2%

Agency	Type	w/o deficits FY2016-17	Committee Preliminary Budget: Preliminary FY2017-18	Preliminary FY2018-19	Change over Prior Year: FY2017-18 $	FY2017-18 %	FY2018-19 $	FY2018-19 %	2 Yr Avg % Chng
#81 Blind & Visually Impaired	Aid	176,890	196,890	196,890	20,000	11.3%	0	0.0%	5.5%
#81 Blind & Visually Impaired	Oper	971,637	947,228	957,688	(24,409)	-2.5%	10,460	1.1%	-0.7%
#81 Blind & Visually Impaired	Total	1,148,527	1,144,118	1,154,578	(4,409)	-0.4%	10,460	0.9%	0.3%
#82 Deaf & Hard of Hearing	Oper	1,016,914	998,178	1,008,192	(18,736)	-1.8%	10,014	1.0%	-0.4%
#82 Deaf & Hard of Hearing	Total	1,016,914	998,178	1,008,192	(18,736)	-1.8%	10,014	1.0%	-0.4%
#83 Community Colleges	Aid	100,828,308	100,828,308	100,828,308	0	0.0%	0	0.0%	0.0%
#83 Community Colleges	Total	100,828,308	100,828,308	100,828,308	0	0.0%	0	0.0%	0.0%
#84 Environmental Quality	Aid	2,141,196	1,969,900	1,969,900	(171,296)	-8.0%	0	0.0%	-4.1%
#84 Environmental Quality	Oper	3,922,413	3,678,502	3,726,752	(243,911)	-6.2%	48,250	1.3%	-2.5%
#84 Environmental Quality	Total	6,063,609	5,648,402	5,696,652	(415,207)	-6.8%	48,250	0.9%	-3.1%
#85 Retirement Board	Oper	47,303,239	48,588,600	52,179,000	1,285,361	2.7%	3,590,400	7.4%	5.0%
#85 Retirement Board	Total	47,303,239	48,588,600	52,179,000	1,285,361	2.7%	3,590,400	7.4%	5.0%
#87 Account/Disclosure	Oper	498,468	464,160	471,044	(34,308)	-6.9%	6,884	1.5%	-2.8%
#87 Account/Disclosure	Total	498,468	464,160	471,044	(34,308)	-6.9%	6,884	1.5%	-2.8%
#91 Tourism Commission	Aid	250,000	0	0	(250,000)	-100.0%	0	na	-100.0%
#91 Tourism Commission	Total	250,000	0	0	(250,000)	-100.0%	0	na	-100.0%
#93 Tax Equal/Review Comm	Oper	837,359	865,231	877,497	27,872	3.3%	12,266	1.4%	2.4%
#93 Tax Equal/Review Comm	Total	837,359	865,231	877,497	27,872	3.3%	12,266	1.4%	2.4%
Construction-Total	Total	22,239,000	21,739,000	32,801,790	(500,000)	-2.2%	11,062,790	50.9%	21.4%
OPERATIONS		1,580,659,703	1,589,627,867	1,612,933,413	8,968,164	0.6%	23,305,546	1.5%	1.0%
STATE AID		2,808,792,134	2,830,502,031	2,877,654,779	21,709,897	0.8%	47,152,748	1.7%	1.2%
CONSTRUCTION		22,239,000	21,739,000	32,801,790	(500,000)	-2.2%	11,062,790	50.9%	21.4%
TOTAL GENERAL FUNDS		4,411,690,837	4,441,868,898	4,523,389,982	30,178,061	0.7%	81,521,084	1.8%	1.3%

Table 13 General Fund Appropriations by Individual Aid Program
Appropriations Committee Preliminary Budget

Agency	Aid Program	w/o Deficits FY2016-17	Committee Preliminary Preliminary FY2017-18	Committee Preliminary Preliminary FY2018-19	Change over Prior Year FY2017-18 $	Change over Prior Year FY2017-18 %	Change over Prior Year FY2018-19 $	Change over Prior Year FY2018-19 %	2 Yr Avg % Chnge
#05 Courts	Court Appointed Special Advocate	300,000	300,000	300,000	0	0.0%	0	0.0%	0.0%
#13 Education	TEEOSA State Aid to Education	952,153,581	972,148,806	992,563,931	19,995,225	2.1%	20,415,125	2.1%	2.1%
#13 Education	Special Education	222,063,117	224,283,748	226,526,585	2,220,631	1.0%	2,242,837	1.0%	1.0%
#13 Education	Aid to ESU's	14,051,761	14,051,761	14,051,761	0	0.0%	0	0.0%	0.0%
#13 Education	High ability learner programs	2,342,962	2,342,962	2,342,962	0	0.0%	0	0.0%	0.0%
#13 Education	Early Childhood grant program	3,770,164	3,770,164	3,770,164	0	0.0%	0	0.0%	0.0%
#13 Education	Early Childhood Endowment	5,000,000	5,000,000	5,000,000	0	0.0%	0	0.0%	0.0%
#13 Education	Nurturing Healthy Behaviors	400,000	400,000	400,000	0	0.0%	0	0.0%	0.0%
#13 Education	School Lunch	392,032	392,032	392,032	0	0.0%	0	0.0%	0.0%
#13 Education	Textbook loan program	465,500	465,500	465,500	0	0.0%	0	0.0%	0.0%
#13 Education	School Breakfast reimbursement	561,042	561,042	561,042	0	0.0%	0	0.0%	0.0%
#13 Education	Adult Education	214,664	214,664	214,664	0	0.0%	0	0.0%	0.0%
#13 Education	Learning Communities Aid	500,000	500,000	500,000	0	0.0%	0	0.0%	0.0%
#13 Education	Summer Food Service grants	130,000	130,000	130,000	0	0.0%	0	0.0%	0.0%
#13 Education	High School Equivalency Assistance	750,000	750,000	750,000	0	0.0%	0	0.0%	0.0%
#13 Education	Step Up to Quality Child Care - Scholarship	100,000	100,000	100,000	0	0.0%	0	0.0%	0.0%
#13 Education	Step Up to Quality Child Care - Bonuses	69,000	69,000	69,000	0	0.0%	0	0.0%	0.0%
#13 Education	Vocational Rehabilitation	470,000	470,000	470,000	0	0.0%	0	0.0%	0.0%
#16 Revenue	Homestead Exemption	72,515,000	78,200,000	81,000,000	5,685,000	7.8%	2,800,000	3.6%	5.7%
#16 Revenue	Personal Property Tax Relief Act	19,600,000	15,200,000	16,200,000	(4,400,000)	-22.4%	1,000,000	6.6%	-9.1%
#18 Agriculture	Riparian Vegetation grants	975,000	475,000	475,000	(500,000)	-51.3%	0	0.0%	-30.2%
#25 HHS System	Behavioral Health Aid	73,844,769	74,173,991	74,773,241	329,222	0.4%	599,250	0.8%	0.6%
#25 HHS System	Medical student assistance/RHOP	787,086	709,086	709,086	(78,000)	-9.9%	0	0.0%	-5.1%
#25 HHS System	Childrens Health Insurance	6,440,394	6,163,940	6,208,871	(276,454)	-4.3%	44,931	0.7%	-1.8%
#25 HHS System	Public Assistance	108,094,067	108,094,067	108,094,067	0	0.0%	0	0.0%	0.0%
#25 HHS System	Medicaid	850,259,344	849,788,118	866,857,184	(471,226)	-0.1%	17,069,066	2.0%	1.0%
#25 HHS System	Child Welfare Aid	160,193,618	160,484,943	160,779,181	291,325	0.2%	294,238	0.2%	0.2%
#25 HHS System	Community developmental disabilities	150,667,981	151,917,262	154,564,373	1,249,281	0.8%	2,647,111	1.7%	1.3%
#25 HHS System	Community health centers	5,783,060	5,783,060	5,783,060	0	0.0%	0	0.0%	0.0%
#25 HHS System	Health Aid	6,917,612	6,200,171	6,200,171	(717,441)	-10.4%	0	0.0%	-5.3%
#25 HHS System	Care Management	2,315,560	2,315,560	2,315,560	0	0.0%	0	0.0%	0.0%
#25 HHS System	Area agencies on aging	8,134,141	8,134,141	8,134,141	0	0.0%	0	0.0%	0.0%
#29 Nat Resources	Nebr Water Conservation Fund	2,318,036	1,881,367	1,881,367	(436,669)	-18.8%	0	0.0%	-9.9%
#29 Nat Resources	Resources Development Fund	3,140,325	3,140,325	3,140,325	0	0.0%	0	0.0%	0.0%
#31 Military Dept	Governors Emergency Program	250,000	0	0	(250,000)	-100.0%	0	na	-100.0%

