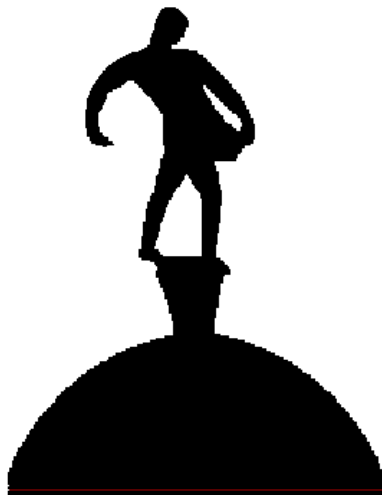


# Appropriations Committee Preliminary Report

**FY2021-22 / FY2022-23  
Biennial Budget**



Nebraska Unicameral Legislature  
One Hundred Seventh Legislature, First Session  
February 2021

**Members of the Appropriations Committee**

Sen John Stinner (C)  
Sen Anna Wishart (VC)  
Sen Robert Clements  
Sen Myron Dorn  
Sen Steve Erdman

Sen Robert Hilkemann  
Sen Mark Kolterman  
Sen Mike McDonnell  
Sen Tony Vargas

# Table of Contents

A. Summary .....	1
B. General Fund Financial Status .....	4
1. Financial Status per Committee Preliminary Budget.....	4
2. Chronology of the General Fund Financial Status .....	5
C. Cash Reserve Fund Status.....	8
1. Excess of Certified Forecasts.....	8
2. Transfers To / From General Fund .....	9
3. Transfers To/From Other Funds.....	9
4. Cash Reserve Fund - Historical Balances, Revenues, Transfers.....	10
D. General Fund Revenues .....	11
1. Revenue Forecasts .....	11
a. Nebraska Property Tax Incentive Act (LB 1107).....	13
2. General Fund Transfers-Out .....	14
3. General Fund Transfers-In .....	16
E. General Fund Appropriations .....	17
1. Summary/State Totals-Committee Preliminary Budget.....	17
2. Overview of Significant Increases and Reductions by Major Area .....	18
3. List of Significant Increases and Reductions .....	21
4. Highlights-General Fund State Aid to Local Governments .....	22
a. TEEOSA State aid to Schools.....	22
b. Special Education.....	22
c. Aid to ESU's .....	23
d. Homestead Exemption.....	23
e. Aid to Community Colleges.....	23
f. Governors Emergency Program .....	23
5. Highlights-General Fund State Aid to Individuals.....	23
a. Medicaid .....	23
b. Children's Health Insurance (SCHIP).....	24
c. Public Assistance .....	24
d. Child Welfare.....	25
e. Developmental Disability Aid.....	25
f. Behavioral Health Aid.....	25
g. Nebraska Career Scholarships (University, State Colleges, DED) .....	25
h. Business Innovation Act.....	26
6. Highlights-General Fund Agency Operations.....	26
a. Employee Salary Increases (State Agencies).....	26
b. Employee Health Insurance Increases (State Agencies).....	27
c. Court System .....	27
d. Correctional Services .....	27
e. University of Nebraska .....	28
f. State Colleges .....	28
g. Defined Benefit Retirement Plans .....	28
7. Highlights-General Fund Capital Construction .....	29
8. FY2020-21 Deficit Adjustments.....	3029
9. Committee Preliminary General Fund Budget by Agency.....	31
10. Committee Preliminary General Fund Budget by State Aid Program .....	34

11. Detailed Listing of General Fund Budget Issues .....	36
F. Comparison to Governors Recommendation .....	40
1. Financial Status .....	40
2. General Fund Appropriations – FY22 and FY23 .....	41
3. General Fund Transfers-In .....	42
4. General Fund Transfers-Out .....	42
5. Cash Reserve Fund transfers .....	42
6. General Fund FY2020-21 Deficit Appropriations .....	42
G. Statutory Changes Required .....	43
1. New Bill Introduction, Rule 5 .....	43
2. Appropriations Committee Preliminary Budget: Other Bills.....	43
3. Governor Recommendation, Other Bills.....	43
4. Mainline Appropriations Bills .....	43

# 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 2020, the projected financial status for the FY22/FY23 biennium was \$787.5 million BELOW the minimum reserve. At that point, FY22/FY23 was the "out year" in the five year financial status and there was no projection for FY24/FY25 biennium

The financial status improved significantly in November 2020 when the TRR committee met. The variance from the minimum reserve went from a negative \$787.5 million to a shortfall of \$275.7 million due to revenue forecasts. Original NEFAB forecasts for FY22 and FY23 were a combined \$425 million above the previously used preliminary LFO revenue estimates. The NEFAB increased their FY20-21 forecast by \$285.4 million. Historically all that would have gone into the Cash Reserve Fund (CRF) however LB1107 adjusted that so revenues over 3.5% increase were split between the CRF and the new income tax credit for property taxes paid. The net result was that \$198.7 million went into the CRF. There was also significantly lower spending projections with the receipt of agency requests. And those projected appropriation levels used the latest estimates for TEEOSA school aid and information from the agency budget request.

The Appropriations Committee Preliminary Budget as set forth here, turns the \$170.1 million "shortfall" into a balanced budget \$48.9 million above the minimum reserve. This \$219 million swing was accomplished mostly through appropriation levels below the November Tax Rate Review Committee meeting estimate including TEEOSA school aid (\$109.5 million) and DHHS provider rates (\$112.5 million). Another \$22.7 million was reduced to the FMAP being higher than had been included in the agency request and the Nov TRR report.

Another large impact was lapsing excess carried forward from FY20 into FY21 (\$61 million) and reducing FY20-21 new appropriations (\$42.2 million) mostly related to use of Coronavirus Relief Fund monies (\$49.9 million) to offset General Funds in the State Patrol and Dept. of Correctional Services. A \$65.7 million increase in revenues due to cash fund transfers was included.

## ALLOCATION FOR POST HEARING ADJUSTMENTS

The various savings and reductions as noted above allowed for the committee to include a \$130 million per year (\$260 million total) allocation for post hearing adjustments and legislation. For hearing purposes, funding for the Governor's major initiatives and other budget priorities such as DHHS provider rates were not included in the preliminary budget. This allowed the committee to receive comments and input during the agency and bill hearing process before making final recommendations on these major funding areas.

This \$260 million allocation is about \$25 million higher than the \$235.6 million of items the Governor included in his proposed budget as shown below. The largest was using a transfer to the Cash Reserve Fund (CRF) to achieve the \$500 million CRF threshold and trigger an \$86.7 million increase in the income tax credit for property taxes paid.

Governor Initiatives	FY2021-22	FY2020-21	Two Yr Total
Higher LB1107 credit, due to CRF transfer & trigger	(86,673,000)	(86,673,000)	(173,346,000)
LB 388 Nebraska Broadband Bridge Act	(20,000,000)	(20,000,000)	(40,000,000)
LB 387 Taxation of military retirement	(5,295,000)	(12,993,000)	(18,288,000)
LB 364 K-12 Opportunity Scholarships	(2,000,000)	(2,000,000)	(4,000,000)
Total Difference, Post Hearing & Bills	113,968,000	121,666,000	235,634,000

## GENERAL FUND REVENUES

Revenue estimates for FY2020-21, FY2021-22 and FY2022-23 are the October 2020 forecasts from the Nebraska Economic Forecast Advisory Board (NEFAB). Rate and base adjusted revenue growth implied by the forecasts for the FY22/FY23 biennium average 3.5% (1.0% in FY21-22 and 6.0% in FY22-23). When including the 1.4% growth in the FY20-21 forecast, there is an average growth of 2.8% over the three years that affect the financial status for the upcoming biennium. Note that these revenue forecasts incorporate the income tax credit for property taxes paid under LB1107 amounting to \$125 million in FY2020-21 and \$211.7 million for both FY2021-22 and FY2022-23. A more complete explanation can be found on page 13.

For the “following biennium”, revenue growth is calculated at 6.8% per year using the historical average methodology. The target growth is the historical average of 4.7% but adjusted down to 4.4% 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 4.4% five year average is 6.8% in both FY23-24 and FY24-25. At this point, these calculated amounts are substantially higher than the unofficial estimates prepared by the Legislative Fiscal Office (LFO) and Nebraska Dept. of Revenue (NDR).

***The Forecast Board will meet on Friday February 26, 2021 and again in late April 2021 to review the current forecasts. Changes to these forecasts will result in changes to the projected financial status as noted in this report.*** FY2020-21 year to date revenues (through January) are \$62 million above the October 2020 forecast level. However how the last three month revenue performance translates into the final months and into the next two fiscal years is unknown.

## GENERAL FUND SPENDING GROWTH

Budget growth in the Committee preliminary budget is -1.3% in FY22 and 2.5% in FY23 for a two year average of 0.6%. This is 0.2% per year below the Governor’s recommendation but significantly less than the pre-session estimate which had projected growth of 4.5% in FY20 and 3.2% in FY21 for an average of 3.9% over the biennium. Much of the decline in the projected spending growth is attributed to funding levels for DHHS provider rates, TEEOSA state aid under current law (actual calculated vs estimated), and funding lower than full cost of University salary and health insurance increases.

	Pre Session Est.		Governor Proposal		Committee Preliminary	
	<u>FY21-22</u>	<u>FY22-23</u>	<u>FY21-22</u>	<u>FY22-23</u>	<u>FY21-22</u>	<u>FY22-23</u>
Operations	2.9%	3.0%	1.8%	2.3%	1.8%	2.3%
State Aid to Individuals	2.1%	3.9%	-2.6%	3.3%	-2.6%	3.3%
State Aid to Local Govt	-0.8%	4.4%	-2.3%	2.7%	-3.5%	2.3%
Construction	-17.4%	-11.3%	-13.5%	-5.5%	1.0%	-8.6%
Annual % Change	1.3%	3.6%	-1.0%	2.7%	-1.3%	2.5%
Two Yr Average		2.4%		0.8%		0.6%

## COMPARISON TO GOVERNORS RECOMMENDATION

Over the two-year biennial budget, there is a \$4.9 million difference between the variance from the minimum reserve under the Committee preliminary budget (\$49.3 million) and the Governor (+\$44.4 million).

The Committee Preliminary budget is \$34.4 million below the Governor’s recommendation mostly due to lower TEEOSA funding under the current law. This is mostly offset by the Committee’s \$260 million allocation for post hearing adjustments which is \$24 million higher than the Governor’s proposed initiatives which amount to \$235.6 million.

<b>Committee vs Governor (Mainline Appropriations)</b>	<b>FY2021-22</b>	<b>FY2020-21</b>	<b>Two Yr Total</b>
TEEOSA Aid to Schools (General Funds only)	(19,129,877)	(26,158,391)	(45,288,268)
Capital Construction	5,621,000	4,110,000	9,731,000
All Other	569,862	545,618	1,115,480
Total Difference, Appropriations	12,939,015)	(21,502,773)	(34,441,788)

## Nebraska Property Tax Incentive Act (LB 1107)

The Nebraska Property Tax Incentive Act was included as part of LB1107 enacted in August. The act provides a refundable income tax credit or credit against franchise tax for any taxpayer who pays school district taxes, which is property taxes levied by a school district or school system, excluding property taxes levied for bonded indebtedness and property taxes levied as a result of an override of limits on property tax levies approved by voters. The following shows the calculation of the credit amount under the bill by year.

Fiscal Yr Impact	Income Tax	Property Tax	Calculation of credit amount
	Year	Year	
FY 2020-21	2020	2019	Fixed amount at \$125 million
FY 2021-22	2021	2020	Prior Yr + growth over 3.5% *
FY 2022-23	2022	2021	Prior Yr max + growth over 3.5% *
FY 2023-24	2023	2022	Prior Yr max + growth over 3.5% *
FY 2024-25	2024	2023	Fixed amount at \$375 million

If the Cash Reserve Fund (CRF) is below \$500 million, 50% of the growth over 3.5% is distributed to increasing the credit. If the CRF is above \$500 million, the growth over 3.5% is distributed 100% to increasing the credit.

The figure below shows the calculation of dollar amounts for the credit as originally estimated when LB1107 was enacted, what the current estimated credit amount would be based on existing conditions (CRF under \$500 million) and under the Governor's proposal.

The Governor's recommendation included an \$88 million transfer to the Cash Reserve Fund. The effect of this transfer is that it puts the Cash Reserve Fund (CRF) balance slightly above the \$500 million threshold which then triggers the provision that **ALL** funds above the 3.5% growth threshold are added to the LB1107 income tax credit. The following figure shows the credit amount by year based on the bill estimate as originally passed, the current law estimate without any actions taken to trigger the higher amount, and the Governors recommendation.

Income Tax Credit per scenario	Estimated	Current Est	Difference	
	Sine Die 2020	Committee	Governor	Governor
FY2020-21	125,000	125,000	125,000	0
FY2021-22	125,000	211,673	298,346	86,673
FY2022-23	125,000	211,673	298,346	86,673
FY2023-24	125,000	394,473	394,473	0
FY2024-25	375,000	375,000	375,000	0

## CASH RESERVE FUND

The Cash Reserve Fund (CRF) unobligated balance is projected at \$446 million based on current forecasts, actions taken in prior legislative sessions, and the Appropriations Committee Preliminary Budget. This is a \$34 million increase over the \$412 million projected balance at the end of the 2020 legislative session but lower than the \$611 million level per the November 2020 Tax Rate Review Committee report.

This increase is attributed to an estimated \$195.7 million transfer based on the \$285.4 million increase in the October 2020 (amount above certified forecast) less an \$86.7 million increase in the LB1107 income tax credit for property taxes per the language of the bill tying an increase to revenue over a 3.5% growth and the Cash Reserve fund balance relative to \$500 million. The Committee Preliminary budget then utilizes \$165 million; \$50 million to the Governors Emergency Fund to assist in attracting the US Spacecom headquarters to Omaha and \$115 million to the Nebraska Capital Construction Fund to set aside funds for as yet specified correctional facilities.

The Governor utilized a total of \$277.2 million from the CRF, the \$50 million for the Spacecom project, \$9.7 million to the NCCF for new construction projects. (the committee used General Funds for the same projects), and a total of \$217.5 million for a new multi-custody level correctional facility.

# 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 FY2020-21	Upcoming Biennium FY2021-22 FY2022-23		Following Biennium FY2023-24 FY2024-25	
<b>1 BEGINNING BALANCE</b>					
2 Beginning Cash Balance	710,599,887	681,165,723	292,781,009	345,286,348	405,200,645
3 Cash Reserve transfers-automatic	(10,655,528)	(198,738,000)	0	0	0
4 Carryover obligations from FY20	(341,227,220)	0	0	0	0
5 Lapse FY20 reappropriations	61,300,000	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	420,017,139	477,427,723	287,781,009	340,286,348	400,200,645
<b>8 REVENUES &amp; TRANSFERS</b>					
9 Net Receipts (NEFAB Oct 2020 + LFO prelim)	5,286,000,000	4,920,000,000	5,275,000,000	5,497,000,000	5,926,000,000
10 General Fund transfers-out	(310,600,000)	(286,800,000)	(286,800,000)	(283,500,000)	(283,500,000)
11 General Fund transfers-in	(2,250,000)	33,595,597	39,595,597	0	0
12 Cash Reserve transfers (current law)	30,000,000	0	0	0	0
13 2021 Cash Reserve transfers (new)	0	0	0	0	0
15 Allocation for Post Hearing & Bills	0	see line 22	see line 22	see line 22	see line 22
16 General Fund Net Revenues	5,003,150,000	4,666,795,597	5,027,795,597	5,213,500,000	5,642,500,000
<b>17 APPROPRIATIONS</b>					
18 Expenditures / Appropriations (2020 Session)	4,783,766,898	4,783,766,898	4,783,766,898	4,783,766,898	4,783,766,898
19 2021 Mainline Budget Items	(42,184,766)	(62,324,587)	56,523,360	56,523,360	56,523,360
20 Projected budget increase, following biennium	0	0	0	178,295,445	359,795,627
21 2021 State Claims (LB 666)	419,284	0	0	0	0
22 Allocation for Post Hearing & Bills	0	130,000,000	130,000,000	130,000,000	130,000,000
23 General Fund Appropriations	4,742,001,416	4,851,442,311	4,970,290,258	5,148,585,703	5,330,085,885
<b>24 ENDING BALANCE</b>					
25 \$ Ending balance (per Financial Status)	681,165,723	292,781,009	345,286,348	405,200,645	712,614,759
26 \$ Ending balance (at Min. Reserve 3.0%)			296,418,027		326,251,059
27 Excess (shortfall) from Minimum Reserve			<b>48,868,321</b>		<b>386,363,701</b>
28 Biennial Reserve (%)			3.5%		6.8%
<b>General Fund Appropriations</b>					
29 Annual % Change - Appropriations (w/o deficits)	3.4%	-1.3%	2.5%	3.7%	3.6%
30 Two Year Average	3.6%	--	0.6%	--	3.7%
<b>General Fund Revenues</b>					
31 Est. Revenue Growth (rate/base adjusted)	1.4%	1.0%	6.0%	6.8%	6.9%
32 Two Year Average	3.1%	--	3.5%	--	6.8%
33 Five Year Average	4.0%	--	4.4%	--	4.4%
34 Unadjusted % change over prior year	7.0%	-6.9%	7.2%	4.2%	7.8%

# Chronology of the Financial Status

At Sine Die 2020, the projected financial status for the FY22/FY23 biennium was \$787.5 million BELOW the minimum reserve. At that point, FY22/FY23 was the “out year” in the five year financial status and there was no projection for FY24/FY25 biennium

The financial status improved significantly in November 2020 when the TRR committee met. The variance from the minimum reserve went from a negative \$787.5 million to a shortfall of \$275.7 million due to revenue forecasts. Original NEFAB forecasts for FY22 and FY23 were a combined \$425 million above the previously used preliminary LFO revenue estimates. The NEFAB increased their FY20-21 forecast by \$285.4 million. Historically all that would have gone into the Cash Reserve Fund (CRF) however LB1107 adjusted that so revenues over 3.5% increase were split between the CRF and the new income tax credit for property taxes paid. The net result was that \$198.7 million went into the CRF.

There was also significantly lower spending projections with the receipt of agency requests. And those projected appropriation levels used the latest estimates for TEEOSA school aid and information from the agency budget request.

