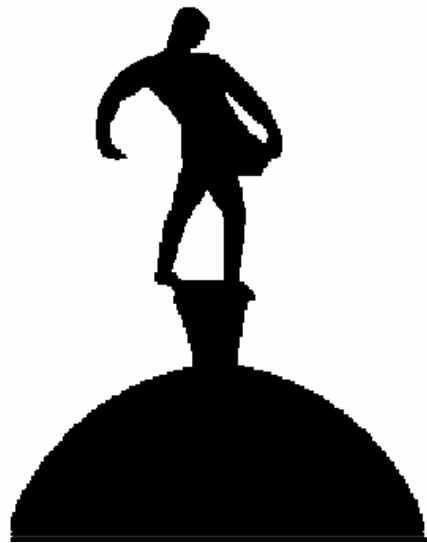


State of Nebraska

FY2003-04 and FY2004-05 Biennial Budget



**As Revised During the
2004 Legislative Session**

June 2004

Prepared by the Legislative Fiscal Office

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HIGHLIGHTS

General Fund Financial Status

Current Biennium (FY04 / FY05) With the 2004 Session changes, the state would finish this current biennium (FY04 / FY05) with a projected ending balance of -\$4.5 million, a balanced position from the standpoint that total funds available are enough to meet all legal obligations authorized. However, this is still \$154 million **below** the minimum 3% reserve for the FY04/FY05 biennium. Interpretation of the statute relating to the minimum reserve has been that this reserve requirement is applicable at the time the Legislature initially enacts a two-year biennial budget.

Total budget actions taken during the 2004 Session consist of a net \$54.2 million reduction in appropriations over the two year period (see below), \$103.7 million transfers from the Cash Reserve Fund, \$14.6 million of fund lapses and transfers, and \$9.8 million of revenue bills of which \$6.4 million is attributed to the creation of a tax amnesty program in LB1107. Of the \$104 million Cash Reserve Fund transfers, \$58.2 million equals the amount received from the federal government as part of the Temporary State Assistance enacted late last spring.

Following biennium (FY06 and FY07) In the following biennium, where the 3% minimum reserve will be applicable, the projected ending balance is a negative \$118.1 million. This is \$295 million **below** the minimum 3% reserve calculated at \$176 million. This "shortfall" is the result of (1) \$160 million related to the low-level radioactive waste lawsuit (see page 31) and (2) finishing the current biennium (and starting the next biennium) \$154 million below the minimum reserve.

A key to the financial status for the following biennium is the October 2004 meeting of the Nebraska Economic Forecast Advisory Board (NEFAB) when FY03-04 actual revenue performance will be known, and the impact that revenue performance might have on the current FY04-05 forecast as well as the initial NEFAB forecasts for FY05-06 and FY06-07.

General Fund Revenues

Revenues for the current biennium used in the Financial Status are the February 2004 forecasts from the Nebraska Economic Forecast Advisory Board (NEFAB). When adjusted for rate and base changes, the February forecasts reflect a 3.9% growth in FY03-04 and 4.1% in FY04-05. Both years are below the 22 year average of 5.1%. If these forecasts are correct, this would be five consecutive years of below average growth.

For the following biennium, the revenue estimates used are derived using a "capped" historical average methodology. Inherent in this methodology is the concept that within any five-year period, below average revenue growth in some years will be offset by above average growth in others. The revenue growth needed to arrive at the estimates under this method are 6.8% per year as compared to the NEFAB FY04-05 forecast. While these revenue numbers for the following biennium using this methodology are almost the same as preliminary estimates run using the LFO and NDR models, the growth rates implied to achieve the LFO/NDR forecast numbers is substantially lower as their FY04-05 base year estimate is higher than the NEFAB forecast.

General Fund Budget Adjustments

The enacted budget adjustments **reduce** General Fund appropriations by \$54.2 million over the two year period. This net reduction is \$6.5 million more than the Governors original recommendation.

Major General Fund Changes	FY2003-04 Deficits	FY2004-05	2 Yr Total
TEEOSA state aid to schools	(578,113)	10,871,597	10,293,484
One yr restoration, medically needy caretaker (KAI lawsuit)	6,900,000	1,100,000	8,000,000
Reinstate funding for Lincoln Correctional Center	0	7,339,451	7,339,451
Homestead exemption	3,620,000	3,620,000	7,240,000
Litigation costs, school finance lawsuit	500,000	1,105,100	1,605,100
Water Policy Task Force recommendations (LB 962)	0	1,500,000	1,500,000
School retirement, OPS state service annuity	0	1,121,237	1,121,237
One-time Fed fiscal assistance, Medicaid match rate	(43,153,639)	0	(43,153,639)
TANF bonus funds to offset General Funds	(7,400,000)	(2,000,000)	(9,400,000)
Enhanced treatment group home, leverage fed funds to offset GF	(4,200,000)	(4,200,000)	(8,400,000)
Health insurance reductions	(4,120,540)	(4,119,433)	(8,239,973)
Inmate medical cost containment initiatives (Corrections)	(3,956,259)	(3,626,931)	(7,583,190)
Across the board reductions (1% and .5%)	0	(4,342,779)	(4,342,779)
LB 1092 Depreciation surcharge changes	0	(3,221,895)	(3,221,895)
Utilize One-time Excess Cash Funds (Corrections)	(1,300,819)	0	(1,300,819)
All Other	(665,251)	821,715	156,464
Change in New GF Appropriations	(53,822,621)	6,553,062	(47,269,559)
Lapse excess FY03 carryover funds (Corrections)	(6,535,703)	0	(6,535,703)
Lapse excess FY03 carryover funds (Other)	(394,240)	0	(394,240)
Change in Total GF Appropriations	(60,752,564)	6,553,062	(54,199,502)

Cash Reserve Fund

Cash flow could again be a concern in FY04-05 as the state continues to attempt to get back to the minimum 3% General Fund reserve which provides the primary cash flow for the General Fund. Even with the enacted transfers of \$104 million to the General Fund, a projected \$71 million balance is maintained in the Cash Reserve Fund in FY04-05 for additional cash flow purposes.

Major Budget Issues

Addressed in more detail through this report, major budget issues during the 2004 session included funding to carryout the Childrens Task Force recommendations (page 38), reform of Nebraska behavioral health services (LB 1083, page 35), changes in the Ethanol Production Incentive program (LB 1065, page 20), implement recommendations of the Water Policy Task Force (LB 962, page 39), and potential payout pursuant to the Low Level Radioactive Waste lawsuit (page 31).

GENERAL FUND FINANCIAL STATUS

General Fund Financial Status Sine Die 2004 Session

April 19, 2004	Actual FY2002-03	Biennial Budget FY2003-04 FY2004-05		Following Biennium FY2005-06 FY2006-07	
1 <u>BEGINNING BALANCE</u>					
2 Beginning Cash Balance	55,970,978	2,654,247	(32,135,418)	4,520,119	(159,962,172)
3 Cash Reserve transfers-automatic	--	(30,000,000)	0	0	0
4 Carryover obligations from FY03 (current law)	--	(79,804,483)	0	0	0
5 Lapse FY03 carryover obligations (2004 Session)	--	6,929,943	0	0	0
6 Allocation for potential deficits	--	--	(5,000,000)	(5,000,000)	(5,000,000)
7 Unobligated Beginning Balance	55,970,978	(100,220,293)	(37,135,418)	(479,881)	(164,962,172)
8 <u>REVENUES</u>					
9 Net Receipts (Feb 04 NEFAB+capped Hist Avg)	2,453,579,418	2,610,000,000	2,751,000,000	2,921,000,000	3,127,000,000
10 General Fund transfers-out	(5,300,000)	(1,640,000)	(1,640,000)	(1,640,000)	(1,640,000)
11 General Fund transfers-in	in receipts	in receipts	in receipts	0	0
12 Cash Reserve transfers-legislative	87,400,000	3,000,000	(19,500,000)	0	0
13 Cash Reserve transfers-cash flow	30,000,000	0	0	0	0
14 Cash Reserve Fund transfers (2004 Session)	--	58,191,862	45,500,000	0	0
15 General Fund transfers-In (2004 Session)	--	0	14,653,000	0	0
16 Revenue Bills (2004 Session)	--	0	9,826,115	7,676,115	10,333,115
17 General Fund Net Revenues	2,565,679,418	2,669,551,862	2,799,839,115	2,927,036,115	3,135,693,115
18 <u>APPROPRIATIONS</u>					
19 Expenditures/Approp-2003 Session	2,618,996,149	2,655,289,608	2,751,630,516	2,995,014,241	3,161,117,414
20 Mainline budget adjustments (2004 Session)	--	(53,994,376)	4,599,317	(71,453,535)	(76,307,195)
21 State Claims (2004 Session)	--	171,755	0	0	0
22 "A" Bills (2004 Session)	--	0	1,953,745	2,957,700	3,952,200
23 Allocation for potential LLRW lawsuit payout	--	0	0	160,000,000	0
24 General Fund Appropriations	2,618,996,149	2,601,466,987	2,758,183,578	3,086,518,406	3,088,762,419
25 <u>ENDING BALANCE</u>					
26 Dollar ending balance (Financial Status as shown)	2,654,247	(32,135,418)	4,520,119	(159,962,172)	(118,031,476)
27 Dollar ending balance (at Minimum Reserve)	--	--	158,506,172	--	176,716,000
28 Excess (shortfall) from Minimum Reserve	--	--	(153,986,053)	--	(294,747,476)
29 Biennial Reserve (%)	--	--	0.08%	--	-1.91%

Cash Reserve Fund Status

	FY2002-03	FY2003-04	FY2004-05	FY2005-06	FY2006-07
Beginning Balance	110,066,099	59,142,545	89,372,790	70,733,932	68,304,628
To/from Gen Fund per current law	(87,400,000)	(3,000,000)	19,500,000	0	0
To/from Gen Fund-cash flow (payback in line 3)	(30,000,000)	30,000,000	0	0	0
From Federal fiscal assistance, flexible grant	29,095,931	29,095,931	0	0	0
From cigarette tax, stamp discount, MV sales tax	37,380,515	32,711,983	8,119,322	0	0
To/From Muni Natural Gas Fund	0	370,000	0	0	0
To NCCF for new Fitzgerald Vets Home (est cash flow)	0	(755,807)	(758,180)	(2,429,304)	(1,784,416)
To/from Gen Fund per 2004 Session	0	(58,191,862)	(45,500,000)	0	0
Projected Ending Balance	59,142,545	89,372,790	70,733,932	68,304,628	66,520,212

CHRONOLOGY OF THE FINANCIAL STATUS

2003 Session

Entering the 2003 Session, the Legislature was faced with a \$759 million shortfall from the minimum reserve which was the sum of a \$215 million "shortfall" carried forward from the FY02/FY03 biennium plus a cumulative \$544 million gap between revenues and appropriations projected for FY03-04 and FY04-05. The large shortfall carried forward from the FY02/FY03 biennium occurred in spite of continued efforts to re-balance the budget. Revenue growth in those two years were two of the three lowest revenue growth years (rate and base adjusted) in the past 22 years and compounded the problem by occurring consecutively. The cumulative growth of the two years was 11.5% below the historical average, causing FY03 revenues to be \$310 million less than if revenues had grown at that average rate. This large shortfall persisted in spite of all the budget actions previously taken.

Budget actions to eliminate this \$759 million "shortfall" were evenly split between the revenue and spending sides of the budget equation. The budget cuts included (1) reducing TEEOSA state aid below the certified level which had been built into the projected status by incorporating the provisions of LB 540 (\$81.8 million in FY04 and \$130.6 million in FY05), and (2) operations and other non-TEEOSA state aid cuts totaling \$78.2 million in FY04 and \$94 million in FY05. Revenue items include (1) cash fund lapses of \$22 million and Cash Reserve Fund transfer of \$6 million, (2) extension of the sales, income, and cigarette tax rate increases enacted in the 2002 Session (LB1085) and (3) expansion of sales tax base to construction and repair labor (excluding new construction and motor vehicles) and increasing the liquor tax.

At the end of the 2003 Session, the projected General Fund financial status for FY04/FY05 showed an ending balance of \$171 million, an amount that was \$8.5 million above the required minimum reserve. In July 2003, the status deteriorated somewhat due to the fact that FY02-03 actual receipts were \$61 million below forecast and federal tax law changes reduced FY04 and FY05 revenues by \$17 million even after incorporating the provisions of LB596. These "losses" were partially offset by lapses of unexpended appropriations and included the General Fund savings due to a higher federal Medicaid match rate as part of the federal Temporary State Fiscal Relief. The net impact of these transactions reduced the variance from the minimum reserve from a positive \$8.5 million to a negative \$1.3 million.

Fall 2003

The General Fund Financial Status further deteriorated in the fall of 2003 where the variance from the minimum reserve went from the projected \$1.3 million below the minimum reserve to \$211 million below the minimum reserve. There were two primary reasons for this decline. First, there were revisions in the FY03-04 and FY04-05 forecasts by the Nebraska Economic Forecast Advisory Board on October 31, 2003. At that meeting, revenue forecasts were reduced by a total of \$197.7 million, \$80.9 million in FY03-04 and \$116.8 million in FY04-05. These reductions were a combination of the "base year" (FY02-03) being \$61 million below the April forecasts, and lower growth projections. Second, there was an increase in projected deficits from a one-time \$5 million allocation for deficits in FY03-04 to a total of \$23.1 million of deficits over the two years based on (a) deficit requests totaling \$7.1 million in FY03-04 and \$10.5 million in FY04-05 and (b) updated TEEOSA school aid figures indicating a \$5.5 million increase over the current FY04-05 appropriation level. Virtually all the deficit requests were from a one-year restoration for medically needy caretaker relatives per the KIA lawsuit (\$6.9 million in FY04 and \$1.1 million in FY05),

restoration of funding for the Lincoln Correctional Center (\$7.3 million in FY05) and a reduction in the base Medicaid match rate (\$2.6 million in FY05).

2004 Session

Entering the 2004 Session, the projected financial status yielded an unobligated ending balance for the FY04/FY05 Biennium of negative \$(52.9) million, a figure that was \$211 million **below** the minimum 3% reserve (calculated at \$160 million). Revised forecasts by the Nebraska Economic Forecast Advisory Board (NEFAB) in February reduced revenues by \$104 million over the two years resulting in a projected ending balance of **negative** \$157 million and increasing the "shortfall" (variance from the minimum reserve) to \$315 million.

However, by incorporating the 2004 budget actions enacted, the projected unobligated ending balance improves to a balanced position from the standpoint that total funds available are enough to meet all legal obligations authorized (\$4.5 million projected balance), but still \$154 million **below** the minimum 3% reserve for the FY04/FY05 biennium. Interpretation of the statute relating to the minimum reserve has been that this reserve requirement is applicable at the time the Legislature initially enacts a two-year biennial budget and will be applicable for the following biennium budget in the 2005 Session.

This \$161 million improvement in the financial status is achieved by an overall lower than projected level of deficits (\$34 million over the two years), additional cash fund lapses (\$14.6 million), \$104 million transfers from the Cash Reserve Fund (CRF), and revenue bills (\$9.8 million). Of the \$104 million Cash Reserve Fund transfers, \$58.2 million equals the amount received from the federal government as part of the Temporary State Assistance enacted late last spring.

Table 1 Chronology for FY04 / FY05 Biennium

Millions of Dollars	FY2002-03	FY2003-04	FY2004-05	Cumulative
2003 Session "Shortfall" Prior to Budget Actions				(758.9)
Plus: TEEOSA Aid below certified level per LB 540	0.0	73.2	122.0	195.2
Plus: State Aid cuts (non-TEEOSA)	0.0	31.8	34.3	66.1
Plus: Operations cuts	0.0	42.4	48.6	91.0
Less: Operations increases greater than estimated	0.0	(12.5)	(5.0)	(17.5)
Plus: State aid increases lower than estimated	0.0	9.2	10.0	19.2
Plus: Cash Reserve Fund transfer	0.0	3.0	3.0	6.0
Plus: Cash fund lapses, transfers-out	0.0	9.2	9.8	19.0
Plus: Highway Trust MV sales tax, 1/2 cent (LB 408)	0.0	6.9	15.2	22.1
Committee Budget to Floor (April 2003)				(358.0)
Plus: Revenue Forecasts (revised April 2003)	9.0	0.0	3.0	12.0
Less: Transfer revised FY03 forecast above certified	0.0	(9.0)	0.0	(9.0)
Plus: Post hearing fund lapses not included	0.0	1.3	0.0	1.3
Plus: Floor Amendments-Additional Cuts (Operations)	0.0	5.8	12.8	18.6
Plus: Floor Amendments-Additional Cuts (State Aid)	0.0	6.9	6.9	13.8
Plus: Floor Amendments-Reduce Adds (Operations)	0.0	2.5	2.5	5.0
Plus: Floor Amendments-Reduce Adds (State Aid)	0.0	(0.2)	3.8	3.6
Less: Shift 1/2 cent MV to LB 759	0.0	(6.9)	(15.2)	(22.1)
Less: Impact of MIRF / Ed Lottery amendments, missed lapses	0.0	1.8	0.5	2.3
Plus: LB 759 (includes 1/2 cent on MV)	0.0	110.4	234.4	344.8
Plus: other revenue bills	1.2	9.2	(2.6)	7.8
Less: "A" Bills	(0.3)	(0.1)	0.1	(0.3)
Less: Change in Minimum Reserve	(0.4)	0.0	(11.0)	(11.4)
Sine Die 2003 Session				8.5

Millions of Dollars	FY2002-03	FY2003-04	FY2004-05	Cumulative
Less: FY02-03 actual receipts below forecast	(60.9)	0.0	0.0	(60.9)
Plus: Nullified estimated "automatic" CRF transfer	9.0	0.0	0.0	9.0
Plus: Estimated lapse of FY03 unexpended funds	12.0	0.0	0.0	12.0
Less: Fed tax law changes & LB596 offset (net impact)	0.0	(5.5)	(11.3)	(16.8)
Plus: Fed State Fiscal Relief: higher fed Medicaid FMAP	0.0	50.3	0.0	50.3
Plus: Fed State Fiscal Relief: flexible assistance (to CRF)	0.0	0.0	0.0	To CRF
Plus: Cash Reserve Fund cash flow borrowing	30.0	(30.0)	0.0	0.0
Less: Revise "out year" revenue est, revised historical avg	0.0	0.0	0.0	0.0
Less: Accounting adjustment, other minor adjustments	(2.7)	0.0	0.0	(2.7)
Less: Change in Minimum Reserve	(0.6)	0.0	(0.1)	(0.7)
July 2003 Tax Rate Review Committee				(1.3)
Less: Revenue Forecasts (revised Oct 2003)	0.0	(81.0)	(116.8)	(197.8)
Plus: Update of estimated lapse, FY03 unexpended funds	0.0	7.3	0.0	7.3
Less: Lower est, State Fiscal Relief, Medicaid FMAP	0.0	(7.2)	0.0	(7.2)
Plus: Revised TEEOSA aid estimates (Oct 2003 Joint Meeting)	0.0	0.6	(5.5)	(4.9)
Less: Requested deficit requests vs \$5M allocation	0.0	(2.1)	(10.5)	(12.6)
Plus: Change in Minimum Reserve	0.0	0.0	5.7	5.7
Nov. 2003 Tax Rate Review Committee				(210.8)
Less: Revenue Forecasts (revised Feb 2004)	0.0	(41.0)	(63.0)	(104.0)
Plus: Committee Proposed-recommendaiton vs pre-session est	0.0	17.0	12.2	29.2
Plus: Committee Proposed-Lapse FY03 reappropriations	0.0	6.9	0.0	6.9
Plus: Committee Proposed-Fund Lapses	0.0	6.6	8.0	14.6
Plus: Committee Proposed-Cash Reserve Fund transfers	0.0	58.2	45.5	103.7
Plus: Committee Proposed-doc stamp+Ed Innovation	0.0	0.0	1.5	1.5
Plus: Change in Minimum Reserve	0.0	0.0	(0.7)	(0.7)
Committee Budget (March 2004)				(159.6)
Plus: Floor Amendments	0.0	0.0	0.4	0.4
Less: Savings in LB391-Age of Majority amended out	0.0	0.0	(0.9)	(0.9)
Plus: Revenue bills (2004 Session)	0.0	0.0	8.3	8.3
Less: "A" Bills (2004 Session)	0.0	0.0	(1.9)	(1.9)
Less: Change in Minimum Reserve	0.0	0.0	(0.2)	(0.2)
Sine Die 2004 Session				(154.0)

CASH RESERVE FUND

Cash flow could again be a major concern in FY04-05 as the state continues to attempt to get back to the minimum 3% General Fund reserve which provides the primary cash flow for the General Fund. Even with the enacted transfer of \$104 million to the General Fund, a projected \$71 million balance is maintained in the Cash Reserve Fund for additional cash flow purposes.

Cash Reserve Fund Transfers - Automatic

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. FY99-00 was the last year in which revenues exceeded the certified forecast. Those excess amounts were transferred to the Cash Reserve Fund at the start of FY00-01. Actual receipts for both FY00-01 and FY01-02, AND FY02-03 were well below the certified forecast therefore no automatic transfers to the Cash Reserve Fund.

Table 2 Cash Reserve Fund Status

	FY2002-03	FY2003-04	FY2004-05	FY2005-06	FY2006-07
Beginning Balance	110,066,099	59,142,545	89,372,790	70,733,932	68,304,628
Excess of certified forecasts (line 3 in Status)	0	0	0	0	0
To/from Gen Fund per current law	(87,400,000)	(3,000,000)	19,500,000	0	0
To/from Gen Fund-cash flow (payback in line 3)	(30,000,000)	30,000,000	0	0	0
From Federal fiscal assistance, flexible grant	29,095,931	29,095,931	0	0	0
From cigarette tax, stamp discount, MV sales tax	37,380,515	32,711,983	8,119,322	0	0
To/From Muni Natural Gas Fund	0	370,000	0	0	0
To NCCF for new Fitzgerald Vets Home (est cash flow)	0	(755,807)	(758,180)	(2,429,304)	(1,784,416)
To/from Gen Fund per 2004 Session	0	(58,191,862)	(45,500,000)	0	0
Projected Ending Balance	59,142,545	89,372,790	70,733,932	68,304,628	66,520,212

Cash Reserve Fund Transfers – Cash Flow

The initial primary purpose of the Cash Reserve Fund was to provide cash flow within a fiscal year when the General Fund balance was not adequate to make timely payments. When displaying the financial status of the fund on a fiscal year basis, these transfers only appear when any transfers-in are not repaid at the close of a fiscal year. There were \$30 million of cash flow "borrowings" that were made in June 2003 that were not yet repaid at the close of FY02-03. Therefore the status here shows the "borrowed" amount in FY02-03 with a subsequent repayment in FY03-04.

Cash Reserve Fund Transfers-Legislative

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.

2001 Session: The budget enacted in the 2001 Session included transfers from the Cash Reserve Fund to the General Fund totaling \$89.7 million over the two-year biennium, \$24.8 million in FY01-02 and \$64.9 million in FY02-03.

2002 Session: The FY02-03 transfer was increased by \$22.5 million (to a total of \$87.4 million) with this \$22.5 million transfer being reversed back to the Cash Reserve Fund in FY04-05. In addition, LB1085 contained a 30 cent increase in the cigarette tax for two years with the revenues credited to the Cash Reserve Fund totaling \$64 million over the next three years.

2002 Special Session: LB 1 provided for a \$14.4 million transfer from Highway Trust which is the equivalent to the sales tax on motor vehicles generated from the one-time 1/2 cent increase in LB1085. Also LB 46 changed a discount provision for cigarette tax stamps and increased the net amount of the 30 cent tax increase in LB1085.

2003 Session LB 798 provided for additional legislative transfers to the General Fund of \$3 million in both FY04 and FY05. Also in LB 798, a total of \$5,727,707 is to be transferred to the Nebraska Capital Construction Fund (NCCF) at the discretion of the Budget Administrator to finance the replacement of the Fitzgerald Veterans Home in Omaha. The cash flow shown in the above table is based on the estimated cash flow of the project.

Temporary State Fiscal Relief The federal “Jobs and Growth Tax Relief Act of 2003” contained provisions for temporary state fiscal relief. Although the timing of the passage of the act and adjournment of the 2003 legislative session did not allow time to incorporate these provisions into the Sine Die financial status, LB 798 did include a provision that “ the Cash Reserve Fund shall receive federal funds received by the State of Nebraska for undesignated general government purposes, federal revenue sharing, or general fiscal relief of the state.” Nebraska received \$29 million late in FY02-03 and another \$29 million in FY03-04.

2004 Session LB1092 includes a total of \$103.7 million of transfers from the Cash Reserve Fund to the General Fund; \$58.2 million in FY03-04 and \$45.5 million in FY04-05. The \$58.2 million FY03-04 transfer) equals the amount received from the federal government as part of the Temporary State Assistance enacted late last spring as noted above.