Agency	Aid Program	w/o Deficits FY2016-17	Committee Preliminary Preliminary FY2017-18	Committee Preliminary Preliminary FY2018-19	Change over Prior Year FY2017-18 $	Change over Prior Year FY2017-18 %	Change over Prior Year FY2018-19 $	Change over Prior Year FY2018-19 %	2 Yr Avg % Chnge
#31 Military Dept	Guard tuition assistance	608,775	608,775	608,775	0	0.0%	0	0.0%	0.0%
#33 Game & Parks	Niobrara Council	42,011	42,011	42,011	0	0.0%	0	0.0%	0.0%
#34 Library Comm	Local libraries	1,295,085	1,295,085	1,295,085	0	0.0%	0	0.0%	0.0%
#46 Corrections	Vocational and Life Skills Program	3,500,000	3,500,000	3,500,000	0	0.0%	0	0.0%	0.0%
#48 Coord. Comm	Nebr Opportunity Grant Program	6,868,156	6,868,156	6,868,156	0	0.0%	0	0.0%	0.0%
#48 Coord. Comm	Access College Early Scholarship	985,000	985,000	985,000	0	0.0%	0	0.0%	0.0%
#69 Arts Council	Aid to arts programs	943,069	943,069	943,069	0	0.0%	0	0.0%	0.0%
#72 Econ Develop	State aid to development districts	500,000	500,000	500,000	0	0.0%	0	0.0%	0.0%
#72 Econ Develop	Business Innovation Act	6,760,000	6,221,200	6,221,200	(538,800)	-8.0%	0	0.0%	-4.1%
#72 Econ Develop	Grow Nebraska	100,000	100,000	100,000	0	0.0%	0	0.0%	0.0%
#78 Crime Comm	Juvenile services grants	587,812	587,812	587,812	0	0.0%	0	0.0%	0.0%
#78 Crime Comm	Community Based Juvenile Services aid	6,300,000	6,300,000	6,300,000	0	0.0%	0	0.0%	0.0%
#78 Crime Comm	Crimestoppers program	13,457	13,457	13,457	0	0.0%	0	0.0%	0.0%
#78 Crime Comm	County Justice Reinvestment Grants	500,000	500,000	500,000	0	0.0%	0	0.0%	0.0%
#78 Crime Comm	Victim Witness assistance	52,559	52,559	52,559	0	0.0%	0	0.0%	0.0%
#78 Crime Comm	Crime Victims reparations	20,000	20,000	20,000	0	0.0%	0	0.0%	0.0%
#78 Crime Comm	Violence Prevention Grants	350,000	350,000	350,000	0	0.0%	0	0.0%	0.0%
#81 Blind & Vis Imp	Blind rehabilitation	176,890	196,890	196,890	20,000	11.3%	0	0.0%	5.5%
#83 Comm Colleges	Aid to Community Colleges	100,828,308	100,828,308	100,828,308	0	0.0%	0	0.0%	0.0%
#84 Environ Quality	Superfund cleanup	316,200	316,200	316,200	0	0.0%	0	0.0%	0.0%
#84 Environ Quality	Storm Water Management grants	1,824,996	1,653,700	1,653,700	(171,296)	-9.4%	0	0.0%	-4.8%
#91 Tourism Comm	Tourism grant program	250,000	0	0	(250,000)	-100.0%	0	na	-100.0%
	Aid to Individuals/Other	1,398,520,670	1,397,651,007	1,418,345,793	(869,663)	-0.1%	20,694,786	1.5%	0.7%
	Aid to Local Government	1,410,271,464	1,432,851,024	1,459,308,986	22,579,560	1.6%	26,457,962	1.8%	1.7%
	Total State Aid	2,808,792,134	2,830,502,031	2,877,654,779	21,709,897	0.8%	47,152,748	1.7%	1.2%

Detailed List – Specific General Fund Adjustments

(Appropriations Committee Preliminary Budget – Amounts are $ change from FY17 Base)

Agency		Prog	Issue	Type	FY2017-18	FY2018-19
3	Legislative Council	122	Reduce Contractual Services (Prog 122)	Oper	(50,000)	(50,000)
3	Legislative Council	123	Eliminate travel and training (Prog 123)	Oper	(25,000)	(25,000)
3	Legislative Council	123	Reduce Printing expense (Prog 123)	Oper	(25,000)	(25,000)
3	Legislative Council	126	Reduce operating expenses (Prog 126)	Oper	(17,000)	(14,500)
3	Legislative Council	127	Delay Printing a Reissue Volume of the Statutes (Prog 127)	Oper	(136,447)	(136,447)
3	Legislative Council	501	Annualize LB317 (2015) withdraw from Rail Compact	Oper	(15,000)	(15,000)
3	Legislative Council	501	Increased organization dues (Prog 501)	Oper	7,613	14,991
3	Legislative Council	501	Reduce senator travel allocation from $2,500 to $1,500	Oper	(40,000)	(40,000)
5	Supreme Court	52	Annualize LB605A, 2015, Justice Reinvestment Act	Oper	30,280	167,968
5	Supreme Court	67	Annualize LB605A, 2015, Justice Reinvestment Act	Oper	2,304,828	2,765,817
5	Supreme Court	67	Transfer between Programs 67 and 435 - No Net GF Impact	Oper	3,264,361	3,264,361
5	Supreme Court	420	Annualize LB919A, 2016, veteran's treatment court pilot project	Oper	58,750	58,750
5	Supreme Court	435	Annualize LB605A, 2015, Justice Reinvestment Act	Oper	1,935,689	4,360,333
5	Supreme Court	435	Transfer Between Programs 67 and 435 - No Net GF Impact	Oper	(3,264,361)	(3,264,361)
7	Governor	2	Health Insurance (Prg. 007)	Oper	(1,400)	(1,400)
7	Governor	21	Reduce General Funds per Request (Prg. 021)	Oper	(65,690)	(65,690)
7	Governor	21	Reduce personnel expenses	Oper	(65,482)	(65,482)
8	Lt. Governor	8	Health Insurance (Prg. 008)	Oper	(1,900)	(1,900)
9	Secretary of State	22	Annualize E-Notary Funding (Prg. 022)	Oper	(12,068)	(17,132)
9	Secretary of State	45	Shift former HAVA Funding from Cash to General (Prg. 045)	Oper	190,810	210,810
9	Secretary of State	45	Election Software and Hardware Maintenance (Prg. 045)	Oper	273,439	78,804
10	Auditor	506	Upgrade from Microsoft 2007 to current version (Prg. 506)	Oper	16,030	16,030
11	Attorney General	496	Water Litigation Funding (Prg. 496)	Oper	(921,500)	(921,500)
12	Treasurer	24	Reduce Staffing (Prg. 024)	Oper	(9,211)	(9,211)
12	Treasurer	24	Reduce Postage and Printing (Prg. 024)	Oper	(5,600)	(8,400)
12	Treasurer	659	Annualize LB 756 (2016)	Oper	(11,182)	(44,349)
13	Education	25	Eliminate early childhood education specialist per intent language	Oper	(95,000)	(95,000)
13	Education	25	Expand Step Up to Quality funding (prog. 25).	Oper	225,000	450,000
13	Education	25	Funds to support IT education (prog. 25).	Oper	2,373,050	1,972,249
13	Education	158	Increase special education aid by 1.0% (prog. 158).	Aid	2,220,631	4,463,468
13	Education	158	Increase state aid for TEEOSA by 2.1% (prog. 158).	Aid	19,995,225	40,410,350
13	Education	351	Transfer State Independent Living Grant (prog. 351).	Aid	(30,111)	(30,111)
13	Education	351	Matching funds, vocational rehabilitation services (prog. 351).	Aid	39,210	79,400
14	Public Service Comm	54	Correct Duplicate funding due to LB938 (2016) (Prg. 054)	Oper	(136,071)	(136,071)
14	Public Service Comm	54	Reallocate Salaries to NUSF – Communications (Prg. 054)	Oper	(58,218)	(60,055)
14	Public Service Comm	54	Reallocate Salaries to NUSF - GIS mapping (Prg. 054)	Oper	(36,199)	(37,399)
15	Parole Board	358	Increase in Services Costs for additional people on parole	Oper	0	390,000
15	Parole Board	358	New Office Space Rent	Oper	132,000	132,000
15	Parole Board	358	Reduction in Board of Parole staff and operations	Oper	(215,000)	(215,000)
15	Parole Board	358	Salary Increase for Parole Officers per LB598, 2015	Oper	154,443	154,443
16	Revenue	102	Annualize LB774-2016, relates to TANF. (Prog 102)	Oper	(115,967)	(115,967)
16	Revenue	102	Annualize LB889-2016, School Readiness Tax Credit (Prog 102)	Oper	(96,309)	(96,309)
16	Revenue	102	Annualize LB886-2016, Emerg Responders Incentive (Prog 102)	Oper	(55,601)	(55,601)
16	Revenue	102	Annualize LB884-2016, Affordable Housing Tax Credit (Prog 102)	Oper	329,097	25,746
16	Revenue	102	Eliminate funded authorized positions. (Prog. 102)	Oper	(635,853)	(635,853)
16	Revenue	108	Annualize LB 683 (2016) Homestead Exemption (Prog 108)	Aid	38,100	43,600
16	Revenue	108	Est increased costs, Homestead Exemption. (Prog 108)	Aid	5,646,900	8,441,400
16	Revenue	109	Adjust Personal Property Tax Exemption. (Prog. 109)	Aid	(4,400,000)	(3,400,000)
16	Revenue	112	Appropriations Shift from Cash General Fund (Prog 112)	Oper	0	198,509
18	Agriculture	78	Reduce aid, Riparian Vegetation Management (Prog. 078)	Aid	(500,000)	(500,000)
18	Agriculture	78	Reduction of Animal Industry staff. (Prog. 078)	Oper	(425,551)	(436,349)
18	Agriculture	78	Eliminate package inspections. (Prog. 078)	Oper	(135,354)	(139,690)
18	Agriculture	78	Reduce data center program development. (Prog. 078)	Oper	(100,000)	(100,000)