Impact on Variance from Min Reserve (Millions of Dollars)	November 2021 TRR Committee			
	FY19	FY20	FY21	Total
Revenue Forecasts (October 2020)	285.4	118.0	307.0	710.5
Automatic transfer to CRF	0.0	(198.7)	0.0	(198.7)
Change in Minimum Reserve	0.0	0.0	(6.6)	(14.8)
Subtotal - Revenue	285.4	(80.7)	300.4	496.9
Education - Revised TEEOSA estimates (Nov 2020 Joint Meeting)	0.0	(9.2)	4.2	(5.0)
Revenue - Homestead exemption	0.0	(2.0)	(4.2)	(6.2)
Retirement - defined benefit plans	0.0	(1.9)	(2.5)	(4.3)
DHHS - DD client increases (waiver, transition, etc..)	0.0	(3.6)	(3.6)	(7.1)
DHHS - FMAP	0.0	24.7	29.5	54.3
DHHS - Medicaid (eligibility, utilization, specific items)	0.0	(1.1)	(1.5)	(2.7)
DHHS - Medicaid (HIPF provider fee)	0.0	15.5	15.5	31.0
DHHS - Medicaid (expansion)	0.0	16.6	17.2	33.8
DHHS - Child Welfare (eligibility, utilization)	0.0	4.6	9.5	14.1
All - Health insurance (4%/year vs 6%/yr)	0.0	3.3	6.9	10.2
Revised estimate of budget increases, all other	0.0	(1.3)	3.5	2.2
Deficit requests vs \$5M allocation	0.0	0.0	0.0	0.0
Change in Minimum Reserve	0.0	0.0	0.0	0.0
Subtotal - Appropriations	0.0	45.7	74.6	120.3
Total Change – November TRR Committee	285.4	(35.0)	(375.1)	617.3

The Appropriations Committee Preliminary Budget as set forth here, turns the \$170.1 million “shortfall” into a balanced budget \$48.9 million above the minimum reserve.

This \$219 million swing was accomplished mostly through appropriation levels below the November Tax Rate Review Committee meeting estimate including TEEOSA school aid (\$109.5 million) and DHHS provider rates (\$112.5 million). Another \$22.7 million was reduced to the FMAP being higher than had been included in the agency request and the Nov TRR report.

Another large impact was lapsing excess carried forward from FY20 into FY21 (\$61 million) and reducing FY20-21 new appropriations (\$42.2 million) mostly related to use of Coronavirus Relief Fund monies (\$49.9 million) to offset General Funds in the State Patrol and Dept. of Correctional Services.

A \$65.7 million increase in revenues due to cash fund transfers was included.

With these various savings and reductions, the Committee included a \$130 million per year (\$260 million total) allocation for adjustments and legislation subject to use after the budget hearings have been completed. post hearing adjustments and legislation. At that time funding could be allocated to the Governors priorities, he had recommended \$235.6 million of initiatives, or utilized for other Committee and/or legislative priorities



Impact on Variance from Min Reserve (Millions of Dollars)	Committee Preliminary Budget			
	FY21	FY22	FY23	Total
General Fund transfers-in	(2.3)	33.6	39.6	70.9
Update out year revenue estimates	0.0	0.0	0.0	0.0
Change in Minimum Reserve	0.0	0.0	(5.3)	(5.3)
Subtotal - Revenue	(2.3)	33.6	34.3	65.7
Lapse FY20 reappropriations	61.3	0.0	0.0	61.3
Deficits vs \$5M allocation	47.2	0.0	0.0	47.2
Claims Bill	(0.4)	0.0	0.0	(0.4)
Aid to K-12 Schools (TEEOSA GF only) vs Nov TRR	0.0	40.4	69.1	109.5
Medicaid vs Nov TRR	0.0	50.6	57.5	108.1
University/Colleges increased funding vs Nov TRR	0.0	9.8	19.0	28.8
Juvenile Services - Courts vs Nov TRR	0.0	8.5	8.5	17.0
Developmental Disability aid vs Nov TRR	0.0	9.0	6.7	15.8
Special Education vs Nov TRR	0.0	3.5	7.1	10.5
Child Welfare Aid vs Nov TRR	0.0	3.9	8.5	12.4
Employee Salaries - State Agencies vs Nov TRR	0.0	2.4	7.3	9.7
Homestead Exemption vs Nov TRR	0.0	(2.6)	(2.8)	(5.4)
Nebraska Career Scholarships vs Nov TRR	0.0	(1.0)	(2.0)	(3.0)
All Other appropriations vs Nov TRR	0.0	0.2	1.7	1.9
Allocation for Post Hearing Adjustments	0.0	(130.0)	(130.0)	(260.0)
Subtotal - Appropriations	108.1	(5.3)	50.6	153.4
Total Change – Appropriations Committee Prelim Budget	105.8	28.3	84.9	219.0

Table 2 Chronology of the Financial Status

(millions of dollars)	FY22 / FY23 Biennium	FY24 / FY25 Biennium
<b>Sine Die 2020 Session</b>	<b>(787.4)</b>	<b>NA</b>
Revenue Forecasts (October 2020)	710.5	--
Automatic transfer to CRF	(198.7)	--
Education - Revised TEEOSA estimates (Nov 2020 Joint Meeting)	(5.0)	--
Revenue - Homestead exemption	(6.2)	--
Retirement - defined benefit plans	(4.3)	--
DHHS - DD client increases (waiver, transition, etc..)	(7.1)	--
DHHS - FMAP	54.3	--
DHHS - Medicaid (eligibility, utilization, specific items)	(2.7)	--
DHHS - Medicaid (HIPF provider fee)	31.0	--
DHHS - Medicaid (expansion)	33.8	--
DHHS - Child Welfare (eligibility, utilization)	14.1	--
All - Health insurance (4%/year vs 6%/yr)	10.2	--
Revised estimate of budget increases, all other	2.2	--
Deficit requests vs \$5M allocation	0.0	--
Change in Minimum Reserve	(14.8)	--
<b>November 2020 Tax Rate Review Committee</b>	<b>(170.1)</b>	<b>124.2</b>
General Fund transfers-in	70.9	70.9
Update out year revenue estimates	0.0	(93.0)
Change in Minimum Reserve	(5.3)	(1.4)
Aid to K-12 Schools (TEEOSA GF only) vs Nov TRR	109.5	267.3
Medicaid vs Nov TRR	108.1	230.9
University/Colleges increased funding vs Nov TRR	28.8	67.8
Juvenile Services - Courts vs Nov TRR	17.0	34.6
Child Welfare Aid vs Nov TRR	12.4	30.6
Developmental Disability aid vs Nov TRR	15.8	30.1
Special Education vs Nov TRR	10.5	25.2
Employee Salaries - State Agencies vs Nov TRR	9.7	24.9
Homestead Exemption vs Nov TRR	(5.4)	(11.2)
Nebraska Career Scholarships vs Nov TRR	(3.0)	(7.0)
All Other appropriations vs Nov TRR	1.9	4.4
Lapse FY20 reappropriations	61.3	61.3
Deficits vs \$5M allocation	47.2	47.2
Claims Bill	(0.4)	(0.4)
Allocation for Post Hearing Adjustments	(260.0)	(520.0)
<b>Committee Preliminary Budget - 2021</b>	<b>48.9</b>	<b>386.4</b>

# CASH RESERVE FUND

The Cash Reserve Fund (CRF) is not included as part of the "General Fund Reserve" (which is the ending General Fund balance for a biennium) and was created 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.

At the end of the 2019 legislative session, the unobligated balance was projected at \$322.4 based on an estimated \$45 million transfer related to the April Nebraska Economic Forecast Advisory Board (NEFAB) forecast for FY2018-19 being above the certified amount. The projected unobligated balance increased to \$455.2 million when FY2018-19 actual receipts were \$132.9 million above the April forecast. The balance was projected to increase to \$731 with the revised forecasts in October 2020 (+\$160.9 million) and February 2020 (+\$115.0 million) and then decline back to \$647.5 million due to using \$83.6 million to help cover costs related to the COVID-19 pandemic.

During the break in the legislative session, FY19-20 was completed and the actual receipts were \$265 million **below** the prior forecast which had been projected to be \$275 million above the certified forecast. For FY19-20 most of this was due to the extension of the income tax filing date from April to July which shifted an estimated \$280 million from FY19-20 into FY20-21. The final changes where a transfer of \$60 million of unused COVID-19 funds back to the CRF and then \$30 million back to the General Fund to assist in covering the first year costs of LB1107. This left the projected balance at \$412.3 million.

Based on the revised October 2020 forecasts and the calculation of CRF transfers in LB1107, the balance is projected to increase by \$198.7 million to an unobligated balance of \$611 million.

The **Appropriations Committee Preliminary Budget** utilizes \$165 million of Cash Reserve Fund monies. First is a transfer to the Nebraska Capital Construction Fund to set aside funds for unspecified correctional facilities. The second is a \$50 million transfer to the Governors Emergency Fund to assist in attracting the US Spacecom command to the Offutt AFB in Omaha. The second was a \$115 million transfer to the NCCF for correctional facilities. However, the committee does not include an NCCF appropriation until such time as the the specific facilities needed are determine.

Both projects were in the Governors recommendation however the Governor's transfer for correctional facilities totaled \$217.5 and was specified for a particular project.

Table 3 - Cash Reserve Fund Cash Flow

	Actual FY2020-21	Estimated FY2021-22	Estimated FY2022-23	Estimated FY2023-24	Estimated FY2024-25
Beginning Balance	426,307,702	412,263,230	511,001,230	446,001,230	446,001,230
Excess of certified forecasts (line 3 in Status)	10,655,528	198,738,000	0	0	0
To/from Gen Fund per current law	(30,000,000)	0	0	0	0
To Nebr. Capital Construction Fund (NCCF)	(54,700,000)	0	0	0	0
From Gov Emergency Fund (LB 1009)	60,000,000	0	0	0	0
2021 - To NCCF, allocation for prison facilities	0	(50,000,000)	(65,000,000)	0	0
2021 - To Gov Emerg Fund, US Spacecom	0	(50,000,000)	0	0	0
Ending Balance	412,263,230	511,001,230	446,001,230	446,001,230	446,001,230

## 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.

Actual receipts for FY2019-20 (\$4,939,762,611) were \$10,655,528 above the certified forecast of \$4,929,107,083. However actual receipts were over \$265 million below the last forecast due to the extension of the income tax filing deadline from April 2020 to July 2020. The latest estimate was that \$280 million shifted from FY2019-20 to FY2020-21 due to this filing change.

The provisions of LB1107 created a new calculation for purposes of automatic transfers to the Cash Reserve Fund for the next three years. Normally the amount above certified would all go to the CRF. However under the provisions of LB1107 the amount above certified less any allocated to the income tax credit for property taxes is transferred to the CRF. In this case the provisions of LB1107 result in a \$86.7 million increase in the credit. Therefore the CRF transfer is \$198.7 or the \$285.4 million above certified revenues less the \$86.7 million increase in the credit. A more detailed description of income tax credit under LB1107 can be found on page 13

Cash Reserve Fund Transfer	GF Revenue Forecast	Certified	\$ Amount > Certified (prior yr)	Less:\$ to Credit	\$ Amount to CRF	CRF balance (after transfer)
FY2020-21	5,286,000	5,000,589	--	--	--	412,263
FY2021-22	4,920,000	4,920,000	285,411	86,673	<b>198,738</b>	611,001
FY2022-23	5,275,000	5,275,000	0	0	<b>0</b>	611,001
FY2023-24	5,590,000	5,590,000	0	182,800	<b>0</b>	611,001
FY2024-25	5,926,000	5,926,000	0	--	<b>0</b>	611,001

## Transfers-To & From General Fund

Unlike the automatic transfers that occur after the close of the fiscal year and are statutorily required, other transfers can take place as specifically enacted by the Legislature. In the 2017 Session, the Legislature transferred a total of \$173 million to the General Fund to assist in balancing the budget and to help replenish the reserve to the statutory minimum level consisting of \$125 million in FY18 and \$48 million in FY19.

In the 2020 session LB1107 which contained the ImagiNE Nebraska Act, Nebraska Transformational Projects Act, and Nebraska Property Tax Incentive Act included a \$30 million transfer from the CRF to the General Fund to help pay for the first year \$125 million cost of Property Tax Incentive Act

## Transfers To & From Other Funds

In the 2019 session, the enacted budget transfers \$54.7 million from the Cash Reserve Fund to the Nebraska Capital Construction Fund to cover several construction projects primarily two additional high security housing units (384 beds) for the Dept. of Correctional Services.

In the 2020 session, LB 1198 was enacted March 25, 2020 to provide funding to help cover the costs related to the COVID-19 outbreak. After this bill was enacted the Legislature suspended the session until July 20. The bill transferred \$83,619,600 from the Cash Reserve Fund to Governor's Emergency Cash Fund for FY2019-20. The original allocation was as follows: Local response efforts (\$38,156,700), DHHS staffing (\$4,004,000), Surge staffing for veterans hospitals & DHHS care facilities (\$13,000,000), COVID-19 Lab Testing (\$515,000), UNMC lab equipment, software programming and personnel (\$2,500,000), UNMC UV light boxes (\$100,000), and UNMC knowledge center (\$343,900). This left an available reserve of \$25,000,000

On March 27, 2020 the Coronavirus Aid, Relief, and Economic Security Act, P.L.116-136 (CARES Act) was enacted. In that law, Nebraska was allocated \$1.25 billion through the Coronavirus Relief Fund. Of this amount, \$166 million went directly to Douglas County and the remaining \$1.083 billion to the State of Nebraska. The Governor credited these funds to the Governor's Emergency Program-COVID19. These federal funds

could be used for basically the same things that were authorized under LB1198. Because of this only \$19.2 million had been expended through FY19-20. LB1009 enacted in August transferred \$60 million of the unused funds back to the Cash Reserve Fund.

Table 4 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
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	730,655,108	0	0	(50,000,000)	0	680,655,108	16.0%
FY2017-18	680,655,108	150,000	0	(340, 930,772)	0	339,874,336	7.4%
FY2018-19	339,990,065	0	61,995,773	(68,436,714)	0	333,549,124	6.8%
FY2019-20	333,549,124	0	176,378,521	(83,619,600)	0	426,307,702	8.6%
FY2020-21 Est	426,307,702	0	10,655,528	(24,700,000)	0	412,263,230	7.8%
FY2021-22 Est	412,263,230	0	198,738,000	(100,000,000)	0	511,001,230	10.4%
FY2022-23 Est	611,001,230	0	0	(65,000,000)	0	446,001,230	8.5%
FY2023-24 Est	611,001,230	0	0	0	0	446,001,230	8.0%
FY2024-25 Est	611,001,230	0	0	0	0	446,001,230	7.5%

# GENERAL FUND REVENUES

## General Fund Revenue Forecasts

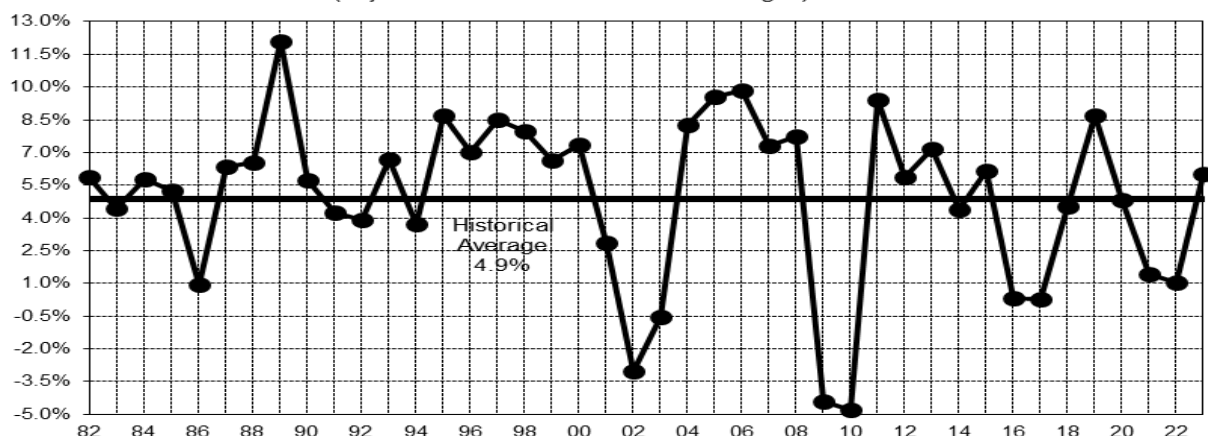
Revenue estimates for FY2020-21, FY2021-22 and FY2022-23 are the October 2020 forecasts from the Nebraska Economic Forecast Advisory Board (NEFAB). Rate and base adjusted revenue growth implied by the forecasts for the FY22/FY23 biennium average 3.5% (1.0% in FY21-22 and 6.0% in FY22-23). When including the 1.4% growth in the FY20-21 forecast, there is an average growth of 2.8% over the three years that affect the financial status for the upcoming biennium. This reflects growth below the 4.8% historical 39 year average.

**THE FORECAST BOARD WILL MEET ON FRIDAY FEBRUARY 26, 2021 AND AGAIN IN LATE APRIL 2021 TO REVIEW THE CURRENT FORECASTS. CHANGES TO THESE FORECASTS WILL RESULT IN CHANGES TO THE PROJECTED FINANCIAL STATUS AS NOTED IN THIS REPORT**

Table 5 General Fund Revenue Forecasts

	NEFAB FY2020-21	NEFAB FY2021-22	NEFAB FY2022-23	LFO Prelim FY2023-24	LFO Prelim FY2024-25
<b>Actual/Forecast</b>					
Sales and Use Tax	1,910,000,000	1,910,000,000	2,095,000,000	2,185,000,000	2,272,000,000
Individual Income Tax	2,765,000,000	2,490,000,000	2,655,000,000	2,780,000,000	3,077,000,000
Corporate Income Tax	385,000,000	335,000,000	345,000,000	335,000,000	387,000,000
Miscellaneous receipts	226,000,000	185,000,000	180,000,000	197,000,000	190,000,000
Total Forecast	5,286,000,000	4,920,000,000	5,275,000,000	5,497,000,000	5,926,000,000
<b>Adjusted Growth</b>					
Sales and Use Tax	2.9%	3.1%	6.3%	4.3%	4.0%
Individual Income Tax	3.3%	-1.1%	6.4%	8.5%	8.6%
Corporate Income Tax	-14.3%	6.7%	3.3%	9.9%	10.0%
Miscellaneous receipts	-2.3%	-1.7%	4.3%	2.3%	3.1%
Total GF Receipts	1.4%	1.0%	6.0%	6.8%	6.8%
Two Yr Average	3.1%	--	3.5%	6.4%	6.8%
Five Yr Average	4.0%	--	4.4%	4.0%	4.4%

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



It's very difficult to look at the current revenue forecasts for the five year financial status and compare one year to the next because there are so many large items that affect each year differently. These are the types of adjustments that are made for purposes of calculating rate and base adjusted revenue growth.