Table 3 Cash Reserve Fund – Historical Balances

	Beginning Balance	Direct Deposit and Interest	Cash Flow (cross FY)	Legislative Transfers	Automatic Transfers	Ending Balance
FY1983-84 Actual	0	37,046,760	0	0	0	37,046,760
FY1984-85 Actual	37,046,760	(1,472,551)		0	0	35,574,209
FY1985-86 Actual	35,574,209	227,855		(13,500,000)	0	22,302,064
FY1986-87 Actual	22,302,064	1,428,021	0	0	0	23,730,085
FY1987-88 Actual	23,730,085	1,654,844	0	(7,700,000)	0	17,684,929
FY1988-89 Actual	17,684,929	139,000	0	32,600,000	0	50,423,929
FY1989-90 Actual	50,423,929	113,114	0	(10,500,000)	0	40,037,043
FY1990-91 Actual	40,037,043	0	na	(8,100,000)	0	31,937,043
FY1991-92 Actual	31,937,043	0	na	(5,000,000)	0	26,937,043
FY1992-93 Actual	26,937,043	0	na	(9,500,000)	0	17,437,043
FY1993-94 Actual	17,437,043	0	na	7,250,000	3,063,462	27,750,505
FY1994-95 Actual	27,750,505	0	na	1,250,000	(8,518,701)	20,481,804
FY1995-96 Actual	20,481,804	0	na	18,189,565	(20,481,804)	18,189,565
FY1996-97 Actual	18,189,565	0	na	3,032,333	19,740,786	40,962,684
FY1997-98 Actual	40,962,684	0	na	0	91,621,018	132,583,702
FY1998-99 Actual	132,583,702	0	na	(98,500,000)	111,616,422	145,700,124
FY1999-00 Actual	145,700,124	0	na	(24,500,000)	20,959,305	142,159,429
FY2000-01 Actual	142,159,429	0	na	(49,500,000)	77,576,670	170,236,099
FY2001-02 Actual	170,236,099	0	na	(60,170,000)	0	110,066,099
FY2002-03 Actual	110,066,099	66,476,446	(30,000,000)	(87,400,000)	0	59,142,545
FY2003-04 Est	59,142,545	61,807,914	30,000,000	(61,577,669)	0	89,372,790
FY2004-05 Est	89,372,790	8,119,322		(26,758,180)	0	70,733,932
FY2005-06 Est	70,733,932	0		(2,429,304)	0	68,304,628
FY2006-07 Est	68,304,628	0		(1,784,416)	0	66,520,212

FINANCIAL STATUS – FOLLOWING BIENNIUM

Revenues For the following biennium (FY05-06 and FY06-07), the revenue estimates used are derived using a “capped” historical average methodology. Inherent in this methodology is the concept that within any five-year period, below average revenue growth in some years will be offset by above

average growth in others. The revenue growth needed to arrive at the estimates under this method are 6.8% per year as compared to the NEFAB FY04-05 forecast. These revenue numbers for the following biennium using this methodology are almost the same as preliminary estimates run using the LFO and NDR models. These model estimates however, reflect a lower growth than a 6.8% average but only because the FY04-05 model estimates were higher than the FY04-05 number arrived at by the NEFAB.

Spending For the “following biennium” (FY05-06 and FY06-07), the mainline budget numbers reflect the annualized impact of the current budget actions plus an estimate of future year increases in entitlement programs, salary and health insurance increases, and other funding requirements that are normally not optional. While the actual funding needs in these areas will not be known until the biennial budget process starts again in two years, some level of funding for these items must be acknowledged and shown as likely funding commitments for planning purposes. Table 4 shows the individual items and assumption used in arriving at a projected budget.

Table 4 Projected Budget Increases-Following Biennium

Numbers are annual increases	Factor	Est for Following Biennium	
		FY2005-06	FY2006-07
Special Education	5%	8,220,248	8,631,261
Aid to K-12 Schools (TEEOSA)	Calculated	129,029,627	56,916,700
Aid to ESU's (LB1100/1108-1998)	2.5%	282,227	289,283
Developmental Disability aid-transition	Estimated	1,200,000	1,200,000
Developmental Disability aid-pay equity	3%	702,555	723,631
Behavioral Health	3%	927,574	955,401
Public Assistance	8%	16,025,744	17,307,803
Children's Health Insurance (CHIP)	10%	700,546	770,600
Medicaid-	10%	47,676,038	52,443,642
Inmate per diem costs	6%	1,991,736	2,111,240
Annualize cut of Lincoln Correctional Center	Na	(2,779,818)	0
Community Colleges	3%	1,896,110	1,952,993
Retirement-Defined Benefit Plans	Estimated	13,000,000	0
Salaries	1.00%	8,368,237	8,451,919
Health Insurance	10%	10,102,127	11,112,340
Operations increase	2%	2,819,960	2,876,359
Depreciation Surcharge	Estimated	4,287,100	0
County Property Relief program (restore per LB622)	Estimated	2,592,000	0
Aid to Municipalities (apply when MIRF cut expires)	Estimated	(3,000,000)	0
Construction	Reaff Only	(658,285)	360,000
Annual \$ Increase		243,383,726	166,103,172
Annual % Increase		8.8%	5.5%

NOTE THAT THE ON-GOING IMPACT OF 2004 SESSION ACTIONS ARE SHOWN SEPARATELY ON THE FINANCIAL STATUS AND ARE NOT INCLUDED IN THIS TABLE. THE POTENTIAL PAYMENT RELATED TO THE LOW LEVEL RADIOACTIVE WASTE (LLRW) LAWSUIT IS ALSO SHOWN SEPARATELY ON THE FINANCIAL STATUS.

Special Education Increases for FY05-06 and FY06-07 reflect a 5% per year increase as provided for in current law (LB1243-2000).

State Aid to Schools (TEEOSA) The estimates for FY06 and FY07 are based on the same methodology utilized for the November 15 estimates required under current law for the current biennial budget but with Fiscal Office assumptions and should be considered Fiscal Office estimates.

The key assumptions in the estimates for the following biennium are growth in school disbursements

(3.55% for FY06 aid year based on budget to budget growth in FY04, and 3.5% in FY07 aid year based in lower allowable growth in FY05) and growth in property valuations (4.5% in FY06 and 5% in FY07). These assumptions, *coupled with an assumed expiration of any temporary formula reductions*, yield a growth in school aid of 20.4% in FY06 and 7.6% in FY07. The large growth in FY06 reflects the expiration of LB898 (passed in the 2002 Session and operative for three years, FY03, FY04, and FY05) and LB 540-2003 Session would likewise expire after FY05 with some "spill over savings" into FY06.

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

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

Developmental Disability-Rate Equity There are two components to the projected increase in developmental disability aid. First is a \$1.2 million increase in both FY05-06 and FY06-07 for clients transitioning from K-12 programs. The second component, \$1.7 million increase in FY05-06 and an additional \$1.8 million in FY06-07 reflects a 3% increase in aid to maintain the 100% "rate equity" achieved from FY96 through FY03. The 3% increase approximates the state employee salary increases as the rate equity is keyed to salaries at the Beatrice State Developmental Center (BSDC).

Public Assistance A growth rate of 8.0% per year is utilized for the various Public Assistance programs for the following biennium.

Children's Health Insurance (CHIP) For the following biennium, a 10% per year increase is used which is the same as Medicaid. The General Fund would pick up all increases in this program because the \$5 million allocation from the Health Care Cash Fund is a fixed amount.

Medicaid For the following biennium, a 10% per year increase is used reflecting the average growth (including FY02 and FY03) over the past 5 and 10 years.

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

Aid to Community Colleges A 3% per year annual increase is included for the following biennium budget reflecting increased state aid to support operations budget increases and meet community college area aid eligibility per LB269-1997. This increase amounts to about a \$1.8 million per year increase.

Retirement-Defined Benefit Plans Recent information from the Retirement Board indicates that the past returns on the defined benefit plans are likely to create an increase in the unfunded liability and require additional state contribution into the system. An additional \$13 million per year is included to acknowledge some level of additional commitment.

Employee Salary Increases Although salary increases will be the result of bargaining, some level of increase is factored in more for illustration than planning purposes. A 1.00% per year increase is used here, lower than the FY02/FY03 or FY04/FY05 salary contract

Employee Health Insurance For planning purposes, a 10% per year increase in health insurance is included for the following biennium. Note that insurance costs change with calendar year contracts.

Operations Inflation Included in the projected status is an across the board 2% increase in agency non-personnel operating costs. This would include data processing, rent, fuel/oil, supplies, etc....

Depreciation Surcharge An additional \$4.3 million is included to reflect expiration of the suspension of this surcharge in the FY04/FY05 budget. This increase funds a 2% surcharge level compared to the 0% in FY04 and 1% in FY05.

Capital Construction General Fund dollars included in the projected budget for the following biennium for capital construction reflect reaffirmations only based on the enacted FY04/FY05 biennial budget. Funding would still be available for the 309 Task Force through the earmark of cigarette tax funds and use of the depreciation surcharge. No other new construction is included.

County Property Tax Relief The projected budget incorporates the provisions of LB622 which calls for no funding for this program in FY04 and FY05 but restoration starting in FY06 at a reduced level.

Aid to Municipalities The budget calls for a \$3 million reduction in state aid to cities. Since the proposed repeal of the MIRF program does not occur until FY06, a two year \$3 million reduction was applied to this aid program. This restores that \$3 million when the MIRF reduction occurs.

GENERAL FUND REVENUES

GENERAL FUND REVENUE FORECASTS

Current Biennium

For the current biennium (FY03-04 and FY04-05) forecasts used in the Financial Status are the February 2004 forecasts from the Nebraska Economic Forecast Advisory Board (NEFAB). Although these forecasts were significantly below the estimates given to the NEFAB by the Legislative Fiscal Office (LFO) and Nebraska Dept of Revenue (NDR), this was not necessarily unusual as the Board had consistently arrived at a number lower than the average of the LFO/NDR forecasts the previous five times that the Board has reviewed the FY04 and FY05 forecasts. When adjusted for rate and base changes, the forecasts reflect a 3.9% growth in FY03-04 and 4.1% in FY04-05. Both years are below the 22 year average of 5.1%. If these forecasts are correct, this would be five consecutive years of below average growth.

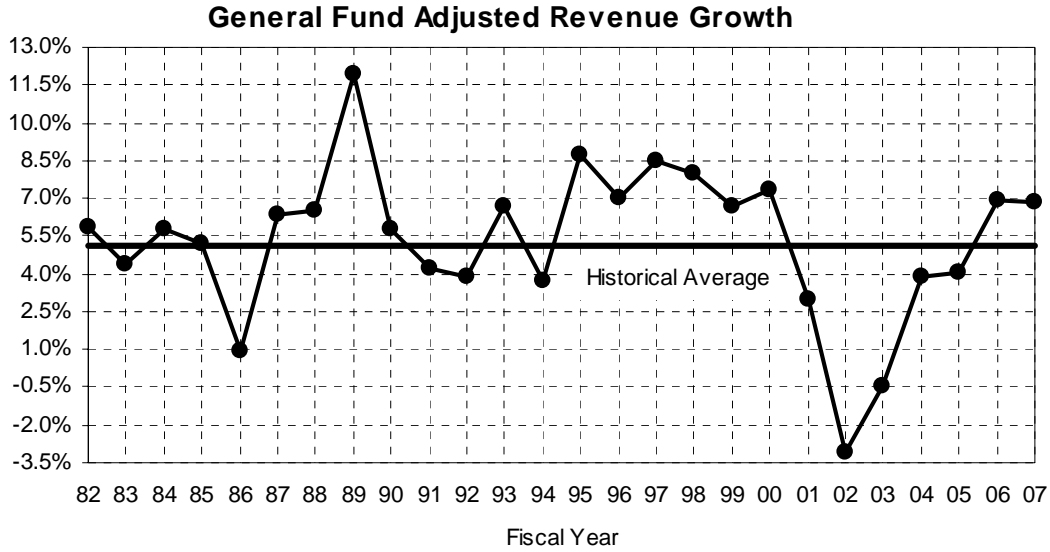
Following Biennium

For the following biennium (FY05-06 and FY06-07), the revenue estimates used are derived based on a "capped" historical average methodology. Inherent in this methodology is the concept that within any five-year period, below average revenue growth in some years will be offset by above average growth in others. The revenue growth needed to arrive at the estimates under this method are 6.8% per year as compared to the NEFAB FY04-05 forecast.

These revenue numbers for the following biennium using this methodology are almost the same as preliminary estimates run using the LFO and NDR models. These model estimates however, reflect a lower growth than a 6.8% average because the FY04-05 model estimates were higher than the FY04-05 number arrived at by the NEFAB. With a higher FY04-05 "base", the revenue growth to achieve the FY06 and FY07 numbers as shown is significantly lower.

Table 5 - General Fund Revenue Forecasts

<i>Revenue Estimates Used in Financial Status</i>	Actual FY2002-03	NEFAB FY2003-04	NEFAB FY2004-05	LFO Prelim FY2005-06	LFO Prelim FY2006-07
Actual/Forecast					
Sales and Use Tax	1,028,931,065	1,111,000,000	1,170,000,000	1,237,000,000	1,310,000,000
Individual Income Tax	1,129,421,651	1,196,000,000	1,260,000,000	1,365,000,000	1,501,000,000
Corporate Income Tax	111,597,406	143,000,000	149,000,000	152,000,000	159,000,000
Miscellaneous receipts	186,449,714	160,000,000	172,000,000	167,000,000	157,000,000
Gen Fund Forecasts	2,456,399,836	2,610,000,000	2,751,000,000	2,921,000,000	3,127,000,000
2004 Session – Transfers In	Na	Na	14,653,000	0	0
2004 Session – Revenue Bills	Na	Na	9,826,115	7,676,115	10,333,115
Total Gen Fund Revenues	2,456,399,836	2,610,000,000	2,775,479,115	2,928,676,115	3,137,333,115
Adjusted Growth					
Total Gen Fund Revenues	-0.5%	3.9%	4.1%	6.9%	6.8%
Five Yr Average	2.7%	--	1.5%	--	4.2%



CHRONOLOGY OF REVENUE FORECASTS

Table 6 provides a chronology of revenue forecasts for FY03-04 and FY04-05 since the initial NEFAB forecast in July 2002. The table shows the actual forecast and the change from the prior forecast broken down by the cause of the change whether it be bills enacted, federal tax law changes, or revised economic assumptions ("base").

Over the two year period, the impact of base forecast changes and federal tax changes reduced available revenues by \$451 million, \$218 million in FY04 and \$217 million in FY05. This was offset by \$451 million of revenue increases over the two year period, mostly a continuation of the sales and income tax increase initially enacted for FY2002-03 during the 2002 Session.

Chronology of FY2004-05 Forecasts

(Excludes Revenue Bills Enacted)

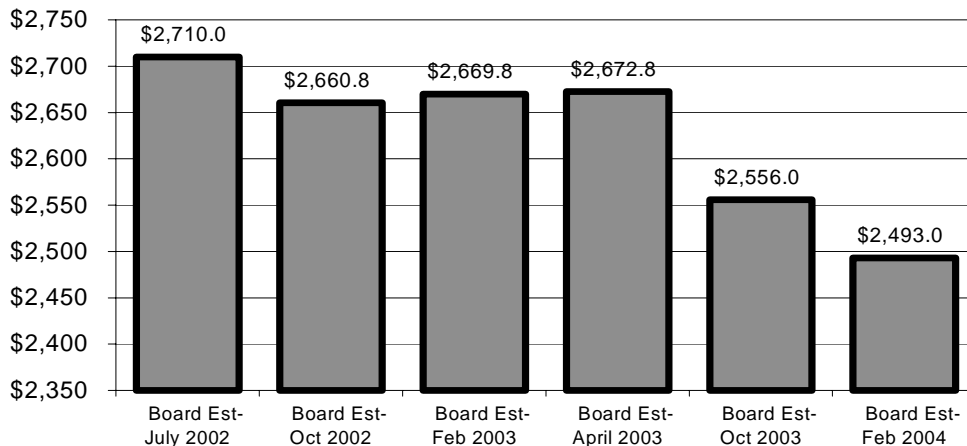


Table 6 Chronology of Revenue Forecasts

	Total Forecast	Base	Change in Forecast		Total
			Fed Chnge	Bills	
FY2003-04					
Board Est-July 2002	2,676,000	0	0	0	0
Spec Session-August 2002	2,703,159	0	0	27,159	27,159
Board Est-Oct 2002	2,635,000	(68,159)	0	0	(68,159)
Board Est-Feb 2003	2,607,000	(28,000)	0	0	(28,000)
Board Est-April 2003	2,607,000	0	0	0	0
Sine Die-2003 Session	2,737,497	0	0	130,497	130,497
TRR Committee-July 2003	2,731,975	0	(5,522)	0	(5,522)
Board Est-Oct 2003	2,651,000	(80,975)	0	0	(80,975)
Board Est-Feb 2004	2,610,000	(41,000)	0	0	(41,000)
Sine Die-2004 Session	2,610,000	0	0	0	0
Change since initial forecast	(66,000)	(218,134)	(5,522)	157,656	(66,000)
FY2004-05					
Board Est-July 2002	2,710,000	0	0	0	0
Spec Session-August 2002	2,737,243	0	0	27,243	27,243
Board Est-Oct 2002	2,688,000	(49,243)	0	0	(49,243)
Board Est-Feb 2003	2,697,000	9,000	0	0	9,000
Board Est-April 2003	2,700,000	3,000	0	0	3,000
Sine Die-2003 Session	2,942,046	(0)	0	242,046	242,046
TRR Committee-July 2003	2,930,793	0	(11,253)	0	(11,253)
Board Est-Oct 2003	2,814,000	(116,793)	0	0	(116,793)
Board Est-Feb 2004	2,751,000	(63,000)	0	0	(63,000)
Sine Die-2004 Session	2,775,479	0	0	24,479	24,479
Change since initial forecast	65,479	(217,036)	(11,253)	293,768	65,479

GENERAL FUND TRANSFERS - OUT

This section tabulates funds that are transferred from the General Fund to another fund within the state treasury. These items have the same affect as an appropriation but are not expended as such and thus are shown under the revenue category (see line 10 on the Financial Status). There were no changes in transfers-out in the 2004 Session.

Table 7 General Fund Transfers-Out

	Biennial Budget		Est for Following Biennium	
	FY2003-04	FY2004-05	FY2005-06	FY2006-07
Ethanol Credits (EPIC Fund)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)
Trail Development Assistance Fund	(140,000)	(140,000)	(140,000)	(140,000)
General Fund Transfers-Out (in Status)	(1,640,000)	(1,640,000)	(1,640,000)	(1,640,000)
2004 Changes:	0	0	0	0
Total-General Fund Transfers-Out	(1,640,000)	(1,640,000)	(1,640,000)	(1,640,000)

GENERAL FUND TRANSFERS - IN

General Fund transfers-in are instances where monies in a cash fund are transferred to the General Fund at the discretion of the Legislature and are included as revenues. These transfers must be a statutorily authorized use of the fund. These are commonly referred to as fund lapses.

In the 2003 Session, transfers from cash funds to the General Fund totaled \$26.3 million in FY03-04 and \$25.5 million in FY04-05. The largest portion of these transfers was \$15 million each year from the Securities Act Cash Fund. These transfers have already been incorporated into the General Fund "Net Receipts" figures as part of the NEFAB October forecasts.

In the 2004 Session additional lapses of \$14.6 million in FY04-05 were enacted as noted in the following table. The \$553,000 lapse of unused funds from the Education Innovation Fund in FY03-04 and the \$5 million transfer of excess unclaimed lottery prize monies assumes passage of LB1091.

Table 8 General Fund Transfers-In

	Biennial Budget		Est for Following Biennium	
	FY2003-04	FY2004-05	FY2005-06	FY2006-07
Securities Act Cash Fund	15,000,000	15,000,000	0	0
Dept of Insurance Cash Fund	2,000,000	2,000,000	0	0
Dept of Motor Vehicles Cash Fund	575,962	575,962	0	0
Charitable Gaming Oper Fund	814,360	432,456	0	0
Tobacco Products Admin Cash Fund	1,800,000	0	0	0
MV Industry Licensing Board	100,000	50,000	0	0
Light Density Rail Line Assistance Fund	118,323	0	0	0
Military Dept, excess of building sales	0	2,500,000	0	0
Game & Parks Recreation Road Fund	2,000,000	2,000,000	0	0
Unclaimed Property lapse	200,000	500,000	0	0
Info Technology Infrastructure Fund	1,088,472	0	0	0
Internet Enhancement Fund	100,000	0	0	0
MIRF	2,480,000	2,480,000	0	0
Transfers-In already in the forecast	26,217,117	25,538,418	0	0
Securities Act Cash Fund (LB1089)	0	4,100,000	0	0
Dept of Insurance Cash Fund (LB1089)	0	2,000,000	0	0
Dept of Motor Vehicles Cash Fund (LB1089)	0	2,000,000	0	0
Education Innovation Fund (LB 1091)	0	553,000	0	0
Excess unclaimed Lottery prize money (LB1091)	0	5,000,000	0	0
General Fund Transfers-In 2004 Session	0	14,653,000	0	0
Total General Fund Transfers-In	26,217,117	40,191,418	0	0

REVENUE BILLS - 2004 SESSION

Compared to the past two sessions, there were relatively few revenue bills enacted during the 2004 Session.

Table 9 Revenue Bills Enacted - 2004 Session

	FY2003-04	FY2004-05	FY2005-06	FY2006-07
LB 485 Change/eliminate licenses, Liquor Control Act	0	5,115	5,115	5,115
LB 841 Change sales tax exemptions, ICF-MR provider tax	0	1,421,000	1,421,000	1,421,000
LB 962 Changes relating to water resources	0	1,500,000	0	0
LB 1017 Redefine contractors (sales tax), tax amnesty	0	5,400,000	1,750,000	4,407,000
LB 1083 Affordable Housing trust reallocation	0	1,500,000	1,500,000	1,500,000
LB 1091 Ed Innovation Fund, to GF and reorg incentives	0	0	3,000,000	3,000,000
<i>Revenue Bills Enacted – 2004 Session</i>	0	9,826,115	7,676,115	10,333,115

LB 841 enacts the ICF/MR Reimbursement Protection Act. The bill directs that a tax equal to six percent of gross revenue be imposed on intermediate care facilities for the mentally retarded with the proceeds used for (1) administrative expenses (\$55,000), (2) reimbursement of the tax, (3) provider rates (\$300,000 plus any federal medicaid matching funds), and (3) community-based developmental disabilities services (\$312,000 plus any federal medicaid matching funds).

Estimated gross revenues of the ICF/MRs in the state is estimated at \$58 million (\$17 million private facilities, \$41 million Beatrice State Developmental Center (BSDC) yielding tax of \$3,480,000 at the 6% rate. Reimbursement of the tax would be \$1,392,000 annually. The amount provided for rates to non-state operated facilities is \$300,000 along with federal funds of \$450,000. The amount for community-based services would be \$312,000 with a federal match of approximately \$361,000. The General Fund would then receive the residual estimated at \$1,421,000 annually.

Note that this estimate assumes this tax is determined to comply with federal requirements. The tax cannot be imposed until after federal approval has been secured to adjust rates to reimburse facilities. The tax must be discontinued if any of the following occurs: the waiver is disapproved; rates drop below those paid on September 1, 2003 or the money is used for purposes other than those authorized by the act.

LB 962 implemented many of the changes in Nebraska's water policy that were recommended by the Governor appointed Water Policy Task Force. A total of \$2.5 million was appropriated for FY04-05 to carryout the provisions of LB962. Of this amount, \$1 million is a cash fund appropriation financed with a like transfer from Environmental Trust Fund to the Water Resources Trust Fund. The other \$1.5 million was financed by a transfer of \$1.5 million from the Petroleum Release Remedial Action Cash Fund to the General Fund and then a \$1.5 million General Fund appropriation. This route was taken as current law allows for transfers from the Petroleum Release Remedial Action Cash Fund to the General Fund.

LB 1017 makes changes to contractor labor that is subject to the sales tax and implements a tax amnesty program. The tax amnesty program would run from August 1, 2004 to October 31, 2004, for certain state and local tax types (sales, income, motor fuel, etc.). Collections from the tax amnesty

program would be distributed as follows: Local option sales tax is returned to the municipalities and the gas tax is deposited into the Highway Trust Fund. No less than 80% of the rest of the tax collections is remitted to the General Fund. A new Enforcement Fund gets 10% of the tax collections capped at \$500,000 for employing investigators, agents, and auditors and other enforcement personnel. A new Enforcement Technology Fund gets also gets 10% capped at \$500,000 for purposes of acquiring lists, software, programming, computer equipment, and other technology for collecting taxes. After FY06, 20% of all proceeds due to the Dept of Revenue's collection effort, not to exceed \$750,000, shall be credited to the Enforcement Fund. Additional revenues shown after FY06 can be attributed to the enhanced tax enforcement.

<u>LB 1017</u>	<u>FY2003-04</u>	<u>FY2004-05</u>	<u>FY2005-06</u>	<u>FY2006-07</u>
Gross collections under Amnesty Program	0	6,400,000	3,750,000	6,157,000
Less: To Enforcement Fund	0	0	(500,000)	(750,000)
Less: To Enforcement Technology Fund	0	0	(500,000)	0
Amnesty Program Revenues (net)	0	6,400,000	2,750,000	5,407,000
Change Definition of Contractor Labor	0	(1,000,000)	(1,000,000)	(1,000,000)
Net General Fund Revenues – LB1017	0	5,120,875	1,750,000	4,407,000

LB 1083 enacted the Nebraska Behavioral Health Services Act, a major overhaul of the state's mental health system. Included in the bill is a provision which expands the use of the Affordable Housing Trust Fund under the Department of Economic Development by allowing the department to use the fund for housing assistance for adults with serious mental illness. For FY2004-05, the cash fund appropriation for the program was increased from \$5 to \$6 million with an earmark of up to \$2 million for housing assistance for adults with serious mental illness. The bill also provides for a \$1.5 million transfer from the Affordable Housing Trust Fund to the General Fund for FY2004-05, FY2005-06 and FY2006-07. The increased expenditures and transferred funds will be derived from the existing fund balance, which is approximately \$9.5 million..

LB 1091 contains a variety of fund transfers and fund shifts. The provision which has a General fund impact is a two year extension of the reallocation of monies from the Education Innovation Fund (lottery proceeds) to the General Fund. Under prior legislation, the revenues were reallocated to the General Fund only for FY2003-04 and FY2004-05. LB1091 extends this to FY2005-06 and FY2006-07 but with \$1 million diverted to .School District Reorganization Fund. An amendment to LB1091 provides that the state will fund incentive payments to encourage Class II and III school districts with less than 390 students to reorganize into Class II, III, IV or V school districts with greater than 390 students. The incentive payments apply to consolidations after May 31, 2005 and before June 1, 2007 and are paid for two years.