Agency		Prog	Issue	Type	FY2017-18	FY2018-19
18	Agriculture	78	Operations funding, Riparian Vegetation Management (Prog 78)	Oper	(25,000)	(25,000)
18	Agriculture	78	Statewide Radio Device Fee	Oper	0	(626)
21	Fire Marshall	193	Bunker Storage Space (Prg 193)	Oper	2,934	3,774
21	Fire Marshall	193	Office Clerk III / Secretary I Consolidation (Prg 193)	Oper	(19,081)	(19,081)
21	Fire Marshall	193	Eliminate Chief Deputy Position (Prg 193)	Oper	(95,864)	(95,864)
21	Fire Marshall	193	Eliminate Staff Assistant Position – W. Nebraska (Prg 193)	Oper	(41,514)	(41,514)
21	Fire Marshall	193	Reduce Overtime (Prg 225)	Oper	(23,030)	(23,030)
21	Fire Marshall	193	Reduce Uniform Costs (Prg 225,)	Oper	(11,000)	(11,000)
21	Fire Marshall	193	Reduce Travel Costs (Prg 193)	Oper	(5,000)	(5,000)
21	Fire Marshall	340	Reduce Part-Time Instructors (Prg 340)	Oper	(26,877)	(26,877)
21	Fire Marshall	340	Reduce Uniform Costs (Prg 340)	Oper	(6,500)	(6,500)
21	Fire Marshall	340	Reduce Travel Costs (Prg 340)	Oper	(5,000)	(5,000)
21	Fire Marshall	340	Eliminate Funding for SOS Temporary (Prg 340)	Oper	(4,000)	(4,000)
21	Fire Marshall	845	Eliminate Upgrades to Radio Program (Prg 845)	Oper	(83,000)	(83,000)
21	Fire Marshall	845	Statewide Radio Device Fee	Oper	0	(23,471)
23	Labor	194	General Funds Appropriation Base Reduction. (Prog. 194)	Oper	(70,814)	(70,814)
23	Labor	194	Reduce Funds in Labor Standards, Cut Staff Assistant to 0.5 FTE.	Oper	0	(17,430)
25	DHHS	32	DAS Assesments	Oper	12	11
25	DHHS	32	Merge Rx Drug (032) into MLTC Admin (263)	Oper	(539,445)	(540,412)
25	DHHS	33	Asset Verification System (AVS) (Prog. 033)	Oper	175,844	37,125
25	DHHS	33	Financial Auditor (Prog. 033)	Oper	220,000	290,000
25	DHHS	33	Remove MLTC from NFOCUS (Prog. 033)	Oper	1,916,448	1,916,448
25	DHHS	33	Economic Assistance (EA) Eligibility System (Prog. 033)	Oper	3,900,000	5,900,000
25	DHHS	33	Reduced Federal Medical Assistance Percentage (FMAP)	Oper	(113,957)	(146,719)
25	DHHS	33	End New Worker Training Contract (Prog. 033)	Oper	(300,000)	(500,000)
25	DHHS	33	Software license reductions (Prog. 033)	Oper	(279,120)	(279,120)
25	DHHS	33	Reduce ACCESSNebraska by 5.5 FTE (Prog. 033)	Oper	(175,000)	(175,000)
25	DHHS	33	Close Lincoln document imaging center (Prog. 033)	Oper	(129,348)	(344,929)
25	DHHS	33	Change Board of Health funding to cash fund (Prog. 033)	Oper	(104,054)	(104,054)
25	DHHS	33	Eliminate Community Support Specialists (Prog 033)	Oper	(80,563)	(80,563)
25	DHHS	33	Reduce Costing Solutions contract (Prog 033)	Oper	(70,193)	(70,193)
25	DHHS	33	Eliminate local office landlines (Prog. 033)	Oper	(50,000)	(50,000)
25	DHHS	33	Shift lab testing to federal funds (Prog. 033)	Oper	(38,890)	(38,890)
25	DHHS	33	Scanning converted on Onbase (Prog. 033)	Oper	(37,220)	(37,220)
25	DHHS	33	Strategic staffing savings (Prog. 033)	Oper	(23,428)	(23,428)
25	DHHS	33	Office supply reduction (Prog. 033)	Oper	(18,600)	(18,600)
25	DHHS	33	Shift environmental health administration to other funds (Prog 33)	Oper	(17,985)	(17,985)
25	DHHS	33	Deferred building maintenance (Prog. 033)	Oper	(9,306)	(9,306)
25	DHHS	33	Nebraska DD Council (Prog. 033)	Oper	(2,402)	(2,402)
25	DHHS	33	Restrict travel (Prog. 033)	Oper	(2,306)	(2,306)
25	DHHS	33	Reduce elemental formula administration (Prog. 033)	Oper	(1,000)	(1,000)
25	DHHS	33	Career Link contract reduction (Prog. 033)	Oper	(1,000)	(1,000)
25	DHHS	33	Reduce travel costs (Prog. 033)	Oper	(931)	(931)
25	DHHS	33	Eliminate the Survey Monkey contract (Prog. 033)	Oper	(400)	(400)
25	DHHS	33	Eliminate use of Specialized Office Services (Prog. 033)	Oper	(200)	(200)
25	DHHS	33	OCIO IT Consolidation	Oper	(588,200)	(588,200)
25	DHHS	33	Merge Rx Drug (032) into MLTC Admin (263)	Oper	539,445	540,412
25	DHHS	33	Merge PH (179) into PH Admin (262)	Oper	1,363,454	1,382,717
25	DHHS	38	Increase provider rates for the regions by 1% (prog 38).	Aid	593,317	1,192,567
25	DHHS	38	Reduce Family Navigator contracts (prog 38).	Aid	(93,582)	(93,582)
25	DHHS	38	Reduce training contracts for behavioral health services (prog 38).	Aid	(77,200)	(77,200)
25	DHHS	38	Reduce behavioral health service voucher, rural hotline (prog 38).	Aid	(52,408)	(52,408)
25	DHHS	38	Reduce Office of Consumer Affairs (prog 38).	Aid	(30,905)	(30,905)
25	DHHS	38	Reduce funds, Mental Health First educational activities (prog38).	Aid	(10,000)	(10,000)
25	DHHS	175	Reduce awards to loan recipient applicants (Prog 175)	Aid	(78,000)	(78,000)
25	DHHS	179	Shift chronic renal disease admin to other funds (Prog 179)	Oper	(3,154)	(3,154)
25	DHHS	179	Merge PH (179) into PH Admin (262)	Oper	(1,363,454)	(1,382,717)
25	DHHS	250	Additional YRTC staffing (Prog. 250)	Oper	1,417,624	1,446,528
25	DHHS	250	Inflationary increases for the institutional facilities (Prog 250)	Oper	3,860	3,860
25	DHHS	344	SCHIP - Utilization/Price increase (Prog 344)	Aid	168,342	339,098
25	DHHS	344	SCHIP – Reduce GF, higher federal FMAP	Aid	(444,796)	(570,621)
25	DHHS	348	Medicaid - Utilization increase (Prog. 348)	Aid	17,029,722	34,427,687
25	DHHS	348	Medicaid - Reduce GF, higher federal FMAP	Aid	(12,716,384)	(16,276,590)
25	DHHS	348	Medicaid - Adjust provider rates, vary by type of provider	Aid	(10,574,133)	(8,813,282)
25	DHHS	348	Medicaid - Fiscal agent for home care (Prog 348)	Aid	(1,638,370)	(1,638,370)
25	DHHS	348	Medicaid - Terminate the Telligen Contract (Prog. 348)	Aid	(119,648)	(119,648)
25	DHHS	348	Medicaid - Reduce aid to cover cost of financial auditor contract	Aid	(220,000)	(290,000)