A perfect example is the first item on the following table. The shift of \$280 million of income tax from FY20 to FY21 due to the extension of the income tax filing deadline until July 2020. This single item causes a \$560 million (10%) difference in comparing one year to the next.

Major Items Affecting Yearly Comparisons	FY2019-20	FY2020-21	FY2021-22	FY2022-23
COVID-19 related tax filing deadline extension	(280,000,000)	280,000,000	0	0
Flood related tax filing deadline extension	20,000,000	0	0	0
2020 Fed Tax Changes (CARES Act)	0	(125,593,000)	(67,123,000)	(57,361,000)
Taxation of military retirement (LB 153-2020)	0	0	(5,431,000)	(13,339,000)
Property Tax Relief Credit (LB 1107-2020) (Oct NEFAB)	0	(125,000,000)	(211,672,849)	(211,672,849)
Legislative enacted cash fund transfers	65,416,628	53,795,957	0	0
Total of Items Shown	(194,583,372)	83,202,957	(284,226,849)	(282,372,849)
Difference compared to prior year	na	277,786,329	(367,429,806)	1,854,000

## Following Biennium (FY2023-24 and FY2024-25)

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 (FY23-24 and FY24-25) 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 (FY21 to FY25) roughly equal to the 39 year historical average (4.8%) 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 39 years, there were 15 years in which revenue growth was "below average" (1.4% average) and 24 years in which revenue growth was above average (7.4% average).

Because the revenue growth in the NEFAB forecasts is below average, the revenue growth needed to yield a 4.4% five year average is 6.8% in both FY23-24 and FY24-25.

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 4<sup>th</sup> and 5<sup>th</sup> year. In other words, they have difficulty picking up changes in the trend. The historical average methodology has been used since 1991 and the "smoothing" technique used for the most part relies on the trend changes.

As shown in Table 6, the preliminary estimates for the two "out years" arrived at using the historical average concept (as used in the Financial Status) are much higher than the unofficial estimates prepared by the Nebraska Dept. of Revenue (NDR) and Legislative Fiscal Office (LFO) using IHS Economics and Moody's

forecasting information. A cautionary note is that it's unknown if the historical cyclical trend will prove applicable in the current COVID 19 pandemic environment.

Table 6 Comparison of "Out Year" Forecasts

Based on Oct 2020 Revenue Forecasts	Current Status	Average (IHS Econ)	Average (All Forecasts)	High Est NDR-IHS	Low Est LFO-MOODY
<b>Dollar Forecast (thousands of \$)</b>					
FY2023-24 Prelim	5,590,000	5,359,455	5,357,903	5,435,964	5,355,294
FY2024-25 Prelim	5,926,000	5,538,784	5,528,422	5,538,627	5,451,838
<b>Calculated Growth (rate and base adjusted)</b>					
FY2023-24 Prelim	6.8%	2.8%	2.8%	4.1%	2.7%
FY2024-25 Prelim	6.8%	4.4%	4.3%	3.1%	3.0%
Two Year Average	6.8%	3.6%	3.5%	3.6%	2.9%
<b>Five Year Average</b>	<b>4.4%</b>	<b>3.1%</b>	<b>3.1%</b>	<b>3.1%</b>	<b>2.8%</b>
<b>\$ Difference from Status</b>					
FY2023-24	0	(230,545)	(232,098)	(154,036)	(234,706)
FY2024-25	0	(387,216)	(397,578)	(387,373)	(474,162)
Cumulative Total	0	(617,761)	(629,676)	(541,409)	(708,868)

## Nebraska Property Tax Incentive Act (LB 1107)

The Nebraska Property Tax Incentive Act was included as part of LB1107 enacted in August. The act provides a refundable income tax credit or credit against franchise tax for any taxpayer who pays school district taxes, which is property taxes levied by a school district or school system, excluding property taxes levied for bonded indebtedness and property taxes levied as a result of an override of limits on property tax levies approved by voters. The following shows the calculation of the credit amount under the bill by year.

Fiscal Yr Impact	Income Tax	Property Tax	Calculation of credit amount
	Year	Year	
FY 2020-21	2020	2019	Fixed amount at \$125 million
FY 2021-22	2021	2020	Prior Yr + growth over 3.5% *
FY 2022-23	2022	2021	Prior Yr max + growth over 3.5% *
FY 2023-24	2023	2022	Prior Yr max + growth over 3.5% *
FY 2024-25	2024	2023	Fixed amount at \$375 million

If the Cash Reserve Fund (CRF) is below \$500 million, 50% of the growth over 3.5% is distributed to increasing the credit. If the CRF is above \$500 million, the growth over 3.5% is distributed 100% to increasing the credit.

The figure below shows the calculation of dollar amounts relative to the 3.5% increase threshold (columns 1, 2, & 3) and the distribution of the amount above 3.5% (column 4 and 5). Column 6 and 7 then show the prior year credit amount and then the estimated total credit amount after adding in any amounts coming from revenue growth.

**THE 3.5% THRESHOLD IS THE INCREASE OVER THE PRIOR YEAR AND NOT A RATE OR BASE ADJUSTED RATE.** The FY20-21 increase in revenue based on the October 2020 NEFAB forecast is 7.0% above FY19-20 only because \$280 million of income tax was shifted from FY20 to FY21. Excluding this shift, the increase in revenue would have been -4.1% and the credit would have remained at \$125 million for both FY21-22 and FY22-23.



Calculation of Credit Amount	(1) GF Revenue Forecast	(2) % Change over Prior Yr	(3) \$ Amount above 3.5% Total	(4) To CRF	(5) To Credit	(6) Prior Year Credit	(7) Estimated Credit Amt
FY2019-20 Actual	4,939,763	--	--	--		--	--
FY2020-21	5,286,000	7.0%	--	--		--	125,000
FY2021-22	4,920,000	-6.9%	173,346	86,673	86,673	125,000	211,673
FY2022-23	5,275,000	7.2%	0	0	0	211,673	211,673
FY2023-24	5,590,000	6.0%	182,800	0	182,800	211,673	394,473
FY2024-25	5,926,000	6.0%	130,375	0	(19,473)	394,473	375,000

The Governor's recommendation included an \$88 million transfer to the Cash Reserve Fund. The effect of this transfer is that it puts the Cash Reserve Fund (CRF) balance slightly above the \$500 million threshold which then triggers the provision that **ALL** funds above the 3.5% growth threshold are added to the LB1107 income tax credit. The following figure shows the credit amount by year based on the bill estimate as originally passed, the current law estimate without any actions taken to trigger the higher amount, and the Governors recommendation.

Income Tax Credit per scenario	Estimated Sine Die 2020	Current Est Committee	Governor	Difference Governor
FY2020-21	125,000	125,000	125,000	0
FY2021-22	125,000	211,673	298,346	86,673
FY2022-23	125,000	211,673	298,346	86,673
FY2023-24	125,000	394,473	394,473	0
FY2024-25	375,000	375,000	375,000	0

## 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 in that they reduce available funds, but are not expended as such and thus are shown under the revenue category (see line 10 on the Financial Status on page 4).

Table 7 - General Fund Transfers Out

Excludes CRF Transfers	Actual FY2020-21	Biennial Budget FY2021-220	FY2022-23	Following Biennium FY2023-24	FY2024-25
Property Tax Credit Fund	(272,000,000)	(272,000,000)	(272,000,000)	(272,000,000)	(272,000,000)
Water Resources Cash Fund	(3,300,000)	(3,300,000)	(3,300,000)	0	0
Cultural Preservation Endowment Fund	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)
Water Sustainability Fund	(11,000,000)	(11,000,000)	(11,000,000)	(11,000,000)	(11,000,000)
Critical Infrastructure Fund	(3,800,000)	0	0	0	0
Rural Workforce Housing Investment Fund	(10,000,000)	0	0	0	0
Middle Income Workforce Housing Investment Fund	(10,000,000)	0	0	0	0
<i>General Fund Transfers-Out</i>	<i>(310,600,000)</i>	<i>(286,800,000)</i>	<i>(286,800,000)</i>	<i>(283,500,000)</i>	<i>(283,500,000)</i>

## 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. LB958 provided language that the credit amount should be increased by \$20 million to a total of \$224 million as a hold harmless for residential and commercial & industrial property.

In the 2019 session, the credit amount was increased in the mainline budget bill to \$275 million per year starting in FY2019-20.

***The General Fund transfer amounts shown here are all \$3 million less than the credit amount.*** This is because the credit amount is funded through these General Fund transfers plus 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). 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 language the transfers expire starting in FY2019-20. LB 298 enacted in the 2019 legislative session extends the \$3.3 million transfer for four more years, FY2019-20 through FY2022-23.

## **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.

## **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.

## **Critical Infrastructure Facilities Cash Fund**

In the 2020 session, \$3.8 million transfer to the Critical Infrastructure Facilities Cash Fund to provide financial assistance to the Gering - Fort Laramie Irrigation District related to temporary repair costs for two tunnels and related canal infrastructure. The funding is intended to reimburse the irrigation district for their portion of temporary repairs.

## **Rural Workforce Housing Investment Fund**

In the 2020 session a \$10 million transfer to the Rural Workforce Housing Investment Fund was provided. LB518 (2017) created a rural workforce housing grant program intended to address housing shortages in rural communities. The grant program initially received funding through a one-time transfer of \$7 million of

unallocated funds from the Affordable Housing Trust Fund to the Rural Workforce Housing Investment Fund in 2017 and the funds have been allocated.

## Middle Income Workforce Housing Investment Fund

In the 2020 session a \$10 million transfer to the Middle Income Workforce Housing Investment Fund was enacted through LB866. The fund will be used by the Dept. of Economic Development to provide grants to nonprofit development organizations. Grants would require a one-to-one match. Grants would be awarded through FY22-23 or until grant funds are no longer available. If funds remained in the Middle Income Workforce Housing Trust Fund on July 1, 2025, the remaining amount would be transferred to the Affordable Housing Trust Fund.

## 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 General Fund revenues.

Historically there have been transfers from three main sources; Securities Act Cash Fund, Tobacco Products Admin Cash Fund, and the Dept. of Insurance Cash Fund. In the 2017 and 2018 session's transfers from these traditional sources amounted \$54.2 million in FY18-19. Because of the significant budget shortfall, cash funds from non-traditional sources were also transferred to the General Fund. In FY18-19 the non-traditional transfers from 47 different funds amounted to \$44.8 million. This included \$7.5 million from the Roads Operations Fund, \$10 million from the Medicaid Intergovernmental Transfer Trust Fund (related to the Health Care Cash Fund), and \$8.5 million from the Game & Parks Capital Maintenance Fund. These transfers are included in the FY2018-19 actual General Fund receipts.

In the 2019 session, enacted transfers returned to more normal levels and mostly from the traditional three main sources; Securities Act Cash Fund, Tobacco Products Admin Cash Fund, and the Dept. of Insurance Cash Fund. Total transfers amounted to \$48.8 million in FY2019-20 and \$50.8 million in FY2020-21. The FY2019-20 amounts are included in the actual receipts and the FY2020-21 amounts are already incorporated into the "Net Receipts" figures of the NEFAB forecast.

***The Appropriations Committee Preliminary Budget includes transfers-in of \$33.6 million in FY2021-22 and \$39.6 million in FY2022-23 of transfers each year. This is \$2.5 million per year less than the Governor as the committee transferred \$8 million per year from the Dept of Insurance Cash Fund versus the Governor's proposal of \$10.5 million per year. Also included is cancellation of a \$2.25 million of the \$28 million FY21 transfer of Securities Act funds due to lack of adequate cash flow.***

***The transfer-in amounts are lower than the past few years as heavy transfers from these funds in prior years have drawn down the balances to the point where a higher transfer is not sustainable.***

Table 8 General Fund Transfers In

	FY2020-21	FY2021-22	FY2022-23	FY2023-24	FY2024-25
Securities Act Cash Fund	28,000,000	18,000,000	24,000,000	0	0
Dept of Insurance Cash Fund	13,500,000	8,000,000	8,000,000	0	0
Tobacco Products Admin Cash Fund	9,000,000	7,000,000	7,000,000	0	0
State Settlement Cash Fund	295,957	295,597	295,597	0	0
Universal Services Fund (interest)	0	300,000	300,000		
Water Sustainability Fund (LB1009)	500,000	0	0	0	0
Total General Fund Transfers-In	51,295,957	33,595,597	39,595,597	0	0

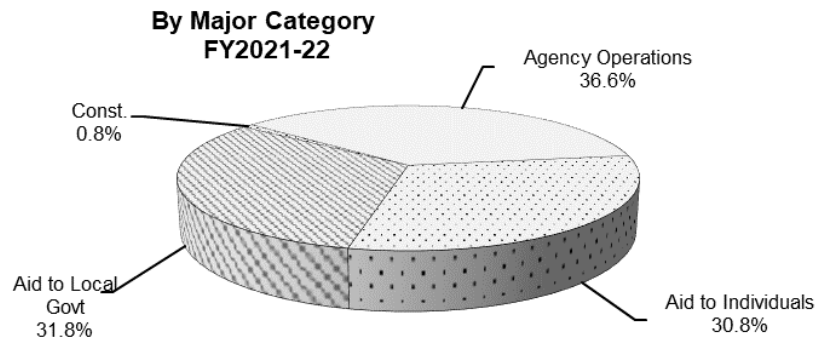
# GENERAL FUND APPROPRIATIONS

Table 9 shows a summary of the current FY2020-21 General Fund appropriations (excluding deficits) and the Committee Preliminary Budget proposal for FY2021-22 and FY2022-23.

Table 10 (page 21) provides a one-page summary of the most significant increases and reductions while Table 11 and Table 12 (starting on page 31) contain a listing of proposed appropriations by agency and individual aid programs. A complete listing of individual issues starts on Page 36

Table 9 - Committee Preliminary Budget – General Funds

	w/o Deficits FY2020-21	Committee Preliminary		Change vs Prior Yr FY21-22 (w/o deficits)		Change vs Prior Yr FY22-23 (w/o deficits)		2 Yr Avg % Change
		Prelim FY2021-22	Prelim FY2022-23	\$	%	\$	%	
<b><u>Agency Operations</u></b>								
University & State /Colleges	669,962,990	685,336,258	699,751,235	15,373,268	2.3%	14,414,977	2.1%	2.2%
Health & Human Services	251,533,219	252,662,913	255,305,053	1,129,694	0.4%	2,642,140	1.0%	0.7%
Correctional Services	236,451,459	244,389,560	255,016,890	7,938,101	3.4%	10,627,330	4.3%	3.9%
Courts	200,285,673	193,239,607	195,801,985	(7,046,066)	-3.5%	2,562,378	1.3%	-1.1%
State Patrol	64,448,023	67,393,154	69,620,680	2,945,131	4.6%	2,227,526	3.3%	3.9%
Retirement Board	54,839,932	57,700,000	59,400,000	2,860,068	5.2%	1,700,000	2.9%	4.1%
Revenue	28,992,188	28,589,442	28,986,125	(402,746)	-1.4%	396,683	1.4%	0.0%
Other 39 Agencies	193,273,413	201,011,608	206,747,653	7,738,195	4.0%	5,736,045	2.9%	3.4%
Total-GF Operations	1,699,786,897	1,730,322,542	1,770,629,621	30,535,645	1.8%	40,307,079	2.3%	2.1%
<b><u>State Aid to Individuals/Others</u></b>								
Medicaid	921,250,222	876,963,879	909,620,354	(44,286,343)	-4.8%	32,656,475	3.7%	-0.6%
Child Welfare Aid	172,174,830	172,260,721	172,104,172	85,891	0.0%	(156,549)	-0.1%	0.0%
Developmental disabilities aid	157,255,751	153,459,907	160,372,035	(3,795,844)	-2.4%	6,912,128	4.5%	1.0%
Public Assistance	86,756,257	86,756,257	86,756,257	0	0.0%	0	0.0%	0.0%
Behavioral Health aid	72,206,614	73,649,141	74,455,561	1,442,527	2.0%	806,420	1.1%	1.5%
Childrens Health Insurance (SCHIP)	23,778,754	22,533,096	24,959,060	(1,245,658)	-5.2%	2,425,964	10.8%	2.5%
Aging Programs	11,722,579	11,722,579	11,722,579	0	0.0%	0	0.0%	0.0%
Nebraska Career Scholarships	4,000,000	9,000,000	14,000,000	5,000,000	125.0%	5,000,000	55.6%	87.1%
Business Innovation Act	6,020,352	10,020,352	10,020,352	4,000,000	66.4%	0	0.0%	29.0%
Higher Ed Student Aid programs	8,693,430	8,843,430	9,093,430	150,000	1.7%	250,000	2.8%	2.3%
Public Health Aid	6,364,407	6,806,907	6,806,907	442,500	7.0%	0	0.0%	3.4%
Community health centers	7,783,060	7,783,060	7,783,060	0	0.0%	0	0.0%	0.0%
All Other Aid to Individuals/Other	12,869,453	12,364,726	12,395,042	(504,727)	-3.9%	30,316	0.2%	-1.9%
Total-GF Aid to Individuals/Other	1,490,875,709	1,452,164,055	1,500,088,809	(38,711,654)	-2.6%	47,924,754	3.3%	0.3%
<b><u>State Aid to Local Govts</u></b>								
State Aid to Schools (TEEOSA)	1,022,555,859	1,014,915,776	1,039,139,959	(7,640,083)	-0.7%	24,224,183	2.4%	0.8%
Property Tax Credit	Transfer	Transfer	Transfer	--	--	--	--	--
Special Education	231,079,770	233,390,568	235,724,474	2,310,798	1.0%	2,333,906	1.0%	1.0%
Aid to Community Colleges	103,558,339	105,629,506	107,742,096	2,071,167	2.0%	2,112,590	2.0%	2.0%
Homestead Exemption	101,100,000	104,300,000	109,600,000	3,200,000	3.2%	5,300,000	5.1%	4.1%
Aid to ESU's	13,613,976	13,613,976	13,613,976	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	8,619,357	8,619,357	8,619,357	0	0.0%	0	0.0%	0.0%
Community Based Juvenile Services	6,048,000	5,798,000	5,798,000	(250,000)	-4.1%	0	0.0%	-2.1%
Governors Emergency Program	60,240,974	5,000,000	5,000,000	(55,240,974)	-91.7%	0	0.0%	-71.2%
Other Aid to Local Govt	5,319,394	6,319,394	6,319,394	1,000,000	18.8%	0	0.0%	9.0%
Total-GF Aid to Local Govt	1,554,478,631	1,499,929,539	1,533,900,218	(54,549,092)	-3.5%	33,970,679	2.3%	-0.7%
<b><u>Capital Construction</u></b>	38,625,661	39,026,176	35,671,610	400,515	1.0%	(3,354,566)	-8.6%	-3.9%
<b><u>TOTAL-MAINLINE BUDGET</u></b>	4,783,766,898	4,721,442,312	4,840,290,258	(62,324,586)	-1.3%	118,847,946	2.5%	0.6%

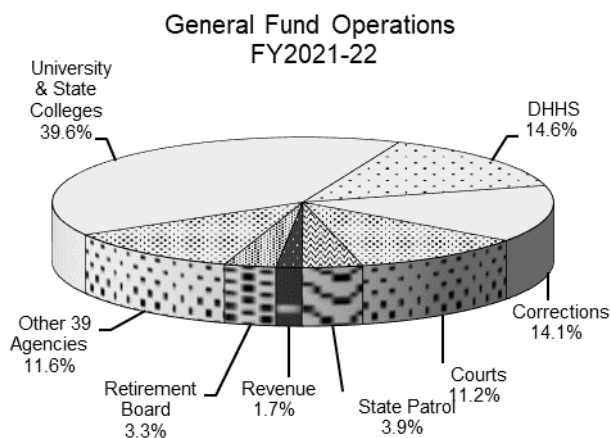


The numbers in the Committee Preliminary Budget are the net result of about 180 individual issues which reflect both increases to and reductions from the current year appropriation.