<u>LB 1091</u>	<u>FY2003-04</u>	<u>FY2004-05</u>	<u>FY2005-06</u>	<u>FY2006-07</u>
Reallocate Education Innovation Fund	na	na	4,000,000	4,000,000
Less: To School Dist Reorg Fund	na	na	(1,000,000)	(1,050,000)
Net Reallocation to General Fund	na	na	3,000,000	3,000,000

LB 1065 provided additional funding for the ethanol production incentive program. Under current law, ethanol plants in production at a minimum rate of 100,000 gallons annually by June 30, 2004 are eligible for a production credit of 18 cents per gallon. Funding for this program originally anticipated that two new ethanol plants would receive the 18 cent production credit. However, because it is anticipated that four or more plants may become eligible for credits, additional funding sources were established in LB 1065 to prevent a deficit occurring as soon as FY2005-06. Additional funding sources for the Ethanol Production Incentive Cash Fund (EPIC) created in LB 1065 include the following:

(1) Increase in the non-highway fuel tax refund checkoff -- LB 1065 increased by 1.25 cents the amount of the non-highway fuel tax refund checkoff retained by the state. The increase will begin January 1, 2005 and end on December 31, 2009. The additional 1.25 cents will be deposited in the Ethanol Production Incentive Cash Fund (EPIC). It is estimated that \$375,000 in additional revenue will be deposited into the EPIC fund on an annual basis.

(2) Increase in the grain checkoff – The checkoff on corn and grain sorghum that is currently designated for the EPIC fund will be increased from the current ½ cent per bushel or hundredweight to ¾ cent per bushel or hundredweight on October 1, 2004. The checkoff would continue at that level until October 1, 2010. Currently, approximately \$5,000,000 is deposited into EPIC from the ½ cent checkoff; the ¾ cent checkoff approved in LB 1065 will produce an estimated total of \$7,300,000 to \$7,500,000 in annual revenue.

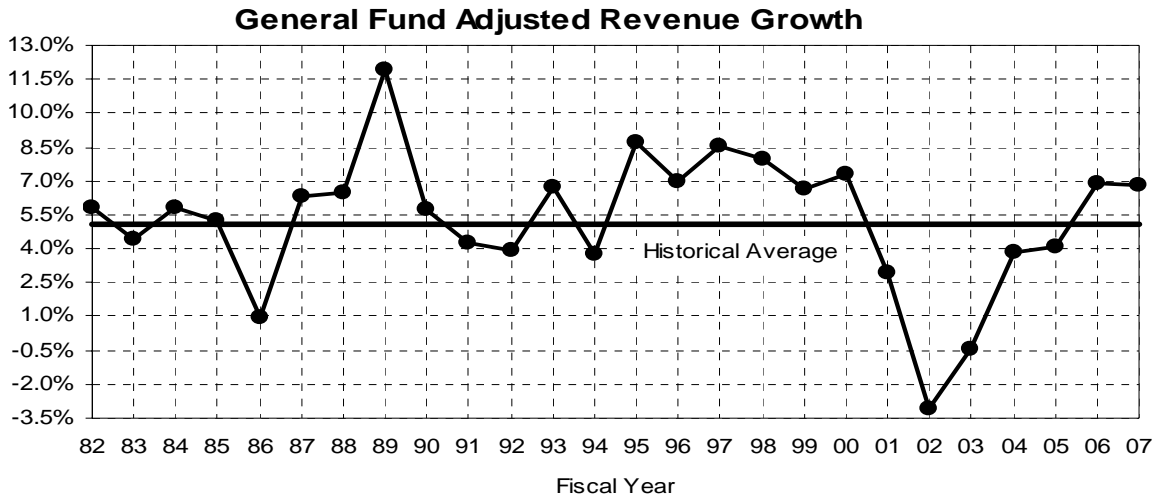
(3) Transfer from the Petroleum Release Remedial Action Cash Fund – Amendments to LB 1065 authorize a transfer of \$1,500,000 from the Petroleum Release Remedial Action Fund in the Department of Environmental Quality to the EPIC fund on July 1 of the years 2004 through 2011.

The long-term adequacy of funding created in LB 1065 will depend upon the total number of new ethanol plants that become eligible for production credits by June 30, 2004. If a total of four new plants receive credits, funding created in LB 1065 is estimated to be adequate through FY2010-11. If five or more plants become eligible for credits, the need for additional funding will occur at a much faster rate.

HISTORICAL GENERAL FUND REVENUES

(Revenue growth adjusted for tax rate and tax base changes)

millions of dollars	Sales/ Use	Individual Income	Corporate Income	Misc. Receipts	Total GF Receipts	Adjusted Growth
FY1984-85 Actual	300.5	324.6	48.9	109.3	783.3	5.2%
FY1985-86 Actual	310.4	357.2	54.5	112.1	834.2	0.9%
FY1986-87 Actual	345.2	365.8	67.4	108.0	886.4	6.3%
FY1987-88 Actual	393.1	437.7	73.8	111.4	1,016.0	6.5%
FY1988-89 Actual	430.1	479.7	80.6	143.0	1,133.4	11.9%
FY1989-90 Actual	444.2	501.1	71.9	135.4	1,152.6	5.8%
FY1990-91 Actual	547.4	609.4	81.9	128.3	1,367.0	4.3%
FY1991-92 Actual	592.4	658.6	103.6	135.7	1,490.3	3.9%
FY1992-93 Actual	586.4	690.3	102.7	145.2	1,524.6	6.7%
FY1993-94 Actual	648.8	722.4	113.1	169.4	1,653.7	3.7%
FY1994-95 Actual	683.8	746.7	123.9	151.0	1,705.4	8.7%
FY1995-96 Actual	711.0	846.5	126.8	152.4	1,836.7	7.0%
FY1996-97 Actual	755.9	944.1	137.3	172.2	2,009.5	8.5%
FY1997-98 Actual	803.8	981.6	142.2	177.8	2,105.4	8.0%
FY1998-99 Actual	744.7	1,078.5	135.0	165.7	2,123.9	6.7%
FY1999-00 Actual	900.4	1,180.4	140.0	183.1	2,403.9	7.3%
FY2000-01 Actual	905.0	1,233.4	138.1	180.4	2,456.9	3.0%
FY2001-02 Actual	918.9	1,159.8	107.6	179.2	2,365.5	-3.1%
FY2002-03 Actual	1,028.9	1,129.4	111.6	186.4	2,456.4	-0.4%
FY2003-04 NEFAB	1,111.0	1,196.0	143.0	160.0	2,610.0	3.9%
FY2004-05 NEFAB	1,170.0	1,260.0	149.0	172.0	2,751.0	4.1%
FY2005-06 LFO Prelim	1,237.0	1,365.0	152.0	167.0	2,921.0	6.9%
FY2006-07 LFO Prelim	1,310.0	1,501.0	159.0	157.0	3,127.0	6.8%
<u>AVERAGE GROWTH:</u>						
FY93 to FY98 (Five Yr)	6.7%	8.3%	6.9%	0.9%	7.0%	7.0%
FY98 to FY03 (Five Yr)	2.7%	3.6%	-3.6%	0.9%	2.7%	2.7%
Above Average Years (14)	6.1%	8.6%	8.6%	2.8%	6.9%	6.9%
Below Average Years (8)	1.9%	4.0%	-5.9%	1.4%	2.1%	2.1%
Historical Average (22 yrs)	4.6%	6.8%	2.5%	1.3%	5.1%	5.1%



GENERAL FUND APPROPRIATIONS

OVERVIEW

FY04 AND FY05 BIENNIAL BUDGET

This section of the report provides a summary of current General Fund appropriations which reflect the cumulative impact of (1) the original budget as enacted in the 2003 Session and (2) changes made during the 2004 Session. A more detailed breakdown of operations and state aid is contained in Table 12 while Table 11 provides a summary listing of the FY04 and FY05 significant increases and reductions which account for about 96% of the \$119.7 million increase in FY2000-01 appropriations.

While this report provides a narrative description of the major changes enacted during the 2004 Session, the reader should refer to the 2003 Biennial Budget Report for a more detailed description of the budget actions taken in that session for the initial enactment of the FY04 / FY05 biennial budget.

Table 10 General Fund Appropriations FY2003-04 and FY2004-05

FY2002-03	Agency Operations	Aid to Individuals	Aid to Local Govt	Capital Construction	Total
Total Per 2001 Session	1,080,580,178	716,126,243	986,326,996	30,133,356	2,813,166,773
2001 Special Session Actions	(25,977,331)	(16,763,676)	(15,837,745)	(7,347,056)	(65,925,808)
2002 Regular Session Budget Actions	(21,446,352)	(17,912,365)	(12,914,125)	(2,847,843)	(55,120,685)
2002 Spec Session Actions	(29,168,347)	(34,200,406)	(5,663,848)	(1,894,200)	(70,926,801)
2002 Third Special Session	(259,404)	361,998	166	0	102,760
Adjusted Total Per 2002 Spec Sess.	1,003,728,744	647,611,794	951,911,444	18,044,257	2,621,296,239
Deficits (2003 Session)	8,035,091	10,000,000	4,786,693	0	22,821,784
Final Appropriation with deficits	1,011,763,835	657,611,794	956,698,137	18,044,257	2,644,118,023
FY2003-04	Agency Operations	Aid to Individuals	Aid to Local Govt	Capital Construction	Total
Total Per 2003 Session	999,655,261	705,434,305	929,685,011	20,515,031	2,655,289,608
Deficits (2004 Session)	(10,188,539)	(46,579,005)	3,041,887	(96,964)	(53,822,621)
Final Appropriation with deficits	989,466,722	658,855,300	932,726,898	20,418,067	2,601,466,987
<u>Change over prior year (excluding deficits)</u>					
Dollar	(4,073,483)	57,822,511	(22,226,433)	2,470,774	33,993,369
Percent	-0.4%	8.9%	-2.3%	13.7%	1.3%
FY2004-05	Agency Operations	Aid to Individuals	Aid to Local Govt	Capital Construction	Total
Total Per 2003 Session	1,019,560,263	790,856,587	922,167,350	19,046,316	2,751,630,516
Mid-Biennium Adjustments (2004 Session)	(1,718,699)	(5,109,484)	13,381,245	0	6,553,062
Total Per 2004 Session	1,017,841,564	785,747,103	935,548,595	19,046,316	2,758,183,578
<u>Change over prior year (excluding deficits)</u>					
Dollar	18,186,303	80,312,798	5,863,584	(1,468,715)	102,893,970
Percent	1.8%	11.4%	0.6%	-7.2%	3.9%
<u>Two Year Change (over FY02-03 excluding deficits)</u>					
Dollar	14,112,820	138,135,309	(16,362,849)	1,002,059	136,887,339
Percent (Total)	1.4%	21.3%	-1.7%	5.6%	5.2%
Percent (2 Yr Avg)	0.7%	10.1%	-0.9%	2.7%	2.6%

Excluding deficits, FY03-04 reflects a \$34 million (1.3%) increase over FY02-03, while FY04-05 includes an additional \$102.9 million (3.9%) above FY03-04 or \$136.9 million increase compared to the FY02-03 base year appropriation. Cumulatively, a total of \$170.9 million is appropriated over the two year period compared to the FY02-03 level.

Virtually all the increase in the budget is in the aid to individuals area. Over the two year period, agency operations increased a total of \$10 million an average percent change of +.7%. This was offset by an actual decline in aid to local governments of \$38 million over the two year period, an average percent change of about -1% per year. However, aid to individuals increased by \$196 million over the two years, and average percent change of +10.1%.

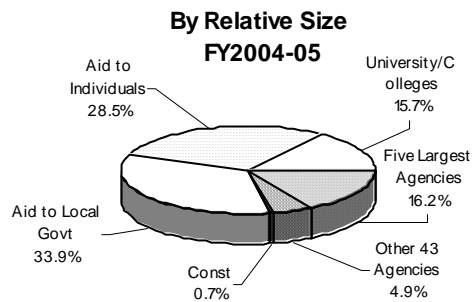
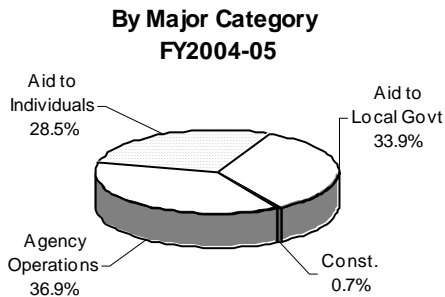
The following table highlights the major changes in the FY04 and FY05 General Fund budget as compared to the FY02-03 base year appropriation. All items shown reflect the cumulative impact of actions taken in the 2003 Session and subsequently modified in the 2004 Session. While this report provides a narrative description of the major changes enacted during the 2004 Session, the reader should refer to the 2003 Biennial Budget Report for a more detailed description of the budget actions taken in the 2003 session in the initial enactment of the FY04 / FY05 biennial budget.

Table 11 Major Changes in the FY04 & FY05 General Fund Budget

	\$ Change over FY03 Base Year		Sum Total for the Biennium
	FY2003-04	FY2004-05	
Public Assistance	41,106,986	53,944,801	95,051,787
Medicaid	16,503,232	70,106,630	86,609,862
Salary and Health Insurance costs	23,946,667	49,599,442	73,546,109
Special Education	7,308,241	14,981,894	22,290,135
Medical costs (Corrections)	11,661,691	9,642,081	21,303,772
Homestead Exemption	5,120,000	10,958,100	16,078,100
Childrens Health Insurance (CHIP)	25,456	12,510,455	12,535,911
Developmental Disability aid-rate equity+transition	1,744,987	3,512,736	5,257,723
Shift cash/GF revenue and approp (Fire Marshal)	1,786,772	2,621,509	4,408,281
Missouri River / LLRW / school finance litigation (AG)	550,000	1,655,100	2,205,100
Computer replacement (HHS)	1,161,600	1,161,600	2,323,200
Retirement, Teachers/Judges/Patrol	580,190	1,701,427	2,281,617
Replace one-time use of cash (DPAT)	900,000	1,260,000	2,160,000
Staffing, York renovations (Corrections)	275,088	1,228,771	1,503,859
Base Cuts - Agency Operations	(48,066,711)	(61,065,152)	(109,131,863)
TEEOSA school aid	(21,562,238)	(28,909,063)	(50,471,301)
Community Colleges	(2,782,182)	(2,271,092)	(5,053,274)
Aid to ESU's	(1,729,993)	(1,783,083)	(3,513,076)
County Prop Tax Relief	(4,505,374)	(4,505,374)	(9,010,748)
Aid to Cities	(1,834,863)	(1,891,432)	(3,726,295)
Aid to Counties	(554,536)	(579,490)	(1,134,026)
Behavioral health aid	(350,918)	(837,385)	(1,188,303)
Aid to NRD's	(172,585)	(180,351)	(352,936)
All other (net)	2,881,859	4,025,215	6,907,074
TOTAL GENERAL FUND CHANGE (without deficits)	33,993,369	136,887,339	170,880,708

Table 12 General Fund Budget by Major Area

	w/o Deficits FY2003-04	Revised FY2004-05	Change over Prior Yr (excluding deficits)				Two Yr Average Change	% of Total GF Budget FY04-05
			FY2003-04		FY2004-05			
			\$	%	\$	%		
<u>AGENCY OPERATIONS</u>								
University/Colleges	427,535,958	433,776,904	(21,171,634)	-4.7%	6,240,946	1.5%	-1.7%	15.7%
Health/Human Services System	195,115,592	197,936,676	5,308,162	2.8%	2,821,084	1.4%	2.1%	7.2%
Correctional Services	130,914,594	132,139,178	13,813,223	11.8%	1,224,584	0.9%	6.2%	4.8%
Courts	54,950,666	55,392,810	561,090	1.0%	442,144	0.8%	0.9%	2.0%
State Patrol	39,648,855	41,539,950	382,073	1.0%	1,891,095	4.8%	2.9%	1.5%
Revenue	20,590,698	20,986,669	187,651	0.9%	395,971	1.9%	1.4%	0.8%
Other 43 Agencies	130,898,898	136,069,377	(3,154,048)	-2.4%	5,170,479	3.9%	0.7%	4.9%
Total-GF Operations	999,655,261	1,017,841,564	(4,073,483)	-0.4%	18,186,303	1.8%	0.7%	36.9%
<u>STATE AID TO INDIVIDUALS</u>								
Medicaid	416,751,984	470,355,382	16,503,232	4.1%	53,603,398	12.9%	8.4%	17.1%
Public Assistance	178,283,984	191,121,799	41,106,986	30.0%	12,837,815	7.2%	18.0%	6.9%
Developmental disabilities	56,264,621	58,032,370	1,744,987	3.2%	1,767,749	3.1%	3.2%	2.1%
Behavioral Health aid	31,405,597	30,919,130	(350,918)	-1.1%	(486,467)	-1.5%	-1.3%	1.1%
Childrens Health Insurance (CHIP)	25,456	12,510,455	25,456	--	12,484,999	--	na	0.5%
Higher Ed Student Aid programs	5,795,794	5,766,815	(78,416)	-1.3%	(28,979)	-0.5%	-0.9%	0.2%
Aging Programs	5,696,975	5,696,975	0	0.0%	0	0.0%	0.0%	0.2%
Water Conservation Fund	2,715,610	2,688,454	0	0.0%	(27,156)	-1.0%	-0.5%	0.1%
Public Health Aid	2,911,792	2,898,516	0	0.0%	(13,276)	-0.5%	-0.2%	0.1%
All Other Aid to Individuals/Other	5,582,492	5,757,207	(1,128,816)	-16.8%	174,715	3.1%	-7.4%	0.2%
Total-GF Aid to Individuals/Other	705,434,305	785,747,103	57,822,511	8.9%	80,312,798	11.4%	10.1%	28.5%
<u>STATE AID TO LOCAL GOVT</u>								
State Aid to Schools (TEEOSA)	625,915,582	618,568,757	(21,562,238)	-3.3%	(7,346,825)	-1.2%	-2.3%	22.4%
Special Education	153,473,068	161,146,721	7,308,241	5.0%	7,673,653	5.0%	5.0%	5.8%
Aid to Community Colleges	62,376,556	62,887,646	(2,782,182)	-4.3%	511,090	0.8%	-1.8%	2.3%
Homestead Exemption	43,000,000	48,838,100	5,120,000	13.5%	5,838,100	13.6%	13.5%	1.8%
Aid to Cities	11,313,762	11,257,193	(1,834,863)	-14.0%	(56,569)	-0.5%	-7.5%	0.4%
Aid to ESU's	10,618,003	10,564,913	(1,729,993)	-14.0%	(53,090)	-0.5%	-7.5%	0.4%
Aid to Counties	4,990,820	4,965,866	(554,536)	-10.0%	(24,954)	-0.5%	-5.4%	0.2%
County jail cost reimbursement	3,519,000	3,501,405	(391,000)	-10.0%	(17,595)	-0.5%	-5.4%	0.1%
County Property Tax Relief	0	0	(4,505,374)	-100.0%	0	na	-100.0%	0.0%
Other Aid to Local Govt	14,478,220	13,817,994	(1,294,488)	-8.2%	(660,226)	-4.6%	-6.4%	0.5%
Total-GF Aid to Local Govt	929,685,011	935,548,595	(22,226,433)	-2.3%	5,863,584	0.6%	-0.9%	33.9%
<u>CAPITAL CONSTRUCTION</u>								
	20,515,031	19,046,316	2,470,774	13.7%	(1,468,715)	-7.2%	2.7%	0.7%
<u>TOTAL-GENERAL FUNDS</u>	2,655,289,608	2,758,183,578	33,993,369	1.3%	102,893,970	3.9%	2.6%	100.0%



Agency Operations

This area accounts for the costs of actually operating state agencies including employee salaries and benefits, data processing, utilities, vehicle and equipment purchases, fuel and oil, etc... In the FY04-05 budget, 36.9% of all General Fund appropriations are for agency operations. Although there are 54 state agencies that receive General Fund appropriations, higher education (University of Nebraska and State Colleges) and the five largest agencies (Health and Human Services, Corrections, Courts, and State Patrol) account for over 87% of all state operations. The other 43 agencies account for only 13% of operations and only 4.9% of the total General Fund budget.

Operations show a net decrease of \$4.1 million (.4%) in FY03-04 with an \$18.2 million increase (1.8%) in FY04-05 compared to FY03-04. Over the 2 year period, funding for operations increased by \$10 million an average change of .7%

Agency Operations (change over FY03 base yr)	FY2003-04	FY2004-05	Two Yr Total
Salary and Health Insurance costs	23,946,667	49,599,442	73,546,109
Medical costs (Corrections)	11,661,691	9,642,081	21,303,772
Shift cash/GF revenue and approp (Fire Marshal)	1,786,772	2,621,509	4,408,281
Missouri River / LLRW / school finance litigation (AG)	550,000	1,655,100	2,205,100
Staffing, York renovations (Corrections)	275,088	1,228,771	1,503,859
Computer replacement (HHS)	1,161,600	1,161,600	2,323,200
Retirement, Teachers/Judges/Patrol	580,190	1,701,427	2,281,617
Replace one-time use of cash (DPAT)	900,000	1,260,000	2,160,000
Base Cuts	(48,066,711)	(61,065,152)	(109,131,863)
All other (net)	3,131,220	6,308,042	9,439,262
Total Dollar Change-Agency Operations	(4,073,483)	14,112,820	10,039,337

Major increases in FY03-04 and FY04-05 were salary and health insurance (\$23.9 million) and Corrections medical costs (\$11.7 million relating to annualizing the FY03 deficit).

These increases were offset by base budget cuts of \$48 million in FY04 and \$61 million in FY04-05, led by a \$26 million reduction in the University of Nebraska (roughly 6% in FY03-04). Overall, these cut amounts are roughly equal to 4.5% of agency operations (excluding constitutional officers salaries) varying from agency to agency.

Note that these operations reductions would be in addition to the cumulative 8% across the board cuts in FY02-03 implemented in the 2001 Special Session and 2002 Regular Session.

Aid to Individuals

About 28.5% of all General Fund appropriations are classified as state aid to individuals. Aid to individuals includes programs such as Medicaid, Temporary Assistance to Needy Families (TANF), student scholarships, etc. This area also includes aid to quasi-government units that are those local agencies that do not have the authority to levy property taxes such as area agencies on aging, mental health regions and developmental disability regions.

This area is by far the largest growth area in the budget with a net increase of \$57.8 million (8.9%) in FY03-04 and \$80.3 million (11.4%) in FY04-05. Over the two year biennial budget, this area accounts for

all the budget growth. The other three areas combined show no net increase. Public Assistance programs increased by \$41 million in FY03-04, a 30% increase and an additional \$12.8 million (7.2%) in FY04-05. About one-third relates to annualizing the large FY03 deficit. Medicaid shows a moderate 4.1% increase in FY03-04 but mostly due to incorporating a full year reduction of the program cuts made in the 2002 Special Session and a 3% cut in hospital rates. Without the annualizing affects of these special session cuts, Medicaid growth would have been closer to 10%. Medicaid growth in FY04-05 reflects a \$53.6 (12.9%) growth over FY04 even with a shift of \$10.5 million to the CHIP program. There were few cuts in this area but one was elimination of Ribicoff coverage in Medicaid (\$2.4 million in FY04, \$3.2 million in FY05).

Aid to Individuals (change over FY03 base yr)	FY2003-04	FY2004-05	2 Yr Total
Medicaid	16,503,232	70,106,630	86,609,862
Public Assistance	41,106,986	53,944,801	95,051,787
Developmental Disability aid-rate equity+transition	1,744,987	3,512,736	5,257,723
Behavioral health aid	(350,918)	(837,385)	(1,188,303)
Childrens Health Insurance (CHIP)	25,456	12,510,455	12,535,911
All other (net)	(1,207,232)	(1,101,928)	(2,309,160)
Total Dollar Change-Aid to Individuals	57,822,511	138,135,309	195,957,820

Aid to Local Governments

This area accounts for aid payments to local governments and accounts for 34% of all General Fund appropriations. This category includes those local entities that have the authority to levy a property tax such as cities, counties, and schools and includes programs such as state aid to schools (TEEOSA), special education, community colleges, and homestead exemption reimbursements. Note that state payments for teachers retirement are not included under this category as those amounts are credited directly to the teacher retirement fund and are not checks written to school districts nor do those amounts show up as a school revenue or subsequent expenditure.

Overall aid decreases by \$22.2 million in FY04 (-2.3%) and an additional \$7.5 million (-.8%) in FY05. Large increases in TEEOSA aid per the original law were subsequently offset by subsequent changes in LB 540.

Aid to Local Govt (change over FY03 base yr)	FY2003-04	FY2004-05	Two Yr Total
TEEOSA school aid	(21,562,238)	(28,909,063)	(50,471,301)
Special Education	7,308,241	14,981,894	22,290,135
Community Colleges	(2,782,182)	(2,271,092)	(5,053,274)
Aid to ESU's	(1,729,993)	(1,783,083)	(3,513,076)
Homestead Exemption	5,120,000	10,958,100	16,078,100
County Prop Tax Relief	(4,505,374)	(4,505,374)	(9,010,748)
Aid to NRD's	(172,585)	(180,351)	(352,936)
Aid to Cities	(1,834,863)	(1,891,432)	(3,726,295)
Aid to Counties	(554,536)	(579,490)	(1,134,026)
All other (net)	(1,512,903)	(2,182,958)	(3,695,861)
Total Dollar Change-Aid to Local Govt	(22,226,433)	(16,362,849)	(38,589,282)

Capital Construction

Which accounts for about 2% of General Fund appropriations, includes costs for new construction and major repairs and renovation of state-owned facilities. The term "major" is used with respect to repair and renovations as relatively small projects and routine repairs are done within agencies operating budgets. Note that road construction and maintenance is **not** included in this category. This is included under cash fund agency operations.

General Funds for capital construction total \$20.5 million in FY03-04 and \$19 million for FY04-05. These amounts are virtually the same as the FY02-03 level. Of the total amounts for FY04 and FY05, about 98% is for "reaffirmations" which is funding needed to complete projects authorized and initial funding provided in prior legislative sessions.

2004 SESSION – BUDGET ACTIONS

A summary listing of 2004 Session General Fund adjustments (excluding shifts between programs) is shown in Table 13. The amount of mid-biennium budget adjustments **reduces** FY03-04 and FY04-05 General Fund appropriations by a total of \$47.3 million over the two year period. An additional \$6.9 million of reappropriated FY02-03 appropriations are also deleted.