Agency		Prog	Issue	Type	FY2017-18	FY2018-19
25	DHHS	348	Medicaid - Managed Care Savings on Avoidable Episodes of Care	Aid	(6,114,252)	(6,114,252)
25	DHHS	348	Medicaid - Increased Medicaid Drug Rebates	Aid	(2,300,000)	(2,300,000)
25	DHHS	348	Medicaid - Medicare Part B Premium Increase (annualize deficit)	Aid	5,761,146	5,539,296
25	DHHS	348	Medicaid - Federal Clawback Increase (annualize deficit)	Aid	10,420,693	12,182,999
25	DHHS	354	Child Welfare - provider rate adjustment	Aid	291,325	585,563
25	DHHS	365	Inflationary increases for the institutional facilities	Oper	59,252	119,818
25	DHHS	365	Reduce FTE at the Hastings Regional Center (prog. 365).	Oper	(118,406)	(118,406)
25	DHHS	365	Reduce 2.0 FTE at the Lincoln Regional Center (prog. 365).	Oper	(111,473)	(111,473)
25	DHHS	421	BSDC - Inflationary increases for the institutional facilities	Oper	(1,987)	(3,977)
25	DHHS	421	BSDC - Reduce GF, higher federal FMAP	Oper	(306,772)	(383,465)
25	DHHS	421	BSDC - Decrease appropriation base for BSDC (prog. 421).	Oper	(2,927,063)	(2,927,063)
25	DHHS	421	BSDC - Discontinue contracts for support (prog. 421).	Oper	(568,196)	(568,196)
25	DHHS	421	BSDC - Discontinue contract for day services (prog. 421).	Oper	(175,000)	(175,000)
25	DHHS	424	DD aid - clients served through the DD Custody Act (prog. 424).	Aid	302,042	302,042
25	DHHS	424	DD aid - persons transitioning from high school (prog. 424).	Aid	1,697,234	3,474,752
25	DHHS	424	DD aid - Reduce GF, higher federal FMAP	Aid	(2,252,024)	(2,899,480)
25	DHHS	424	DD aid - Provider rate increase of 1% per year	Aid	1,502,029	3,019,078
25	DHHS	514	Health Aid - Base Reduction	Aid	(717,441)	(717,441)
25	DHHS	519	Inflationary increases the institutional facilities	Oper	18,500	36,948
25	DHHS	519	Contractual support staff from General to Fed funds (prog. 519).	Oper	(800,000)	(800,000)
25	DHHS	519	New Kearney vets home, shift costs General to cash (prog. 519).	Oper	(494,800)	(494,800)
25	DHHS	519	Reduce base, medication dispensing machine savings (prog. 519).	Oper	(401,258)	(401,258)
25	DHHS	519	Terminate pharmacy contracts, medication dispensing savings.	Oper	(200,000)	(200,000)
25	DHHS	870	Inflationary increases the institutional facilities	Oper	8,676	15,992
25	DHHS	870	Open 5th Unit at Norfolk Sex Offender Treatment (prog. 870).	Oper	683,638	1,022,261
28	Vets Affiars	36	Annualize two positions authorized by LB 754 (2016) (Prog. 36).	Oper	44,612	46,506
28	Vets Affiars	36	Eliminate Staff Assistant, Military and Veterans Affairs (Prog. 36).	Oper	(47,476)	(47,476)
28	Vets Affiars	36	Reduce the health insurance base (Prog. 36).	Oper	(30,000)	(30,000)
28	Vets Affiars	36	Reduce one-time costs, agency's LB 754 fiscal note (Prog. 36).	Oper	(13,500)	(13,500)
28	Vets Affiars	37	Use available cash funds to offset General Fund	Oper	(250,000)	(80,000)
29	Natural Resources	304	Reduce funding, Soil and Water Conservation Fund (Prog. 304)	Aid	(436,669)	(436,669)
29	Natural Resources	334	Reduction of research and data collection functions. (Prog 334)	Oper	(926,480)	(926,480)
29	Natural Resources	334	Defer planned equipment replacements and upgrades. (Prog 334)	Oper	(200,000)	(200,000)
31	Military Dept	192	Governor's Emergency Program, use cash to offset General	Aid	(250,000)	(250,000)
31	Military Dept	544	Reduced state support of ARNG facilities (Prog. 544).	Oper	(160,246)	(160,246)
31	Military Dept	544	Statewide Radio Device Fee	Oper	0	(2,512)
31	Military Dept	545	Statewide Radio Device Fee	Oper	0	(9,421)
32	Ed Lands & Funds	529	Health insurance correction (prog. 529).	Oper	2,885	2,885
33	Game and Parks	549	Base Reduction	Oper	(168,521)	(168,521)
33	Game and Parks	617	Base Reduction	Oper	(192,435)	(192,435)
33	Game and Parks	846	Statewide Radio Device Fee	Oper	0	(21,355)
34	Library Commission	252	Office space lease expense. (Prog. 252)	Oper	22,990	46,893
34	Library Commission	252	Eliminate Info Infrastructure Support Tech 1 FTE. (Prog. 252).	Oper	(70,493)	(72,574)
34	Library Commission	252	Eliminate Information Services Librarian. 1 FTE (Prog. 252)	Oper	(60,747)	(62,767)
34	Library Commission	252	Eliminate Library Services Technician. 1 FTE (Prog. 252)	Oper	(48,153)	(49,632)
34	Library Commission	252	Eliminate Research Analyst I. 1 FTE (Prog. 252)	Oper	(43,860)	(45,070)
34	Library Commission	252	Eliminate Administrative Secretary position. 1 FTE (Pog. 252)	Oper	(38,502)	(39,585)
34	Library Commission	252	Eliminate Federal Aid Administrator. .5 FTE (Prog.252)	Oper	(33,625)	(34,510)
35	Liquor Control	73	Reduction in Commercial Air Expenditure (Prog. 73)	Oper	(11,330)	(11,330)
35	Liquor Control	73	Reduction in State Owned Transportation Expenditure (Prog. 73).	Oper	(11,013)	(11,013)
35	Liquor Control	73	Reduction in Lodging Expenditure (Prog. 73)	Oper	(10,000)	(10,000)
35	Liquor Control	73	Reduce Other Operating Costs Expenditure (Prog. 73)	Oper	(8,773)	(8,773)
35	Liquor Control	73	Reduce Conference Registration Expenditure (Prog. 73)	Oper	(3,000)	(3,000)
46	Corrections	200	Remove County Jail Funding, temporary program	Oper	(4,607,147)	(4,607,147)
46	Corrections	200	Annualize LB867A, 2016: DCS adopt regulations	Oper	43,621	43,621
46	Corrections	200	One-time cash fund to offset General Fund amount	Oper	(1,000,000)	0
46	Corrections	200	Critical Under Resourced Issues, additional staffing	Oper	959,775	970,712
46	Corrections	200	Evidence-Based Practices: additional staffing	Oper	574,223	691,667
46	Corrections	200	Health Services: additional staffing	Oper	701,034	508,941
46	Corrections	200	Information Technology and Radios	Oper	741,580	740,950
46	Corrections	200	Protective Service staffing: 55 in FY18, 135 in FY19	Oper	3,124,205	8,006,066