A complete listing of individual issues starts on page 36. 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 FY2021-22 proposed budget, 36.6% 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 88% 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 \$30.5 million increase (1.8%) in FY21-22 and a \$40.3 million increase (2.3%) in FY22-23. The most significant increases in operations in FY21-22 are salary and health insurance increases for state employees and the University of Nebraska and State Colleges. Funding for

the University salary and health insurance costs was limited to a 2% increase in their overall budget. Salary increases basically range from 1.0% to 2.0% amount to \$23.9 million while health insurance cost increases is estimated at 4% per year amounts to \$6.9 million.

Other FY22 increases include \$4.4 million for additional staffing and programming in the Dept. of Correctional Services, \$3.5 million to replace lower cash & federal fund revenues, and \$4.7 million for DAS charges largely OCIO.

These increases were offset by several reductions including an \$8.5 million base adjustment to juvenile justice costs in the Supreme Court.

The increase in FY22-23 mostly is the result of second year salary and health insurance costs, an additional \$25.9 million and \$3.9 million respectively.

## State Aid to Individuals / Others

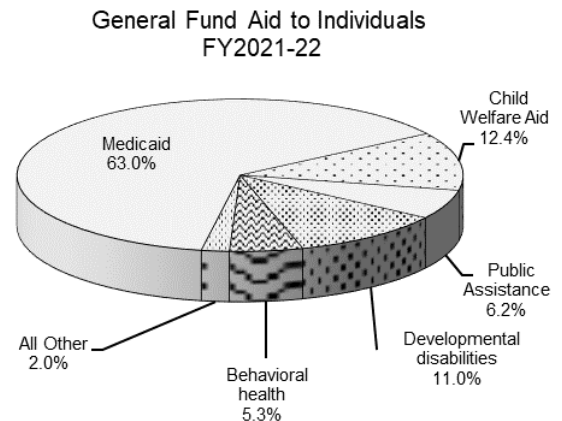
Aid to Individuals/Other includes programs such as Medicaid, public assistance programs, child welfare services and student scholarships where state funds are provided for the direct benefit of an individual. This area also includes aid to quasi-government units, which are those local agencies that do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

This area has a -2.6% reduction in FY2021-22 (\$44.3 million) and a 3.3% increase (\$47.9 million) in FY22-23. The large reduction in FY22 was led by a \$33.8 million savings due to an increase in the Federal Medical Assistance Percentage (FMAP). There was also a \$15.5 million reduction in Medicaid due to no longer need to budget for the Health Insurance Provider Fee (HIPF).

Furthermore, funding for eligibility and utilization increases in Medicaid, SCHIP, and developmental disability aid were covered one-time by a reappropriation of unexpended funds.

Similar to the Governor's proposal, the committee preliminary budget **does not include** any provider rate increase for Medicaid, child welfare, public assistance, children's health Insurance, behavioral health or developmental disability providers. Consideration of these increases will take place after the hearings have been completed.

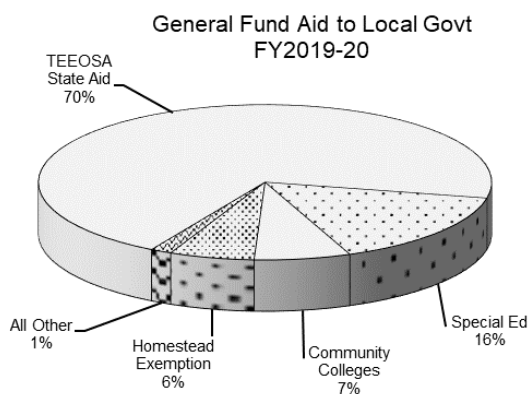
The FY2022-23 increase is higher due to funding of eligibility and utilization increases in Medicaid, SCHIP, and developmental disability aid with new appropriations.



## State Aid to Local Governments

Aid to Local Governments accounts for aid payments to local governments that have the authority to levy a property tax such as cities, counties, K-12 schools, community colleges, natural resource districts (NRD's), and educational services units (ESU's).

Aid to local governments declined by \$54.5 million (-3.5%) in FY2021-22 but a \$33.9 million (2.3%) increase in FY2022-23.



The primary reason for the reduction in aid in FY21-22 is the Governors Emergency Fund. The FY20-21 base appropriation included \$55.2 million which was funded to cover costs associated with the spring 2019 flooding. This \$55.2 million would normally have been a FY19-20 deficit. However because the legislative session was suspended to July, FY19-20 had been completed and the funds had to be added to the FY20-21 appropriation. As a one-time item, this \$55 million is reduced from the baseline budget in FY21-22.

There also is a \$7.6 million reduction in TEEOSA school aid as calculated under existing law due to lower spending and higher valuations.

The preliminary budget also provides for a 1% per year increase in Special Education (\$2.2 million each year) and a 2% per year increase in funding for Community College (about \$2.0 million each year)

Homestead Exemption reimbursement increases by 5% in FY21-22 partially offset by reducing the base appropriation due to a deficit being added to FY20-21 similar to the flood damage in the Governors Emergency Fund.

## Capital Construction

---

Of the General Funds included in the committee preliminary budget for capital construction, 82% is to cover the dollar amounts needed to complete funding of projects approved in previous sessions, commonly referred to as reaffirmations. There is a relatively small change in the overall amount relative to the current FY2020-21 level.

With respect to new construction, the Governor included funding for a new multicustody level correctional facility with capacity to house approximately 1,512 inmates. This \$230 million project was proposed to be financed with transfers from the Cash Reserve Fund transfer to the Nebraska Capital Construction Fund (NCCF) over the next five years as shown below:

FY2021-22	\$50,000,000
FY2022-23	\$60,000,000
FY2023-24	\$77,500,000
FY2024-25	\$25,000,000
FY2025-26	\$12,500,000

The Appropriations Committee preliminary budget transfers the first two year amounts, \$115 million, from the Cash Reserve Fund to the NCCF but **does not include** an appropriation from the NCCF. In other words, \$115 million is set aside in the NCCF for correctional services facilities but the appropriation authority for a specific project is subject to further review and discussion.

**Table 10 Significant Increases and Reductions**  
(numbers are \$ changes compared to the FY21 Base)

<b>Amounts shown are \$ change from FY21 base year</b>	<b>Committee Preliminary</b>		
	<b>FY2021-22</b>	<b>FY2022-23</b>	<b>Two Yr total</b>
<b>1 <u>SIGNIFICANT INCREASES:</u></b>			
2 TEEOSA Aid to Schools (General Funds only)	(7,640,083)	16,584,100	8,944,017
3 Provider rates, DHHS aid programs	0	0	0
4 Salaries & Health Insurance (Agencies)	17,063,255	32,018,005	49,081,260
5 Salaries & Health Insurance (University+Colleges)	13,833,894	28,248,871	42,082,765
6 Medicaid (other than FMAP, provider rates, expansion)	(1,542,605)	37,431,370	35,888,765
7 Nebraska Career Scholarships	5,000,000	10,000,000	15,000,000
8 Staffing, programs, equipment (Corrections)	4,432,718	9,123,151	13,555,869
9 Homestead Exemption	3,200,000	8,500,000	11,700,000
10 Developmental Disability aid (other than FMAP, provider r	1,083,156	9,125,784	10,208,940
11 Fund source mix (Vets Affairs)	3,481,128	5,900,000	9,381,128
12 Operating inflation+DAS rates (State Agencies)	4,748,381	5,059,428	9,807,809
13 Business Innovation Act	4,000,000	4,000,000	8,000,000
14 Retirement, K-12 School / Judges / Patrol	2,860,068	4,560,068	7,420,136
15 Special Education	2,310,798	4,644,704	6,955,502
16 Community Colleges	2,071,167	4,183,757	6,254,924
17 Behavioral Health aid (other than FMAP, provider rates,)	1,442,527	2,248,947	3,691,474
18 SCHIP extra FMAP expires	0	2,714,139	2,714,139
19 Public/Community Health Aid	442,500	442,500	885,000
20 Child Welfare aid (other than FMAP & provider rates)	500,000	500,000	1,000,000
21 Childrens Health Insurance (SCHIP) (other than FMAP, provi	0	0	0
22 Public Assistance (other than FMAP, provider rates)	0	0	0
23 Subtotal-Increases Listed	57,286,904	185,284,824	242,571,728
<b>24 <u>SIGNIFICANT REDUCTIONS:</u></b>			
25 Governors Emergency Program	(55,240,974)	(55,240,974)	(110,481,948)
26 Federal Medicaid Match rate (FMAP, op & aid)	(34,483,957)	(42,534,286)	(77,018,243)
27 Health Insurance Provider Fee (HIPF)	(15,478,738)	(15,478,738)	(30,957,476)
28 Base Reductions (Courts - Juvenile Justice)	(8,500,000)	(8,500,000)	(17,000,000)
29 Base adjustment, deficit (Corrections)	(2,300,000)	(2,300,000)	(4,600,000)
30 Base adjustment, deficit (DHHS)	(1,600,000)	(1,600,000)	(3,200,000)
31 Base Reductions (Courts - Community Corrections)	(1,500,000)	(1,500,000)	(3,000,000)
36 Capital Construction	400,515	(2,954,051)	(2,553,536)
37 Subtotal-Reductions Listed	(118,703,154)	(130,108,049)	(248,811,203)
<b>38 <u>OTHER NOT LISTED (NET)</u></b>	(908,336)	1,346,585	438,249
<b>39 <u>TOTAL GENERAL FUND CHANGE</u></b>	(62,324,586)	56,523,360	(5,801,226)



# Aid to Local Governments

## State Aid to Schools (TEEOSA)

The following table reflects the estimate for TEEOSA state aid under the current law. Following that is a transition from current law to the inclusion of LB588 which then equals the Committee Preliminary Budget. With current law as adjusted with LB588, the committee preliminary budget includes TEEOSA increased aid of \$51,478,422 (5.1%) in FY2019-20 and an additional \$33,537,970 (3.2%) in FY2020-21

<b>TEEOSA – Current Law</b>	All Funds FY2020-21	All Funds FY2021-22	All Funds FY2022-23	All Funds FY2023-24	All Funds FY2024-25
School Disbursements	1.61%	2.94%	4.07%	3.50%	3.50%
Property Valuations (assessed)	2.13%	2.21%	2.99%	2.31%	2.40%
Property Valuations (used in formula)	3.88%	4.16%	4.45%	3.50%	3.56%
Cost Growth Factor	4.50%	5.00%	5.00%	5.00%	5.00%
Local Effort Rate	\$1.000	\$1.000	\$1.000	\$1.000	\$1.000
<b>Total Formula Need</b>	3,743,010,300	3,837,769,585	3,977,435,529	4,120,097,119	4,264,300,519
Effective Yield from Local Effort Rate	2,163,481,367	2,253,581,694	2,353,808,195	2,436,235,219	2,522,997,506
Net Option Funding	116,432,806	120,246,473	123,890,232	127,239,366	131,692,744
Allocated Income Tax	49,403,946	50,639,955	52,159,154	53,723,928	57,269,707
Other Actual Receipts	526,673,075	537,210,808	552,427,644	567,564,466	583,706,709
Community Achievement Plan Aid	6,604,831	6,714,260	6,844,469	7,083,662	7,331,590
<b>Total Formula Resources</b>	2,862,596,024	2,968,393,190	3,089,129,695	3,191,846,641	3,302,998,257
Effective Yield from Local Effort Rate	2,163,481,367	2,253,581,694	2,353,808,195	2,436,235,219	2,522,997,506
Net Option Funding	116,432,806	120,246,473	123,890,232	127,239,366	131,692,744
Allocated Income Tax	49,403,946	50,639,955	52,159,154	53,723,928	57,269,707
Other Actual Receipts	526,673,075	537,210,808	552,427,644	567,564,466	583,706,709
Community Achievement Plan Aid	6,604,831	6,714,260	6,844,469	7,083,662	7,331,590
<b>TEEOSA State Aid</b>	1,052,855,859	1,046,977,081	1,071,199,690	1,116,297,434	1,157,596,303
State General Funds	1,022,555,859	1,014,877,081	1,039,099,690	1,083,697,434	1,124,596,303
Insurance Premium Tax	30,300,000	32,100,000	32,100,000	32,600,000	33,000,000
<b>Total TEEOSA Aid</b>	1,052,855,859	1,046,977,081	1,071,199,690	1,116,297,434	1,157,596,303
Dollar Change from prior year - Total	(13,056,990)	(5,878,778)	24,222,609	45,097,745	41,298,869
Percent Change from prior year - Total	-1.2%	-0.6%	2.3%	4.2%	3.7%

The decline in TEEOSA state aid in FY2020-21 and again in FY2021-22 can be attributed to the growth in valuation being higher than the growth in school disbursements. In this case growth in valuation means not the overall growth in assessed valuation which only averaged 2.2% but the growth in valuation used in the formula ie.. equalized districts which averaged 4%. This difference can be seen in the two year average growth in residential property (6.5%) versus agricultural land (-3.9%. By contrast the growth in disbursements averaged 2.3% over the two years.

## Special Education

The agency request included a 10% increase for both FY21-22 and FY22-23 which is the maximum authorized by statute. Statute provides for a 10% cap on increases in Special Education reimbursement starting in FY14---

15 as amended by LB974-2014. The previous cap was 5%. The Committee Preliminary budget for FY22 and FY23 includes a 1.0% per year increase, the same as the Governors recommendation.

## **Aid to ESU's**

The amount of aid to ESU's is based on funding of a certain level of core services and technology infrastructure. The agency request, Governor's recommendation, and the Committee Preliminary Budget maintains aid at the FY2020-21 level.

## **Homestead Exemption**

The committee proposed budget includes (1) a \$4.1 million reduction to eliminate the FY20 deficit that had to be included in the FY21 appropriation, (2) a roughly 5% per year increase in eligibility and utilization costs (\$4.7 million FY22 and \$9.8 million in FY23), and (3) \$2.6 and \$2.7 million in FY22 and FY23 to adjust the FY21 baseline due to the requested deficit in the program. The net change reflects a 1.2% in FY22 and 5.1% in FY22 based on Dept. of Revenue best estimate at this time.

## **Aid to Community Colleges**

A 2.0% per year annual increase is included in the Committee Preliminary Budget reflecting increased state aid to support operations budget increases.

## **Governors Emergency Program**

The FY20-21 base appropriation included \$55.2 million which was funded to cover costs associated with the spring 2019 flooding. This \$55.2 million would normally have been a FY19-20 deficit. However because the legislative session was suspended to July, FY19-20 had been completed and the funds had to be added to the FY20-21 appropriation. As a one-time item, this \$55 million is reduced from the baseline budget

## **Aid to Individuals/Other**

---

### **Medicaid**

For the upcoming biennium, the projected budget is based on the agency request for eligibility and utilization increases, FMAP change, and deletion of funds previously provided for the health insurance provider fee (HIPF). At the present time, the proposed budget DOES NOT INCLUDE any increase in provider rates which were not included in the agency request or Governor's recommendation. This will be considered after the hearings along with other major issues.

Overall increase in General Funds is -4.8% in FY21-22 which includes a \$27.3 million reduction in General Funds due to an increase in the federal Medicaid match rate (FMAP) and \$15.5 million reduction due to the HIPF fee. Eligibility and utilization increases (about 2% per year increase) amount to \$19.6 million FY22 and \$38.9 million in FY23. The committee (and Governor) fund the first year amount by reappropriating unexpended funds from FY21. New appropriations are provided to cover FY23 costs.

Originally there was an estimated \$16.6 million increase to annualize the cost of Medicaid expansion due to the October 1 startup. However, the agency request did not include any additional funding based on signups which had started in August.

Each year the Federal Medical Assistance Percentage (FMAP) rate changes based on a federal formula based on state personal income and per capita data. The result of these changes are adjustments to the federal government's share of coverage for Medicaid expenses, which in turn impacts the GF for payment of Medicaid services. The previous financial status was based on an FMAP of 56.47% in FFY2021 and continued into

FFY2022 and FY2023. The agency request was based on an estimated FFY2022 FMAP of 54.72%. The actual FFY2022 FMAP will be 57.80%. The significant General Fund savings due to the higher FMAP have been incorporated into the DHHS request and the LFO estimates.

The agency request and projected status for FY22 and FY23 does not include \$15.5 million for a health insurance provider fee previously funded in FY20-21. Nebraska (and other states paid tax liabilities for the tax years of 2013 and 2014 prior to a moratorium on this tax effective for the tax years of 2015 and 2016. That moratorium expired for tax year 2017 but the Continuing Resolution passed January 22, 2018 reinstated a moratorium on this tax for calendar year 2018 only. At the time of setting the FY21 budget it was unclear whether the moratorium would be extended and funding was included in FY20-21. The Further Consolidated Appropriations Act, 2020, Division N, Subtitle E § 502, repealing the annual fee on health insurance providers, applies to calendar years beginning after December 31, 2020 (fee years after the 2020 fee year) so funds are being eliminated for this purpose..