The largest item is a \$43 million General Fund reduction in FY03-04 (and a like increase in federal funds) in Health and Human Services attributed to a higher federal Medicaid match rate. Increases include \$10.8 million to fund the February 1 TEEOSA school aid certification for FY04-05, \$8 million for a one year extension of medically needy caretaker funds per the KAI lawsuit, \$7.3 million to restore funds in FY04-05 for operation of the Lincoln Correctional Center, and \$3.6 million each year (\$7.2 million total) to fully reimburse local governments for homestead exemptions.

Table 13 General Fund Budget Adjustments – 2004 Session

	FY2003-04	FY2004-05	2 Yr Total
<u>Increase Appropriations</u>			
TEEOSA state aid to schools (Education)	(578,113)	10,871,597	10,293,484
One yr restoration, medically needy caretaker (KAI lawsuit) (HHS)	6,900,000	1,100,000	8,000,000
Reinstate funding for Lincoln Correctional Center (Corrections)	0	7,339,451	7,339,451
Homestead exemption (Revenue)	3,620,000	3,620,000	7,240,000
Litigation costs, school finance lawsuit (Attorney Gen)	500,000	1,105,100	1,605,100
Water Policy Task Force recommendations (LB 962) (Nat Resources)	0	1,500,000	1,500,000
School retirement and OPS service annuity (Retirement Brd)	0	1,121,237	1,121,237
Fund source shift, cash shortfall (Prop Tax/Assess)	280,000	360,000	640,000
Voc Rehab match (Education)	252,000	225,000	477,000
State Claims (DAS)	171,755	0	171,755
Nebraska State Fair premiums (Fair Board)	0	153,104	153,104
Nebr Forest Service funding (LB 917) (University)	0	300,000	300,000
Maintenance costs, State Fair Park (DAS)	196,560	0	196,560
Patrol retirement (Retirement Brd) (includes LB512)	0	183,911	183,911
State insurance program increases (DAS)	0	170,940	170,940
Interstate compact support	53,639	88,905	142,544
Tuberculosis aid (HHS System)	66,724	66,724	133,448
Directors' retirement costs (Liquor Control)	28,345	0	28,345
Boiler replacement and water main repair (Hist Society)	24,822	0	24,822
Livestock market reporting service funding (Agriculture)	0	15,000	15,000
Property liability insurance, State Fair Board (DAS)	9,492	0	9,492
Mental Health Reform, behavioral health aid (LB 1083) (HHS)	0	Cash	0
Children's Task Force recommendations (HHS & AG)	Cash	Cash	0
Other A Bills	0	453,745	453,745
Subtotal-Increases	11,525,224	28,674,714	40,199,938
<u>Reduce Appropriations</u>			
LB 1093 TEEOSA extend temp aid adjust+LER \$1.00 (\$1.10 levy limit)	0	0	FY06/FY07
One-time Fed fiscal assistance, Medicaid match rate (HHS)	(43,153,639)	0	(43,153,639)
TANF bonus funds to offset General Funds (HHS)	(7,400,000)	(2,000,000)	(9,400,000)
Enhanced treatment group home, leverage fed funds offset GF (HHS)	(4,200,000)	(4,200,000)	(8,400,000)
Health insurance reductions, lower rates than budgeted (All Agencies)	(4,120,540)	(4,119,433)	(8,239,973)
Inmate medical cost containment initiatives (Corrections)	(3,956,259)	(3,626,931)	(7,583,190)

	FY2003-04	FY2004-05	2 Yr Total
Across the board reductions (0% to 1%) (All Agencies)	0	(4,342,779)	(4,342,779)
Utilize One-time Excess Cash Funds (Corrections)	(1,300,819)	0	(1,300,819)
Utilize one-time excess cash funds (Fire Marshal)	(964,624)	0	(964,624)
Lapse, reappropriated GF, shift to federal funds (EEOC)	(140,000)	0	(140,000)
Reduce new appropriation equal to excess reappropriation (NETC)	(96,964)	0	(96,964)
Emergency Medical Services, fund source change (HHS System)	0	(80,000)	(80,000)
Fund source correction-A Bill (Supreme Court)	(15,000)	0	(15,000)
Correct funding source, LB626A (DAS)	0	(6,526)	(6,526)
Depreciation surcharge change (LB 1092) (All Agencies)	0	(3,221,895)	(3,221,895)
Shift public transportation aid from GF to cash (LB 1144) (Roads)	0	(524,088)	(524,088)
Subtotal-Reductions	(65,347,845)	(22,121,652)	(87,469,497)
Change in General Fund New Appropriations	(53,822,621)	6,553,062	(47,269,559)
Lapse excess GF carryover funds (Corrections)	(6,535,703)	0	(6,535,703)
Lapse GF reappropriation for renovations (Parole Board)	(183,840)	0	(183,840)
Lapse GF reappropriation, DNA testing to cash (Public Advocacy)	(154,500)	0	(154,500)
Lapse GF reappropriation, unused construction funds (HHS System)	(55,900)	0	(55,900)
Subtotal-Lapse FY03 reappropriations	(6,929,943)	0	(6,929,943)
Total Change in General Fund Appropriations	(60,752,564)	6,553,062	(54,199,502)

ACROSS THE BOARD BUDGET REDUCTIONS

The budget changes include a relatively small across the board (ATB) cut for FY04-05. Total savings from these reductions, ranging from 0% to 1%, amount to \$4,342,779, (operations \$3,749,207, state aid \$593,572).

FY04-05 Appropriation	Operations	State Aid	Total
Exempted	420,780,881	1,598,157,596	2,018,938,477
.5% Cut	447,724,595	110,487,213	558,211,808
1.0% Cut	151,054,787	4,379,128	155,433,915
Total Operation/Aid Construction	1,019,560,263	1,713,023,937	2,732,584,200 19,046,316
Original GF Appropriation			2,751,630,516

ATB Cut	Operations	Aid	Total
Exempted	0	0	0
.5% Cut	(2,238,658)	(549,780)	(2,788,438)
1.0% Cut	(1,510,549)	(43,792)	(1,554,341)
Total Operation/Aid	(3,749,207)	(593,572)	(4,342,779)

Overall, about 74% of all General Fund appropriations were exempted from any across the board cut; this includes 41% of operations and 93% of state aid.

In general, constitutional officers salaries, 24 hour care/treatment facilities (regional centers, veterans homes, Beatrice State Developmental Center and YRTC's in Geneva and Kearney), vocational rehabilitation, Blind and Visually Impaired, Deaf and Hard of Hearing, public safety (Patrol, Corrections, Military,

Fire Marshal), and retirement were excluded from the across the board cuts. The Court System and Legislative Council were also exempted. Higher Education agencies received a .5% cut. The remainder basically received a 1% cut. Basic aid to education and individuals were exempted from the across the board cuts while general aid to cities, counties, and NRDs received a .5% cut.

HEALTH INSURANCE REDUCTIONS

During the 2003 Session, health insurance cost increases to be charged to agencies were projected to increase by 10.7% in FY03-04 and were included in the enacted budget accordingly. These estimates were based on claims projections for calendar years 2003, 2004 and 2005 done in late summer of 2002 (health insurance contracts are on a calendar year basis). Since that time, actual 2003 calendar year rates have been enacted at a lower rate than projected last fall. The current estimate, on a fiscal year basis, is that FY03-04 health insurance costs will increase by only 2.8% allowing for a reduction in the original amount budgeted. Total reductions amount to \$4.1 million in FY04 and extended into FY05.

DEPRECIATION SURCHARGE CHANGES (LB1192)

LB1192 GF Savings	FY03-04	FY04-05	FY05-06	FY06-07
# 46 Corrections	0	796,563	796,563	796,563
# 47 NETC	0	46,532	45,104	45,104
# 50 State Colleges	0	245,774	372,146	372,146
# 51 University	0	1,904,843	2,837,364	2,837,364
# 65 DAS	0	28,483	31,014	31,014
# 78 Crime Comm.	0	199,700	199,700	199,700
	0	3,221,895	4,281,889	4,281,889

LB 410 passed in the 2003 Session reduced the annual 2% depreciation assessment charged on new construction to 0% in FY03-04, 1% in FY04-05 and then returning to the 2% level thereafter. LB1192 revised the FY04-05 assesment from 1% to 0% and set the FY05-06 and FY06-07 level

at 1% rather than 2%. Overall savings amounts to \$3.2 million general funds in FY04-05 and \$4.3 million for FY06 and FY07.

ATTORNEY GENERAL

Litigation Costs, School Finance Lawsuit

The Legislature provided additional funding (\$500,000 FY03-04, \$1,105,100 FY04-05) for the Attorney General for litigation costs as a result of the lawsuit over the school funding formula. The lawsuit was filed in June 2003 by the Nebraska Schools Trust which is comprised of three school districts; the Omaha Public Schools, the Grand Island Public Schools and the South Sioux City Community Schools). The funding includes the estimated cost of hiring outside legal counsel and the addition of one staff attorney to coordinate the states case.

Low Level Radioactive Waste Lawsuit

In late December 1998, several major generators of low-level radioactive waste in the compact region, the Central Interstate Commission and US Ecology filed a lawsuit in federal court, alleging that the State of Nebraska acted in bad faith in making its determination to deny US Ecology's license application. On September 30, 2002, a federal court issued a decision against the State of Nebraska. At that time, the court ruled that the state must pay damages totaling \$151 million dollars. The State appealed the decision to the 8th Circuit Court of Appeals. On February 18, 2004, the Court of Appeals issued a decision against the State of Nebraska. The Attorney General filed a request for rehearing before the full 8th Circuit Court of Appeals. On March 5, the court gave the Compact until March 15 to respond. The rehearing request was subsequently denied.

The state has 90 days from the denial of the rehearing to request that the U.S. Supreme Court hear the case. The opposing side would then have 30 days to respond. This process would be completed in late June to the first week of July 2004. The U.S. Supreme Court is in recess from July 1 through October 1 so it would not be known until October 2004 whether the Supreme Court would take the case.

If the Supreme Court does not take the case, it would be sent back to the 8th Circuit Court of Appeals for a final determination, likely October/November 2004. If the Supreme Court does hear the case, a decision would be forthcoming in 2005. If the final appeal is unsuccessful, the State must pay the original damage award of \$151 million dollars, plus interest (under 2%) accruing to that amount since September 2002, the date of the original federal court decision. If final resolution occurs in late 2005, damages plus interest would be approximately \$160 million.

While the state is in the appeals process, there remains a possibility that this liability will not occur. However, it should be acknowledged that a damage award could ultimately become an obligation of the state and at a minimum should be accounted for at least as a potential liability. At this point, the Financial Status simply acknowledges this as a potential obligation for planning purposes, without any measures for offsetting this potential liability.

DEPT OF EDUCATION

Vocational Rehabilitation The budget provides an additional \$252,000 in FY03-04 and \$225,000 in FY04-05 to the Dept of Education to restore vocational rehabilitation (VR) to the FY2002-03 level. The federal match rate is \$3.69 for each \$1.00 provided by the state (79% federal/21% state). VR estimates that approximately 780 new clients will not be able to start services and prepare for employment each year, if the funds are not restored. Some of the unserved population will be referrals from the new voluntary Ticket-to-Work Program initiated by the federal government to allow people with disabilities or mental illness to work without losing Medicaid or Medicare health coverage. VR will be the major, if not the only, service provider for this program.

TEEOSA School Aid

FY2003-04: During floor debate in the 2003 Session, the Legislature reduced state aid an additional \$8 million for each year of the current biennium and amended LB 540 to allow an additional \$.01 of levy authority for schools. The action on the floor was not based on the final certification amount. The amount appropriated for FY03-04 was \$578,113 higher than the amount actually certified, so the state appropriation can be reduced to the certified amount.

FY2004-05: The budget does not reflect any changes in the FY04-05 aid certification. In fact, an additional \$10.8 million is funded in FY04-05 to fully fund the certified aid amount as compared to the estimated amount funded in the budget last spring.

Following Biennium: Entering the 2004 Session, previous formula changes enacted in the 2002 and 2003 Session would have expired after FY2004-05 with the levy limit returning to \$1.00 from \$1.05 and the temporary aid adjustment eliminated. Expiration of these provisions would have resulted in a very large increase in TEEOSA state aid in the following biennium, \$118.1 million (19.1%) in FY05-06 and an additional \$56.9 million (7.7%) in FY06-07 for an average growth of 13.5% over the two year period.

LB 1093 passed in the 2004 Session extends the \$1.05 levy limit for school districts and the temporary aid adjustment factor for an additional three years, FY2005-06, FY2006-07 and FY2007-08 reducing the projected aid amounts by \$75.6 million in FY05-06 and \$79.6 million in FY06-07. The \$.05 increase in the levy limit increases the local effort rate in the state aid formula by \$.05 and reduces state aid by an estimated \$49.1 million in FY05-06 and \$51.6 million in FY06-07. School systems will have the authority to levy an additional \$.05 each year which may increase property taxes levied statewide by up to \$54 million. The continuation of the temporary aid adjustment factor will reduce the amount of state aid distributed by an estimated \$26.5 million in FY05-06 and \$28.0 in FY06-07. School districts may also exceed the levy limit by the amount of state aid reduced by the aid adjustment factor as under prior law.

Even with the \$155 million savings (two year total) as compared to the estimates without LB1093, state aid would still increase by \$42.6 million (6.9%) in FY05-06 and an additional \$52.8 million (8.0%) in FY06-07 for an average growth of 7.4% over the two year period.

DEPT OF REVENUE

Homestead Exemption

An additional \$3,620,000 is appropriated for both FY03-04 and FY04-05 for homestead exemption reimbursements. The Department of Revenue states that the total amount of homestead exemption payments for FY03-04 is about \$46.6 million, \$3.6 million higher than the existing appropriation. The deficit is probably due to a decrease in income for the elderly (65+) in the following areas: interest, pensions, and annuities. This decrease in income has also resulted in some partial exemptions becoming full exemptions. With this deficit adjustment, the Homestead Exemption Program is now budgeted at \$46,620,000 for FY2003-04 and \$48,820,000 for FY2004-05.

FIRE MARSHAL

Beginning in fiscal year 2003-04 (current year) the Legislature shifted the Fire Marshal's main funding source from Cash Funds to General Funds. The Cash Funds the Fire Marshal's was receiving from Insurance Tax Premiums was not received until late spring each year. This resulted in a cash flow problem. To correct this deficiency, the Legislature appropriated General Funds and directed the Insurance Tax Premiums to the General Fund instead of the Fire Marshal Cash Fund. The Insurance Tax Premiums received by the Fire Marshal in the Spring of 2003 (last fiscal year) exceeded estimates by \$964,634. This windfall was retained by the Fire Marshal and can now be utilized to off-set the current General Fund appropriation.

HEALTH AND HUMAN SERVICES SYSTEM

Medicaid - KAI lawsuit

The state was sued after the legislature changed the formula for treating family income in determining Medicaid eligibility. The change was made in LB 8 during the 2002 special session. The Nebraska Appellate Center filed the suit in federal district court arguing that those who lost eligibility were entitled

to a year of transitional Medicaid assistance. Under federal law, transitional Medicaid is provided to those leaving Aid to Dependent Children assistance. There is no federal or state provision to provide a transitional Medicaid benefit.. The lower court ruled for the state. A three judge panel of the 8th Circuit remanded the case back to the lower court with a strongly worded opinion that the decision should be made for the appellants. After unsuccessfully petitioning to have the full 8th Circuit Court hear the appeal, the state entered into a settlement agreement.

Under the agreement, those that lost Medicaid eligibility due to the change in the formula are entitled to an additional four months of coverage. For eligibility between months four and 12, eligibility will be re-determined to see if the recipients meet standard Medicaid eligibility criteria.

Approximately 7,500 adult caretaker relatives are anticipated to be reinstated for between 4 and 12 months of coverage. Note, during the special session, the estimated number of adults anticipated to lose eligibility was 11,0000. The figure of those expected to be reinstated is lower due to several reasons. First, approximately 1,600 qualified for Medicaid for other reasons, i.e. disability. Second, although notices were sent to the last known address, some people have not been located. Others may have chosen not to be reinstated or may have left the state. The settlement applies to prospective coverage only and does not cover medical expense incurred between October 1, 2002 and September 30, 2003.

Temporary Enhanced Federal Medicaid Match Rate

In May 2003, Congress passed a temporary enhanced federal match rate for the Medicaid Program as part of an economic recovery package. The increase was 2.95% for all states. The period covered is April

<u>General Fund Savings</u>	<u>FY2003-04</u>	<u>FY2004-05</u>	
#25-424 BSDC	(1,081,829)	0	2003 to June 2004. The state anticipates receiving \$43 million based on new match rate for the time period covered. This additional federal funding was not anticipated when the FY03-04 budget was set and passed by the
#25-365 Regional Centers	(126,081)	0	
#26-038 Behavioral Health aid	(369,720)	0	
#26-348 Medicaid	(37,690,903)	0	
#26-424 Developmental Disabilities aid	<u>(3,885,106)</u>	<u>0</u>	
Total GF Savings	(43,153,639)	0	

2003 legislature, as the congressional action was in late May of last year, after adjournment of the 2003 Session. The budget includes a one-time reduction in General Funds and like increase in federal funds for the following agencies and programs

Temporary Assistance for Needy Families (TANF) Bonuses

The state has received \$6,450,686 in high performance bonuses in the TANF Program in each of the last two years. The state received the awards for exceeding national averages in the area of job entry, job retention and earnings gain. The 2004 budget changes include using \$9.4 million of this bonus amount to offset General Fund appropriations (\$7.4 million in FY03-04 and \$2 million in FY04-05)

Enhanced Treatment Group Home Services-Fund Shifts

Foster care and group home payments are primarily funded with state general funds. HHS established a higher level of group home service category as the need for more intensive and therapeutic services have been identified. The new level of group home service is called Enhanced Treatment Group Homes and the level of service provided as of July 2003, qualifies for a Medicaid match. The new services offered by

the Enhanced Treatment Group Homes include 24-hour mental health/substance abuse services. Treatment services include individual, group and family counseling, intensive cognitive behavioral interventions, vocational training, recreational therapy and skill building.

The 2004 Session actions transfers \$3 million funding from the child welfare aid budget to the Medicaid budget. The additional Medicaid match frees up \$4.2 million in state general funds allowing for a \$4.2 million overall savings in General Funds.

	General Funds	Fed Funds	Total Funds
Current Funding (Prog 347)	\$7,200,000	0	7,200,000
Proposed (Prog 348)	3,000,000	4,200,000	7,200,000
Change	(4,200,000)	4,200,000	0

LB 1083 - Nebraska Behavioral Health Services Act

LB 724 passed in the 2003 Session laid the groundwork for future major changes in the way in which Nebraska delivers behavioral health care. LB 724 stated legislative intent for reforming the behavioral health care system to more community-based mental health services versus institutionalized settings in the state's three regional centers. The bill envisioned decreased reliance on inpatient commitments at the state regional centers and uses the revenue saved for developing a statewide, community-based, behavioral health system. The bill directed the chairperson of the Legislature's Health and Human Services Committee to prepare and introduce bills in the next legislative session to implement LB 724.

LB 1083 contains those statutory changes to carryout LB724. The bill establishes a Division of Behavioral Health Services within the Department of Health and Human Services (HHS). The division is to direct the administration and coordination of the public behavioral health system. Six behavioral health regions are established to replace the existing regional system for mental health and substance abuse services and are responsible to the division for the administration and coordination of the public behavioral health system within their region.

The bill provides that regional center services may be reduced or discontinued if appropriate community-based services or other regional center services are available for every person receiving regional center services and no further commitments, admissions, or readmissions for such services are required due to the availability of community-based or other regional center services. Funding provided for the regional centers will be reallocated for the development and provision of community-based services. State-operated community-based services may also be developed to replace regional center services. Regional centers may close when the occupancy is 20% of licensed capacity and the Executive Board of the Legislative Council approves such closure by a majority vote. A State Behavioral Health Council is created and advisory committees for mental health, substance abuse and compulsive gambling services are authorized. A Behavioral Health Oversight Commission of the Legislature, consisting of up to 20 members, is created to oversee implementation of the act. The Commission terminates on June 30, 2008.

Implementation Costs: The increased costs to implement the bill are \$1,512,178 in FY04-05 and \$1,036,121 in FY05-06 These costs include an additional 3.5 FTE permanent staff and 8.0 temporary staff (18 months), increased expenditures each year to contract with the Administrative Services

<u>Implementation Costs</u>		<u>FY 2003-04</u>	<u>FY 2004-05</u>	<u>FY 2005-06</u>	<u>FY 2006-07</u>
General	Reallocate-NRC+HRC	0	1,044,840	712,531	563,519
Cash	Health Care Cash	0	0	0	0
Federal	Medicaid Match	0	467,338	323,590	259,728
Total		0	1,512,178	1,036,121	823,247

Organization/Managed Care contractor for data maintenance, client tracking and authorization of services (\$570,000), and \$200,000 in FY04-05 for one-time

consulting services. Also included is an estimated \$15,000 in FY04-05 and \$5,000 in FY05-06 for meetings of the newly created State Behavioral Health Council. Annual expenditures for the Behavioral Health Oversight Commission of the Legislature may vary depending upon oversight activities. In FY04-05 and FY05-06, \$100,000 of Health Care Cash funds are provided each year for Commission activities.

Regional Center Reallocation Estimates provided by HHS are based on initial movement of clients from the Norfolk Regional Center (NRC) to community-based services in November 2004 and from the Hastings Regional Center (HRC) in April 2005. At the point when enough clients have moved so that wards at the centers can be closed, there will be a savings in regional center expenditures for staff and operations.

<u>Shift of Clients</u>	<u>HRC</u>	<u>NRC</u>	<u>Total</u>	<u>Cumulative</u>
November 2004	0	25	25	25
December 2004	0	25	25	50
January 2005	0	25	25	75
February 2005	0	24	24	99
March 2005	0	25	25	124
April 2005	9	25	34	158
May 2005	9	21	30	188
June 2005	8	0	8	196
July 2005	7	0	7	203
August 2005	7	0	7	210
September 2005	7	0	7	217
October 2005	7	0	7	224
November 2005	7	0	7	231
Total	61	170	231	

HHS projects that 42 FTE at Norfolk Regional Center will be reduced in FY04-05 and a total of 392 FTE will be reduced at both facilities by the end of FY05-06.

Estimated savings from the elimination of regional center operations are \$2.7 million in FY04-05, \$25 million in FY05-06 and \$29 million in FY06-07.

<u>Reallocate Gen Funds</u>	<u>FY2003-04</u>	<u>FY2004-05</u>	<u>FY2005-06</u>	<u>FY2006-07</u>
Implementation Costs	0	1,044,840	712,531	563,519
Services for relocated clients	0	0	17,226,850	17,514,000
Services for new clients	0	1,369,513	4,376,817	7,812,363
Total Reallocated GF	0	2,414,353	22,316,198	25,889,882

The general fund portion of these savings (\$2.4 million FY04-05; \$22.3 million FY05-06; \$25.9 million FY06-07) will be shifted to community-based services or to state operated community-based services. The calculation of estimated savings includes an adjustment factor to account for the possibility of increased employee benefits for displaced employees (sick leave, vacation leave etc.).

Community Based Services: The amount and level of community-based services to be provided is determined based upon a snapshot of the persons being served at NRC and HRC in August, 2003. At that point in time, there were a total of 231 patients receiving services at the NRC and HRC. Funding estimates assume that a like number of persons with similar needs will be transitioned to community services pursuant to the bill. The estimates also assume that providers will be available from which to purchase the array of required services at the assumed rates.

In order to hire staff to begin providing new community-based services while regional center services are still being provided, it is necessary to have funds to transition to the new service delivery system. LB1083A provides that \$6 million of one-time unobligated cash funds from the Health Care Cash Fund will be used to jump-start the process. This \$6 million is broken down with \$1,328,190 of this allocation allocated for contractual services in FY03-04 to begin implementation and identify areas of need and to develop community-based services, and \$4,671,810 in FY04-05 to fund alternative community based

services for a portion of the year for an estimated 170 persons moved from the NRC and 26 persons from the HRC.

The majority of the general funds freed up from the downsizing of the regional centers in FY04-05 will be used to fund additional staff and related operating expenses necessary to implement the bill, while the cash fund allocation is used to provide services.

Beginning in FY05-06, approximately \$17.2 to \$17.5 million of general funds reallocated from regional center operations will be used each year to provide services for persons previously served at the regional centers. Persons

receiving mental health services at the regional centers who are between the ages of 21 to 65 are ineligible for Medicaid funding but are eligible if served in community-based services. HHS estimates \$1,845,240 of federal Medicaid funding will be received as a match in FY04-05 for the community-based services developed for persons moved from both NRC and HRC in FY04-05. Estimated Medicaid funding of \$6,823,200 is projected for FY05-06, when the remaining 35 persons are moved into community-based services from the HRC. In the first full year, FY06-07, of serving all persons displaced from the regional centers in community-based services, an estimated \$6,912,000 of Medicaid funding will be leveraged. In addition to these funds, it is also assumed that providers will receive increased cash fund revenue of roughly \$1 million each year from clients and insurance companies. An estimated \$400,000 of cash funds will also be received by providers each year pursuant to Sec. 83-376 which requires counties to pay inpatient treatment facilities a portion of the cost of care for the first 30 days of treatment for patients committed by a mental health board.

After providing services for relocated existing clients, it is estimated there will also be additional funds available from downsizing the regional centers that will be available for additional services to this population or to serve an increased number of persons in the community. Estimated amounts available, including federal Medicaid matching funds, amounts to \$1.8 million in FY04-05, \$6.2 million in FY05-06 and \$9.6 million in FY06-07.

An additional \$2.5 million is also appropriated in LB1083A bill each year for the maintenance and treatment of persons in emergency protective custody. Cash funds are appropriated in FY04-05 and general funds are provided in FY05-06 for this purpose.