Agency		Prog	Issue	Type	FY2017-18	FY2018-19
46	Corrections	200	State Radio System Device Fees	Oper	0	(27,636)
46	Corrections	200	Base funding for special pay adjustments, December 2016	Oper	3,189,305	3,189,305
47	NETC	533	TV Network Fiber Costs (Prog. 533, Priority 16 of 16)	Oper	30,000	30,000
47	NETC	533	Research & Communications position – 1FTE (Prog. 533)	Oper	(82,600)	(82,600)
47	NETC	533	UNTV Contracted Services – 1FTE (Prog. 533)	Oper	(70,500)	(70,500)
47	NETC	533	Media Services Help Desk position – 1FTE (Prog. 533)	Oper	(59,700)	(59,700)
47	NETC	533	TV Operating Expenses (Prog. 533)	Oper	(40,936)	(40,936)
47	NETC	566	Radio Operating Expenses. (Prog. 566)	Oper	(31,916)	(31,916)
47	NETC	566	Radio Program Acquisition. (Prog. 566)	Oper	(14,000)	(14,000)
48	Postsecond Coord	640	Eliminate Data Analyst position. (Program 640)	Oper	(70,480)	(71,756)
48	Postsecond Coord	640	Eliminate Administrative Secretary position. (Program 640)	Oper	(47,421)	(48,439)
48	Postsecond Coord	640	Eliminate funds, health insurance reserve. (Program 640).	Oper	(24,561)	(17,762)
48	Postsecond Coord	640	Discontinue SHEEO membership, VFA subscription. (Prog 640)	Oper	(19,705)	(19,705)
48	Postsecond Coord	640	Eliminate tuition reimbursement, employees. (Prog 640)	Oper	(6,000)	(6,000)
48	Postsecond Coord	640	Discontinue SHEEO Higher Edu Policy Conference. (Prog 640)	Oper	(6,000)	(6,000)
48	Postsecond Coord	640	Reduce budgeted travel funds. (Program 640)	Oper	(5,785)	(5,785)
48	Postsecond Coord	640	Reduce non-personnel operating expenses. (Program 640)	Oper	(5,714)	(5,714)
50	State Colleges	48	Leave at current year level	Oper	0	0
51	University of Nebr	515	Base Reduction	Oper	(7,068,732)	(7,068,732)
54	Historical Society	553	Expiration of Sesquicentennial Commission (Prg. 553)	Oper	0	(94,000)
54	Historical Society	553	Reduce funding, Sesquicentennial Commission (Prg. 553)	Oper	(36,964)	0
54	Historical Society	648	Eliminate One-Time Funding - Mainstreet Project	Oper	(100,000)	(100,000)
54	Historical Society	648	Publication Staff (Prg. 648)	Oper	(107,805)	(109,960)
54	Historical Society	648	Reference Hours and Service (Prg. 648)	Oper	(65,482)	(66,473)
54	Historical Society	648	Neligh Mill State Historic Site (Prg. 648)	Oper	(32,022)	(32,624)
54	Historical Society	648	Historic Preservation Staff (Prg. 648)	Oper	(31,268)	(31,952)
54	Historical Society	648	Cather and Neihardt Contracts (Prg. 648)	Oper	(10,169)	(10,169)
64	State Patrol	100	Change in costs, Deferred Retirement Option Plan (DROP)	Oper	3,222	(70,318)
64	State Patrol	100	Increased retirement costs, LB467-2016 contributions	Oper	15,409	24,517
64	State Patrol	100	Transfer two Information Technology positions to the OCIO	Oper	(167,180)	(167,180)
64	State Patrol	100	Facility rental cost savings in Scottsbluff	Oper	(100,000)	(100,000)
64	State Patrol	100	Reduce the amount of cash paid out in overtime	Oper	(253,587)	(238,003)
64	State Patrol	100	Reduce funds budgeted for information technology	Oper	(163,653)	(163,653)
64	State Patrol	100	Have Roads pick up Patrol's share of 511 Weather Line	Oper	(107,500)	(107,500)
64	State Patrol	100	Reduce Supplies & Equipment by approximately 8%	Oper	(32,290)	(32,290)
64	State Patrol	100	Reduce conference and training travel costs, approx. 10%	Oper	(19,938)	(19,938)
64	State Patrol	100	Reduce Promotional Materials, approx. 50%	Oper	(5,000)	(5,000)
64	State Patrol	100	Reduce Dues & Subscriptions, professional associations	Oper	(3,127)	(3,127)
64	State Patrol	850	State Radio System Device Fees	Oper	0	(262,138)
65	Admin Services	101	NITC Administrative Manager (Prg. 101)	Oper	(39,695)	(41,104)
65	Admin Services	169	Eliminate Federal Liaison Funding (Prg. 169)	Oper	(3,500)	(3,500)
65	Admin Services	509	Reduce AS Assessment (Prg. 509)	Oper	(1,455)	(1,109)
65	Admin Services	509	Health Insurance (Prg. 509)	Oper	(71,735)	(71,735)
65	Admin Services	560	Reduce repair and maintenance, Governor's residence.	Oper	(19,306)	(19,306)
65	Admin Services	605	Restructuring of Personnel Staff (Prog. 605)	Oper	(170,252)	(174,015)
68	Latino-American	537	Funding for Commissioners travel to meetings (Prog. 537)	Oper	3,500	3,500
68	Latino-American	537	Base Reduction	Oper	(6,235)	(6,235)
69	Arts Council	326	Accumulated benefits, one retiring employee. (Prog. 326)	Oper	14,460	0
69	Arts Council	326	Reduce staff services for constituents. (Prog. 326)	Oper	(10,500)	(10,500)
69	Arts Council	326	Reduce funding for staff development. (Prog. 326)	Oper	(8,100)	(8,100)
69	Arts Council	326	Eliminate contractual services for database support. (Prog. 326)	Oper	(7,897)	(7,897)
69	Arts Council	326	Eliminate scheduled computer replacement. (Prog. 326)	Oper	(7,500)	(7,500)
69	Arts Council	326	Eliminate funding for Statewide Arts Conference. (Prog. 326)	Oper	(6,000)	(6,000)
69	Arts Council	326	Eliminate travel costs, Arts Council & review panels Prog 326)	Oper	(5,000)	(5,000)
69	Arts Council	326	Eliminate funding dedicated for database update. (Prog.326)	Oper	(5,000)	(5,000)
69	Arts Council	326	Eliminate consulting services for strategic planning. (Prog. 326)	Oper	(5,000)	(5,000)
70	Foster Care Review	353	Annualize LB746, continue base funding for Childrens Commission	Oper	190,000	190,000
70	Foster Care Review	353	Reduce operating costs (Prog. 353)	Oper	(19,568)	(19,568)
71	Energy Office	106	One-time item, LB 469 (2015) state energy plan (Prog106)	Oper	(218,472)	(218,472)