<b>Medicaid (Gen Fund)</b>	Previous Biennium		Biennial Budget	
	FY2019-20	FY2020-21	FY2021-22	FY2022-23
Base Year appropriation	849,628,184	849,628,184	921,250,222	921,250,222
Federal match rate (FMAP)	(30,840,497)	(67,293,246)	(27,265,000)	(33,582,500)
Utilization	16,319,271	31,206,745	reapprop	38,909,737
Cost Increases / Provider Rates	17,943,406	36,449,751	0	0
Clawback (Phased-Down State Contribution	1,458,514	2,690,851	(576,159)	(576,159)
Health Insurance Provider Fee (HIPF)	0	15,478,738	(15,478,738)	(15,478,738)
Medicaid expansion - new eligibles and woodwork	0	43,863,305	0	0
Medicaid expansion - savings, women with cancer	0	(802,953)	0	0
DHHS calculating medicaid nursing rates (LB 403)	3,535,538	3,644,524	0	0
Therapeutic foster care	2,259,715	2,278,237	0	0
Halfway House rates, Behavioral Health level	0	217,347	0	0
Increase certain behavioral health provider rates	0	3,888,739	0	0
Workers with Disabilities LB 323	0	0	116,710	180,948
Transition to DD HCBS Waiver	0	0	(1,083,156)	(1,083,156)
<b>Total – New Appropriation</b>	<b>860,304,131</b>	<b>921,250,222</b>	<b>876,963,879</b>	<b>909,620,354</b>
Annual \$ Change (excluding deficits)	10,675,947	60,946,091	(44,286,343)	32,656,475
Annual % Change (excluding deficits)	1.3%	7.1%	-4.8%	3.7%

## Children's Health Insurance (SCHIP)

For the upcoming biennium, the projected budget includes no increase in eligibility and utilization (based on the agency request) and a reduction due to an increase in the basic federal match rate (FMAP). No provider rate increases are included at this time subject to further review after the hearings.

There is also a \$2.7 million increase in General Fund to fully annualize the expiration of the enhanced Federal match rate. The Affordable Care Act included an additional 23% enhanced match rate which was added to the basic match rate. In the ACA this was to expire Sept 2019 (end of FFY2019). The SCHIP extension bill passed in January 2018 extended the enhanced FMAP to FFY2020 only, at a 11.5% rate. Additional General Funds to replace the expired enhanced FMAP amounted to \$8.1 million in FY19-20 and \$19.1 million in FY20-21 and now \$2.7 million in FY21-22. The committee (and Governor) fund the first year amount by reappropriating unexpended funds from FY21. New appropriations are provided to cover FY23 costs.

## Public Assistance

For the upcoming biennium, the agency requested no change in funding for this program in either FY21-22 or FY22-23. No provider rate increases are included at this time subject to further review after the hearings.

## Child Welfare

Like Public Assistance for the upcoming biennium, the agency request includes no increase for eligibility, utilization, or rate increases.

The Committee Preliminary Budget includes just a small reduction due to the FMAP change and a \$500,000 per year increase due to transferring assistance for CASA from the Supreme Court. No provider rate increases are included at this time subject to further review after the hearings.

## Developmental Disability Aid

The agency request includes several items for additional funding including funding for new graduates transitioning (\$1.2 million FY22, \$2.5 million FY23), reduce the waiting list (\$1.6 million FY22, \$3.3 million FY23) and court ordered custody cases (\$2.5 million each year). These items are all included in the Committee Preliminary Budget although the committee (and Governor) fund the first year amount by reappropriating unexpended funds from FY21. New appropriations are provided to cover FY23 costs.

The request and projected budget also includes a reduction in General Funds due to the higher FMAP amounting to \$4.9 million in FY22 and \$6.0 million in FY23.

No provider rate increases are included at this time subject to further review after the hearings.

Developmental Disability (Gen Funds)	Previous Biennium		Biennial Budget	
	FY2019-20	FY2020-21	FY2021-22	FY2022-23
Base Year Appropriation	150,279,443	150,279,443	157,255,751	157,255,751
Provider Rates / Rate Equity & Methodology	5,805,863	9,468,840	0	0
Federal match rate, Medicaid	(5,005,683)	(10,926,010)	(4,879,000)	(6,009,500)
Financial Case Management System	(198,720)	(198,720)	0	0
Completed ICAP assessments, DD waiver services	0	4,943,181	0	0
Higher DD waiver Sec 83-1216 priority 1 individuals	0	3,689,017	0	0
Transition	0	0	reapprop	2,432,507
Waiting List	0	0	reapprop	3,155,366
DD Court ordered custody cases	0	0	reapprop	2,454,755
Transition to DD HCBS Waiver	0	0	1,083,156	1,083,156
Total – New Appropriation	150,880,903	157,255,751	153,459,907	160,372,035
Annual \$ Change (excluding deficits)	601,460	6,374,848	(3,795,844)	6,912,128
Annual % Change (excluding deficits)	0.4%	4.2%	-2.4%	4.5%

## Behavioral Health Aid

This area includes substance abuse and mental health aid. Similar to Public Assistance and Child Welfare, the agency request includes no increase for eligibility or utilization. The agency did request \$1.0 million each year for increased behavioral health housing aid and funding for outpatient competency costs (\$.4 million in FY22, \$1.2 million in FY23). The preliminary budget includes both of these issues.

No provider rate increases are included at this time subject to further review after the hearings.

## Nebraska Career Scholarships (University, State Colleges, DED)

In the 2020 session, the Governor's budget recommendation included funding and distribution language for the Nebraska Career Scholarship Program through the University of Nebraska, State Colleges, and Community Colleges (through Dept. of Economic Development). The enacted budget included this proposal with funding provided for the current biennium at \$4 million with intent language that the program would increase to \$16 million in the fourth year. The committee proposal and Governor included the FY22 and FY23 levels as proposed.

In addition the Governors recommendation adds \$1 million in FY22 and \$2 million in FY23 under DED to provide Nebraska Career Scholarship funds for students attending a private, not for profit university or college in the state. The committee proposal also includes these additional funds.

<u>Nebraska Career Scholarships</u>	<u>FY2019-20</u>	<u>FY2020-21</u>	<u>FY2021-22</u>	<u>FY2022-23`</u>	<u>FY2023-24</u>
University of Nebraska	0	2,000,000	4,000,000	6,000,000	8,000,000
State Colleges	0	1,000,000	2,000,000	3,000,000	4,000,000
DED (Community Colleges)	0	1,000,000	2,000,000	3,000,000	4,000,000
Original proposal	0	4,000,000	8,000,000	12,000,000	16,000,000
DED (private nonprofit)	0	0	1,000,000	2,000,000	4,000,000
Total GF impact	0	4,000,000	9,000,000	14,000,000	20,000,000

University of Nebraska: The intent is that the funding support 170 scholarships for eligible student each year for each \$2,000,000 appropriated and further provides that scholarship awards not exceed \$25,000 annually to students who achieve an ACT score of 28 or higher and \$10,000 annually to students who achieve an ACT score of 20 to 27 or are qualified transfer students.

State Colleges: Language indicates intent that the funding support 200 scholarships not to exceed \$10,000 per eligible student each year for each \$1,000,000 appropriated. Intent language accompanying the appropriation provides that to be eligible for the related financial aid, a student would be required to achieve a minimum ACT score of 18 and enroll in a program of study in rangeland management, industrial technology, criminal justice, business administration, education, communications, or computer information systems.

DED: The proposal notes that there would be 200 scholarships given for each \$1,000,000 appropriated. The Department of Economic Development would work in conjunction with the six Community Colleges to award scholarships to freshman students pursuing careers in high-demand areas. The same guidelines would apply to the private nonprofit school allocation.

## **Business Innovation Act**

LB334 passed in the 2019 Session repealed the Angel Investment Tax Credit Act and provided intent for the reallocation of the \$4 million per year which was saved due to repeal of the credits. For the first year funds are available, FY2020-21, the \$4 million was allocated to the Governors Emergency program to assist in covering flood damage costs. And then starting in FY2021-22, the bill provided intent language that the \$4,000,000 previously allocated to the Angel Investment Tax Credit Act be allocated the Business Innovation Act in the Department of Economic Development. The proposed budget includes the \$4 million each year for the Business Innovation Act.

## **State Agency Operations**

---

### **Employee Salary Increases (State Agencies)**

The budget instructions had state agencies include a 2% per year increase as a “placeholder”. Since that time, there have been agreements for the three of the four major bargaining units and the committee preliminary budget includes funding for those. Overall general fund costs for the FY20 and FY21 salary increases amount to \$13.7 million in FY2021-22 and \$25.3 million in FY2022-23.

Nebraska Association of Public Employees (NAPE-AFSCME) Collective bargaining agreements have been reached with NAPE-AFSCME on a labor contract for FY2021-22 and FY2022-23. The agreement calls for a 40 step pay plan, Step 1 being the minimum hourly rate (minimum of \$12/hour). Each step is 1% apart. On July 1 each employee will be placed on the next higher step nearest to their current wage and then advanced two steps. On July 1, 2022 they would advance an additional step. Overall it's estimated to amount to 2.5% in FY21-22 (2% step move and 0.5% for placing on step plan).

State Law Enforcement Bargaining Council (SLEBEC) also reached agreement where the pay increase is the equivalent of 3.0% in FY22 and 4.0% in FY23.

Protective Service Workers (Fraternal Order of Police FOP) This unit basically bargains for correctional services workers. The current agreement remain as in the 2019-2021 Labor contract. In general a 2% per year increase was budgeted.

Non-Bargaining Employees This category covers employees who are not eligible for bargaining. This includes certain supervisory and management positions, and employees under constitutional agencies such as the Legislative Council, Governor, Secretary of State, Attorney General, etc... For budgeting purposes, the committee preliminary budget (and Governor) included funding at equivalent of 2.0% per year

## Employee Health Insurance (State Agencies)

At the present time health insurance rates and cost increases for FY2021-22 and FY2022-23 have not been set. The Governors recommendation included a 4% per year increase and this was also included in the Committee Preliminary budget. General fund costs amount to \$3.3 million in FY2021-22 and \$6.7 million in FY2022-23

## Court System

The Governor's recommendation reduces the General Fund appropriation base in the Adult Community Corrections program by \$1.5 million and reduces the General Fund appropriation base in the Juvenile Justice program by \$8.5 million (\$10 million total) in FY 2021-22 and FY 2022-23. Since separating Juvenile Justice funding from the Adult Community Corrections services program beginning in FY 2016-17, the Courts have underspent both the Adult Community Corrections Program and the Juvenile Justice Program General Fund appropriations from FY 2016-17 through FY 2019-20. The FY 2019-20 General Fund appropriations were underspent by \$18,881,196 (17.3%). This amount was carried over (re-appropriated) from FY 2019-20 into FY 2020-21. Based on spending patterns through December 2020, it appears the Juvenile Justice Program and the Adult Community Corrections Program, combined, could potentially be underspent at June 30, 2021 by another \$12.2 million (after encumbrances). The Committee Preliminary Budget also includes this proposed base reduction.

LB 309 (2019 Session Laws) increases the number of District Court judges in the fourth judicial district (Douglas County) from 16 to 17, beginning July 1, 2021. The Governor's recommendation and committee preliminary budget includes the agency requested General Fund appropriation increase of \$321,140 in FY 2021-22 and \$316,780 in FY 2022-23 with a corresponding Personal Service Limitation (PSL) increase of \$236,165 in each year of the biennium to provide for the salary and operating costs of the additional judge and court reporter.

## Dept. of Correctional Services

The Dept. of Correctional Services included a variety of items included in their request, the largest items being operation costs for two newly constructed facilities. The following table shows the requested items and those included in the projected budget

<u>Description</u>	<u>Agency Request</u>		<u>Committee Preliminary</u>	
	<u>FY2021-22</u>	<u>FY2022-23</u>	<u>FY2021-22</u>	<u>FY2022-23</u>
Reception and Treatment Center (RTC) Staffing	2,063,546	4,109,845	2,063,546	4,109,845
LCC High Security Housing Project Staffing	925,795	3,549,258	925,795	3,549,258
Salary Compression	724,777	1,464,048	724,777	1,464,048
Utilities Expense	200,000	200,000	200,000	200,000
DAS Charges	895,804	945,468	895,804	945,468
Radio Replacement	718,600	0	718,600	0
Workforce Recruitment & Development (Peru St College)	225,000	450,000	225,000	450,000
Electronic Health Records	0	744,736	0	0
HVAC Server & Leased Computers	779,797	184,864	0	0
Master Plan	350,000	0	0	0
Adjust Base for FY 2020 Deficit	(2,300,000)	(2,300,000)	(2,300,000)	(2,300,000)
One-Time Cash Fund Appropriation Increase	(750,000)	0	(750,000)	0

Reduce Vocational and Life Skills Aid	0	0	(250,000)	(250,000)
Total - Issues	3,833,319	9,348,219	2,453,522	8,168,619

The agency request and projected budget do not include any increased funding for inmate per diem costs.

## University of Nebraska

In the past several biennium, a general overall budget increase has been provided to the University of Nebraska. In the preliminary budget, these general increases are funded at a 2% per year increase overall funding amounting to \$12.3 million in FY2021-22 and \$25.0 million in FY2022-23. This funds approximately 68% of the calculated salaries and health insurance over the two year period.

The committee preliminary budget also includes \$1.1 million for an increase in workers comp, and the 2<sup>nd</sup> and 3<sup>rd</sup> years of the phase in of the Nebraska Career Scholarships initiated in the 2020 session (see page 25).

## State Colleges

In the past several biennium, a general overall budget increase has been provided to the University of Nebraska and State Colleges. In the preliminary budget, these general increases are included at a level to cover estimates of salary and health insurance increased costs. For salary, a 2.0% per year increase was included based on faculty bargaining agreements a cost of \$1.2 million in FY22 and \$2.4 million in FY23. For health insurance, the state colleges project increases of approximately 3% in FY22 and 4% in FY23 with costs \$277,060 in FY22 and \$666,441 in FY23.

Like the University, the Committee Preliminary Budget also includes the 2<sup>nd</sup> and 3<sup>rd</sup> years of the phase in of the Nebraska Career Scholarships initiated in the 2020 session (see page 25).

## Defined Benefit Retirement Plans

Funding for the defined benefit retirement plans for schools, judges, and the State Patrol are based on the actuary report from Cavanaugh Macdonald Consultants. Overall the increase amounts to \$2.2 million in FY21-22 and \$4.0 million in FY22-23. The amounts funded are from the November 2020 actuarial experience study and valuations.

Revised Request	Base Yr	Biennial Budget		Increase - Biennial Basis		
	FY2020-21	FY2021-22	FY2022-23	FY2021-22	FY2022-23	2 Yr Total
<b>Components</b>						
School - 2% of Salary State	41,860,351	43,034,416	43,900,000	1,174,065	2,039,649	3,213,714
School - 2% Salary Omaha	7,301,786	7,290,168	7,600,000	(11,618)	298,214	286,596
School - Omaha Service Annuity	1,216,131	1,219,620	1,100,000	3,489	(116,131)	(112,642)
School - Additional State Contribution	0	0	0	0	0	0
Judges - Additional State Contribution	348,794	1,427,719	1,531,000	1,078,925	1,182,206	2,261,131
Patrol - Additional State Contribution	4,112,870	4,082,024	4,700,000	(30,846)	587,130	556,284
Total	54,839,932	57,053,947	58,831,000	2,214,015	3,991,068	6,205,083
<b>By Plan</b>						
School	50,378,268	51,544,204	52,600,000	1,165,936	2,221,732	3,387,668
Judges	348,794	1,427,719	1,531,000	1,078,925	1,182,206	2,261,131
Patrol	4,112,870	4,082,024	4,700,000	(30,846)	587,130	556,284
Total	54,839,932	57,053,947	58,831,000	2,214,015	3,991,068	6,205,083

# Capital Construction

Of the General Funds included in the committee preliminary budget for capital construction, 82% is to cover the dollar amounts needed to complete funding of projects approved in previous sessions, commonly referred to as reaffirmations. There is a relatively small change in the overall amount relative to the current FY2020-21 level.

With respect to new construction, the Governor included funding for a new multicustody level correctional facility with capacity to house approximately 1,512 inmates. This \$230 million project was proposed to be financed by transfers from the Cash Reserve Fund to the Nebraska Capital Construction Fund (NCCF) over the next five years.

The Appropriations Committee preliminary budget transfers the first two year amounts, \$115 million, from the Cash Reserve Fund to the NCCF but does not include an appropriation from the NCCF. In other words, \$115 million is set aside in the NCCF for correctional services facilities but the appropriation authority for a specific project is subject to further review and discussion.

	Fund	2021-22	2022-23	2023-24	2024-25	Future Yrs
<b>REAFFIRMATIONS</b>						
#31-Military Dept	1776 Readiness Center Remodel / HVAC Replacement (Lincoln)	NCCF	500,000	0	0	0
#46-Corrections	High Security Housing Units - RTC (LCC)	NCCF	14,891,000	0	0	0
#50-Colleges	Deferred maintenance/repair (LB605-2006 and LB957-2016)	General	1,125,000	1,125,000	1,125,000	5,625,000
#50-St Colleges	CSC - Math/Science Building Project (bond payment)	General	2,216,000	2,216,000	2,216,000	22,160,000
#51-University	UNMC College of Nursing Lincoln Facility (bond payment)	General	1,477,000	971,024	0	0
#51-University	Deferred maintenance/repair (LB605-2006 and LB957-2016)	General	11,000,000	11,000,000	11,000,000	55,000,000
#51-University	NCTA Education Center	General	820,000	820,000	820,000	657,493
#51-University	Renewal, renovations, or repair existing buildings (LB 562)	General	2,165,928	2,671,904	4,462,928	4,462,928
#65-DAS	State Capitol HVAC system replacement	General	13,000,000	11,000,000	6,110,896	7,583,490
#65-DAS	State Capitol improvements	General	0	0	0	0
<b>NEW CONSTRUCTION</b>						
#31-Military Dept	York Readiness Center - vehicle storage bldg remodel	General	488,000	0	0	0
#31-Military Dept	Bellevue Readiness Center Construction	General	403,000	0	0	0
#31-Military Dept	Statewide Readiness Ctrs - backup generators	General	915,000	0	0	0
#46-Corrections	Security System Upgrades	General	1,250,000	1,250,000	0	0
#46-Corrections	Infrastructure and Maintenance	General	2,000,000	2,000,000	0	0
#47-NETC	Radio Transmission Equipment Replacement	General	385,000	240,000	0	0
#47-NETC	Tower Lighting Projects	General	180,000	120,000	0	0
#47-NETC	Replace facility routing - Terry Carpenter Communication Ctr	General	0	500,000	0	0
#50-State Colleges	Peru - Geothermal Utilities	General	1,601,248	1,757,682	2,101,905	0
General Fund			39,026,176	35,671,610	27,836,729	27,044,911
NCCF			15,391,000	0	0	0
Total Construction - Gen+NCCF			54,417,176	35,671,610	27,836,729	27,044,911



# FY2020-21 Deficit Adjustments

There was a total of \$103 million of reduced General Fund appropriations included in the deficit adjustments. This includes a \$42 million reduction in FY20-21 appropriations and a \$61.3 million lapse of unexpended FY20 reappropriated amounts.