Housing The provisions of LB 931 were incorporated into LB1083 expanding the use of the Affordable Housing Trust Fund in the Dept of Economic Development by allowing the department to use the fund for

Community Based Services		FY2003-04	FY2004-05	FY2005-06	FY2006-07
<i>Reallocate for existing clients</i>					
General	Reallocate-NRC+HRC	0	0	17,226,850	17,514,000
Cash	Health Care Cash	1,328,190	4,671,810	0	0
Federal	Medicaid Match	0	1,845,240	6,823,200	6,912,000
Total		1,328,190	6,517,050	24,050,050	24,426,000
<i>Available for new clients</i>					
General	Reallocate-NRC+HRC	0	1,369,513	4,376,817	7,812,363
Federal	Medicaid Match	0	487,797	1,800,132	1,828,272
Total		0	1,857,310	6,176,949	9,640,635
<i>Emergency Protective Services</i>					
General	New Gen Funds	0	0	2,500,000	2,500,000
Cash	Health Care Cash	0	2,500,000	0	0
Total		0	2,500,000	2,500,000	2,500,000
<i>Total: Additional Aid for Community Based Services</i>					
General	Reallocate-NRC+HRC	1,328,190	1,369,513	24,103,667	27,826,363
Cash	Health Care Cash	0	7,171,810	0	0
Federal	Medicaid Match	0	2,333,037	8,623,332	8,740,272
Total		1,328,190	10,874,360	32,726,999	36,566,635

housing assistance for adults with serious mental illness. In FY04-05, the existing cash fund appropriation of the program will be increased from \$5 to \$6 million and up to \$2 million will be earmarked for housing assistance for adults with serious mental illness. It's assumed that the additional funding level and fund earmarking will continue in FY05-06.

Childrens Task Force Recommendations, Child Protective Services

In response to a number of violent child deaths that have occurred in Nebraska in recent years, the Governor appointed a Childrens Task Force charged with assessing the child protection system, identifying strengths and weaknesses in the system and developing recommendations for improvements aimed at preventing future violent child deaths. The Task Force was comprised of 36 individuals representing various disciplines, areas of expertise and interests. Information about the child protection system was gathered from the public and from professionals who play key roles within the system through a series of public forums and focus groups that were held across the state.

The 2004 budget adjustments includes \$2,576,969 in FY03-04 (\$2,160,725 cash, \$416,244 federal) and \$6,248,090 in FY04-05 (\$5,218,285 cash, \$1,092,505 federal) to implement recommendations of the Governor's Children's Task Force. **Starting in FY05-06, the \$5.2 million on-going costs would revert to General Funds.** The source of the cash funds for FY03-04 (\$2.7 million) and FY04-05 (\$5.5 million) is a one-time \$7.8 million transfer from the Nebraska Medicaid Intergovernmental Trust Fund. LB1091 contains language authorizing such transfers.

	FY2003-04			FY2004-05		
	Cash	Federal	Total	Cash	Federal	Total
Increased CPS staff (120 FTE)	814,108	162,861	976,969	4,705,278	942,812	5,648,090
Public education	83,330	16,670	100,000	83,320	16,680	100,000
CJIS enhancement	833,300	166,700	1,000,000			0
Child Advocacy Center staff	291,655	58,345	350,000	291,655	58,345	350,000
Increased training/law enforcement	29,166	5,834	35,000	29,166	5,834	35,000
Increase training/medical professionals	29,166	5,834	35,000	29,166	5,834	35,000
Subtotal - HHS	2,080,725	416,244	2,496,969	5,138,585	1,029,505	6,168,090
Crimes Against Children funding (Attorney Gen)	80,000	0	80,000	80,000	0	80,000
Total	2,160,725	416,244	2,576,969	5,218,585	1,029,505	6,248,090

Contained in LB1089 is (1) funding for increased child protective services (CPS) staff including 80 caseworkers, 16 intake staff, 8 supervisors, and 16 aides, (2) funding for a public information campaign, (3) enhancements to the Criminal Justice Information System (CJIS) to improve information exchange between law enforcement, the courts and child welfare staff, (4) funding for coordinators at 7 Child Advocacy Centers, (5) funding for additional training for law enforcement and medical professionals, and (6) additional funding for the Attorney General's Office to prosecute crimes against children.

DEPT OF ROADS

Public Transportation Aid LB1144 shifts all general fund public transportation aid to highway funds (cash) with General Fund savings of \$524,088 starting in FY04-05.

Prior Law: Before LB1144, transit aid was funded with a combination of money from the Highway Trust Fund (\$1,000,000) and the General Fund (\$524,088). Based on the allocation of the Highway Trust Fund, the impact of the \$1 million was split between the city/county portion (46.7% or \$466,667) and Dept of Roads portion (53.3% or \$533,333). The amount applicable to the city/county portion was funds they would have received if not diverted for transit aid while the variable fuel tax replaces the revenue lost from the diversion to transit aid for the Dept of Roads portion.

LB 1144 eliminates the General Fund and Highway Trust as a source and funds the entire \$1,524,088 with the Department of Road's Highway Cash Fund. The Legislature will determine through the appropriations process the amount of transit aid to be provided each year, which in turn will determine the variable fuel tax needed to fund the appropriation. This process mirrors the current process used for highway funding whereby the level of expenditures are set through the appropriations process and the variable fuel tax is then set to meet the appropriation. By leaving the FY04-05 total aid funding at the current level (\$1,524,088), it was possible that the variable fuel tax would increase by 1/10 of one cent, the smallest increment the tax can be adjusted. However, the Governor line-item vetoed other appropriations to the Dept of Roads in an amount equal to the increased cash fund appropriation here, negating the potential impact on the variable gas tax rate.

DEPT OF NATURAL RESOURCES

LB 962 – Water Policy Task Force Recommendations

LB 962 established into law the recommendations of the Water Policy Task Force. The bill amended sections of law relating to the administration of surface and ground water rights and established a process for the Dept of Natural Resources to determine if a river basin is over-appropriated. The bill also mandated that the Dept of Natural Resources and affected natural resources districts to develop integrated management plans for over-appropriated basins and allows an Interrelated Water Review Board to be convened to resolve conflicts between the Dept of Natural Resources and affected natural resources districts when integrated management plans are developed or amended.

Funds appropriated to the Dept of Natural Resources to carry out LB 962 will provide additional funding for agency staff and operating costs. Funds appropriated to the Department may also be used to offset some expenses incurred by natural resources districts. It will be necessary for the Department and natural resources districts to undertake a process to gather data and develop integrated water use computer models. Initial expenses will focus upon hiring staff in the Department to implement the workload created by LB 962 and to begin the development of water use models.

LB 962A provides a total of \$2.5 million in FY2004-05; \$1,000,000 cash funds financed with a like transfer from the Environmental Trust Fund to the Water Resources Trust Fund on July 1, 2004) and \$1,000,000 General Funds. This General Fund appropriation is financed with a \$1.5 million transfer from the Petroleum Release Remedial Action Cash Fund (in the Dept of Environmental Quality) to the General

Fund. State funding mechanisms for LB 962 were not established for FY2005-06 or for subsequent fiscal years. In its recommendations, the Water Policy Task Force estimated that FY 2005-06 expenses could total as much as \$4,700,000. Costs will come from the General Fund unless a source of cash fund revenue is created in future legislation.

LB 962 also gave natural resources districts an additional one cent levy authority to administer and implement ground water management activities and integrated management activities under the Nebraska Ground Water Management and Protection Act. Individual district boards will determine the need for an additional levy.

In addition to the transfer to the General Fund as noted above, LB 962 extends the final date that applications for reimbursement from the Petroleum Release Remedial Action Cash Fund may be accepted by the Dept of Environmental Quality. This fund is used to reimburse property owners who replace petroleum product underground storage tanks. Prior law sets the closing date at June 30, 2005; LB 962 extends that closing date to June 30, 2009. LB 962 also provide that beginning July 1, 2009, owners of new underground storage tanks at sites where tanks have not been previously located shall be fully insured through private insurance. The extension of the application date will not have a near-term impact upon the program, but will extend the time period that claims could be made from reimbursement from the fund. Similarly, the self-insurance requirement will serve to limit the scope of the program beginning in FY2009-2010.

DEPT OF CORRECTIONAL SERVICES

Reinstate funding for Lincoln Correctional Center The budget adjustments include \$7,339,451 General Funds in FY04-05 for restoration of the funding and continued operations of the Lincoln Correctional Center facility. Last session, on Select File during the debate on the mainline budget bill (LB407) the Legislature adopted an amendment to close the Lincoln Correctional Center effective October 1, 2004 saving \$7,339,451 in FY04-05 and a full year savings thereafter (\$10,119,269). The Lincoln Correctional Center is a medium-maximum security correctional facility that currently houses approximately 468 prisoners. Reduction of this number of inmates was expected to be achieved through parole and utilizing alternatives to incarceration, such as improved community corrections programs and parole as authorized under LB 46.

Inmate medical expenditure savings The budget changes include a reduction of \$3.9 million in FY03-04 and \$3.6 million in FY04-05 as a result of cost initiatives implemented by the Medical Services Division. Inmate medical expenditures are expected to be less than anticipated due to: (1) delays in implementation of provisions in LB 154, (2) over-estimating the number of inmates needing referral to a infectious disease specialist for Hepatitis C virus treatment, (3) negotiated savings in the development of hospital contracts through discounts with hospital systems in Omaha and Lincoln, (4) established a strict drug formulary with non-formulary (non prescription) medication reviewed and approved by the Medical Director, (5) established a specialty referral process that includes internal management controls for outside services that lowered medical cost and reduced out of network referrals, (6) centralized pharmaceutical services eliminating multiple contracts, (7) established specific treatment protocols across all intuitions, (8) eliminate unnecessary and or duplicative specialty services including the elimination of a contracted Ophthalmologist in Omaha, and (9) work with the HHS to obtain

Medicaid rates at hospitals for inmates eligible for Medicaid, if they were not incarcerated. Note that even with these savings, the increase in medical costs for FY04 and FY05 are still significant.

One-Time Use of Cash Fund Balances There is a a one-time reduction of General Funds and offsetting increase n cash funds to draw down the cash fund balance. One-time general fund savings of \$1,300,819 in FY03-04.

Lapse Excess FY03 Reappropriation The committee proposes lapsing \$6.5 million of reappropriated FY03 funds. These excess carryover funds are primarily attributed to unspent medical budget of \$3.65 million, vacancy savings of \$2.31 million, and one-time deferred equipment savings of \$.56 million.

UNIVERSITY OF NEBRASKA

Nebraska Forest Service During the 2003 Legislative Session, the University of Nebraska proposed eliminating all funding for the Nebraska Forest Service (NFS) in response to reductions in its state-funded budget. Rather than eliminating state-wide services on such short notice, the Legislature voted to provide minimal funding for NFS and adopted LR 141 to explore options for the NFS. LB 917 was introduced pursuant to the findings of the LR 141 study committee. Included in LB1089 is additional funding for the Nebraska Forest Service (within the University of Nebraska) amounting to \$300,000 in FY04-05. It is intended that this amount would increase to \$590,000 starting in FY05-06.

STATE FAIR BOARD

The budget includes \$153,104 General Funds for 4-H, FFA and Open Class premiums at the Nebraska State Fair and the operating costs for the 4-H and FFA programs for FY04-05 only. General Funds allocated for this purpose were eliminated in FY2002-03, but a one-time transfer from funds in the Department of Agriculture provided funding for the 2002 State Fair. In FY2003-04, funding from all sources was eliminated and premiums were not awarded at the 2003 State Fair.

A total of \$206,052 General Funds is also included in the Department of Administrative Services budget for FY03-04 for expenses relating to the State Fair Board. The appropriations placed in DAS are for State Fair Park maintenance costs and property/liability insurance allocations. The DAS allocations are one-time appropriations to assist the Fair Board in FY2003-04.

The Legislature also enacted LR211CA which is a constitutional amendment to have 10% of state lottery proceeds (after payment of prizes and operating expenses) to the State Fair Board. This proposed amendment will be voted on in November 2004.

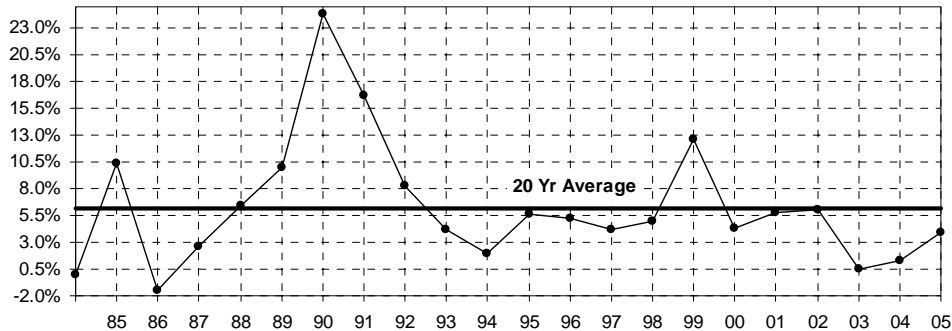
HISTORICAL GENERAL FUND APPROPRIATIONS

Excludes Deficits	Agency Operations	Aid to Ind/Other	Aid to Local Govt	Construction	Total	% Change
FY1983-84 Approp	353,675,850	117,566,387	273,242,483	1,798,159	746,282,879	na
FY1984-85 Approp	401,069,265	138,691,075	270,350,331	13,243,449	823,354,120	10.3%
FY1985-86 Approp	400,996,057	136,866,643	262,647,194	10,838,460	811,348,354	-1.5%
FY1986-87 Approp	408,294,337	161,361,044	261,353,664	1,874,529	832,883,574	2.7%
FY1987-88 Approp	433,985,912	175,222,587	271,927,372	5,556,592	886,692,463	6.5%
FY1988-89 Approp	480,627,905	191,589,382	295,020,917	8,225,128	975,463,332	10.0%
FY1989-90 Approp	544,560,284	221,178,670	422,499,446	25,001,066	1,213,239,466	24.4%
FY1990-91 Approp	628,674,380	240,396,705	520,534,433	25,493,478	1,415,098,996	16.6%
FY1991-92 Approp	636,491,819	250,280,037	628,832,134	17,318,861	1,532,922,851	8.3%
FY1992-93 Approp	662,252,737	320,453,679	608,476,914	4,976,777	1,596,160,107	4.1%
FY1993-94 Approp	676,313,141	346,925,250	597,470,895	7,264,678	1,627,973,964	2.0%
FY1994-95 Approp	695,215,177	384,986,604	632,800,849	5,954,449	1,718,957,079	5.6%
FY1995-96 Approp	725,807,466	410,667,029	652,872,658	20,831,107	1,810,178,260	5.3%
FY1996-97 Approp	750,780,005	440,560,798	674,626,255	19,843,088	1,885,810,146	4.2%
FY1997-98 Approp	781,597,662	461,110,001	695,809,228	41,250,742	1,979,767,633	5.0%
FY1998-99 Approp	818,104,542	489,241,856	860,238,657	60,994,066	2,228,579,121	12.6%
FY1999-00 Approp	877,214,679	523,191,459	868,861,646	54,676,163	2,323,943,947	4.3%
FY2000-01 Approp	928,262,744	598,132,840	885,946,791	46,446,858	2,458,789,233	5.8%
FY2001-02 Approp	989,205,923	646,149,155	944,211,406	27,384,852	2,606,951,336	6.0%
FY2002-03 Approp	1,003,728,744	647,611,794	951,911,444	18,044,257	2,621,296,239	0.6%
FY2003-04 Approp	999,655,261	705,434,305	929,685,011	20,515,031	2,655,289,608	1.3%
FY2004-05 Approp	1,017,841,564	785,747,103	935,548,595	19,046,316	2,758,183,578	3.9%

Average Annual Growth

FY85-86/FY86-87 Biennium	0.9%	7.9%	-1.7%	-62.4%	0.6%
FY87-88/FY88-89 Biennium	8.5%	9.0%	6.2%	109.5%	8.2%
FY89-90/FY90-91 Biennium	14.4%	12.0%	32.8%	76.1%	20.4%
FY91-92/FY92-93 Biennium	2.6%	15.5%	8.1%	-55.8%	6.2%
FY93-94/FY94-95 Biennium	2.5%	9.6%	2.0%	9.4%	3.8%
FY95-96/FY96-97 Biennium	3.9%	7.0%	3.3%	82.6%	4.7%
FY97-98/FY98-99 Biennium	4.4%	5.4%	12.9%	75.3%	8.7%
FY99-00/FY00-01 Biennium	6.5%	10.6%	1.5%	-12.7%	5.0%
FY01-02/FY02-03 Biennium	4.0%	4.1%	3.7%	-37.7%	3.3%
FY03-04/FY04-05 Biennium	0.7%	10.1%	-0.9%	2.7%	2.6%
Avg Growth FY85 to FY95 (10)	5.7%	10.7%	8.9%	-7.7%	7.6%
Avg Growth FY95 to FY05 (10)	3.9%	7.4%	4.0%	12.3%	4.8%
Avg Growth FY85 to FY05 (20)	4.8%	9.1%	6.4%	1.8%	6.2%

General Fund Budget Growth - Past 20 Years



**TOTAL APPROPRIATIONS
ALL FUND SOURCES**

TOTAL APPROPRIATIONS – ALL FUNDS

Table 14 shows the total appropriation from all fund sources as enacted in the 2003 legislative session with the 2004 session budget adjustments.

Table 14 Total Appropriations - All Funds

FY2002-03	General	Cash	Federal	Rev/Other	Total
Total Per 2001 Session	2,813,166,770	1,208,644,805	1,675,905,037	500,811,952	6,198,528,564
2001 Special Session Actions	(65,925,808)	3,097,197	(6,187,781)	(1,888,773)	(70,905,165)
2002 Session Actions	(55,120,682)	5,387,124	370,052	3,891,834	(45,471,672)
2002 Special Session Actions	(70,926,801)	6,318,726	(23,728,968)	3,894,200	(84,442,843)
2003 Spec Session	102,760	0	0	0	102,760
Update cash/federal estimates	0	29,404,411	103,800,262	10,134,805	143,339,478
Adjusted Per 2002 Special Session	2,621,296,239	1,252,852,263	1,750,158,602	516,844,018	6,141,151,122
2003 Session Deficits	22,216,984	1,851,483	691,491	800,000	25,559,958
2003 Session State Claims	354,800	217,050	0	46,301	618,151
2003 Session "A" bills	250,000	150,000	0	0	400,000
Final Appropriation per 2003 Session	2,644,118,023	1,255,070,796	1,750,850,093	517,690,319	6,167,729,231
FY2003-04	General	Cash	Federal	Rev/Other	Total
Total Per 2003 Session	2,655,289,608	1,285,728,367	1,814,045,740	509,307,018	6,264,370,733
2004 Session Deficits	(53,994,376)	14,170,447	63,920,039	(57,948)	24,038,162
2004 Session State Claims	171,755	4,995,893	0	27,858	5,195,506
2004 Session "A" bills	0	0	0	0	0
2004 Session Actions	(53,822,621)	19,166,340	63,920,039	(30,090)	29,233,668
Final Appropriation per 2004 Session	2,601,466,987	1,304,894,707	1,877,965,779	509,276,928	6,293,604,401
Change over prior year (without deficits)					
Dollar	33,993,369	32,876,104	63,887,138	(7,537,000)	123,219,611
Percent	1.3%	2.6%	3.7%	-1.5%	2.0%
FY2004-05	General	Cash	Federal	Rev/Other	Total
Total Per 2003 Session	2,751,630,516	1,279,815,987	1,881,722,440	507,562,775	6,420,731,718
2004 Session-Mainline	4,599,317	17,264,651	39,728,419	366,098	61,958,485
2004 Session "A" bills	1,953,745	5,901,096	4,375,000	(64,487)	12,165,354
2004 Session Actions	6,553,062	23,165,747	44,103,419	301,611	74,123,839
Total Per 2004 Session	2,758,183,578	1,302,981,734	1,925,825,859	507,864,386	6,494,855,557
Change over prior year (without deficits)					
Dollar	102,893,970	17,253,367	111,780,119	(1,442,632)	230,484,824
Percent	3.9%	1.3%	6.2%	-0.3%	3.7%

Cash Funds

These funds are used to account for the revenues and expenditures of dedicated fees and charges. Unlike the single General Fund, there are more than 200 individual cash funds contained in 74 different agencies. Monies held in these funds generally can only be used for the specific purpose for which the fund was created. Cash funds are used to account for revenues such as University and State College tuition and fees, hunting/fishing permits, highway revenues (gas tax and sales tax on motor vehicles),

and agricultural commodity check-off fees. In addition, most inspection, regulatory, and license fees and charges, are dedicated to and accounted for through the use of cash funds.

Changes in the 2004 Session total \$19,166,340 in FY03-04 and \$23,165,747 in FY04-05. The major items which account for virtually all the changes is in the following table.

Table 15 Major Cash Fund Items - 2004 Session

Major Cash Fund Items - 2004 Session		FY2003-04	FY2004-05	Two Yr Total
HHS-Finance	HIPAA spending authority	9,143,538	0	9,143,538
HHS-Services	Children's Task Force recommendations	2,080,725	5,138,585	7,219,310
HHS-Finance	Behavioral health reform, transition (LB 1083)	1,328,190	4,671,810	6,000,000
DAS	State Claims	4,995,893	0	4,995,893
HHS System	LB 841 ICF/MR Reimbursement Protection Act, sales tax exemption	0	3,043,000	3,043,000
HHS-Services	Additional funding for tobacco prevention.	0	2,500,000	2,500,000
HHS-Finance	Behavioral health reform, emergency protective custody (LB 1083)	0	2,500,000	2,500,000
State Patrol	Equipment/upgrades, use federal drug forfeiture monies	1,620,522	426,033	2,046,555
University	Research Center of Excellence II project - Bioterrorism Laboratories	0	2,000,000	2,000,000
Corrections	Utilize One-time Excess Cash Funds	1,300,819	0	1,300,819
DED	Behavioral health reform, housing (LB 1083)	0	1,000,000	1,000,000
Natural Rscs	LB 962 Water Task Force recommendations	0	1,000,000	1,000,000
Fire Marshal	Utilize one-time excess cash funds	964,624	0	964,624
Motor Vehicles	LB 279 Change time for issuance of license plates to six years	0	768,818	768,818
Roads	LB 1144 Shift funding for public transportation assistance to cash	0	524,088	524,088
Prop Tax/Assess	Fund source shift, cash shortfall	(787,539)	(617,936)	(1,405,475)
All	Health insurance reductions	(1,668,058)	(1,667,448)	(3,335,506)
---	All Other (net)	187,626	1,878,797	2,066,423
Total 2004 Session Changes - Cash Funds		19,166,340	23,165,747	42,332,087

HIPPA Spending Authority In FY01-02 the legislature authorized the use of \$9.2 million dollars from the Intergovernmental Transfer Fund to the Health and Human Services Cash Fund for federally mandated information system modifications or enhancements for compliance with the Health Insurance Portability and Accountability Act of 1996 (HIPAA). There is a balance of \$9.1 million in the fund but the appropriation approved for the FY01-02 carried forward through FY02-03 has lapsed at the end of FY02-03. This \$9.1 million "new" appropriation in essence reauthorizes the authority to expend this funding.

Childrens Task Force Recommendations The 2004 budget adjustments includes \$2,576,969 in FY03-04 (\$2,160,725 cash, \$416,244 federal) and \$6,248,090 in FY04-05 (\$5,218,285 cash, \$1,092,505 federal) to implement recommendations of the Governor's Children's Task Force. The source of the cash funds for FY03-04 (\$2.7 million) and FY04-05 (\$5.5 million) is a one-time \$7.8 million transfer from the Nebraska Medicaid Intergovernmental Trust Fund. LB1091 contains language authorizing such transfers. Starting in FY05-06, the \$5.5 million on-going costs would revert to General Funds. Contained in LB1089 is (1) funding for increased child protective services (CPS) staff including 80 caseworkers, 16 intake staff, 8 supervisors, and 16 aides, (2) funding for a public information campaign, (3) enhancements to the Criminal Justice Information System (CJIS) to improve information exchange between law enforcement, the courts and child welfare staff, (4) funding for coordinators at 7 Child Advocacy Centers, (5) funding for additional training for law enforcement and medical professionals, and (6) additional funding for the Attorney General's Office to prosecute crimes against children (\$80,000 cash each year).

LB 1083 Behavioral Health Reform. Three items in the table above relate to behavioral health reforms per LB1083. A more detailed discussion of this bill is found earlier in this report. These three items total \$9.5 million over the two year period: \$6 million for community based services as a transition from regional center to community based programs, \$2.5 million for emergency protective custody services, and \$1 million for mental health housing.

State Claims LB1241 contains appropriations for state claims including \$4,995,893 cash funds primarily for tort claims against the Dept of Roads.

LB 841 ICF/MR Reimbursement Protection Act enacts the ICF/MR Reimbursement Protection Act. The bill directs that a tax equal to six percent of gross revenue be imposed on intermediate care facilities for the mentally retarded with the proceeds used for (1) administrative expenses (\$55,000), (2) reimbursement of the tax, (3) provider rates (\$300,000 plus any federal medicaid matching funds), and (3) community-based developmental disabilities services (\$312,000 plus any federal medicaid matching funds). The cash fund appropriation of \$3,043,000 covers the distribution of the tax.

Tobacco Prevention and Control Program In FY04-05, the Tobacco Prevention and Control Program was appropriated \$405,000 in General Funds and \$60,000 in cash funds. Based on projections while setting the two-year budget, it was anticipated that all the cash funds would have been exhausted by the end of the current biennium. However, due to the combination of investment earnings and some funding not used in prior years, the Tobacco Prevention and Control Cash Fund has a balance above the amount originally projected. The budget includes \$2.5 million on a one-time basis in FY 04-05. Also LB 1091 provides for an annual allocation of \$2.5 million (starting in FY05-06) from settlement payments or other revenue received by the state in connection with any tobacco-related litigation.