Agency		Prog	Issue	Type	FY2017-18	FY2018-19
72	Economic Develop	601	Reduction of operating costs. (Prog 601)	Oper	(42,000)	(42,000)
72	Economic Develop	603	Reduce Business Innovation commercialization grants (Prog 603)	Aid	(488,800)	(488,800)
72	Economic Develop	603	Eliminate funding for GROW Nebraska. (Prog 603)	Aid	(50,000)	(50,000)
72	Economic Develop	603	Reduce management consultant services. (Prog. 603)	Oper	(270,000)	(270,000)
72	Economic Develop	603	Eliminate Econ Develop Business Consultant position (Prog 603)	Oper	(78,745)	(78,745)
72	Economic Develop	603	Eliminate Econ Develop Consultant position, research (Prog 603)	Oper	(75,119)	(75,119)
72	Economic Develop	603	Reduce Econ Develop Manager position .36 FTE. (Prog 603)	Oper	(29,273)	(29,273)
72	Economic Develop	603	Reduce vehicle mileage allotment. (Prog. 603)	Oper	(25,000)	(25,000)
76	Indian Commission	584	Cut all Overtime (Prog. 584)	Oper	(7,297)	(7,297)
76	Indian Commission	584	Transportation Reduction (Prog. 584)	Oper	(692)	(692)
76	Indian Commission	584	Health Insurance Adjustment	Oper	(16,424)	(16,424)
77	Industrial Relations	490	Base Reduction	Oper	(4,000)	(4,000)
77	Industrial Relations	531	Additional Health Insurance.(Prog 531)	Oper	8,648	8,648
77	Industrial Relations	531	Eliminate printing the CIR Reporter. (Prog. 531)	Oper	(3,000)	(3,000)
77	Industrial Relations	531	Reduce Operating Costs. (Prog. 531)	Oper	(2,957)	(2,957)
77	Industrial Relations	531	Reduce Legal Counsel. (Prog. 531)	Oper	(1,850)	(1,850)
77	Industrial Relations	531	Reduce Court Reporter Costs. (Prog. 531)	Oper	(1,000)	(1,000)
78	Crime Commission	198	Reduce admin costs, County Justice Reinvestment Grant	Oper	(79,109)	(79,109)
78	Crime Commission	201	Annualize LB 843-2016 - Sexual Assault Payment Program	Oper	108,600	108,600
78	Crime Commission	215	Annualize LB 505A-2016, Criminal history record information	Oper	(30,000)	(30,000)
81	Blind/Vis Impaired	357	Replace fed funds, serve clients without a vocational goal.	Aid	20,000	20,000
81	Blind/Vis Impaired	357	Shift federal portion of rent surcharge to general funds.	Oper	11,513	11,513
81	Blind/Vis Impaired	357	Reduce 1.0 FTE Counselor position (prog. 357).	Oper	(47,395)	(47,395)
82	Deaf/Hard of Hrng	578	Reduce operating costs (Prog. 578)	Oper	(30,000)	(30,000)
83	Community Colleges	151	Leave at current year level	Aid	0	0
84	Environ Quality	513	Reduction in stormwater grant program. (Prog 513)	Aid	(171,296)	(171,296)
84	Environ Quality	513	Staffing reductions in Air and Water Quality programs (Prog 513)	Oper	(146,244)	(146,244)
84	Environ Quality	513	Reduction of Community Right-to-Know functions (Prog 513)	Oper	(80,000)	(80,000)
84	Environ Quality	513	Reduction in water quality testing. (Prog 513)	Oper	(39,263)	(39,263)
84	Environ Quality	513	Eliminate position, groundwater management program. (Prog 513)	Oper	(33,263)	(33,263)
84	Environ Quality	513	Statewide Radio Device Fee	Oper	0	(626)
85	Retirement Board	515	State Patrol Plan, actuarially required contribution (Prog 515)	Oper	(184,180)	2,174,262
85	Retirement Board	515	Judges' Plan, actuarially required contribution (Prog 515)	Oper	118,714	979,000
85	Retirement Board	515	Omaha School Plan, 2% of salary, service annuity. (Prog 515)	Oper	231,080	342,099
85	Retirement Board	515	School Plan, 2% of salary contribution. (Prog 515)	Oper	1,119,747	1,380,400
87	Account/Disclosure	94	Lower operations and workers comp costs (Prg. 094)	Oper	(2,157)	(2,157)
87	Account/Disclosure	94	Reduce base General Funds by 8%	Oper	(39,705)	(39,705)
91	Tourism Comm	618	Reduction of General Funds allocated for state aid. (Prog. 618)	Aid	(250,000)	(250,000)
93	Tax Equalization	115	Funding shift from Cash Fund to General Fund. (Prog. 115)	Oper	20,000	20,000
93	Tax Equalization	115	Hold Fewer Hearing Outside of the Lincoln Office. (Prog 115)	Oper	(5,974)	(5,974)
99	Construction	101	Change in construction relative to FY17	Const	(500,000)	10,562,790
All	Agencies	---	DAS Accounting / NIS charges	Oper	466,388	477,552
All	Agencies	---	FY18 / FY19 Salary Increases	Oper	6,449,354	10,453,008
All	Agencies	---	FY18 / FY19 Health Insurance Increases	Oper	4,984,351	10,255,144
	Total Adjustments (Operations)			Oper	8,968,164	32,273,710
	Total Adjustments (State Aid)			Aid	21,709,897	68,862,645
	Total Adjustments (Construction)			Const	(500,000)	10,562,790
	Total General Fund Budget Adjustments			Total	30,178,061	111,699,145