Agy #	Agency Name	Type	Governor	Committee Prelim	
12	Treasurer	Personal Property Tax exemption, centrally assessed	Aid	3,379,472	3,379,472
12	Treasurer	Transfer \$88 million to CRF to meet the LB1107 \$500M threshold	Oper	YES	NO
13	Education	Funding for Future Ready Framework	Oper	0	0
13	Education	TEEOSA Aid; revised Insurance Premium tax	Aid	(1,689,538)	(1,689,538)
16	Revenue	Homestead exemption deficit	Aid	2,000,000	2,000,000
19	Banking	Reduce Securities Act Cash transfer by \$2,250,000	Oper	YES	YES
28	Vets Affairs	Fund source mix, shift cash/fed to General	Oper	0	0
35	Liquor Control	Centralized Alcohol Management Project	Oper	3,957,577	3,632,597
36	Racing Comm	Initial operating expenses, Gaming Commission	Oper	0	225,000
46	Corrections	Use of Coronavirus Relief Fund monies, offset GF (prog 200)	Oper	(38,172,406)	(38,172,406)
64	Patrol	Use of Coronavirus Relief Fund monies, offset GF (prog 100)	Oper	(11,709,891)	(11,709,891)
65	DAS	State Claims (LB xxx)	Oper	0	0
65	DAS	Miscellaneous Claims	Oper	150,000	150,000
CHANGE IN FY2020-21 NEW APPROPRIATIONS				(42,084,786)	(42,184,766)
LAPSE OF FY20 REAPPROPRIATED BALANCES					
	DHHS - Behavioral Health (prog 38)	Aid	(2,000,000)	(2,000,000)	
	DHHS - Developmental disability aid (prog 424)	Aid	(2,400,000)	(2,400,000)	
	DHHS - Health aid (prog 514)	Aid	(1,900,000)	(1,900,000)	
	DHHS - Administration (prog 33)	Oper	(4,500,000)	(4,500,000)	
	DHHS - Children's Health Insurance (prog 344)	Aid	(3,500,000)	(3,500,000)	
	DHHS - Public Assistance (prog 347)	Aid	(10,300,000)	(10,300,000)	
	DHHS - Medicaid (prog 348)	Aid	(7,500,000)	(7,500,000)	
	DHHS - Child Welfare (prog 354)	Aid	(28,000,000)	(28,000,000)	
	DHHS - Beatrice State Developmental Center (prog 421)	Oper	(1,200,000)	(1,200,000)	
	Total Lapsed FY20 Appropriations	Total	(61,300,000)	(61,300,000)	
TRANSFERS TO GENERAL FUND					
	Reduce Securities Act Cash transfer by \$2,250,000		(2,250,000)	(2,250,000)	

**Table 11 General Fund Appropriations by Agency  
Appropriations Committee Preliminary Budget**

Agency	Type		Committee Preliminary		Change over Prior Year				
		w/o deficits FY2020-21	Preliminary FY2021-22	Preliminary FY2022-23	FY2021-22 \$ %		FY2022-23 \$ %		2 Yr Avg Chng
#03 Legislative Council	Oper	21,749,920	22,162,093	23,214,114	412,173	1.9%	1,052,021	4.7%	3.3%
#03 Legislative Council	Total	21,749,920	22,162,093	23,214,114	412,173	1.9%	1,052,021	4.7%	3.3%
#05 Supreme Court	Aid	500,000	0	0	(500,000)	-100.0%	0	na	100.0%
#05 Supreme Court	Oper	200,285,673	193,239,607	195,801,985	(7,046,066)	-3.5%	2,562,378	1.3%	-1.1%
#05 Supreme Court	Total	200,785,673	193,239,607	195,801,985	(7,546,066)	-3.8%	2,562,378	1.3%	-1.2%
#07 Governor	Oper	2,102,805	2,143,709	2,185,619	40,904	1.9%	41,910	2.0%	2.0%
#07 Governor	Total	2,102,805	2,143,709	2,185,619	40,904	1.9%	41,910	2.0%	2.0%
#08 Lt. Governor	Oper	152,437	153,885	155,386	1,448	0.9%	1,501	1.0%	1.0%
#08 Lt. Governor	Total	152,437	153,885	155,386	1,448	0.9%	1,501	1.0%	1.0%
#09 Secretary of State	Oper	2,316,283	2,102,092	2,114,064	(214,191)	-9.2%	11,972	0.6%	-4.5%
#09 Secretary of State	Total	2,316,283	2,102,092	2,114,064	(214,191)	-9.2%	11,972	0.6%	-4.5%
#10 State Auditor	Oper	2,641,806	2,772,386	2,851,297	130,580	4.9%	78,911	2.8%	3.9%
#10 State Auditor	Total	2,641,806	2,772,386	2,851,297	130,580	4.9%	78,911	2.8%	3.9%
#11 Attorney General	Oper	6,606,854	6,528,044	6,652,081	(78,810)	-1.2%	124,037	1.9%	0.3%
#11 Attorney General	Total	6,606,854	6,528,044	6,652,081	(78,810)	-1.2%	124,037	1.9%	0.3%
#12 State Treasurer	Oper	1,171,439	1,191,803	1,219,495	20,364	1.7%	27,692	2.3%	2.0%
#12 State Treasurer	Total	1,171,439	1,191,803	1,219,495	20,364	1.7%	27,692	2.3%	2.0%
#13 Education	Aid	1,283,030,307	1,277,501,022	1,304,059,111	(5,529,285)	-0.4%	26,558,089	2.1%	0.8%
#13 Education	Oper	26,389,318	26,733,386	26,938,206	344,068	1.3%	204,820	0.8%	1.0%
#13 Education	Total	1,309,419,625	1,304,234,408	1,330,997,317	(5,185,217)	-0.4%	26,762,909	2.1%	0.8%
#14 Public Service Comm	Oper	2,269,242	2,405,784	2,443,267	136,542	6.0%	37,483	1.6%	3.8%
#14 Public Service Comm	Total	2,269,242	2,405,784	2,443,267	136,542	6.0%	37,483	1.6%	3.8%
#15 Parole Board	Oper	8,124,998	8,275,381	8,384,972	150,383	1.9%	109,591	1.3%	1.6%
#15 Parole Board	Total	8,124,998	8,275,381	8,384,972	150,383	1.9%	109,591	1.3%	1.6%
#16 Revenue	Aid	101,100,000	104,300,000	109,600,000	3,200,000	3.2%	5,300,000	5.1%	4.1%
#16 Revenue	Oper	28,992,188	28,589,442	28,986,125	(402,746)	-1.4%	396,683	1.4%	0.0%
#16 Revenue	Total	130,092,188	132,889,442	138,586,125	2,797,254	2.2%	5,696,683	4.3%	3.2%
#18 Agriculture	Aid	706,000	706,000	706,000	0	0.0%	0	0.0%	0.0%
#18 Agriculture	Oper	5,799,169	5,902,252	5,979,564	103,083	1.8%	77,312	1.3%	1.5%
#18 Agriculture	Total	6,505,169	6,608,252	6,685,564	103,083	1.6%	77,312	1.2%	1.4%
#21 Fire Marshal	Oper	4,345,277	4,398,528	4,518,975	53,251	1.2%	120,447	2.7%	2.0%
#21 Fire Marshal	Total	4,345,277	4,398,528	4,518,975	53,251	1.2%	120,447	2.7%	2.0%
#23 Labor	Oper	657,218	669,565	677,533	12,347	1.9%	7,968	1.2%	1.5%
#23 Labor	Total	657,218	669,565	677,533	12,347	1.9%	7,968	1.2%	1.5%
#25 DHHS	Aid	1,459,973,197	1,413,897,472	1,456,541,909	(46,075,725)	-3.2%	42,644,437	3.0%	-0.1%
#25 DHHS *	Oper	251,533,219	252,662,913	255,305,053	1,129,694	0.4%	2,642,140	1.0%	0.7%
#25 DHHS	Total	1,711,506,416	1,666,560,385	1,711,846,962	(44,946,031)	-2.6%	45,286,577	2.7%	0.0%
#28 Veterans Affairs *	Oper	27,182,314	31,812,128	35,060,337	4,629,814	17.0%	3,248,209	10.2%	13.6%
#28 Veterans Affairs	Total	27,182,314	31,812,128	35,060,337	4,629,814	17.0%	3,248,209	10.2%	13.6%
#29 Natural Resources	Aid	1,806,112	1,806,112	1,806,112	0	0.0%	0	0.0%	0.0%
#29 Natural Resources	Oper	10,577,369	11,245,779	10,972,796	668,410	6.3%	(272,983)	-2.4%	1.9%
#29 Natural Resources	Total	12,383,481	13,051,891	12,778,908	668,410	5.4%	(272,983)	-2.1%	1.6%

Agency	Type		Committee Preliminary		Change over Prior Year				2 Yr Avg Chng
		w/o deficits FY2020-21	Preliminary FY2021-22	Preliminary FY2022-23	FY2021-22 \$ %		FY2022-23 \$ %		
#31 Military Dept	Aid	60,959,583	5,852,793	5,852,793	(55,106,790)	-90.4%	0	0.0%	-69.0%
#31 Military Dept	Oper	4,549,812	4,559,110	4,598,988	9,298	0.2%	39,878	0.9%	0.5%
#31 Military Dept	Total	65,509,395	10,411,903	10,451,781	(55,097,492)	-84.1%	39,878	0.4%	-60.1%
#32 Ed Lands & Funds	Oper	376,041	469,482	524,752	93,441	24.8%	55,270	11.8%	18.1%
#32 Ed Lands & Funds	Total	376,041	469,482	524,752	93,441	24.8%	55,270	11.8%	18.1%
#33 Game & Parks	Aid	42,011	42,011	42,011	0	0.0%	0	0.0%	0.0%
#33 Game & Parks	Oper	11,864,115	12,013,364	12,144,134	149,249	1.3%	130,770	1.1%	1.2%
#33 Game & Parks	Total	11,906,126	12,055,375	12,186,145	149,249	1.3%	130,770	1.1%	1.2%
#34 Library Commission	Aid	1,281,837	1,311,724	1,342,040	29,887	2.3%	30,316	2.3%	2.3%
#34 Library Commission	Oper	2,668,610	2,737,056	2,759,417	68,446	2.6%	22,361	0.8%	1.7%
#34 Library Commission	Total	3,950,447	4,048,780	4,101,457	98,333	2.5%	52,677	1.3%	1.9%
#35 Liquor Control	Oper	1,398,509	1,814,727	1,837,835	416,218	29.8%	23,108	1.3%	14.6%
#35 Liquor Control	Total	1,398,509	1,814,727	1,837,835	416,218	29.8%	23,108	1.3%	14.6%
#46 Correctional Services	Aid	4,000,000	3,750,000	3,750,000	(250,000)	-6.3%	0	0.0%	-3.2%
#46 Correctional Services	Oper	236,451,459	244,389,560	255,016,890	7,938,101	3.4%	10,627,330	4.3%	3.9%
#46 Correctional Services	Total	240,451,459	248,139,560	258,766,890	7,688,101	3.2%	10,627,330	4.3%	3.7%
#47 NETC	Oper	10,338,327	10,519,965	10,678,124	181,638	1.8%	158,159	1.5%	1.6%
#47 NETC	Total	10,338,327	10,519,965	10,678,124	181,638	1.8%	158,159	1.5%	1.6%
#48 Coordinating Comm	Aid	8,693,430	8,843,430	9,093,430	150,000	1.7%	250,000	2.8%	2.3%
#48 Coordinating Comm	Oper	1,357,959	1,381,514	1,407,696	23,555	1.7%	26,182	1.9%	1.8%
#48 Coordinating Comm	Total	10,051,389	10,224,944	10,501,126	173,555	1.7%	276,182	2.7%	2.2%
#50 State Colleges	Aid	1,000,000	2,000,000	3,000,000	1,000,000	100.0%	1,000,000	50.0%	73.2%
#50 State Colleges	Oper	55,527,357	57,293,611	59,008,534	1,766,254	3.2%	1,714,923	3.0%	3.1%
#50 State Colleges	Total	56,527,357	59,293,611	62,008,534	2,766,254	4.9%	2,714,923	4.6%	4.7%
#51 University of Nebraska	Aid	2,000,000	4,000,000	6,000,000	2,000,000	100.0%	2,000,000	50.0%	73.2%
#51 University of Nebraska	Oper	614,435,633	628,042,647	640,742,701	13,607,014	2.2%	12,700,054	2.0%	2.1%
#51 University of Nebraska	Total	616,435,633	632,042,647	646,742,701	15,607,014	2.5%	14,700,054	2.3%	2.4%
#54 Historical Society	Oper	4,628,669	4,918,936	4,755,877	290,267	6.3%	(163,059)	-3.3%	1.4%
#54 Historical Society	Total	4,628,669	4,918,936	4,755,877	290,267	6.3%	(163,059)	-3.3%	1.4%
#64 State Patrol	Oper	64,448,023	67,393,154	69,620,680	2,945,131	4.6%	2,227,526	3.3%	3.9%
#64 State Patrol	Total	64,448,023	67,393,154	69,620,680	2,945,131	4.6%	2,227,526	3.3%	3.9%
#65 Admin Services (DAS)	Oper	10,064,974	9,004,450	9,104,328	(1,060,524)	-10.5%	99,878	1.1%	-4.9%
#65 Admin Services (DAS)	Total	10,064,974	9,004,450	9,104,328	(1,060,524)	-10.5%	99,878	1.1%	-4.9%
#67 Equal Opportunity	Oper	1,287,346	1,317,833	1,339,731	30,487	2.4%	21,898	1.7%	2.0%
#67 Equal Opportunity	Total	1,287,346	1,317,833	1,339,731	30,487	2.4%	21,898	1.7%	2.0%
#68 Latino American Comm.	Oper	262,746	268,285	272,560	5,539	2.1%	4,275	1.6%	1.9%
#68 Latino American Comm.	Total	262,746	268,285	272,560	5,539	2.1%	4,275	1.6%	1.9%
#69 Arts Council	Aid	905,346	905,346	905,346	0	0.0%	0	0.0%	0.0%
#69 Arts Council	Oper	625,007	637,900	647,851	12,893	2.1%	9,951	1.6%	1.8%
#69 Arts Council	Total	1,530,353	1,543,246	1,553,197	12,893	0.8%	9,951	0.6%	0.7%
#70 Foster Care Review	Oper	1,981,200	2,023,269	2,052,496	42,069	2.1%	29,227	1.4%	1.8%
#70 Foster Care Review	Total	1,981,200	2,023,269	2,052,496	42,069	2.1%	29,227	1.4%	1.8%
#72 Economic Development	Aid	7,720,352	13,720,352	15,720,352	6,000,000	77.7%	2,000,000	14.6%	42.7%
#72 Economic Development	Oper	6,082,223	6,939,972	7,040,470	857,749	14.1%	100,498	1.4%	7.6%
#72 Economic Development	Total	13,802,575	20,660,324	22,760,822	6,857,749	49.7%	2,100,498	10.2%	28.4%

Agency	Type		Committee Preliminary		Change over Prior Year				2 Yr Avg Chng
		w/o deficits FY2020-21	Preliminary FY2021-22	Preliminary FY2022-23	FY2021-22 \$ %		FY2022-23 \$ %		
#76 Indian Affairs Comm	Oper	241,161	246,647	251,013	5,486	2.3%	4,366	1.8%	2.0%
#76 Indian Affairs Comm	Total	241,161	246,647	251,013	5,486	2.3%	4,366	1.8%	2.0%
#77 Industrial Relations	Oper	309,318	307,421	311,233	(1,897)	-0.6%	3,812	1.2%	0.3%
#77 Industrial Relations	Total	309,318	307,421	311,233	(1,897)	-0.6%	3,812	1.2%	0.3%
#78 Crime Commission	Aid	7,766,036	7,516,036	7,516,036	(250,000)	-3.2%	0	0.0%	-1.6%
#78 Crime Commission	Oper	5,103,302	5,156,065	5,319,870	52,763	1.0%	163,805	3.2%	2.1%
#78 Crime Commission	Total	12,869,338	12,672,101	12,835,906	(197,237)	-1.5%	163,805	1.3%	-0.1%
#81 Blind & Visually Impaired	Aid	311,790	311,790	311,790	0	0.0%	0	0.0%	0.0%
#81 Blind & Visually Impaired	Oper	1,634,396	1,707,350	1,758,197	72,954	4.5%	50,847	3.0%	3.7%
#81 Blind & Visually Impaired	Total	1,946,186	2,019,140	2,069,987	72,954	3.7%	50,847	2.5%	3.1%
#82 Deaf & Hard of Hearing	Oper	1,051,593	1,076,059	1,091,212	24,466	2.3%	15,153	1.4%	1.9%
#82 Deaf & Hard of Hearing	Total	1,051,593	1,076,059	1,091,212	24,466	2.3%	15,153	1.4%	1.9%
#83 Community Colleges	Aid	103,558,339	105,629,506	107,742,096	2,071,167	2.0%	2,112,590	2.0%	2.0%
#83 Community Colleges	Total	103,558,339	105,629,506	107,742,096	2,071,167	2.0%	2,112,590	2.0%	2.0%
#84 Environment & Energy	Aid	0	0	0	0	na	0	na	na
#84 Environment & Energy	Oper	3,716,744	3,767,249	3,802,821	50,505	1.4%	35,572	0.9%	1.2%
#84 Environment & Energy	Total	3,716,744	3,767,249	3,802,821	50,505	1.4%	35,572	0.9%	1.2%
#85 Retirement Board	Oper	54,839,932	57,700,000	59,400,000	2,860,068	5.2%	1,700,000	2.9%	4.1%
#85 Retirement Board	Total	54,839,932	57,700,000	59,400,000	2,860,068	5.2%	1,700,000	2.9%	4.1%
#87 Account/Disclosure	Oper	618,170	599,805	610,912	(18,365)	-3.0%	11,107	1.9%	-0.6%
#87 Account/Disclosure	Total	618,170	599,805	610,912	(18,365)	-3.0%	11,107	1.9%	-0.6%
#90 African American Affairs	Oper	127,500	131,262	135,099	3,762	3.0%	3,837	2.9%	2.9%
#90 African American Affairs	Total	127,500	131,262	135,099	3,762	3.0%	3,837	2.9%	2.9%
#93 Tax Equal/Review Comm	Oper	899,242	917,072	935,331	17,830	2.0%	18,259	2.0%	2.0%
#93 Tax Equal/Review Comm	Total	899,242	917,072	935,331	17,830	2.0%	18,259	2.0%	2.0%
Construction-Total	Total	38,625,661	39,026,176	35,671,610	400,515	1.0%	(3,354,566)	-8.6%	-3.9%
OPERATIONS		1,699,786,897	1,730,322,542	1,770,629,621	30,535,645	1.8%	40,307,079	2.3%	2.1%
STATE AID		3,045,354,340	2,952,093,594	3,033,989,026	(93,260,746)	-3.1%	81,895,432	2.8%	-0.2%
CONSTRUCTION		38,625,661	39,026,176	35,671,610	400,515	1.0%	(3,354,566)	-8.6%	-3.9%
TOTAL GENERAL FUNDS		4,783,766,898	4,721,442,312	4,840,290,257	(62,324,586)	-1.3%	118,847,945	2.5%	0.6%