University of Nebraska Medical Center Research Center of Excellence II project - Bioterrorism Laboratories The enacted budget changes includes partial state funding for the Research Center of Excellence II project at the University of Nebraska Medical Center. Funding includes a total of \$6 million over 3 years from the Nebraska Health Care Cash Fund and an estimated \$6 million over 3 years from federal funds earmarked for Homeland Security. The Research Center of Excellence II project is envisioned as an 11 story, 227,000 gsf research facility constructed adjacent to the Durham Research Center. The facility would provide additional laboratory space for the Nebraska Bio-terrorism Preparedness Lab, for the Eppley Cancer Institute and for the College of Medicine in approximately equal amounts. State support is primarily intended for the portion of the project that contains the bio-terrorism laboratories. The total project cost is estimated at \$74 million with annual operating costs estimated at \$4 million.

Health Care Cash Fund Approximately \$50 million per year is allocated through the Nebraska Health Care Cash Fund for a variety of health care related programs including developmental disability services, minority health, mental health and substance abuse programs, local public health programs, and health research. The \$50 million is financed with annual transfers from the Nebraska Medicaid Intergovernmental Trust Fund and the Nebraska Tobacco Settlement Trust Fund. The source of the monies for these two trust funds are leveraged disproportionate share payments from participating governmental nursing facilities (LB1070-1998) and annual payments received from the tobacco settlement. During the 2004 Session, there were several substantial uses of these various funds.

First, the revised budget includes a total of \$12 million directly from the Health Care Cash Fund for two items: \$6 million to expand community based behavioral health services per LB 1083 - Nebraska Behavioral Health Services Act (see page 35) and another \$6 million (\$2 million for FY05, FY06, and FY07) for the University of Nebraska Medical Center as matching funds for the Research Center of Excellence II project. These funds are excess interest and/or unused prior allocations and do not affect the on-going distribution of the fund per LB412 enacted last session. The Research Center of Excellence II project is envisioned as an 11 story, 227,000 gsf research facility constructed adjacent to the Durham Research Center. The proposed facility will provide additional laboratory space for the Nebraska Bio-terrorism Preparedness Lab, for the Eppley Cancer Institute and for the College of Medicine in approximately equal amounts. State support is primarily intended for the portion of the project that contains the bio-terrorism laboratories. The total project cost is estimated at \$74 million with annual operating costs estimated at \$4 million.

Second, a one-time transfer of \$7.8 million (\$2.7 million in FY04 and \$5.5 million in FY05) from the Nebraska Medicaid Intergovernmental Trust Fund for initial funding to implement recommendations of the Governor's Children's Task Force (see page 38). Starting in FY05-06, the \$5.5 million on-going costs would revert to General Funds.

Third, as authorized by LB1091, LB1083A transfers \$2.5 million from the Nebraska Medicaid Intergovernmental Trust Fund to the Behavioral Health Services Fund for additional emergency protective services as part of the mental health system reforms. Starting in FY05-06, the \$2.5 million on-going costs would revert to General Funds.

Fourth, LB 1091 LB 1091 directs that starting on or after April 1, 2005, \$2.5 million received for any settlement payments or other revenue received by the state in connection with any tobacco-related litigation shall be credited annually to the Tobacco Prevention and Control Cash Fund. Prior to this amendment, such funds were credited to the Nebraska Tobacco Settlement Trust Fund.

Based on cash flow analysis, these one-time transfers (items 1, 2, and 3) and on-going allocation to the Tobacco Prevention and Control program, should not affect the long-term financial ability of the Health Care Cash Fund to sustain the \$50 million annual distribution of that fund as enacted in LB412 last session.

Federal Funds

Federal funds account for monies received from the federal government either as grants, contracts, or matching funds. Unlike other fund sources, federal fund appropriations are an estimate and agencies are not limited to the amount shown in the appropriation bills though receipts must meet expenditures. Similar to cash funds, there are numerous individual federal funds contained in the accounting system and they are generally limited to specific uses as authorized by the federal program from which the funds came from. Of the 74 state agencies, 34 receive some level of federal funds.

Changes in the 2004 Session total \$63.9 million in FY03-04 and \$44.1 in FY04-05. The major items which account for virtually all the changes is in the following table.

Table 16 Major Federal Fund Items - 2004 Session

Major Federal Fund Items - 2004 Session		FY2003-04	FY2004-05	Two Yr Total
HHS System	Fed fiscal assistance-Medicaid match rate change-Medicaid	43,153,639	0	43,153,639
Labor	Reed Act funds	0	27,599,516	27,599,516
HHS-Finance	One yr restoration, medically needy caretaker (KAI lawsuit)	10,300,000	1,700,000	12,000,000
HHS-Finance	TANF bonus funds to offset General Funds	7,400,000	2,000,000	9,400,000
HHS-Finance	Enhanced treatment group home services, use fed funds to offset GF	4,200,000	4,200,000	8,400,000
HHS System	LB 841 ICF/MR Reimbursement Protection Act, sales tax exemption	0	4,375,000	4,375,000
University	Research Center of Excellence II project - Bioterrorism Laboratories	0	2,000,000	2,000,000
HHS-Finance	Mental Health Reform, transition (Health Care Cash)	0	1,845,240	1,845,240
HHS-Services	Children's Task Force recommendations	416,244	1,029,507	1,445,751
---	All Other (net)	(1,549,844)	(645,844)	(2,195,688)
Total 2004 Session Changes - Federal Funds		63,920,039	44,103,419	108,023,458

Most of the major federal fund items relate to issues more fully described elsewhere in this report. This includes the change in the Medicaid match rate as part of the federal fiscal assistance (page 34), one-year restoration of medically needy caretaker funds per the KIA lawsuit (page 33), TANF bonus funds (page 34) and enhanced treatment group home services (page 34). The one large item not previously discussed is authorization of spending Reed Act funds under the Dept of Labor.

Reed Act funds The Dept of Labor received \$48.4 million Reed Act funds in 2002. By federal law, the Reed Act distribution may only be expended for the administration of the Unemployment and Employment Service programs, and for the payment of UI benefits. The agency also needs specific language to expend these funds. These additional funds are distributed on an irregular basis. The agency received Reed Act funds about 5 years ago, and before that, the last distribution was about 25 years ago. Some of these distributions were left for Unemployment Insurance (UI) benefit payments and the rest were held in reserve in case of an emergency. Last year, LB 197 included specific appropriation language for one item. This bill authorized the agency to expend \$6.8 million to design, create and implement a new Benefit Payment System (BPS). The BPS was designed and built 20 years ago to support the UI system and it needs to be updated. The total cost of the BPS system is estimated at approximately \$11 million. The agency also put \$14 million in the UI Trust Fund for the payment of UI benefits.

LB 1089 includes \$27.6 million increase in federal funds for expenditure of the Reed Funds. This includes seven specific items totaling \$3.9 million and include: replacement of the large UI laser printer (\$360,000), building safety/efficiency improvements and upgrades (\$950,000), document imaging system (\$60,000), Nebraska JobLink system improvements and maintenance (\$100,000), replacement of two leased facilities in Omaha and Lincoln (\$1,750,000), expand the UI re-employment service program (\$152,336), and replace computer network servers and operating system (\$533,578). Because of concerns the federal government might "recapture" unappropriated Reed Act Funds, the remainder of the Reed Act funds (\$23.7 million) are technically appropriated to the agency, however the agency must receive approval through the normal budget process before they are allowed to spend these funds

Appendix A

Detailed Listing of All Budget Adjustments – 2004 Session

General Fund Items			Type	FY2003-04	FY2004-05	
3	Legislative Council	All	Health insurance reduction	Oper	(110,393)	(110,393)
5	Supreme Court	6	Judges salary savings	Oper	(40,000)	0
5	Supreme Court	52	Court Administrator retirement costs	Oper	40,000	0
5	Supreme Court	67	Interstate compact support	Oper	53,639	88,905
5	Supreme Court	570	Fund source correction-A Bill	Oper	(15,000)	0
5	Supreme Court	All	Health insurance reduction	Oper	(444,289)	(444,289)
7	Governor	18	ATB Cut (1.0%) - Policy Research Office	Oper	0	(4,511)
7	Governor	21	ATB Cut (1.0%) - Office of the governor	Oper	0	(8,626)
7	Governor	All	Health insurance reduction	Oper	(10,734)	(10,734)
8	Lt. Governor	124	ATB Cut (1.0%) - Office of the Lieutenant Governor	Oper	0	(360)
8	Lt. Governor	All	Health insurance reduction	Oper	(1,149)	(1,149)
9	Sec of State	22	ATB Cut (1.0%) - Departmental administration	Oper	0	(2,023)
9	Sec of State	45	ATB Cut (1.0%) - Election Administration	Oper	0	(2,408)
9	Sec of State	86	ATB Cut (1.0%) - Records management	Oper	0	(1,978)
9	Sec of State	All	Health insurance reduction	Oper	(4,932)	(4,932)
10	Auditor	506	ATB Cut (1.0%) - State audits	Oper	0	(18,962)
10	Auditor	All	Health insurance reduction	Oper	(13,520)	(13,520)
11	Attorney General	507	Litigation costs, school finance lawsuit	Oper	500,000	1,105,100
11	Attorney General	507	LB 1084 Change/expand the False Medicaid Claims Act	Oper	0	0
11	Attorney General	551	Children's Task Force - prosecution costs	Oper	0	0
11	Attorney General	All	Health insurance reduction	Oper	(31,390)	(31,390)
12	Treasurer	24	ATB Cut (1.0%) - State Disbursement Unit	Oper	0	(14,996)
12	Treasurer	119	ATB Cut (.5%) - Aid to NRD's	Aid	0	(7,766)
12	Treasurer	120	ATB Cut (.5%) - Aid to Cities	Aid	0	(56,569)
12	Treasurer	149	ATB Cut (.5%) - Aid to Counties	Aid	0	(24,954)
12	Treasurer	All	Health insurance reduction	Oper	(7,837)	(7,837)
13	Education	25	LB 1093 TEEOSA extend temp aid adjust+LER \$.95	Aid	0	0
13	Education	25	LB 1091 School reorganization incentives (LB 1091)	Aid	0	0
13	Education	25	TEEOSA aid, fund certified level	Aid	(578,113)	10,871,597
13	Education	25	ATB Cut (.5%) - Adult Education	Aid	0	(1,159)
13	Education	25	ATB Cut (.5%) - Aid to ESU's	Aid	0	(53,090)
13	Education	25	ATB Cut (.5%) - High ability learner programs	Aid	0	(11,743)
13	Education	25	ATB Cut (1.0%) - Departmental administration	Oper	0	(90,774)
13	Education	351	Voc Rehab, match available fed funds	Oper	252,000	225,000
13	Education	All	Health insurance reduction	Oper	(66,863)	(66,863)
14	Public Service Com.	16	ATB Cut (1.0%) - Expenses-PSC commissioners	Oper	0	(483)
14	Public Service Com.	54	ATB Cut (1.0%) - Enf of stds-common carriers	Oper	0	(18,453)
14	Public Service Com.	All	Health insurance reduction	Oper	(19,773)	(19,773)
15	Parole Board	358	ATB Cut (1.0%) - Board of Parole	Oper	0	(2,980)
15	Parole Board	All	Health insurance reduction	Oper	(6,804)	(6,804)
16	Revenue	102	ATB Cut (1.0%) - Revenue administration	Oper	0	(209,487)
16	Revenue	102	LB 1017 Tax amesty, redefine contractors	Oper	0	279,125
16	Revenue	108	Homestead exemption	Aid	3,620,000	3,620,000
16	Revenue	108	LB 986 Changes, veteran homestead exemptions	Aid	0	18,100
16	Revenue	All	Health insurance reduction	Oper	(142,929)	(142,929)
18	Agriculture	27	Livestock market reporting service funding	Oper	0	15,000
18	Agriculture	All	Health insurance reduction	Oper	(40,872)	(40,872)
20	HHS-Regulation	177	ATB Cut (1.0%) - Administration	Oper	0	(39,551)
20	HHS-Regulation	178	ATB Cut (1.0%) - Bureau of Examining Boards	Oper	0	(700)
20	HHS-Regulation	All	Health insurance reduction	Oper	(25,720)	(25,720)
21	Fire Marshal	193	Utilize one-time excess cash funds	Oper	(964,624)	0
21	Fire Marshal	All	Health insurance reduction	Oper	(10,290)	(10,290)
23	Labor	194	ATB Cut (1.0%) - Protection of people and prope	Oper	0	(5,352)
23	Labor	All	Health insurance reduction	Oper	(2,370)	(2,370)
25	HHS-Services	30	ATB Cut (1.0%) - Tobacco Prevention and Control	Oper	0	(4,050)
25	HHS-Services	33	Staff reallocations to #26-341	Oper	(19,456)	(19,456)

General Fund Items (Continued)			Type	FY2003-04	FY2004-05	
25	HHS-Services	33	ATB Cut (1.0%) - Administration	Oper	0	(400,568)
25	HHS-Services	39	Children's Task Force recommendations	Oper	CASH	CASH
25	HHS-Services	365	Fed fiscal assist-Medicaid match rate change-Regional Centers	Oper	(126,081)	0
25	HHS-Services	421	Fed fiscal assist-Medicaid match rate change-BSDC	Oper	(1,081,829)	0
25	HHS-Services	All	Health insurance reduction	Oper	(1,475,296)	(1,475,296)
26	HHS-Finance	38	Fed fiscal assist-Medicaid match rate change-Behavioral Health aid	Aid		(369,720)
26	HHS-Finance	38	Mental Health Reform, emergency protective custody	Aid	0	CASH
26	HHS-Finance	324	ATB Cut (.5%) - County Juvenile Services aid	Aid	0	(7,500)
26	HHS-Finance	341	Staff reallocations from #25-33	Oper	19,456	19,456
26	HHS-Finance	341	ATB Cut (1.0%) - Administration	Oper	0	(336,182)
26	HHS-Finance	344	Transfer-Medicaid to CHIP	Aid	9,550,000	10,505,000
26	HHS-Finance	347	Enhanced treatment group homes, use fed funds to offset GF	Aid	(4,200,000)	(4,200,000)
26	HHS-Finance	347	Shift funds, enhanced treatment group home services	Aid	(3,000,000)	(3,000,000)
26	HHS-Finance	347	TANF bonus funds to offset General Funds	Aid	(7,400,000)	(2,000,000)
26	HHS-Finance	348	Fed fiscal assistance-Medicaid match rate change-Medicaid	Aid	(37,690,903)	0
26	HHS-Finance	348	One yr restoration, medically needy caretaker (KAI lawsuit)	Aid	6,900,000	1,100,000
26	HHS-Finance	348	Shift funds, enhanced treatment group home services	Aid	3,000,000	3,000,000
26	HHS-Finance	348	Transfer-Medicaid to CHIP	Aid	(9,550,000)	(10,505,000)
26	HHS-Finance	348	LB 1084 Change/expand the False Medicaid Claims Act	Oper	0	0
26	HHS-Finance	424	Fed fiscal assist-Medicaid match rate Develop Disabilites	Aid	(3,885,106)	0
26	HHS-Finance	514	Emergency Medical Services, fund source change	Aid	0	(80,000)
26	HHS-Finance	514	Tuberculosis aid	Aid	66,724	66,724
26	HHS-Finance	All	Health insurance reduction	Oper	(83,433)	(83,433)
27	Roads	305	LB 1144 Shift public transportation assistance to cash	Aid	0	(524,088)
27	Roads	305	ATB Cut (1.0%) - Assist to local transit	Oper	0	(166)
28	Veterans Affairs	36	ATB Cut (1.0%) - Departmental administration	Oper	0	(7,326)
28	Veterans Affairs	37	LB 1231 Change provisions, state veteran cemetery system	Oper	0	5,600
28	Veterans Affairs	All	Health insurance reduction	Oper	(6,930)	(6,930)
29	Natural Resources	303	ATB Cut (1.0%) - Small Watershed Fund	Aid	0	(240)
29	Natural Resources	304	ATB Cut (1.0%) - Nebr Water Conservation Fund	Aid	0	(27,156)
29	Natural Resources	307	ATB Cut (.5%) - Resources Development Fund	Aid	0	(18,032)
29	Natural Resources	308	ATB Cut (1.0%) - Soil survey fund	Oper	0	(1,445)
29	Natural Resources	310	LB 962 Water Task Force recommendations	Oper	0	1,500,000
29	Natural Resources	334	ATB Cut (1.0%) - Soil & water conservation	Oper	0	(57,760)
29	Natural Resources	334	LB 826 Change provisions relating to state game refuges	Oper	0	8,000
29	Natural Resources	All	Health insurance reduction	Oper	(42,537)	(42,537)
31	Military Dept	All	Health insurance reduction	Oper	(11,655)	(11,655)
32	Ed Lands & Funds	529	ATB Cut (1.0%) - Land surveyors	Oper	0	(4,078)
32	Ed Lands & Funds	All	Health insurance reduction	Oper	(3,573)	(3,573)
33	Game and Parks	337	ATB Cut (1.0%) - Administration	Oper	0	(6,923)
33	Game and Parks	337	ATB Cut (1.0%) - Administration (Prog 336 1% cut)	Oper	0	(10,732)
33	Game and Parks	338	ATB Cut (1.0%) - Niobrara Council	Aid	0	(414)
33	Game and Parks	549	ATB Cut (1.0%) - Parks admin & oper (Prog 550 1% cut)	Oper	0	(1,342)
33	Game and Parks	549	ATB Cut (1.0%) - Parks--admin & operations	Oper	0	(46,618)
33	Game and Parks	617	ATB Cut (1.0%) - Engineering & area maintenance	Oper	0	(25,213)
33	Game and Parks	All	Health insurance reduction	Oper	(23,411)	(23,411)
34	Library Commission	252	ATB Cut (1.0%) - Library services	Oper	0	(22,230)
34	Library Commission	302	ATB Cut (.5%) - Local libraries	Aid	0	(6,265)
34	Library Commission	All	Health insurance reduction	Oper	(17,900)	(17,900)
35	Liquor Control	73	Directors' retirement costs	Oper	28,345	0
35	Liquor Control	73	ATB Cut (1.0%) - Enforcement and regulation	Oper	0	(7,822)
35	Liquor Control	73	LB 485 Change/eliminate licenses, Liquor Control Act	Oper	0	141,420
35	Liquor Control	All	Health insurance reduction	Oper	(6,322)	(6,322)
46	Corrections	200	Inmate medical cost containment initiatives	Oper	(3,956,259)	(3,626,931)
46	Corrections	200	Program correction, depreciation surcharge amounts	Oper	(52,829)	(52,829)
46	Corrections	200	Reinstate funding for Lincoln Correctional Center	Oper	0	7,339,451
46	Corrections	200	Utilize One-time Excess Cash Funds	Oper	(1,300,819)	0
46	Corrections	725	Program correction, depreciation surcharge amounts	Oper	52,829	52,829
46	Corrections	725	Depreciation surcharge deferral	Oper	0	(796,563)
46	Corrections	750	ATB Cut (.5%) - County jail cost reimbursement	Aid	0	(17,595)
46	Corrections	All	Health insurance reduction	Oper	(1,064,570)	(1,064,570)
47	NETC	533	ATB Cut (.5%) - Educational television	Oper	0	(41,721)
47	NETC	533	Depreciation surcharge deferral	Oper	0	(46,532)
47	NETC	566	ATB Cut (.5%) - Public radio	Oper	0	(2,234)

General Fund Items (Continued)			Type	FY2003-04	FY2004-05	
47	NETC	900	Reduce new appropriation equal to excess reappropriation	Const	(96,964)	0
47	NETC	All	Health insurance reduction	Oper	(23,120)	(23,120)
48	Coord Comm	640	Transfer admin funds in aid program to admin. program	Oper	78,416	78,416
48	Coord Comm	640	ATB Cut (.5%) - Administration	Oper	0	(5,620)
48	Coord Comm	690	Fund shift, NE Scholarship Prog to Community Scholarship	Aid	0	(50,000)
48	Coord Comm	690	Shift aid to operations to FY04 level	Oper	0	7,000
48	Coord Comm	690	Shift aid to operations to FY04 level	Aid	0	(7,000)
48	Coord Comm	690	Transfer admin funds in aid program to admin. program	Oper	(78,416)	(78,416)
48	Coord Comm	690	ATB Cut (.5%) - Nebr Scholarship Program	Aid	0	(28,729)
48	Coord Comm	691	Fund shift, NE Scholarship Prog to Community Scholarship	Aid	0	50,000
48	Coord Comm	691	ATB Cut (.5%) - Community Scholarship Foundation	Aid	0	(250)
48	Coord Comm	All	Health insurance reduction	Oper	(5,208)	(5,208)
50	State Colleges	48	Depreciation surcharge deferral	Oper	0	(245,774)
50	State Colleges	62	ATB Cut (.5%) - Agency-wide	Oper	0	(177,917)
51	University of Nebr	515	ATB Cut (.5%) - University of Nebr.	Oper	0	(2,011,166)
51	University of Nebr	515	Depreciation surcharge deferral	Oper	0	(1,904,843)
51	University of Nebr	715	LB 917 Forest Service funding	Oper	0	300,000
51	University of Nebr	781	LB 998 Changes Nebr Hospital-Medical Liability Act	Oper	0	0
52	Fair Board	539	Nebraska State Fair premiums/expenses	Oper	0	153,104
52	Fair Board	539	Depreciation surcharge deferral	Oper		0
54	Hist Society	648	Boiler replacement (309 match)	Oper	20,600	0
54	Hist Society	648	Water main repair	Oper	4,222	0
54	Hist Society	648	ATB Cut (1.0%) - Historical Society	Oper	0	(39,109)
54	Hist Society	All	Health insurance reduction	Oper	(28,363)	(28,363)
64	State Patrol	100	Increase retirement contribution, unfunded liability (LB 514)	Oper	0	183,911
64	State Patrol	630	LB 439 Capitol Commission, transfer security to State Patrol	Oper	0	359,255
64	State Patrol	All	Health insurance reduction	Oper	(263,076)	(263,076)
65	Admin Services	49	ATB Cut (1.0%) - Departmental administration	Oper	0	(310)
65	Admin Services	101	ATB Cut (1.0%) - Chief Information Officer	Oper	0	(3,738)
65	Admin Services	169	ATB Cut (1.0%) - Washington consultant	Oper	0	(83)
65	Admin Services	171	Correct funding source, LB626A	Oper	0	(6,526)
65	Admin Services	509	ATB Cut (1.0%) - Budget administration	Oper	0	(10,641)
65	Admin Services	535	ATB Cut (1.0%) - State claims administration	Oper	0	(859)
65	Admin Services	536	State Claims	Oper	171,755	0
65	Admin Services	560	Maintenance costs, State Fair Park	Oper	196,560	0
65	Admin Services	560	LB 439 Capitol Commission, transfer security to State Patrol	Oper	0	(3,642,904)
65	Admin Services	560	Depreciation surcharge deferral	Oper	0	(28,483)
65	Admin Services	594	Property liability insurance, State Fair Board	Oper	9,492	0
65	Admin Services	594	State insurance program increases	Oper	0	170,940
65	Admin Services	605	ATB Cut (1.0%) - Personnel Division	Oper	0	(14,659)
65	Admin Services	608	ATB Cut (1.0%) - Employee Relations Division	Oper	0	(3,136)
65	Admin Services	685	LB 439 Capitol Commission, transfer security to State Patrol	Oper	0	3,283,649
65	Admin Services	All	Health insurance reduction	Oper	(42,108)	(41,001)
67	Equal Opportunity	59	Reappropriate lapsed fed funds, offset General Funds	Oper	(140,000)	0
67	Equal Opportunity	59	ATB Cut (1.0%) - Enf stds-equal employment/hous	Oper	0	(12,310)
67	Equal Opportunity	All	Health insurance reduction	Oper	(11,085)	(11,085)
68	Mexican-American	537	ATB Cut (1.0%) - Mexican American Commission	Oper	0	(1,949)
68	Mexican-American	All	Health insurance reduction	Oper	(1,049)	(1,049)
69	Arts Council	326	ATB Cut (1.0%) - Promotion/development	Oper	0	(5,088)
69	Arts Council	327	ATB Cut (1.0%) - Aid to arts programs	Aid	0	(5,421)
69	Arts Council	328	ATB Cut (1.0%) - Council on Humanities	Aid	0	(837)
69	Arts Council	All	Health insurance reduction	Oper	(4,562)	(4,562)
70	Foster Care Review	All	Health insurance reduction	Oper	(9,136)	(9,136)
72	Economic Develop	600	ATB Cut (1.0%) - Managing Mainstreet	Aid	0	(1,150)
72	Economic Develop	601	ATB Cut (1.0%) - Community Affairs	Oper	0	(2,549)
72	Economic Develop	601	ATB Cut (1.0%) - Microenterprise Development Act	Aid	0	(2,500)
72	Economic Develop	618	ATB Cut (1.0%) - Visitors Promotion cash fund	Oper	0	(884)
72	Economic Develop	All	Health insurance reduction	Oper	(20,813)	(20,813)
76	Indian Affairs	584	ATB Cut (1.0%) - Commission on Indian Affairs	Oper	0	(1,777)
76	Indian Affairs	All	Health insurance reduction	Oper	(667)	(667)
77	Industrial Relations	531	ATB Cut (1.0%) - Commission of Industrial Relat	Oper	0	(2,273)
77	Industrial Relations	All	Health insurance reduction	Oper	(2,487)	(2,487)