COMPARISON TO GOVERNORS RECOMMENDATION

		Committee Preliminary Budget			Governors Recommendation		
		Current Year	Biennial Budget		Current Year	Biennial Budget	
		FY2016-17	FY2017-18	FY2018-19	FY2016-17	FY2017-18	FY2018-19
1	**BEGINNING BALANCE**						
2	Beginning Cash Balance	531,652,199	135,071,509	81,369,714	531,652,199	263,176,405	203,882,544
3	Cash Reserve transfers-automatic	0	(11,201,000)	0	0	(32,710,103)	0
4	Carryover obligations from FY16	(310,603,783)	0	0	(310,603,783)	0	0
5	Lapse FY16 reapproriations (LB 22)	72,170,032	0	0	77,454,598	0	0
6	Allocation for potential deficits	0	(5,000,000)	(5,000,000)	0	(5,000,000)	(5,000,000)
7	Unobligated Beginning Balance	293,218,448	118,870,509	76,369,714	298,503,014	225,466,302	198,882,544
8	**REVENUES & TRANSFERS**						
9	Net Receipts (Oct 2016 NEFAB+hist avg)	4,395,000,000	4,538,000,000	4,730,000,000	4,395,000,000	4,538,000,000	4,730,000,000
9a	Incorporate Amazon.com (from Governor budget)	11,201,000	28,218,000	31,344,000	11,201,000	28,218,000	31,344,000
10	General Fund transfers-out	(217,100,000)	(234,970,000)	(234,970,000)	(216,660,000)	(234,970,000)	(234,970,000)
11	General Fund transfers-in	(50,000)	73,120,103	51,187,000	21,509,103	51,656,000	51,187,000
12	Cash Reserve transfers (current law)	0	0	0	0	0	0
13	2017 Cash Reserve transfers (new)	0	0	0	92,000,000	0	(17,500,000)
14	2017 Revenue Bills	0	0	0	0	0	0
15	General Fund Net Revenues	4,189,051,000	4,404,368,103	4,577,561,000	4,303,050,103	4,382,904,000	4,560,061,000
16	**APPROPRIATIONS**						
17	Appropriations (2015 Session)	4,411,690,837	4,411,690,837	4,411,690,837	4,411,690,837	4,411,690,837	4,411,690,837
18	2017 Mainline Budget Adjustments	0	30,178,061	111,699,145	0	(5,803,079)	75,964,444
20	Projected budget increase, following biennium	0	0	0	0	0	0
19	2017 Regular deficits (LB 22)	23,554,965	0	0	20,054,965	0	0
21	2017 Deficit reductions (LB 22)	(88,442,716)	0	0	(93,763,944)		
22	2017 State Claims	394,853	0	0	394,854	0	0
23	2017 "A" Bills	0	0	0	0	(1,400,000)	(1,400,000)
24	General Fund Appropriations	4,347,197,939	4,441,868,898	4,523,389,982	4,338,376,712	4,404,487,758	4,486,255,281
25	**ENDING BALANCE**						
26	Dollar ending balance (per Financial Status)	135,071,509	81,369,714	130,540,732	263,176,405	203,882,544	272,688,263
27	Dollar ending balance (at Minimum Reserve)	259,699,600		265,217,464	125,331,556		267,187,319
28	Excess (shortfall) from Minimum Reserve	**(124,628,091)**		**(134,676,732)**	**137,844,849**		**5,500,944**
29	Biennial Reserve (%)	1.5%		1.5%	-5.9%		3.1%
	General Fund Appropriations						
30	Annual % Change - Appropriations (w/o deficits)	3.3%	0.7%	1.8%	3.3%	-0.1%	1.9%
31	Two Year Average	3.7%	--	1.3%	3.7%	--	0.9%

CASH RESERVE FUND	FY2016-17	FY2017-18	FY2018-19	FY2016-17	FY2017-18	FY2018-19
Beginning Balance	730,655,108	637,639,649	573,775,336	730,655,108	545,639,649	503,134,439
Excess of certified forecasts (line 3 in Status)	0	11,201,000	0	0	32,710,103	0
To/from Gen Fund per current law	0	0	0	0	0	0
To Nebr Capital Construction Fund (NCCF)	(43,015,459)	0	(7,160,412)	(43,015,459)	0	(10,005,129)
To Transportation Infrastructure Fund	(50,000,000)	0	0	(50,000,000)	0	0
2017 - Excess from Oral Health Training Fund	0	150,000				
2017 - To / From General Fund	0	0	0	(92,000,000)	0	17,500,000
2017 - To NCCF (Corrections)	0	(75,215,313)	0	0	(75,215,313)	0
Projected Unobligated Ending Balance	637,639,649	573,775,336	566,614,924	545,639,649	503,134,439	510,629,310

Over the two-year biennial budget, there is a $139.5 million difference between the variance from the minimum reserve under the Committee preliminary budget (-$134.7 million) and the Governor (+$5.5 million).

Of this difference, about half is attributed to Cash Reserve Fund transfers. The Governors recommendation included a $92 million transfer to the General Fund in FY2016-17 to assist in balancing the budget and then a $17.5 million transfer back to the Cash Reserve Fund in FY2018-19. At this time the Appropriations Committee did not include any such transfer, subject to hearings and finalization of their recommendation in April.

The remaining difference is attributed to the Committee Preliminary budget being $71.7 million above the Governors recommendation. About 95% of the difference is shown in the table below. About 65% of the amounts above the Governors recommendation is in DHHS aid programs where the Committee budget did not include many of the budget cuts recommended by the Governor included provider rates. Another significant difference is that the Committee did not include the base reductions in the Supreme Court, Probation and Juvenile Justice, nor did they do base reductions in aid to Community Colleges.

There also are two areas where the Committee was less than the Governor, TEEOSA school aid and DAS Accounting system project.

General Fund FY2017-18 and FY2018-19 Appropriations

General Fund Appropriations	Governor FY2017-18	Governor FY2018-19	Committee FY2017-18	Committee FY2018-19
Agency Operations	1,575,999,605	1,608,137,628	1,589,627,867	1,612,933,413
Aid to Individuals/Other	1,364,009,806	1,380,563,014	1,397,651,007	1,418,345,793
Aid to Local Govts	1,444,139,347	1,466,152,849	1,432,851,024	1,459,308,986
Capital Construction	21,739,000	32,801,790	21,739,000	32,801,790
Total	4,405,887,758	4,487,655,281	4,441,868,898	4,523,389,982

Committee vs Governor (Operations/Aid)	FY2017-18	FY2018-19	Two Yr Total
Agency Operations	13,628,262	4,795,785	18,424,047
Aid to Individuals/Other	33,641,201	37,782,779	71,423,980
Aid to Local Govts	(11,288,323)	(6,843,863)	(18,132,186)
Capital Construction	0	0	0
Total	35,981,140	35,734,701	71,715,841

Committee vs Governor (Major Items)	FY2017-18	FY2018-19	Two Yr Total
Medicaid (other than FMAP)	13,701,003	15,391,854	29,092,857
Child Welfare aid (other than FMAP)	9,154,256	9,448,494	18,602,750
Base Reductions (Courts+Juvenile Justice)	6,176,814	6,176,814	12,353,628
Developmental Disability aid (other than FMAP)	4,728,457	6,245,506	10,973,963
Public Assistance (other than FMAP)	4,232,719	4,232,719	8,465,438
Community Colleges	3,024,849	3,024,849	6,049,698
Base Reductions not listed (State Agencies)	2,210,218	2,185,218	4,395,436
Behavioral health aid (other than FMAP)	1,930,751	2,530,001	4,460,752
IT Education Systems of Support (Education)	2,373,050	1,972,249	4,345,299
Salaries+Health Insurance (Agencies)	2,017,640	1,548,759	3,566,399
Storm Water Management grants	1,653,700	1,653,700	3,307,400
General Increase (University+Colleges)	4,600,063	(3,014,179)	1,585,884
TEEOSA Aid to Schools	(16,323,978)	(10,735,944)	(27,059,922)
Enterprise Resource Management Consolidation (DAS)	(5,149,000)	(6,900,000)	(12,049,000)
All Other	1,650,598.2	1,974,660.8	3,625,259
Total Difference, Committee vs Governor	35,981,140	35,734,701	71,715,841