**Table 12 General Fund Appropriations by Individual Aid Program  
Appropriations Committee Preliminary Budget**

AgencyAid Program			w/o Deficits FY2020-21	Committee Preliminary		Change over Prior Year				2 Yr
				Preliminary FY2021-22	Preliminary FY2022-23	FY2021-22		FY2022-23		Avg % Chnge
						\$	%	\$	%	
#05	Courts	Court Appointed Special Advocate	500,000	0	0	(500,000)	#####	0	na	-100.0%
#13	Education	TEEOSA State Aid to Education	1,022,555,859	1,014,915,776	1,039,139,959	(7,640,083)	-0.7%	24,224,183	2.4%	0.8%
#13	Education	Special Education	231,079,770	233,390,568	235,724,474	2,310,798	1.0%	2,333,906	1.0%	1.0%
#13	Education	Aid to ESU's	13,613,976	13,613,976	13,613,976	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	3,619,357	3,619,357	3,619,357	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	1,465,500	1,465,500	1,000,000	214.8%	0	0.0%	77.4%
#13	Education	School Breakfast reimbursement	617,898	617,898	617,898	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	470,000	470,000	470,000	0	0.0%	0	0.0%	0.0%
#13	Education	Summer Food Service grants	90,000	90,000	90,000	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 Quality Child Care - Scholarship	100,000	100,000	100,000	0	0.0%	0	0.0%	0.0%
#13	Education	Step Up Quality Child Care - Bonuses	69,000	69,000	69,000	0	0.0%	0	0.0%	0.0%
#13	Education	Vocational Rehabilitation	1,249,289	49,289	49,289	(1,200,000)	-96.1%	0	0.0%	-80.1%
#16	Revenue	Homestead Exemption	101,100,000	104,300,000	109,600,000	3,200,000	3.2%	5,300,000	5.1%	4.1%
#16	Revenue	Personal Property Tax Relief Act	0	0	0	0	na	0	na	na
#18	Agriculture	Riparian Vegetation grants	706,000	706,000	706,000	0	0.0%	0	0.0%	0.0%
#25	DHHS	Behavioral Health Aid	72,206,614	73,649,141	74,455,561	1,442,527	2.0%	806,420	1.1%	1.5%
#25	DHHS	Medical student assistance/RHOP	680,723	680,723	680,723	0	0.0%	0	0.0%	0.0%
#25	DHHS	Childrens Health Insurance	23,778,754	22,533,096	24,959,060	(1,245,658)	-5.2%	2,425,964	10.8%	2.5%
#25	DHHS	Public Assistance	86,756,257	86,756,257	86,756,257	0	0.0%	0	0.0%	0.0%
#25	DHHS	Medicaid	921,250,222	876,963,879	909,620,354	(44,286,343)	-4.8%	32,656,475	3.7%	-0.6%
#25	DHHS	Child Welfare Aid	172,174,830	172,260,721	172,104,172	85,891	0.0%	(156,549)	-0.1%	0.0%
#25	DHHS	Youth in Transition aid	0	1,281,202	1,281,202	1,281,202	na	0	0.0%	na
#25	DHHS	Community developmental disabilities	157,255,751	153,459,907	160,372,035	(3,795,844)	-2.4%	6,912,128	4.5%	1.0%
#25	DHHS	Community health centers	7,783,060	7,783,060	7,783,060	0	0.0%	0	0.0%	0.0%
#25	DHHS	Health Aid	6,364,407	6,806,907	6,806,907	442,500	7.0%	0	0.0%	3.4%

AgencyAid Program		w/o Deficits FY2020-21	Committee Preliminary		Change over Prior Year				2 Yr	
			Preliminary FY2021-22	Preliminary FY2022-23	FY2021-22		FY2022-23		Avg % Chnge	
					\$	%	\$	%		
#25	DHHS	Care Management	2,315,560	2,315,560	2,315,560	0	0.0%	0	0.0%	0.0%
#25	DHHS	Area agencies on aging	9,407,019	9,407,019	9,407,019	0	0.0%	0	0.0%	0.0%
#29	Nat Resources	Nebr Water Conservation Fund	1,806,112	1,806,112	1,806,112	0	0.0%	0	0.0%	0.0%
#31	Military Dept	Governors Emergency Program	60,240,974	5,000,000	5,000,000	(55,240,974)	-91.7%	0	0.0%	-71.2%
#31	Military Dept	Guard tuition assistance	718,609	852,793	852,793	134,184	18.7%	0	0.0%	8.9%
#33	Game & Parks	Niobrara Council	42,011	42,011	42,011	0	0.0%	0	0.0%	0.0%
#34	Library Comm	Local libraries	1,281,837	1,311,724	1,342,040	29,887	2.3%	30,316	2.3%	2.3%
#46	Corrections	Vocational and Life Skills Program	4,000,000	3,750,000	3,750,000	(250,000)	-6.3%	0	0.0%	-3.2%
#48	Coord. Comm	Nebr Opportunity Grant Program	7,593,430	7,593,430	7,593,430	0	0.0%	0	0.0%	0.0%
#48	Coord. Comm	Access College Early Scholarship	1,100,000	1,250,000	1,500,000	150,000	13.6%	250,000	20.0%	16.8%
#50	St Colleges	Nebraska Career Scholarships	1,000,000	2,000,000	3,000,000	1,000,000	100.0%	1,000,000	50.0%	73.2%
#51	University	Nebraska Career Scholarships	2,000,000	4,000,000	6,000,000	2,000,000	100.0%	2,000,000	50.0%	73.2%
#69	Arts Council	Aid to arts programs	905,346	905,346	905,346	0	0.0%	0	0.0%	0.0%
#72	Econ Develop	State aid to development districts	700,000	700,000	700,000	0	0.0%	0	0.0%	0.0%
#72	Econ Develop	Business Innovation Act	6,020,352	10,020,352	10,020,352	4,000,000	66.4%	0	0.0%	29.0%
#72	Econ Develop	Nebr Talent Scholarships	1,000,000	3,000,000	5,000,000	2,000,000	200.0%	2,000,000	66.7%	123.6%
#78	Crime Comm	Juvenile services grants	564,300	564,300	564,300	0	0.0%	0	0.0%	0.0%
#78	Crime Comm	Community Based Juvenile Services aid	6,048,000	5,798,000	5,798,000	(250,000)	-4.1%	0	0.0%	-2.1%
#78	Crime Comm	Crimestoppers program	12,919	12,919	12,919	0	0.0%	0	0.0%	0.0%
#78	Crime Comm	County Justice Reinvestment Grants	480,000	480,000	480,000	0	0.0%	0	0.0%	0.0%
#78	Crime Comm	Victim Witness assistance	50,457	50,457	50,457	0	0.0%	0	0.0%	0.0%
#78	Crime Comm	Crime Victims reparations	19,200	19,200	19,200	0	0.0%	0	0.0%	0.0%
#78	Crime Comm	Violence Prevention Grants	591,160	591,160	591,160	0	0.0%	0	0.0%	0.0%
#81	Blind & Vis Imp	Blind rehabilitation	311,790	311,790	311,790	0	0.0%	0	0.0%	0.0%
#83	Comm Colleges	Aid to Community Colleges	103,558,339	105,629,506	107,742,096	2,071,167	2.0%	2,112,590	2.0%	2.0%
		Aid to Individuals/Other	1,490,875,709	1,452,164,055	1,500,088,809	(38,711,654)	-2.6%	47,924,754	3.3%	0.3%
		Aid to Local Government	1,554,478,631	1,499,929,539	1,533,900,218	(54,549,092)	-3.5%	33,970,679	2.3%	-0.7%
		Total State Aid	3,045,354,340	2,952,093,594	3,033,989,027	(93,260,746)	-3.1%	81,895,433	2.8%	-0.2%

# Detailed List – Specific General Fund Adjustments

(Appropriations Committee Preliminary Budget – Amounts are \$ change from FY21 Base)

Agency	Prog	Issue	Type	FY2021-22	FY2022-23
3 Leg Council	122	Short vs long session costs	Oper	(226,624)	0
3 Leg Council	0	Annualize FY21 Pay Advancement (multiple programs)	Oper	81,088	81,088
3 Leg Council	0	FY22 &/FY23 Pay Advancement 1% / yr (multiple programs)	Oper	83,957	253,952
3 Leg Council	122	Long/Short Session	Oper	(220,248)	0
3 Leg Council	123	Long/Short Session	Oper	(159,832)	0
3 Leg Council	123	Additional Staff Position (Prog 123)	Oper	74,648	79,965
3 Leg Council	501	Increased organization dues (Prog 501)	Oper	5,335	16,611
3 Leg Council	501	Senator out-of-state travel, \$2,500 cap (Prog 501)	Oper	38,000	38,000
3 Leg Council	638	Convert Fiscal Assistant to full-time for a year (Prog 638)	Oper	0	45,289
5 Courts	6	LB309-2019, additional Dist Court Judge in Douglas Co.	Oper	211,293	212,799
5 Courts	52	Court: CASA - move to Child Welfare	Aid	(500,000)	(500,000)
5 Courts	52	LB309-2019, additional Dist Court Judge in Douglas Co	Oper	109,874	103,981
5 Courts	420	Annualize evaluation, Mental Health Problem Solving Courts	Oper	20,000	40,000
5 Courts	435	Adjust Probation Juvenile Svcs Base	Oper	(1,500,000)	(1,500,000)
5 Courts	437	Adjust Probation Juvenile Svcs Base	Oper	(8,500,000)	(8,500,000)
9 Sec of State	22	Annualize LB910, increase fees, reduce GF (Prog. 020)	Oper	(271,446)	(271,446)
9 Sec of State	45	Election Night Reporting/Candidate Module System (Prog. 045)	Oper	0	4,500
9 Sec of State	45	Elections Contracts (Prog. 045)	Oper	39,615	29,010
10 Auditor	506	Computer Upgrades (Prog. 506)	Oper	12,000	24,000
10 Auditor	506	NASACT Peer Review (Prog. 506)	Oper	0	15,000
10 Auditor	506	Three New Auditor Positions (Prog. 506)	Oper	57,575	58,727
11 Attorney Gen	507	General Fund Level (Prog. 507)	Oper	(200,000)	(200,000)
12 Treasurer	24	Rent Expense (Prog. 024)	Oper	723	9,654
13 Education	158	Special Education (Prog. 158)	Aid	2,310,798	4,644,704
13 Education	158	TEEOSA at the Jan 2021 NDE calculated amount (Prog 158)	Aid	(7,640,083)	16,584,100
13 Education	158	Textbook loan	Aid	1,000,000	1,000,000
13 Education	351	Delete MOE addition needed in prior biennium, Voc Rehab	Aid	(1,200,000)	(1,200,000)
13 Education	401	Increased Operational Capacity (Prog. 401)	Oper	53,632	56,215
14 PSC	54	Reduce GF appropriation to spending level (Prog. 054)	Oper	(200,000)	(200,000)
14 PSC	64	211 Information & Referral Grant - Fund Shif	Oper	300,000	300,000
16 Revenue	102	Annualize LB1107 ImagiNE Nebraska Act	Oper	(802,500)	(776,600)
16 Revenue	102	Annualize LB477 Segal AmeriCorps Ed Award Program	Oper	(58,192)	(58,192)
16 Revenue	108	Additional Forecasted Homestead Appropriation (Prog. 108)	Aid	4,717,000	9,802,850
16 Revenue	108	Annualize FY21 Deficit	Aid	2,583,000	2,797,150
16 Revenue	108	Eliminate FY20 Deficit from Base	Aid	(4,100,000)	(4,100,000)
21 Fire Marshal	193	Close Albion leased office space (Prog. 193)	Oper	(7,145)	(7,145)
21 Fire Marshal	193	Eliminate 1.0 FTE (Prog. 193)	Oper	(71,147)	(72,167)
22 Insurance	69	Transfer to Gen Fund, Insurance Cash Fund (\$8M FY22 & FY23)	Oper	0	0

Agency	Prog	Issue	Type	FY2021-22	FY2022-23
25 DHHS	33	Annualized LB 323A (Prog. 033)	Oper	14,873	14,873
25 DHHS	33	FMAP Increase (Prog. 033)	Oper	(266,910)	(328,755)
25 DHHS	33	Eliminate two drinking water specialist (Prog. 033)	Oper	(86,000)	(86,000)
25 DHHS	33	Medicaid Expansion Savings (Prog. 033)	Oper	(1,073,813)	(1,073,813)
25 DHHS	38	Increased Behavioral Health Housing Aid (Prog. 38)	Aid	1,000,000	1,000,000
25 DHHS	38	Outpatient Competency Program (Prog. 38)	Aid	442,527	1,248,947
25 DHHS	250	Inflationary Increases for 24 Hour Care Facilities (Prog. 250)	Oper	60,372	123,641
25 DHHS	344	Loss of Enhanced Match (Prog. 344)	Aid	0	2,714,139
25 DHHS	344	FMAP Increase (Prog 344)	Aid	(1,245,658)	(1,533,833)
25 DHHS	348	Annualization of LB 323A (Prog. 348)	Aid	116,710	180,948
25 DHHS	348	Utilization Increases (Prog. 348)	Aid	0	38,909,737
25 DHHS	348	FMAP Increase (Prog. 348)	Aid	(27,265,000)	(33,582,500)
25 DHHS	348	Federal Clawback (Prog. 348)	Aid	(576,159)	(576,159)
25 DHHS	348	Health Insurance Provider Fee (Prog. 348)	Aid	(15,478,738)	(15,478,738)
25 DHHS	348	Transition to Home and Community-Based Waiver (Prog. 348)	Aid	(1,083,156)	(1,083,156)
25 DHHS	354	FMAP Increase (Prog. 354)	Aid	(414,109)	(570,658)
25 DHHS	354	Court: CASA - move from Supreme Court	Aid	500,000	500,000
25 DHHS	359	Youth in Transition Operations to Aid	Aid	1,281,202	1,281,202
25 DHHS	359	Youth in Transition Operations to Aid	Oper	(1,281,202)	(1,281,202)
25 DHHS	365	Ligature mitigation base adjustment for LRC	Oper	(1,600,000)	(1,600,000)
25 DHHS	365	Additional Camerasm Regional Centers (Prog. 365)	Oper	176,000	0
25 DHHS	365	Upgrade Radio Systemsm Regional Centers (Prog. 365)	Oper	291,500	0
25 DHHS	365	Inflationary Increases for 24 Hour Care Facilities (Prog. 365)	Oper	557,122	1,140,982
25 DHHS	421	FMAP Increase (Prog. 421)	Oper	(413,280)	(509,040)
25 DHHS	421	Inflationary Increases for 24 Hour Care Facilities (Prog. 421)	Oper	20,681	41,039
25 DHHS	421	BSDC Contract Changes (Prog. 421)	Oper	(74,347)	(73,766)
25 DHHS	424	Develop Disability, court ordered custody cases (Prog. 424)	Aid	0	2,454,755
25 DHHS	424	Develop Disability, New Graduates (Prog. 424)	Aid	0	2,432,507
25 DHHS	424	Develop Disability, Waiting List Funding (Prog. 424)	Aid	0	3,155,366
25 DHHS	424	Transition to Develop Disability HCBS Waiver (Prog. 424)	Aid	1,083,156	1,083,156
25 DHHS	424	FMAP Increase (Prog. 424)	Aid	(4,879,000)	(6,009,500)
25 DHHS	514	Annualize LB 963-2020 (Prog. 514)	Aid	442,500	442,500
28 Vets Affairs	519	Inflationary Increases (Prog. 519)	Oper	111,338	224,996
28 Vets Affairs	519	Reduction in Cash and Federal Revenue (Prog. 519)	Oper	3,481,128	5,900,000
29 Nat Resources	334	Annualize a-bills	Oper	225,000	0
29 Nat Resources	334	Development of a State Flood Mitigation Plan (Prog 334)	Oper	225,000	0
31 Military	192	Exclude one-time defiecit amount in FY21 base (Prog 192).	Aid	(55,240,974)	(55,240,974)
31 Military	544	Fund an Air Guard position, Environ Protection (Prog 544)	Oper	21,883	22,511
31 Military	544	New Army Guard position, support facilities (Prog 544).	Oper	0	18,615
31 Military	544	Teammate Recognition and Operational Costs (Program 544).	Oper	23,226	
31 Military	545	Adjust GF to align with historical expenditures (Program 545).	Oper	(137,500)	(137,500)
31 Military	548	Annualilze LB450A - 2020 (Prog 548)	Aid	134,184	134,184
32 Ed Lands	529	Reclassify Drafter II to Deputy State Surveyor (Program 529)	Oper	40,305	41,115
34 Library	252	Office Space Lease (Prog. 252)	Oper	30,951	30,951
34 Library	302	Nebraska eReads (Prog. 302) (Priority 1 of 8)	Aid	5,125	10,250
34 Library	302	NebraskaAccess (Prog. 302) (Priority 2 of 8)	Aid	9,200	18,400
34 Library	302	Regional Library Systems (Prog. 302) (Priority 3 of 8)	Aid	15,562	31,553
35 Liquor Cntrl	73	Base Adjustment	Oper	(32,549)	(32,549)
35 Liquor Cntrl	73	Centralized Alcohol Management Project (Prog. 073)	Oper	324,980	324,980