General Fund Items (Continued)			Type	FY2003-04	FY2004-05
78	Crime Commission	150 ATB Cut (1.0%) - Juvenile justice aid	Oper	0	(952)
78	Crime Commission	150 ATB Cut (1.0%) - Juvenile services grants	Aid	0	(5,938)
78	Crime Commission	196 ATB Cut (.5%) - Law Enforce-Indian affairs	Aid	0	(110)
78	Crime Commission	198 ATB Cut (1.0%) - Crimestoppers program	Aid	0	(136)
78	Crime Commission	198 ATB Cut (1.0%) - State & local planning	Oper	0	(4,779)
78	Crime Commission	199 Depreciation surcharge deferral	Oper	0	(199,700)
78	Crime Commission	202 ATB Cut (1.0%) - Crime victims reparations	Oper	0	(85)
78	Crime Commission	203 ATB Cut (1.0%) - Jail standards	Oper	0	(2,498)
78	Crime Commission	All Health insurance reduction	Oper	(7,317)	(7,317)
82	Deaf/Hard of Hearing	All Health insurance reduction	Oper	(5,104)	(5,104)
83	Community Colleges	151 ATB Cut (.5%) - Aid to Community Colleges	Aid	0	(210,679)
83	Community Colleges	152 ATB Cut (.5%) - Property Tax Relief / Equalization	Aid	0	(105,339)
84	Environmental Quality	513 ATB Cut (1.0%) - Administration	Oper	0	(34,794)
84	Environmental Quality	585 ATB Cut (1.0%) - Low-level radioactive waste	Oper	0	(3,095)
84	Environmental Quality	All Health insurance reduction	Oper	(14,731)	(14,731)
85	Retirement	515 Omaha Public Schools state service annuity (LB 1132)	Oper	0	522,168
85	Retirement	515 Patrol retirement	Oper	0	See #64
85	Retirement	515 School retirement	Oper	0	599,069
87	Account/Disclosure	94 ATB Cut (1.0%) - Accountability & disclosure	Oper	0	(4,048)
87	Account/Disclosure	All Health insurance reduction	Oper	(3,288)	(3,288)
93	Tax Equal/Review	115 ATB Cut (1.0%) - Tax Equalization and Review	Oper	0	(6,834)
93	Tax Equal/Review	All Health insurance reduction	Oper	(2,934)	(2,934)
96	Prop Tax/Assess	112 Fund source shift, cash shortfall	Oper	280,000	360,000
96	Prop Tax/Assess	112 LB 644 Require reports, county assessors	Oper	0	1,500
General Fund Totals			Oper	(10,188,539)	(2,294,171)
2004 Session			Aid	(43,537,118)	8,847,233
			Const	(96,964)	0
			Total	(53,822,621)	6,553,062

Cash Fund Items			Type	FY2003-04	FY2004-05	
5	Supreme Court	67	Probation Info Technology support	Oper	67,346	124,552
5	Supreme Court	570	Fund source correction-A Bill	Oper	15,000	0
5	Supreme Court	570	HHS contract refund	Oper	120,000	0
5	Supreme Court	570	Justice document number project	Oper	120,000	0
5	Supreme Court	570	Statewide Court re-wiring savings	Oper	(250,000)	0
5	Supreme Court	All	Health insurance reduction	Oper	(6,460)	(6,460)
7	Governor	All	Health insurance reduction	Oper	(2,340)	(2,340)
9	Sec of State	22	State Quarter Commission	Oper	5,000	5,000
9	Sec of State	All	Health insurance reduction	Oper	(9,665)	(9,665)
10	Auditor	All	Health insurance reduction	Oper	(2,166)	(2,166)
11	Attorney Gen	551	Children's Task Force - prosecution costs	Oper	80,000	80,000
12	Treasurer	665	Convention Center Support Fund	Aid	318,747	0
12	Treasurer	All	Health insurance reduction	Oper	(5,957)	(5,957)
13	Education	All	Health insurance reduction	Oper	(4,026)	(4,026)
14	Public Svs Com.	583	Wireless Enhanced 911 implementation (phase 1,2)	Oper	14,995	51,441
14	Public Svs Com.	686	Universal Service Fund, lifeline/linkup programs	Oper	81,966	55,040
14	Public Svs Com.	All	Health insurance reduction	Oper	(10,905)	(10,905)
16	Revenue	All	Health insurance reduction	Oper	(42,670)	(42,670)
17	Aeronautics	26	Shift airport development funds, Prog 301 to Prog 26	Oper	0	1,494,673
17	Aeronautics	301	Shift airport development funds, Prog 301 to Prog 26	Oper	0	(1,494,673)
17	Aeronautics	All	Health insurance reduction	Oper	(16,112)	(16,112)
18	Agriculture	All	Health insurance reduction	Oper	(35,646)	(35,646)
19	Banking	All	Health insurance reduction	Oper	(35,418)	(35,418)
20	HHS-Regulation	177	EMS 50 cents for Life	Oper	250,000	250,000
20	HHS-Regulation	178	LB 906 Licensure / regulation of body artists	Oper	0	38,361
20	HHS-Regulation	All	Health insurance reduction	Oper	(60,578)	(60,578)
21	Fire Marshal	193	Utilize one-time excess cash funds	Oper	964,624	0
21	Fire Marshal	All	Health insurance reduction	Oper	(26,107)	(26,107)
22	Insurance	All	Health insurance reduction	Oper	(47,161)	(47,161)
23	Labor	All	Health insurance reduction	Oper	(7,948)	(7,948)
24	Motor Vehicles	70	Reallocate funds from Insurance Database for ADA lawsuit	Oper	YES	YES
24	Motor Vehicles	70	LB 559 Electronic transfer, DMV organ/tissue donations info	Oper	0	18,400
24	Motor Vehicles	70	LB 560 Misc DMV changes	Oper	0	5,600
24	Motor Vehicles	90	LB 279 Change issuance of license plates to six years	Oper	0	768,818
24	Motor Vehicles	All	Health insurance reduction	Oper	(98,239)	(98,239)
25	HHS-Services	30	Additional funding for tobacco prevention.	Oper	0	2,500,000
25	HHS-Services	39	Children's Task Force recommendations	Oper	2,080,725	5,138,585
25	HHS-Services	421	LB 841 ICF/MR Reimbursement Protection Act	Oper	0	984,000
25	HHS-Services	All	Health insurance reduction	Oper	(1,023)	(413)
26	HHS-Finance	38	Mental Health Reform, emergency protective custody	Aid	0	2,500,000
26	HHS-Finance	38	Mental Health Reform, transition (Health Care Cash)	Aid	1,328,190	4,671,810
26	HHS-Finance	341	HIPAA spending authority	Oper	9,143,538	0
26	HHS-Finance	341	LB 841 ICF/MR Reimbursement Protection Act	Oper	0	55,000
26	HHS-Finance	344	Transfer-Medicaid to CHIP	Aid	(2,137,491)	0
26	HHS-Finance	348	LB 841 ICF/MR Reimbursement Protection Act	Aid	0	1,692,000
26	HHS-Finance	424	LB 841 ICF/MR Reimbursement Protection Act	Aid	0	312,000
26	HHS-Finance	514	Emergency Medical Services, fund source change	Aid	0	80,000
26	HHS-Finance	514	Newborn screening	Aid	250,000	250,000
26	HHS-Finance	All	Health insurance reduction	Oper	(938)	(938)
27	Roads	305	LB 1144 Shift public transportation assistance to cash	Aid	0	524,088
27	Roads	All	Health insurance reduction	Oper	(856,273)	(856,273)
29	Natural Resources	310	LB 962 Water Policy Task Force recommendations	Oper	0	1,000,000
30	Electrical Board	197	Catastrophic leave payout	Oper	57,381	0
30	Electrical Board	197	LB 914 Changes, journeyman electricians and installations	Oper	0	7,600
30	Electrical Board	All	Health insurance reduction	Oper	(12,014)	(12,014)

Cash Fund Items (Continued)				Type	FY2003-04	FY2004-05
31	Military Dept	All	Health insurance reduction	Oper	(2,625)	(2,625)
32	Ed Lands & Funds	All	Health insurance reduction	Oper	(2,007)	(2,007)
33	Game & Parks	162	Relocate Environ Trust to Ferguson House	Oper	16,300	26,510
33	Game & Parks	All	Health insurance reduction	Oper	(129,875)	(129,875)
36	Racing Commission	All	Health insurance reduction	Oper	(2,376)	(2,376)
37	Workers Compensation	All	Health insurance reduction	Oper	(26,301)	(26,301)
39	Brand Committee	All	Health insurance reduction	Oper	(32,377)	(32,377)
40	Motor Vehicles Dealers	All	Health insurance reduction	Oper	(2,297)	(2,297)
41	Real Estate Comm	All	Health insurance reduction	Oper	(6,068)	(6,068)
45	Barber Examiners	All	Health insurance reduction	Oper	(1,124)	(1,124)
46	Corrections	200	Utilize One-time Excess Cash Funds	Oper	1,300,819	0
47	NETC	566	Increase in Assoc Press fees	Oper	11,786	11,786
47	NETC	All	Health insurance reduction	Oper	(430)	(430)
51	University of Nebr	900	Research Center of Excellence II - Bioterrorism Laboratories	Const	0	2,000,000
53	Real Estate Appraisers	All	Health insurance reduction	Oper	(454)	(454)
54	Historical Society	All	Health insurance reduction	Oper	(15,462)	(15,462)
56	Nebr Wheat Board	All	Health insurance reduction	Oper	(2,295)	(2,295)
57	Oil & Gas Commission	All	Health insurance reduction	Oper	(2,793)	(2,793)
58	Engineers/Architects	82	LB 599 Misc changes and fees, engineers and architects	Oper	0	79,150
58	Engineers/Architects	All	Health insurance reduction	Oper	(2,120)	(2,120)
60	Ethanol Board	All	Health insurance reduction	Oper	(2,021)	(2,021)
63	Public Accountancy	All	Health insurance reduction	Oper	(2,310)	(2,310)
64	State Patrol	100	Adjust base for one-time cash fund transfer	Oper	414,000	(414,000)
64	State Patrol	100	AFIS maintenance agreements	Oper	0	100,000
64	State Patrol	100	Criminal history data storage	Oper	20,000	0
64	State Patrol	100	Criminal history file platform conversion	Oper	515,387	0
64	State Patrol	100	Criminal history maintenance agreements	Oper	0	110,000
64	State Patrol	250	Increase retirement contribution, unfunded liability (LB 514)	Oper	0	33,190
64	State Patrol	325	Operational improvement-Air Wing	Oper	450,000	426,033
64	State Patrol	325	Operational improvement-Crime Lab	Oper	227,500	0
64	State Patrol	325	Operational improvement-Field Operations	Oper	501,175	0
64	State Patrol	325	Operational improvement-Information Technology Division	Oper	373,000	0
64	State Patrol	325	Operational improvement-Shop Maintenance / Facility Security	Oper	68,847	0
64	State Patrol	325	LB 139 Change provisions relating to the State DNA Data base	Oper	0	0
64	State Patrol	630	LB 439 Capitol Commission, transfer security to State Patrol	Oper	0	697,764
64	State Patrol	685	LB 439 Capitol Commission, transfer security to State Patrol	Oper	0	17,250
64	State Patrol	All	Health insurance reduction	Oper	(40,130)	(40,130)
65	Admin Services	536	State Claims Oper	4,995,893	0	
65	Admin Services	573	Vacation/sick leave payout, retired employee	Oper	21,109	0
65	Admin Services	All	Health insurance reduction	Oper	(7,651)	(7,651)
72	Econ Development	601	Mental health housing	Aid	0	1,000,000
72	Econ Development	All	Health insurance reduction	Oper	(8,458)	(8,458)
74	Power Review Board	All	Health insurance reduction	Oper	(2,355)	(2,355)
75	Investment Council	All	Health insurance reduction	Oper	(4,123)	(4,123)
78	Crime Commission	All	Health insurance reduction	Oper	(6,474)	(6,474)
81	VisuallyImpaired	357	Cash fund authority, services for out-of-state client	Oper	21,600	0
84	Environ Quality	513	LB 449 Application fee, air quality construction permits.	Oper	0	82,560
84	Environ Quality	513	LB 916 Livestock waste management provisions and fees	Oper	0	23,000
84	Environ Quality	All	Health insurance reduction	Oper	(51,832)	(51,832)
85	Retirement Board	41	LB 1097 Misc retirement changes, OPS service annuity	Oper	0	115,000
85	Retirement Board	42	LB 1097 Misc retirement changes, OPS service annuity	Oper	0	4,593
85	Retirement Board	All	Health insurance reduction	Oper	(23,249)	(23,249)

Cash Fund Items (Continued)			Type	FY2003-04	FY2004-05
87	Account/Disclosure	All Health insurance reduction	Oper	(413)	(413)
88	Nebr Corn Board	All Health insurance reduction	Oper	(3,422)	(3,422)
92	Grain Sorghum Brd	All Health insurance reduction	Oper	(943)	(943)
93	Tax Equal/Review	115 Additional cash fund authority to offset health/ATB cuts	Oper	20,000	0
93	Tax Equal/Review	All Health insurance reduction	Oper	(140)	(140)
94	Public Advocacy	425 Additional travel costs	Oper	0	18,000
94	Public Advocacy	425 Psychological services	Oper	0	8,000
94	Public Advocacy	455 Lapse, DNA testing GF reappropriation, shift to cash	Oper	154,500	0
94	Public Advocacy	All Health insurance reduction	Oper	(4,287)	(4,287)
96	Prop Tax/Assess	112 Fund source shift, cash shortfall	Oper	(787,539)	(617,936)
Cash Fund Totals			Oper	19,406,894	12,139,849
2004 Session			Aid	(240,554)	9,025,898
			Const	0	2,000,000
			Total	19,166,340	23,165,747

Federal Fund Items			Type	FY2003-04	FY2004-05
7	Governor	All Health insurance reduction	Oper	(6,095)	(6,095)
12	Treasurer	All Health insurance reduction	Oper	(14,568)	(14,568)
13	Education	351 Voc Rehab, match available fed funds	Oper	931,000	830,000
13	Education	All Health insurance reduction	Oper	(187,122)	(187,122)
18	Agriculture	All Health insurance reduction	Oper	(5,886)	(5,886)
20	HHS-Regulation	All Health insurance reduction	Oper	(55,117)	(55,117)
21	Fire Marshal	All Health insurance reduction	Oper	(563)	(563)
23	Labor	31 Expand UI re-employment service program	Oper	0	152,336
23	Labor	31 New UI building/grounds	Oper	0	1,750,000
23	Labor	31 Reed Act, building safety/efficiency	Oper	0	950,000
23	Labor	31 Reed Act, enhance job link system	Oper	0	100,000
23	Labor	31 Reed Act, imaging system	Oper	0	60,000
23	Labor	31 Reed Act, UI printer	Oper	0	360,000
23	Labor	31 Remainder of Reed Act funds	Oper	0	23,693,602
23	Labor	31 UI infrastructure costs	Oper	0	533,578
23	Labor	All Health insurance reduction	Oper	(158,967)	(158,967)
24	Motor Vehicles	All Health insurance reduction	Oper	(3,332)	(3,332)
25	HHS-Services	33 Staff reallocations to #26-341	Oper	(19,457)	(19,457)
25	HHS-Services	39 Children's Task Force recommendations	Oper	416,244	1,029,507
25	HHS-Services	365 Fed fiscal assist-Medicaid match rate change-Regional Centers	Oper	126,081	0
25	HHS-Services	421 Fed fiscal assist-Medicaid match rate change-BSDC	Oper	1,081,829	0
25	HHS-Services	421 LB 841 ICF/MR Reimbursement Protection Act	Oper	0	1,476,000
25	HHS-Services	All Health insurance reduction	Oper	(615,888)	(615,888)
26	HHS-Finance	38 Fed fiscal assist-Medicaid match rate change-Behavioral Health	Aid	369,720	0
26	HHS-Finance	38 Mental Health Reform, transition (Health Care Cash)	Aid	0	1,845,240
26	HHS-Finance	341 Staff reallocations from #25-33	Oper	19,457	19,457
26	HHS-Finance	344 Transfer-Medicaid to CHIP	Aid	19,860,000	21,846,000
26	HHS-Finance	347 TANF bonus funds to offset General Funds	Aid	7,400,000	2,000,000
26	HHS-Finance	348 Enhanced treatment group home services, fed funds offset GF	Aid	4,200,000	4,200,000
26	HHS-Finance	348 Fed fiscal assistance-Medicaid match rate change-Medicaid	Aid	37,690,903	0
26	HHS-Finance	348 One yr restoration, medically needy caretaker (KAI lawsuit)	Aid	10,300,000	1,700,000
26	HHS-Finance	348 Transfer-Medicaid to CHIP	Aid	(19,860,000)	(21,846,000)
26	HHS-Finance	348 LB 841 ICF/MR Reimbursement Protection Act	Aid	0	2,899,000
26	HHS-Finance	424 Fed fiscal assistance-Medicaid match rate-Develop Disabilites	Aid	3,885,106	0
26	HHS-Finance	All Health insurance reduction	Oper	(177,205)	(177,205)
31	Military Dept	900 Change intent, federal funds, Joint Operations Center	Const	(1,000,000)	0
31	Military Dept	All Health insurance reduction	Oper	(22,786)	(22,786)
46	Corrections	All Health insurance reduction	Oper	(42,768)	(42,768)
51	University of Nebr	900 Research Center of Excellence II - Bioterrorism Laboratories	Const	0	2,000,000
54	Historical Society	All Health insurance reduction	Oper	(2,091)	(2,091)
57	Oil & Gas Comm	All Health insurance reduction	Oper	(572)	(572)
67	Equal Opportunity	59 Reappropriate lapsed fed funds, offset General Funds	Oper	140,000	0
67	Equal Opportunity	59 Technical change, offset fo fund source changes	Oper	(256,000)	(256,000)
67	Equal Opportunity	All Health insurance reduction	Oper	(10,868)	(10,868)
70	Foster Care Review	All Health insurance reduction	Oper	(3,915)	(3,915)
72	Econ Development	All Health insurance reduction	Oper	(11,364)	(11,364)
78	Crime Commission	All Health insurance reduction	Oper	(2,588)	(2,588)
84	Environ Quality	513 Superfund pre-remedial activities	Oper	0	145,000
84	Environ Quality	All Health insurance reduction	Oper	(43,149)	(43,149)
Federa Fund Totals			Oper	1,074,310	32,358,179
2004 Session			Aid	63,845,729	9,745,240
			Const	(1,000,000)	2,000,000
			Total	63,920,039	44,103,419

Revolving Fund Items			Type	FY2003-04	FY2004-05
9	Sec of State	All Health insurance reduction	Oper	(5,486)	(5,486)
11	Attorney General	507 Increased revolving fund authority	Oper	20,000	20,000
11	Attorney General	507 Increased revolving fund authority, additional HHS attorney	Oper	28,750	115,000
11	Attorney General	507 LB 1084 Change/expand the False Medicaid Claims Act	Oper	0	630,000
13	Education	25 Revolving fund authority, flexibility for shifting shifts	Oper	0	500,000
13	Education	All Health insurance reduction	Oper	(2,795)	(2,795)
16	Revenue	All Health insurance reduction	Oper	(47)	(47)
18	Agriculture	All Health insurance reduction	Oper	(2,644)	(2,644)
46	Corrections	725 Depreciation surcharge deferral	Oper	(52,955)	(52,955)
46	Corrections	All Health insurance reduction	Oper	(35,716)	(35,716)
64	State Patrol	560 LB 439 Capitol Commission, transfer security to State Patrol	Oper	0	(694,487)
65	Admin Services	171 Correct funding source, LB626A	Oper	0	6,526
65	Admin Services	536 State Claims	Oper	27,858	0
65	Admin Services	567 Employee reclassification costs	Oper	0	52,000
65	Admin Services	567 Hardware, software, employee retirements	Oper	180,000	0
65	Admin Services	900 Renovations/improvements, Ferguson House	Const	58,623	19,000
65	Admin Services	All Health insurance reduction	Oper	(245,678)	(246,785)
Revolving Fund Totals			Oper	(88,713)	282,611
2004 Session			Aid	0	0
			Const	58,623	19,000
			Total	(30,090)	301,611

Appendix B General Fund Appropriations by Agency

		FY2000-01 w/o deficits	FY2001-02 w/o deficits	FY2002-03 w/o deficits	FY2003-04			FY2004-05			
					Per 2003 Sess.	2004 Change	Revised Total	Per 2003 Sess	2004 change	Revised Total	
#03	Legislative Council	Oper	14,614,449	14,434,174	14,410,432	13,736,743	(110,393)	13,626,350	14,340,434	(110,393)	14,230,041
#03	Legislative Council	Total	14,614,449	14,434,174	14,410,432	13,736,743	(110,393)	13,626,350	14,340,434	(110,393)	14,230,041
#05	Supreme Court	Aid	270,000	259,200	248,400	0	0	0	248,400	0	248,400
#05	Supreme Court	Oper	49,960,972	53,981,584	54,389,576	54,950,666	(405,650)	54,545,016	55,748,194	(355,384)	55,392,810
#05	Supreme Court	Total	50,230,972	54,240,784	54,637,976	54,950,666	(405,650)	54,545,016	55,996,594	(355,384)	55,641,210
#07	Governor	Oper	1,437,673	1,414,611	1,426,521	1,365,432	(10,734)	1,354,698	1,424,786	(23,871)	1,400,915
#07	Governor	Total	1,437,673	1,414,611	1,426,521	1,365,432	(10,734)	1,354,698	1,424,786	(23,871)	1,400,915
#08	Lt. Governor	Oper	101,865	102,264	110,317	116,429	(1,149)	115,280	118,813	(1,509)	117,304
#08	Lt. Governor	Total	101,865	102,264	110,317	116,429	(1,149)	115,280	118,813	(1,509)	117,304
#09	Secretary of State	Oper	725,132	740,060	730,017	707,468	(4,932)	702,536	724,013	(11,341)	712,672
#09	Secretary of State	Total	725,132	740,060	730,017	707,468	(4,932)	702,536	724,013	(11,341)	712,672
#10	State Auditor	Oper	2,004,990	2,066,501	2,052,929	1,912,061	(13,520)	1,898,541	1,977,857	(32,482)	1,945,375
#10	State Auditor	Total	2,004,990	2,066,501	2,052,929	1,912,061	(13,520)	1,898,541	1,977,857	(32,482)	1,945,375
#11	Attorney General	Oper	3,588,227	3,850,978	3,847,650	5,081,842	468,610	5,550,452	5,216,695	1,073,710	6,290,405
#11	Attorney General	Total	3,588,227	3,850,978	3,847,650	5,081,842	468,610	5,550,452	5,216,695	1,073,710	6,290,405
#12	State Treasurer	Aid	27,226,446	26,137,388	20,419,834	17,857,850	0	17,857,850	17,857,850	(89,289)	17,768,561
#12	State Treasurer	Oper	1,838,380	2,204,844	2,199,164	1,556,421	(7,837)	1,548,584	1,577,486	(22,833)	1,554,653
#12	State Treasurer	Total	29,064,826	28,342,232	22,618,998	19,414,271	(7,837)	19,406,434	19,435,336	(112,122)	19,323,214
#13	Education	Aid	711,342,487	799,418,171	814,805,335	797,715,678	(578,113)	797,137,565	787,161,405	10,805,605	797,967,010
#13	Education	Oper	15,126,998	15,078,575	14,637,493	13,843,871	185,137	14,029,008	14,099,740	67,363	14,167,103
#13	Education	Total	726,469,485	814,496,746	829,442,828	811,559,549	(392,976)	811,166,573	801,261,145	10,872,968	812,134,113
#14	Public Service Comm	Oper	2,372,247	2,307,360	2,209,621	2,200,021	(19,773)	2,180,248	2,222,995	(38,709)	2,184,286
#14	Public Service Comm	Total	2,372,247	2,307,360	2,209,621	2,200,021	(19,773)	2,180,248	2,222,995	(38,709)	2,184,286
#15	Parole Board	Oper	629,387	647,956	667,041	686,964	(6,804)	680,160	707,739	(9,784)	697,955
#15	Parole Board	Total	629,387	647,956	667,041	686,964	(6,804)	680,160	707,739	(9,784)	697,955
#16	Revenue	Aid	44,620,467	42,007,165	42,385,374	43,000,000	3,620,000	46,620,000	45,200,000	3,638,100	48,838,100
#16	Revenue	Oper	19,803,682	20,141,597	20,403,047	20,590,698	(142,929)	20,447,769	21,059,960	(73,291)	20,986,669
#16	Revenue	Total	64,424,149	62,148,762	62,788,421	63,590,698	3,477,071	67,067,769	66,259,960	3,564,809	69,824,769
#17	Aeronautics	Aid	35,000	0	0	0	0	0	0	0	0
#17	Aeronautics	Total	35,000	0	0	0	0	0	0	0	0
#18	Agriculture	Aid	1,000,000	960,000	0	0	0	0	0	0	0
#18	Agriculture	Oper	6,258,263	6,072,535	5,764,581	5,353,386	(40,872)	5,312,514	5,512,922	(25,872)	5,487,050
#18	Agriculture	Total	7,258,263	7,032,535	5,764,581	5,353,386	(40,872)	5,312,514	5,512,922	(25,872)	5,487,050