General Fund Transfers-In (2 Yr Total)	Governor*	Committee	Difference
Securities Act Cash Fund	60,000,000	60,000,000	0
Tobacco Products Administration Cash Fund	20,000,000	20,000,000	0
Department of Insurance Cash Fund	16,500,000	16,500,000	0
Severance Tax Administration Cash Fund	(50,000)	(50,000)	0
Supreme Court Attorney Services Cash Fund	200,000	200,000	0
Medicaid Fraud Control Unit Cash Fund	500,000	500,000	0
Records Management Cash Fund	886,000	886,000	0
Treasury Management Cash Fund	150,000	150,000	0
Life Insurance Demutualization Trust Fund	400,000	400,000	0
Charitable Gaming Operations Fund	3,600,000	3,600,000	0
State Athletic Commissioner's Cash Fund	200,000	200,000	0
Tobacco Products Administation Cash Fund	1,000,000	1,000,000	0
Energy Conservation Improvement Fund	12,730	12,730	0
Marijuana & Controlled Substances Tax Admin. Fund	25,000	25,000	0
Department of Motor Vehicles Cash Fund	1,000,000	1,000,000	0
DMV Ignition Interlock Fund ** (change and new)	550,000	550,000	0
DHHS Cash Fund (Wholesale Drug Distributors)	3,700,000	3,700,000	0
DHHS Cash Fund (Cancer Research Fund)	7,000,000	7,000,000	0
DHHS Cash (False Medicaid Claims Act)	1,200,000	1,200,000	0
Veteran Cemetery Construction Fund	97,000	97,000	0
Nebraska Snowmobile Trail Cash Fund	79,121	79,121	0
Racing Commission's Cash Fund	150,000	150,000	0
Nebraska Motor Vehicle Industry Licensing Fund **	700,000	700,000	0
State Real Estate Commission's Fund **	200,000	200,000	0
Metropolitan Class Development Fund	22,427	22,427	0
Primary Class Development Fund	14,825	14,825	0
Building Renewal Allocation Fund **	910,000	910,000	0
State Building Renewal Assessment Fund	860,000	860,000	0
Clean-burning Motor Fuel Development Fund	200,000	200,000	0
Waste Reduction and Recycling Incentive Fund	1,300,000	1,300,000	0
Nebraska Litter Reduction and Recycling Cash Fund **	900,000	900,000	0
Petroleum Release Remedial Action Cash Fund	1,700,000	1,700,000	0
Comm. on Public Advocacy Operations Cash Fund	250,000	250,000	0
Legal Education for Public Service Loans Fund	95,000	0	(95,000)
Total - GF Tramsfers In	124,352,103	124,257,103	(95,000)

* Amounts shown under the Governors column include FY2016-17 fund transfers included in the early deficit bills. The Committee did not include them at that time but did include them in FY2017-18 amounts.

** Require statutory authorization to transfer funds to the General fund

General Fund Transfers-Out (2 Yr Total)	Governor	Committee	Difference
Property Tax Credit Fund	(442,000,000	(442,000,000)	0
Water Sustainability Fund	(21,340,000)	(21,340,000)	0
Water Resources Cash Fund	(6,600,000)	(6,600,000)	0
Cultural Preservation Endowment Fund	0	0	0
Victims Compensation Fund	0	0	0
General Fund Transfers In	(469,940,000)	(469,940,000)	0

Cash Reserve Fund Transfers (2 Yr Total)	Governor	Committee	Difference
From General Fund	17,500,000	0	(17,500,000)
From Oral Health Training (unused balance)	0	150,000	150,000
To General Fund	(92,000,000)	0	92,000,000
To NCCF (Corrections RTC construction project)	(75,215,313)	(75,215,313)	0
Cash Reserve Fund Transfers	(149,715,313)	(75,065,313)	74,650,000

General Fund Deficits (FY2016-17)	Governor	Committee	Difference
Regular Deficits			
Education - TEEOSA - lower Insurance Premium Tax	316,161	316,161	0
PSC - Increase expenses relating to a new commissioner	9,758	9,758	0
Revenue - Homestead Exemption, adjust to actual tax loss	2,235,000	2,235,000	0
DHHS – Medicaid, Medicare Part B Premium Increase	3,264,087	3,264,087	0
DHHS – Medicaid, Medicare Prescription Drug Benefit Clawback	5,263,256	5,263,256	0
DHHS - Child Welfare, Nebraska Families Collaborative	7,803,559	7,803,559	0
DHHS - Develop Disability aid, HCBS residential providers	1,163,144	4,663,144	3,500,000
Specific Cuts			
Auditor - reduce for waived health insurance coverage	(22,000)	(22,000)	0
Treasurer - reduce for actual health insurance coverage	(15,000)	(15,000)	0
Treasurer - State Disbursement Unit - One-time fund shift	(50,000)	(50,000)	0
Treasurer - Long Term Care Savings Plan - align with spending	(11,081)	(11,081)	0
Education - Delete funding, Master Teacher Program Aid	(470,000)	(470,000)	0
Parole - Salary increase will not occur in FY 2017 for Board members	(9,790)	(9,790)	0
Revenue - Personal Prop Tax Relief Act - updated NDR est	(5,800,000)	(5,800,000)	0
Agriculture - Reduce the Riparian Vegetation Aid Program	(300,000)	(300,000)	0
Agriculture - Reduce the Riparian Vegetation Aid Program (oper)	(10,000)	(10,000)	0
DHHS - SCHIP - Reduce appropriation based on expenditure rate	(1,400,000)	(1,400,000)	0
DHHS - Public Assistance - reduce to match est expenditures	(10,000,000)	(10,000,000)	0
DHHS - Medicaid - prior year drug rebates	(15,000,000)	(15,000,000)	0
DHHS - Medicaid - Reduce appropriation based on expenditure rate	(7,525,000)	(7,525,000)	0
DHHS - Delay opening Lincoln Reg Cntr unit until FY 2017-18	(1,000,000)	(1,000,000)	0
DHHS - BSDC - one-time fund shift	(5,000,000)	(5,000,000)	0
DHHS - BSDC - reduce appropriation to match estimated expenditures	(3,500,000)	(3,500,000)	0
Military - Governors Emergency Fund - eliminate base appropriation	(250,000)	(250,000)	0
DED - Community and Rural Develop, one-time fund shift	(32,015)	(32,015)	0
Crime Comm - Community corrections - one-time fund shift	(100,000)	(100,000)	0
DEQ - Storm Water Management Grants - reduce funding	(900,000)	(300,000)	600,000
Across the Board Cut (various agencies)	(42,369,058)	(37,647,830)	4,721,228
Total General Fund FY17 Deficit Appropriations	(73,708,979)	(64,887,751)	8,821,228
LAPSE FY2016-17 REPPROPRIATIONS	(77,454,598)	(72,170,032)	5,284,566

STATUTORY CHANGES REQUIRED

New Bill Introduction, Rule 5

Rule 5 of the "Rules of the Nebraska Unicameral Legislature" authorizes the Appropriations Committee to introduce new bills in conjunction with the issuance of their Preliminary Report. The intent of the rule is to give the committee the opportunity to review budget requests, develop an initial recommendation and then proceed to hearing on proposed funding levels while other standing committees can hear the new bills that enable the recommendation.

THE SPECIFICS OF THE COMMITTEE PRELIMINARY BUDGET DO NOT REQUIRE INTRODUCTION OF NEW BILLS

Any statutory changes required to carry out the Appropriations Committee Preliminary Budget could be accomplished with bills already introduced as noted below.

Appropriations Committee Preliminary Budget

The Committee Preliminary budget would require statutory changes relating to TEEOSA school aid (multiple bills in the Education Committee) and authorization for cash fund transfers to the General Fund (LB 23)

Governor Recommendation

The Governors Recommendation would require statutory changes relating to TEEOSA school aid and several budget modification reductions. The following were listed in the Governor's budget document.

LB 333 Eliminate the State Disability program
LB 334 Change Department of Health and Human Services provisions relating to families
LB 335 Change provisions relating to a child care market rate survey
LB 336 Provide a fee for registry checks under the Child Protection and Family Safety Act

No specific bill was referenced with respect to a statutory change in TEEOSA to achieve the Governors recommended level.

Mainline Appropriations Bills

The following bills are the standard appropriations bills as introduced by the Governor that authorize the bulk of state government expenditures. They are listed here for information only.

LB 22 Provide for deficit appropriations (Speaker Scheer, at the request of the Governor)

LB 23 Provide for transfers of funds and terminate funds

LB 327 Appropriate funds for state government expenses (Speaker Scheer, at the request of the Governor)

LB 328 Appropriations for legislative salaries (Speaker Scheer, at the request of the Governor)

LB 329 Appropriate funds, salaries of constitutional officers (Speaker Scheer, at the request of the Governor)

LB 330 Provide appropriations for capital construction (Speaker Scheer, at the request of the Governor)

LB 331 Create and transfer funds (Speaker Scheer, at the request of the Governor)

LB 332 Cash Reserve Fund transfers (Speaker Scheer, at the request of the Governor)