Agency	Prog	Issue	Type	FY2021-22	FY2022-23
46 Corrections	200	Bargaining Unit Pay Increases for Protective Services Staff	Oper	(2,300,000)	(2,300,000)
46 Corrections	200	Remove one-time cost item from base - Kronos Upgrade	Oper	(41,667)	(41,667)
46 Corrections	200	Increased Expenses for Air Conditioning (Prog. 200)	Oper	200,000	200,000
46 Corrections	200	Custody Supervision Positions, salary compression (Prog. 200)	Oper	724,777	1,464,048
46 Corrections	200	Replace analog radios with digital (Prog. 200)	Oper	718,600	0
46 Corrections	200	Lincoln Correctional Center (LCC) High Security staff (Prog. 200)	Oper	925,795	3,549,258
46 Corrections	200	Reception and Treatment Center (RTC) staffing (Prog. 200)	Oper	2,063,546	4,109,845
46 Corrections	200	FY22 Cash Fund increase & Gen Fund decrease (Prog. 200)	Oper	(750,000)	0
46 Corrections	213	Additional funds, Workforce Recruit & Develop (PSC)	Oper	225,000	450,000
46 Corrections	214	Reduce Vocational and Life Skills Aid	Aid	(250,000)	(250,000)
47 NETC	533	Equipment Replacement Funds (Prog. 533)	Oper	16,000	32,320
47 NETC	533	NMCS Maintenance Contract (Prog. 533)	Oper	35,000	35,000
47 NETC	533	Production Services Funding (Prog. 533)	Oper	0	9,200
47 NETC	533	Replacement of Cash Funds (Prog. 533)	Oper	15,000	74,000
47 NETC	566	Radio Program Acquisition Fees (Prog. 566)	Oper	15,800	15,800
48 Coord Comm	691	Increase funding for ACE Scholarships. (Program 691)	Aid	150,000	400,000
50 St Colleges	48	Increase in property liability insurance	Oper	200,000	200,000
50 St Colleges	48	Continued phase-in of Career Scholarship Program (Prog 50)	Aid	1,000,000	2,000,000
51 University	515	Continued phase-in of Career Scholarship Program (Prog 515)	Aid	2,000,000	4,000,000
51 University	515	Overall 2% per year increase in state support (Prog 515)	Oper	12,345,304	25,045,358
54 Hist Society	648	Remove One-Time Funding for Retirement Payout (Prog. 648)	Oper	(92,306)	(92,306)
54 Hist Society	648	Chimney Rock Building Insurance (Prog. 648)	Oper	1,882	1,882
54 Hist Society	648	Improve Digital Access for Library/Archives (Prog. 648)	Oper	304,000	83,000
64 Patrol	0	Adjust Fund Source Mix for Rent on Crime Lab (Prog 100,325)	Oper	0	280,300
64 Patrol	0	Motor vehicle damage insurance deductible (Prog 100, 205)	Oper	0	43,000
64 Patrol	0	SLEBC, additional salary certain employees (Prog. 100 & 205)	Oper	309,055	309,055
64 Patrol	0	Salary adjustments, recruitment & retention, wage inversion	Oper	284,816	366,497
64 Patrol	0	Change in facility rental costs, fund source mix (multiple prog)	Oper	(50,596)	(41,402)
64 Patrol	0	Lower projected gasoline prices (Prog. 100, 205)	Oper	(65,069)	(65,069)
64 Patrol	0	Personnel changes, funding sources (Prog 100, 630, & 850)	Oper	(79,719)	(79,719)
64 Patrol	100	Transfer OCIO IT employee back to agency (Prog. 100)	Oper	71,227	71,227
65 DAS	49	Center of Operational Excellence	Oper	148,368	151,997
65 DAS	101	Administrative Manager (Priority 10 of 10 – Prog. 101)	Oper	(22,767)	(22,767)
65 DAS	536	Decrease Base Appropriations from Claims Bills (Prog. 536)	Oper	(107,243)	(107,243)
65 DAS	591	Decrease Base Appropriations from Claims Bills	Oper	(1,185,000)	(1,185,000)
72 DED	603	Annualize LB 334-2019, increase Business Innovation Act	Aid	4,000,000	4,000,000
72 DED	603	Continued phase-in of Career Scholarship Program (Prog 603)	Aid	1,000,000	2,000,000
72 DED	603	NE Career Scholarships - private nonprofit schools	Aid	1,000,000	2,000,000
72 DED	604	Annualize operating increases included in LB 1107-2020	Oper	726,810	726,810
77 CIR	531	Adjust base for 27th payroll	Oper	(5,619)	(5,619)
78 Crime Com	155	Adjust Juvenile Services aid base	Aid	(250,000)	(250,000)
78 Crime Com	199	Increase GF and reduce CF appropriation (Prog 199)	Oper	55,000	180,000
78 Crime Com	199	Increase training center instructors' salaries (Prog 199)	Oper	53,407	55,009
78 Crime Com	199	New testing software at the training center (Prog 199)	Oper	45,000	45,000
78 Crime Com	199	Replace training center vehicles, rotating schedule (Prog 199)	Oper	40,000	40,000
78 Crime Com	199	Depreciation Reduced for the Training Center (Prog 199)	Oper	(83,599)	(83,599)
78 Crime Com	199	Rent Reduced for the Training Center (Prog 199)	Oper	(109,415)	(109,415)

Agency	Prog	Issue	Type	FY2021-22	FY2022-23
83 Comm College	151	General state aid related to Community College Aid Act.	Aid	2,071,167	4,183,757
85 Retirement	515	2% of Salary – Class V Schools – Omaha (Prog. 515)	Oper	198,214	398,214
85 Retirement	515	2% of Salary – State Schools (Prog. 515)	Oper	2,139,649	3,139,649
85 Retirement	515	Annual Contribution Requirement – Judges Plan (Prog. 515)	Oper	251,206	451,206
85 Retirement	515	Annual Contribution Requirement – State Patrol (Prog. 515)	Oper	387,130	687,130
85 Retirement	515	Omaha Service Annuity Contribution (Prog. 515)	Oper	(116,131)	(116,131)
87 Account/Disc	94	Maintenance/support, database and electronic filing (Prog 094)	Oper	29,000	31,000
87 Account/Disc	94	Base reduction, FY20 deficit shifted to FY21 (Prog. 094)	Oper	(62,000)	(62,000)
99 Construction	101	Change vs FY21 baseline to achieve committee prelim	Const	400,515	(2,954,051)
All Agencies	---	Annualize Salaries (see 2019 GP sheet)	Oper	0	0
All Agencies	---	DAS charges (see 2019 GP sheet)	Oper	4,748,381	5,059,428
All Agencies	---	FY20 / FY21 Salary Increases	Oper	14,966,106	27,715,662
All Agencies	---	FY20 / FY21 Health Insurance Increases	Oper	3,626,715	7,589,447
Total Adjustments (Operations)			Oper	30,535,645	70,842,724
Total Adjustments (State Aid)			Aid	(93,260,746)	(11,365,313)
Total Adjustments (Construction)			Const	400,515	(2,954,051)
Total General Fund Budget Adjustments			Total	(62,324,586)	56,523,360

# COMPARISON TO GOVERNORS RECOMMENDATION

## Committee Preliminary Budget

## Governors Recommendation

February 9, 2021	Committee Preliminary Budget			Governors Recommendation		
	Current Year FY2020-21	Upcoming Biennium FY2021-22 FY2022-23		Current Year FY2020-21	Upcoming Biennium FY2021-22 FY2022-23	
<b>1 BEGINNING BALANCE</b>						
2 Beginning Cash Balance	710,599,887	681,165,723	292,781,009	710,599,887	593,485,028	296,035,726
3 Cash Reserve transfers-automatic	(10,655,528)	(198,738,000)	0	(10,655,528)	(112,065,000)	0
4 Carryover obligations from FY20	(341,227,220)	0	0	(341,227,220)	0	0
5 Lapse FY20 reappropriations	<b>61,300,000</b>	0	0	61,300,000	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	420,017,139	477,427,723	287,781,009	420,017,139	476,420,028	291,035,726
<b>8 REVENUES &amp; TRANSFERS</b>						
9 Net Receipts (NEFAB Oct 2020 + LFO prelim)	5,286,000,000	4,920,000,000	5,275,000,000	5,286,000,000	4,920,000,000	5,275,000,000
10 General Fund transfers-out	(310,600,000)	(286,800,000)	(286,800,000)	(310,600,000)	(286,800,000)	(286,800,000)
11 General Fund transfers-in	(2,250,000)	33,595,597	39,595,597	(2,250,000)	35,795,957	41,795,957
12 Cash Reserve transfers (current law)	30,000,000	0	0	30,000,000	0	0
13 2021 Cash Reserve transfers (new)	0	0	0	(88,000,000)	0	0
14 2021 Revenue Bills	0	0	0	0	0	0
15 Allocation for Post Hearing Adjustments	0	see line 21	see line 21	0	0	0
16 Higher LB1107 credit due to CRF transfer & trig	0	0	0	0	(86,673,000)	(86,673,000)
17 LB 387 Taxation of military retirement	0	0	0	0	(5,295,000)	(12,993,000)
18 LB 364 K-12 Opportunity Scholarships	0	0	0	0	(2,000,000)	(2,000,000)
19 General Fund Net Revenues	5,003,150,000	4,666,795,597	5,027,795,597	4,915,150,000	4,575,027,957	4,928,329,957
<b>20 APPROPRIATIONS</b>						
21 Expenditures / Appropriations (2020 Session)	4,783,766,898	4,783,766,898	4,783,766,898	4,783,766,898	4,783,766,898	4,783,766,898
22 2021 Mainline Budget Items	0	(62,324,587)	56,523,360	0	(49,385,571)	78,519,052
23 Projected budget increase, following biennium	0	0	0	0	0	0
24 2021 Supplemental appropriations	(42,184,766)	0	0	(42,084,787)	0	0
25 Allocation for Post Hearing Adjustments	0	130,000,000	130,000,000	0	0	0
26 2021 State Claims	419,284	0	0	0	0	0
27 2021 "A" Bills	0	0	0	0	0	0
28 LB 386 Increase judges salaries	0	0	0	0	1,030,932	1,887,596
29 LB 388 Nebr Broadband Bridge Act	0	0	0	0	20,000,000	20,000,000
30 General Fund Appropriations	4,742,001,416	4,851,442,311	4,970,290,258	4,741,682,111	4,755,412,259	4,884,173,546
<b>31 ENDING BALANCE</b>						
32 \$ Ending balance (per Financial Status)	681,165,723	292,781,009	345,286,348	593,485,028	296,035,726	335,192,137
33 \$ Ending balance (at Min. Reserve 3.0%)			296,418,027			290,818,775
34 Excess (shortfall) from Minimum Reserve			<b>48,868,321</b>			<b>44,373,362</b>
35 Biennial Reserve (%)			3.5%			3.5%
<b>General Fund Appropriations</b>						
36 Annual % Change - Appropriations (w/o deficits)	3.4%	-1.3%	2.5%	3.4%	-1.0%	2.7%
37 Two Year Average	3.6%	--	0.6%	3.6%	--	0.8%

CASH RESERVE FUND	Estimated FY2020-21	Estimated FY2021-22	Estimated FY2022-23	Estimated FY2020-21	Estimated FY2021-22	Estimated FY2022-23
Beginning Balance	426,307,702	412,263,230	511,001,230	426,307,702	500,263,230	506,707,230
Excess of certified forecasts (line 3 in Status)	10,655,528	198,738,000	0	10,655,528	112,065,000	0
To/from Gen Fund per current law	(30,000,000)	0	0	(30,000,000)	0	0
To Nebr Capital Construction Fund (NCCF)	(54,700,000)	0	0	(54,700,000)	0	0
From Gov Emergency Fund (LB1009-2020)	60,000,000	0	0	60,000,000	0	0
<b>2021 - Transfers to/from Gen Fund</b>	0	0	0	88,000,000	0	0
<b>2021 - To NCCF, corrections facilities</b>	0	(50,000,000)	(65,000,000)	0	(50,000,000)	(65,000,000)
<b>2021 - To NCCF, other new projects</b>	0	0	0	0	(5,621,000)	(4,110,000)
<b>2021 - To Gov Emerg Fund, US Spacecom</b>	0	(50,000,000)	0	0	(50,000,000)	0
Projected Unobligated Ending Balance	412,263,230	511,001,230	446,001,230	500,263,230	506,707,230	437,597,230

Over the two-year biennial budget, there is only a \$4.5 million difference between the variance from the minimum reserve under the Committee preliminary budget (\$48.8 million) and the Governor (+\$44.4 million). There are even very differences in General Fund transfers and appropriations.

The major differences in appropriations are shown in the table below but two items account for 97% of the net difference. The Committee preliminary budget for TEEOSA school aid was significantly less than the Governor but that was only due to the fact that the Governor used an updated estimate in December using the first Annual Financial Report data while the Appropriations Committee was able have access to the final Dept. of Education actual aid calculation in mid-January.

The real difference is that the Governor identified four specific items in his recommendation that used a total of \$235.6 million. The Appropriations Committee left a total of \$260 million allocated for post hearing adjustments subject to use after the budget hearings have been completed. At that time funding could be allocated to the Governors priorities or utilized for other Committee and/or legislative priorities.

Governor Initiatives

Higher LB1107 credit, due to CRF transfer & trigger	(86,673,000)	(86,673,000)	(173,346,000)
LB 388 Nebraska Broadband Bridge Act	(20,000,000)	(20,000,000)	(40,000,000)
LB 387 Taxation of military retirement	(5,295,000)	(12,993,000)	(18,288,000)
LB 364 K-12 Opportunity Scholarships	(2,000,000)	(2,000,000)	(4,000,000)
Total Difference, Post Hearing & Bills	113,968,000	121,666,000	235,634,000

Committee Preliminary

Allocation for post hearing & bills	130,000,000	130,000,000	260,000,000
Total Difference, Post Hearing & Bills	16,032,000	8,334,000	24,306,000

---

**General Fund FY2021-22 and FY2022-23 Appropriations**

---

<u>General Fund Appropriations</u>	<u>Governor FY2021-22</u>	<u>Governor FY2022-23</u>	<u>Committee FY2021-22</u>	<u>Committee FY2022-23</u>
Agency Operations	1,730,212,776	1,770,654,949	1,730,322,542	1,770,629,621
Aid to Individuals/Other	1,451,703,959	1,499,517,863	1,452,164,055	1,500,088,809
Aid to Local Govts	1,519,059,416	1,560,058,609	1,499,929,539	1,533,900,218
Capital Construction	33,405,176	31,561,610	39,026,176	35,671,610
Total	4,734,381,327	4,861,793,031	4,721,442,312	4,840,290,258

<u>Committee vs Governor (Operations/Aid)</u>	<u>FY2021-22</u>	<u>FY2022-23</u>	<u>Two Yr Total</u>
Agency Operations	109,766	(25,328)	84,438
Aid to Individuals/Other	460,096	570,946	1,031,042
Aid to Local Govts	(19,129,877)	(26,158,391)	(45,288,268)
Capital Construction	5,621,000	4,110,000	9,731,000
Total	(12,939,015)	(21,502,773)	(34,441,788)

<u>Committee vs Governor (Major Items)</u>	<u>FY2021-22</u>	<u>FY2022-23</u>	<u>Two Yr Total</u>
TEEOSA Aid to Schools (General Funds only)	(19,129,877)	(26,158,391)	(45,288,268)
New construction from GF vs CRF transfer	5,621,000	4,110,000	9,731,000
All Other	569,862	545,618	1,115,480
Total Difference, Committee vs Governor	(12,939,015)	(21,502,773)	(34,441,788)

---

<b>General Fund Transfers-In (2 Yr Total)</b>	Governor*	Committee	Difference
Securities Act Cash Fund	42,000,000	42,000,000	0
Department of Insurance Cash Fund	21,000,000	16,000,000	(5,000,000)
Tobacco Products Administration Cash Fund	14,000,000	14,000,000	0
State Settlement Cash Fund	591,914	591,914	0
Universal Services Fund (interest)	0	600,000	600,000
<b>Total - GF Transfers In</b>	<b>77,591,914</b>	<b>73,191,914</b>	<b>(4,400,000)</b>

<b>General Fund Transfers-Out (2 Yr Total)</b>	Governor	Committee	Difference
Property Tax Credit Fund	(544,000,000)	(544,000,000)	0
Water Sustainability Fund	(22,000,000)	(22,000,000)	0
Water Resources Cash Fund	(6,600,000)	(6,600,000)	0
Cultural Preservation Endowment Fund	(1,000,000)	(1,000,000)	0
<b>General Fund Transfers Out</b>	<b>(572,600,000)</b>	<b>(573,600,000)</b>	<b>0</b>

<b>Cash Reserve Fund Transfers (2 Yr Total)</b>	Governor	Committee	Difference
To/From General Fund	0	0	0
To Gov Emergency Fund (Spacecom)	(50,000,000)	(50,000,000)	0
To NCCF (other construction)	(9,731,000)	0	(9,731,000)
To NCCF (Corrections construction project)	(115,000,000)	(115,000,000)	0
<b>Cash Reserve Fund Transfers</b>	<b>(174,731,000)</b>	<b>(165,000,000)</b>	<b>(9,731,000)</b>

<b>General Fund Deficits (FY2020-21)</b>	Governor	Committee	Difference
Treasurer-Personal Property Tax exemption, centrally assessed	3,379,472	3,379,472	0
Revenue-Homestead exemption deficit	2,000,000	2,000,000	0
Corrections-Use of Coronavirus Relief Fund monies, offset GF	(38,172,406)	(38,172,406)	0
Patrol-Use of Coronavirus Relief Fund monies, offset GF	(11,709,891)	(11,709,891)	0
Education-TEEOSA Aid; revised Insurance Premium tax	(1,689,538)	(1,689,538)	0
DAS-Miscellaneous Claims	150,000	150,000	0
Racing Comm-Initial operating expenses, Gaming Commission	0	225,000	225,000
Liquor Control-Centralized Alcohol Management Project	3,957,577	3,632,597	(324,980)
<b>Total General Fund FY20-21 Deficit Appropriations</b>	<b>(42,084,786)</b>	<b>(42,184,766)</b>	<b>(99,980)</b>
<b>LAPSE FY2017-18 REPPROPRIATIONS</b>	<b>(61,000,000)</b>	<b>(61,000,000)</b>	<b>0</b>

# 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

---

None

## Governor Recommendation

---

The following were listed in the Governor’s budget document.

LB 364 K-12 Opportunity Scholarships  
LB 386 Increase judges salaries  
LB 387 Taxation of military retirement  
LB 388 Nebr Broadband Bridge Act

## 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 379** Provide for deficit appropriations (Speaker Hilgers, at the request of the Governor)  
**LB 380** Appropriate funds for state government expenses (Speaker Hilgers, at the request of the Governor)  
**LB 381** Appropriations for legislative salaries (Speaker Hilgers, at the request of the Governor)  
**LB 382** Appropriate funds, salaries of constitutional officers (Speaker Hilgers, at the request of the Governor)  
**LB 383** Provide appropriations for capital construction (Speaker Hilgers, at the request of the Governor)  
**LB 384** Provide, change, and eliminate fund transfers (Speaker Hilgers, at the request of the Governor)  
**LB 385** Cash Reserve Fund transfers (Speaker Hilgers, at the request of the Governor)