			FY2000-01	FY2001-02	FY2002-03	FY2003-04			FY2004-05		
			w/o deficits	w/o deficits	w/o deficits	Per 2003 Sess.	2004 Change	Revised Total	Per 2003 Sess	2004 change	Revised Total
#20	HHS-Regulation	Oper	6,807,370	5,882,302	5,837,411	5,616,092	(25,720)	5,590,372	5,725,085	(65,971)	5,659,114
#20	HHS-Regulation	Total	6,807,370	5,882,302	5,837,411	5,616,092	(25,720)	5,590,372	5,725,085	(65,971)	5,659,114
#21	Fire Marshal	Oper	1,199,520	937,395	640,720	2,435,418	(974,914)	1,460,504	3,380,478	(10,290)	3,370,188
#21	Fire Marshal	Total	1,199,520	937,395	640,720	2,435,418	(974,914)	1,460,504	3,380,478	(10,290)	3,370,188
#23	Labor	Oper	620,758	559,784	559,784	522,453	(2,370)	520,083	535,195	(7,722)	527,473
#23	Labor	Total	620,758	559,784	559,784	522,453	(2,370)	520,083	535,195	(7,722)	527,473
#25	HHS-Services	Aid	185,000	0	0	0	0	0	0	0	0
#25	HHS-Services	Oper	133,405,115	144,698,452	150,409,283	156,086,675	(2,702,662)	153,384,013	160,844,870	(1,899,370)	158,945,500
#25	HHS-Services	Total	133,590,115	144,698,452	150,409,283	156,086,675	(2,702,662)	153,384,013	160,844,870	(1,899,370)	158,945,500
#26	HHS-Finance	Aid	580,129,615	630,223,509	634,816,734	694,012,477	(46,579,005)	647,433,472	779,196,371	(5,120,776)	774,075,595
#26	HHS-Finance	Oper	28,511,686	35,865,506	33,560,736	33,412,825	(63,977)	33,348,848	33,732,221	(400,159)	33,332,062
#26	HHS-Finance	Total	608,641,301	666,089,015	668,377,470	727,425,302	(46,642,982)	680,782,320	812,928,592	(5,520,935)	807,407,657
#27	Roads	Aid	596,000	764,160	582,320	524,088	0	524,088	524,088	(524,088)	0
#27	Roads	Oper	0	24,000	18,400	16,560	0	16,560	16,560	(166)	16,394
#27	Roads	Total	596,000	788,160	600,720	540,648	0	540,648	540,648	(524,254)	16,394
#28	Veterans Affairs	Oper	639,553	632,377	632,377	709,242	(6,930)	702,312	732,585	(8,656)	723,929
#28	Veterans Affairs	Total	639,553	632,377	632,377	709,242	(6,930)	702,312	732,585	(8,656)	723,929
#29	Natural Resources	Aid	6,324,147	7,895,181	6,346,010	6,346,010	0	6,346,010	6,346,010	(45,428)	6,300,582
#29	Natural Resources	Oper	11,207,131	10,474,073	7,613,048	7,777,148	(42,537)	7,734,611	6,940,529	1,406,258	8,346,787
#29	Natural Resources	Total	17,531,278	18,369,254	13,959,058	14,123,158	(42,537)	14,080,621	13,286,539	1,360,830	14,647,369
#31	Military Dept	Aid	1,400,000	594,622	828,000	828,000	0	828,000	828,000	0	828,000
#31	Military Dept	Oper	3,027,882	3,065,336	3,152,719	3,223,484	(11,655)	3,211,829	3,283,523	(11,655)	3,271,868
#31	Military Dept	Total	4,427,882	3,659,958	3,980,719	4,051,484	(11,655)	4,039,829	4,111,523	(11,655)	4,099,868
#32	Ed Lands & Funds	Oper	396,455	404,888	392,292	394,298	(3,573)	390,725	407,776	(7,651)	400,125
#32	Ed Lands & Funds	Total	396,455	404,888	392,292	394,298	(3,573)	390,725	407,776	(7,651)	400,125
#33	Game & Parks	Aid	25,000	48,000	46,000	41,400	0	41,400	41,400	(414)	40,986
#33	Game & Parks	Oper	9,853,307	10,068,854	9,689,372	8,868,003	(23,411)	8,844,592	9,082,805	(114,239)	8,968,566
#33	Game & Parks	Total	9,878,307	10,116,854	9,735,372	8,909,403	(23,411)	8,885,992	9,124,205	(114,653)	9,009,552
#34	Library Commission	Aid	1,412,254	1,439,716	1,392,152	1,252,937	0	1,252,937	1,252,937	(6,265)	1,246,672
#34	Library Commission	Oper	2,209,512	2,218,308	2,213,621	2,154,776	(17,900)	2,136,876	2,222,995	(40,130)	2,182,865
#34	Library Commission	Total	3,621,766	3,658,024	3,605,773	3,407,713	(17,900)	3,389,813	3,475,932	(46,395)	3,429,537
#35	Liquor Control	Oper	748,526	771,432	749,132	760,951	22,023	782,974	782,222	127,276	909,498
#35	Liquor Control	Total	748,526	771,432	749,132	760,951	22,023	782,974	782,222	127,276	909,498
#38	Status of Women	Oper	195,518	196,298	195,908	15,000	0	15,000	0	0	0
#38	Status of Women	Total	195,518	196,298	195,908	15,000	0	15,000	0	0	0

			FY2000-01	FY2001-02	FY2002-03	FY2003-04			FY2004-05		
			w/o deficits	w/o deficits	w/o deficits	Per 2003 Sess.	2004 Change	Revised Total	Per 2003 Sess.	2004 change	Revised Total
#46	Correctional Services	Aid	6,800,000	4,080,000	3,910,000	3,519,000	0	3,519,000	3,519,000	(17,595)	3,501,405
#46	Correctional Services	Oper	90,592,253	108,056,932	117,101,371	130,914,594	(6,321,648)	124,592,946	130,287,791	1,851,387	132,139,178
#46	Correctional Services	Total	97,392,253	112,136,932	121,011,371	134,433,594	(6,321,648)	128,111,946	133,806,791	1,833,792	135,640,583
#47	NETC	Oper	7,937,294	8,156,840	8,412,140	8,482,093	(23,120)	8,458,973	8,790,909	(113,607)	8,677,302
#47	NETC	Total	7,937,294	8,156,840	8,412,140	8,482,093	(23,120)	8,458,973	8,790,909	(113,607)	8,677,302
#48	Coordinating Comm	Aid	5,674,026	6,949,026	5,874,210	5,795,794	0	5,795,794	5,802,794	(35,979)	5,766,815
#48	Coordinating Comm	Oper	1,041,554	1,045,312	950,579	1,100,107	(5,208)	1,094,899	1,117,082	(3,828)	1,113,254
#48	Coordinating Comm	Total	6,715,580	7,994,338	6,824,789	6,895,901	(5,208)	6,890,693	6,919,876	(39,807)	6,880,069
#50	State Colleges	Oper	32,912,178	35,541,402	36,257,396	34,416,556	0	34,416,556	35,583,490	(423,691)	35,159,799
#50	State Colleges	Total	32,912,178	35,541,402	36,257,396	34,416,556	0	34,416,556	35,583,490	(423,691)	35,159,799
#51	University of Nebraska	Oper	390,848,505	407,357,662	412,450,196	393,119,402	0	393,119,402	402,233,114	(3,616,009)	398,617,105
#51	University of Nebraska	Total	390,848,505	407,357,662	412,450,196	393,119,402	0	393,119,402	402,233,114	(3,616,009)	398,617,105
#52	State Fair Board	Oper	243,967	306,208	0	0	0	0	0	153,104	153,104
#52	State Fair Board	Total	243,967	306,208	0	0	0	0	0	153,104	153,104
#54	Historical Society	Oper	4,014,299	4,095,059	4,059,501	3,808,651	(3,541)	3,805,110	3,910,946	(67,472)	3,843,474
#54	Historical Society	Total	4,014,299	4,095,059	4,059,501	3,808,651	(3,541)	3,805,110	3,910,946	(67,472)	3,843,474
#64	State Patrol	Oper	34,045,307	38,152,179	39,266,782	39,648,855	(263,076)	39,385,779	41,259,860	280,090	41,539,950
#64	State Patrol	Total	34,045,307	38,152,179	39,266,782	39,648,855	(263,076)	39,385,779	41,259,860	280,090	41,539,950
#65	Admin Services (DAS)	Aid	200,000	0	0	0	0	0	0	0	0
#65	Admin Services (DAS)	Oper	10,269,454	9,662,459	9,088,478	8,446,876	335,699	8,782,575	8,586,057	(297,751)	8,288,306
#65	Admin Services (DAS)	Total	10,469,454	9,662,459	9,088,478	8,446,876	335,699	8,782,575	8,586,057	(297,751)	8,288,306
#67	Equal Opportunity	Oper	1,359,717	579,018	993,342	1,195,866	(151,085)	1,044,781	1,231,034	(23,395)	1,207,639
#67	Equal Opportunity	Total	1,359,717	579,018	993,342	1,195,866	(151,085)	1,044,781	1,231,034	(23,395)	1,207,639
#68	Mexican-American	Oper	172,236	206,413	206,413	191,685	(1,049)	190,636	194,896	(2,998)	191,898
#68	Mexican-American	Total	172,236	206,413	206,413	191,685	(1,049)	190,636	194,896	(2,998)	191,898
#69	Arts Council	Aid	927,013	905,993	695,259	625,775	0	625,775	625,775	(6,258)	619,517
#69	Arts Council	Oper	527,713	534,563	534,563	492,864	(4,562)	488,302	508,830	(9,650)	499,180
#69	Arts Council	Total	1,454,726	1,440,556	1,229,822	1,118,639	(4,562)	1,114,077	1,134,605	(15,908)	1,118,697
#70	Foster Care Review	Oper	1,145,465	1,165,061	1,134,558	1,062,977	(9,136)	1,053,841	1,097,082	(9,136)	1,087,946
#70	Foster Care Review	Total	1,145,465	1,165,061	1,134,558	1,062,977	(9,136)	1,053,841	1,097,082	(9,136)	1,087,946
#72	Economic Development	Aid	2,130,305	1,350,305	965,305	365,000	0	365,000	365,000	(3,650)	361,350
#72	Economic Development	Oper	4,038,389	3,778,730	3,879,056	3,574,543	(20,813)	3,553,730	3,653,355	(24,246)	3,629,109
#72	Economic Development	Total	6,168,694	5,129,035	4,844,361	3,939,543	(20,813)	3,918,730	4,018,355	(27,896)	3,990,459
#76	Indian Commission	Oper	177,418	188,252	185,802	173,817	(667)	173,150	177,734	(2,444)	175,290
#76	Indian Commission	Total	177,418	188,252	185,802	173,817	(667)	173,150	177,734	(2,444)	175,290
#77	Industrial Relations	Oper	231,938	237,886	234,715	213,185	(2,487)	210,698	227,297	(4,760)	222,537
#77	Industrial Relations	Total	231,938	237,886	234,715	213,185	(2,487)	210,698	227,297	(4,760)	222,537

		FY2000-01 w/o deficits	FY2001-02 w/o deficits	FY2002-03 w/o deficits	FY2003-04			FY2004-05			
					Per 2003 Sess.	2004 Change	Revised Total	Per 2003 Sess	2004 change	Revised Total	
#78	Crime Commission	Aid	1,164,586	1,138,296	882,562	701,982	0	701,982	701,982	(6,184)	695,798
#78	Crime Commission	Oper	2,193,877	2,541,041	2,334,486	2,375,544	(7,317)	2,368,227	2,373,828	(215,331)	2,158,497
#78	Crime Commission	Total	3,358,463	3,679,337	3,217,048	3,077,526	(7,317)	3,070,209	3,075,810	(221,515)	2,854,295
#81	Blind & Visually Impaired	Aid	104,147	156,646	167,005	156,769	0	156,769	149,261	0	149,261
#81	Blind & Visually Impaired	Oper	362,169	380,636	370,277	374,770	0	374,770	381,807	0	381,807
#81	Blind & Visually Impaired	Total	466,316	537,282	537,282	531,539	0	531,539	531,068	0	531,068
#82	Deaf & Hard of Hearing	Oper	638,524	700,186	700,186	678,308	(5,104)	673,204	696,008	(5,104)	690,904
#82	Deaf & Hard of Hearing	Total	638,524	700,186	700,186	678,308	(5,104)	673,204	696,008	(5,104)	690,904
#83	Community Colleges	Aid	92,387,138	65,487,424	65,158,738	62,376,556	0	62,376,556	63,203,664	(316,018)	62,887,646
#83	Community Colleges	Total	92,387,138	65,487,424	65,158,738	62,376,556	0	62,376,556	63,203,664	(316,018)	62,887,646
#84	Environmental Quality	Aid	126,000	120,959	0	0	0	0	0	0	0
#84	Environmental Quality	Oper	7,664,716	6,495,780	6,591,653	4,385,369	(14,731)	4,370,638	3,788,872	(52,620)	3,736,252
#84	Environmental Quality	Total	7,790,716	6,616,739	6,591,653	4,385,369	(14,731)	4,370,638	3,788,872	(52,620)	3,736,252
#85	Retirement Board	Oper	14,523,142	14,872,630	15,389,214	15,927,474	0	15,927,474	15,927,474	1,121,237	17,048,711
#85	Retirement Board	Total	14,523,142	14,872,630	15,389,214	15,927,474	0	15,927,474	15,927,474	1,121,237	17,048,711
#87	Account/Disclosure	Oper	421,875	425,566	422,526	393,341	(3,288)	390,053	404,769	(7,336)	397,433
#87	Account/Disclosure	Total	421,875	425,566	422,526	393,341	(3,288)	390,053	404,769	(7,336)	397,433
#90	Railway Council	Oper	6,651	6,385	3,029	2,726	0	2,726	2,726	0	2,726
#90	Railway Council	Total	6,651	6,385	3,029	2,726	0	2,726	2,726	0	2,726
#93	Tax Equal/Review Comm	Oper	575,252	685,956	714,945	667,668	(2,934)	664,734	683,389	(9,768)	673,621
#93	Tax Equal/Review Comm	Total	575,252	685,956	714,945	667,668	(2,934)	664,734	683,389	(9,768)	673,621
#94	Public Advocacy	Aid	0	424,800	0	0	0	0	0	0	0
#94	Public Advocacy	Oper	485,978	655,147	684,610	0	0	0	0	0	0
#94	Public Advocacy	Total	485,978	1,079,947	684,610	0	0	0	0	0	0
#95	Rural Develop Comm	Oper	355,792	350,693	0	0	0	0	0	0	0
#95	Rural Develop Comm	Total	355,792	350,693	0	0	0	0	0	0	0
#96	Property Assess/Tax	Oper	4,192,483	4,185,883	3,249,734	3,913,063	280,000	4,193,063	4,023,435	361,500	4,384,935
#96	Property Assess/Tax	Total	4,192,483	4,185,883	3,249,734	3,913,063	280,000	4,193,063	4,023,435	361,500	4,384,935
Construction-Total		Total	46,446,858	27,384,852	18,044,257	20,515,031	(96,964)	20,418,067	19,046,316	0	19,046,316
OPERATIONS			928,262,744	989,205,923	1,003,728,744	999,655,261	(10,188,539)	989,466,722	1,019,560,263	(1,718,699)	1,017,841,564
STATE AID			1,484,079,631	1,590,360,561	1,599,523,238	1,635,119,316	(43,537,118)	1,591,582,198	1,713,023,937	8,271,761	1,721,295,698
CONSTRUCTION			46,446,858	27,384,852	18,044,257	20,515,031	(96,964)	20,418,067	19,046,316	0	19,046,316
TOTAL GENERAL FUNDS			2,458,789,233	2,606,951,336	2,621,296,239	2,655,289,608	(53,822,621)	2,601,466,987	2,751,630,516	6,553,062	2,758,183,578

Appendix C

General Fund Appropriations by State Aid Program

Agency	Aid Program	FY2000-01 w/o Deficits	FY2001-02 w/o Deficits	FY2002-03 w/o Deficits	FY2003-04			FY2004-05		
					Per 2003 Sess	2004 Change	Revised Total	Per 2003 Sess	2004 changes	Revised Total
Courts	Dispute resolution	270,000	259,200	248,400	0	0	0	248,400	0	248,400
Treasurer	Aid to NRD's	2,301,138	2,209,092	1,725,853	1,553,268	0	1,553,268	1,553,268	(7,766)	1,545,502
Treasurer	Aid to Cities	17,531,500	16,830,240	13,148,625	11,313,762	0	11,313,762	11,313,762	(56,569)	11,257,193
Treasurer	Aid to Counties	7,393,808	7,098,056	5,545,356	4,990,820	0	4,990,820	4,990,820	(24,954)	4,965,866
Education	State Aid to Education (TEEOSA)	552,343,705	631,828,496	647,477,820	625,915,582	(578,113)	625,337,469	607,697,160	10,871,597	618,568,757
Education	Special Education	139,204,597	146,164,827	146,164,827	153,473,068	0	153,473,068	161,146,721	0	161,146,721
Education	Aid to ESU's	12,775,000	13,094,375	12,347,996	10,618,003	0	10,618,003	10,618,003	(53,090)	10,564,913
Education	High ability learner programs	3,151,875	3,331,221	2,864,377	2,348,664	0	2,348,664	2,348,664	(11,743)	2,336,921
Education	Early Childhood program	560,000	1,497,600	2,330,200	2,097,180	0	2,097,180	2,097,180	0	2,097,180
Education	School Lunch	492,500	472,800	467,875	421,087	0	421,087	421,087	0	421,087
Education	Textbook loan program	349,225	407,256	390,287	351,259	0	351,259	351,259	0	351,259
Education	School Breakfast reimbursement	232,390	304,694	301,520	271,378	0	271,378	271,378	0	271,378
Education	Adult Education	201,884	241,809	231,733	231,733	0	231,733	231,733	(1,159)	230,574
Education	Option Enrollment	172,200	189,312	0	0	0	0	0	0	0
Education	Economic education program	0	27,500	20,300	0	0	0	0	0	0
Education	School reorganization (LB1050)	20,000	19,200	18,400	0	0	0	0	0	0
Education	Teacher certification reimbursement	750	720	0	0	0	0	0	0	0
Education	Vocational Rehabilitation	1,838,361	1,838,361	2,190,000	1,987,724	0	1,987,724	1,978,220	0	1,978,220
Revenue	County Property Tax Relief	6,007,165	6,007,165	4,505,374	0	0	0	0	0	0
Revenue	Homestead Exemption	38,613,302	36,000,000	37,880,000	43,000,000	3,620,000	46,620,000	45,200,000	3,638,100	48,838,100
Aeronautics	Civil Air Patrol	35,000	0	0	0	0	0	0	0	0
Agriculture	Ag Opportunities/Value-Added grants	1,000,000	960,000	0	0	0	0	0	0	0
HHS-Services	Nebr lifespan respite services	185,000	to Pub Assist	0	0	0	0	0	0	0
HHS-Finance	Behavioral Health Aid	24,454,550	28,150,497	31,756,515	31,405,597	(369,720)	31,035,877	30,919,130	0	30,919,130
HHS-Finance	Medical student assistance/RHOP	872,900	645,984	362,068	662,068	0	662,068	662,068	0	662,068
HHS-Finance	Nursing student assistance	0	134,400	257,600	123,600	0	123,600	0	0	0
HHS-Finance	Juvenile predisposition detention	0	403,200	386,400	386,400	0	386,400	386,400	0	386,400
HHS-Finance	County Juvenile Services aid	0	1,483,200	1,500,000	1,500,000	0	1,500,000	1,500,000	(7,500)	1,492,500
HHS-Finance	Childrens Health Insurance	0	0	0	25,456	9,550,000	9,575,456	2,005,455	10,505,000	12,510,455
HHS-Finance	Public Assistance	137,991,504	144,816,485	137,176,998	178,283,984	(14,600,000)	163,683,984	200,321,799	(9,200,000)	191,121,799
HHS-Finance	Medicaid	362,313,535	395,219,339	400,248,752	416,751,984	(37,340,903)	379,411,081	476,760,382	(6,405,000)	470,355,382
HHS-Finance	Developmental disabilities aid	46,574,186	51,012,023	54,519,634	56,264,621	(3,885,106)	52,379,515	58,032,370	0	58,032,370
HHS-Finance	Renal disease/tuberculosis	854,653	854,653	844,653	844,653	66,724	911,377	844,653	66,724	911,377
HHS-Finance	Pap/Chlamydia testing	550,000	489,941	474,327	474,327	0	474,327	474,327	0	474,327
HHS-Finance	Native American health services	500,000	500,000	500,000	500,000	0	500,000	500,000	0	500,000
HHS-Finance	Immunization/vaccinations	320,000	320,000	318,000	318,000	0	318,000	318,000	0	318,000
HHS-Finance	Nebr Advocacy Services	179,250	194,750	224,750	224,750	0	224,750	224,750	0	224,750
HHS-Finance	Emerg Medical Services, training	200,000	180,000	178,000	178,000	0	178,000	178,000	(80,000)	98,000

Agency	Aid Program	FY2000-01 w/o Deficits	FY2001-02 w/o Deficits	FY2002-03 w/o Deficits	FY2003-04			FY2004-05		
					Per 2003 Sess	2004 Change	Revised Total	Per 2003 Sess	2004 changes	Revised Total
HHS-Finance	Ryan White HIV/AIDS treatment	150,000	150,000	150,000	150,000	0	150,000	150,000	0	150,000
HHS-Finance	Mammography screening	125,000	125,000	125,000	125,000	0	125,000	125,000	0	125,000
HHS-Finance	Metabolic screening, food supp.	42,000	42,000	42,000	42,000	0	42,000	42,000	0	42,000
HHS-Finance	Genetic testing	34,369	34,369	34,369	34,369	0	34,369	34,369	0	34,369
HHS-Finance	Voter regist, WIC/MCH	16,760	16,760	16,760	16,760	0	16,760	16,760	0	16,760
HHS-Finance	Community health services	3,933	3,933	3,933	3,933	0	3,933	3,933	0	3,933
HHS-Finance	Care Management	1,561,558	1,716,558	1,771,558	1,771,558	0	1,771,558	1,771,558	0	1,771,558
HHS-Finance	Area agencies on aging	3,385,417	3,730,417	3,925,417	3,925,417	0	3,925,417	3,925,417	0	3,925,417
Roads	Local transit authorities	475,000	648,000	471,000	423,900	0	423,900	423,900	(423,900)	0
Roads	Intercity bus subsidy	121,000	116,160	111,320	100,188	0	100,188	100,188	(100,188)	0
Nat Resources	Small Watershed Fund	200,000	96,000	24,000	24,000	0	24,000	24,000	(240)	23,760
Nat Resources	Nebr Water Conservation Fund	3,954,147	3,795,981	2,715,610	2,715,610	0	2,715,610	2,715,610	(27,156)	2,688,454
Nat Resources	Resources Development Fund	2,170,000	3,763,200	3,606,400	3,606,400	0	3,606,400	3,606,400	(18,032)	3,588,368
Nat Resources	Nat Resources Water Quality Fund	0	240,000	0	0	0	0	0	0	0
Military Dept	Governors Emergency Fund	500,000	0	0	0	0	0	0	0	0
Military Dept	Guard tuition assistance	900,000	594,622	828,000	828,000	0	828,000	828,000	0	828,000
Game & Parks	Niobrara Council	25,000	48,000	46,000	41,400	0	41,400	41,400	(414)	40,986
Library Comm	Local libraries	1,412,254	1,439,716	1,392,152	1,252,937	0	1,252,937	1,252,937	(6,265)	1,246,672
Corrections	County jail cost reimbursement	6,800,000	4,080,000	3,910,000	3,519,000	0	3,519,000	3,519,000	(17,595)	3,501,405
Coord. Comm	SSIG grants	803,965	803,965	803,965	0	0	0	0	0	0
Coord. Comm	Scholarship Award Prog (SSAP)	816,023	1,241,023	1,066,448	0	0	0	0	0	0
Coord. Comm	Scholarship Assistance Prog (SAP)	1,619,988	2,044,988	1,870,413	0	0	0	0	0	0
Coord. Comm	Postsecond Ed Award Prog (PEAP)	2,434,050	2,859,050	2,133,384	0	0	0	0	0	0
Coord. Comm	Nebr Scholarship Program	0	0	0	5,745,794	0	5,745,794	5,802,794	(85,979)	5,716,815
Coord. Comm	Community Scholarship Foundation	0	0	0	50,000	0	50,000	0	50,000	50,000
DAS	Local govt technology grants	200,000	0	0	0	0	0	0	0	0
Arts Council	Aid to arts programs	803,075	787,013	602,306	542,075	0	542,075	542,075	(5,421)	536,654
Arts Council	Council on Humanities	123,938	118,980	92,953	83,700	0	83,700	83,700	(837)	82,863
Econ Develop	Microenterprise Development Act	500,000	480,000	250,000	250,000	0	250,000	250,000	(2,500)	247,500
Econ Develop	Managing Mainstreet	0	120,000	115,000	115,000	0	115,000	115,000	(1,150)	113,850
Econ Develop	Community redevelop analysis fund	30,000	0	0	0	0	0	0	0	0
Econ Develop	Job training grants	1,600,305	750,305	600,305	0	0	0	0	0	0
Crime Comm	Juvenile services grants	625,000	600,000	593,750	593,750	0	593,750	593,750	(5,938)	587,812
Crime Comm	Juvenile services planning grants	0	120,000	112,500	0	0	0	0	0	0
Crime Comm	Law Enforce-Indian affairs	97,681	93,907	90,160	22,080	0	22,080	22,080	(110)	21,970
Crime Comm	Crimes Against Children Fund	60,000	53,760	0	0	0	0	0	0	0
Crime Comm	Byrne Incentive Grant	100,000	0	0	0	0	0	0	0	0
Crime Comm	Crimestoppers program	14,775	14,184	13,593	13,593	0	13,593	13,593	(136)	13,457
Crime Comm	Victim Witness assistance	57,130	54,845	52,559	52,559	0	52,559	52,559	0	52,559

Agency	Aid Program	FY2000-01 w/o Deficits	FY2001-02 w/o Deficits	FY2002-03 w/o Deficits	FY2003-04			FY2004-05		
					Per 2003 Sess	2004 Change	Revised Total	Per 2003 Sess	2004 changes	Revised Total
Crime Comm	Crime Victims reparations	210,000	201,600	20,000	20,000	0	20,000	20,000	0	20,000
Blind & Vis Imp	Blind rehabilitation	104,147	156,646	167,005	156,769	0	156,769	149,261	0	149,261
Comm Colleges	Aid to Community Colleges	92,387,138	65,487,424	65,158,738	62,376,556	0	62,376,556	63,203,664	(316,018)	62,887,646
Environ Cntrl	Superfund cleanup	126,000	120,959	0	0	0	0	0	0	0
Public Advoc.	Indigent defense reimbursement	0	424,800	0	0	0	0	0	0	0
	Individuals/Other	598,132,840	646,149,155	647,611,794	705,434,305	(46,579,005)	658,855,300	790,856,587	(5,109,484)	785,747,103
	Local Government	885,946,791	944,211,406	951,911,444	929,685,011	3,041,887	932,726,898	922,167,350	13,381,245	935,548,595
	Total State Aid	1,484,079,631	1,590,360,561	1,599,523,238	1,635,119,316	(43,537,118)	1,591,582,198	1,713,023,937	8,271,761	1,721,295,698